UNDERSTANDING YOUR PORTFOLIO

What is the cash in your portfolio really costing you?

Every investment portfolio holds a small amount in cash — money waiting to be invested, or kept back as a buffer. What many investors don't realise is that the interest earned on that cash isn't always passed on in full. Some platforms keep a share of it for themselves, and this can act as a quiet, ongoing cost that never appears on a typical fee statement.

A worked example

Imagine you hold a £100,000 portfolio, with 2% of it — £2,000 — sitting in cash at any given time. The table below shows what that £2,000 would cost you each year, and over 20 years, on a range of well-known platforms, based on how much of the underlying interest each one currently passes on to clients versus keeps for itself.

Platform	Interest rate you'd receive	Cost to you, per year	Cost to you, over 20 years
Transact	3.75%	£0	£0
Aviva (current)	3.05%	£0	£0
Söderberg & Partners	**3.00%**	**£0**	**£0**
P1	3.00%	£0	£0
Wealthtime Classic	2.85%	£0	£0
Quilter	2.16%	£23.20	£464
M&G Wealth	1.98%	£33.60	£672
Aviva (from 17 Aug)	1.93%	£22.40	£448
Nucleus Wrap	1.90%	£42.00	£840
Parmenion	1.88%	£40.00	£800
Aberdeen	1.68%	£50.20	£1,004
AJ Bell	1.28%	£45.20	£904
Wealthtime	1.04%	£53.60	£1,072

The takeaway

On this example, staying with a platform that passes on the full rate of interest costs you nothing extra. On the platform with the largest gap, the same £2,000 of cash quietly costs you over £1,000 across 20 years — money that never shows up as a fee, but leaves your pocket all the same.

The real cost, once you include lost growth

The figures on the previous page simply add up what's lost each year, as if that money did nothing afterwards. In reality, if it had stayed invested alongside the rest of your portfolio, it would have grown too — so the true long-term cost is higher than a simple total suggests.

Assuming the rest of the portfolio grows at a typical long-term rate of 5% a year, here's how the 20-year figures change once lost growth is taken into account:

Platform	Simple 20yr cost	Real cost incl. lost growth	% of final portfolio value
Quilter	£464	**£767**	0.29%
M&G Wealth	£672	**£1,111**	0.42%
Aviva (from 17 Aug)	£448	**£741**	0.28%
Nucleus Wrap	£840	**£1,389**	0.52%
Parmenion	£800	**£1,323**	0.50%
Aberdeen	£1,004	**£1,658**	0.62%
AJ Bell	£904	**£1,495**	0.56%
Wealthtime	£1,072	**£1,772**	0.67%

Why the gap is bigger than it first looks

Interest lost in year one doesn't just disappear — it also misses out on 19 further years of growth. Across the platforms shown, the real cost works out at roughly 60–65% higher than the simple total once this is taken into account. On the largest gap in our comparison, that's the difference between an already-significant £1,072 and a real cost closer to £1,772.

This assumes a constant 5% annual growth rate, a constant 2% cash weighting, and a constant retained-interest rate over the full 20 years — none of which will hold exactly in practice. The growth assumption in particular matters: at a lower assumed growth rate (say 3%) the pound cost is smaller, and at a higher one (say 7%) it's larger, though in both cases it stays in a similar range as a proportion of the final portfolio value. The direction of the effect, however, is unaffected by these assumptions — lost interest always costs more once lost growth is included, never less.

Why this happens

When your platform holds cash on your behalf, it earns interest from the bank — often close to the Bank of England base rate. Some platforms pass all of this straight to you. Others pass on only part of it and keep the rest as extra revenue, in addition to their normal charges for managing your investments.

This is sometimes called 'retained interest'. It isn't necessarily hidden in a dishonest sense — most platforms do disclose that they do this — but the amount kept back is often much harder to find than a standard, published fee, and four well-known platforms in our comparison (Fidelity, Fundment, Aegon, 7IM) disclose that they retain interest without disclosing how much, so the true cost to their clients isn't currently possible to calculate from public information.

What this means for you

- Two portfolios with identical published charges can end up costing very different amounts once cash handling is taken into account.
- The bigger the cash balance you hold — for example during a market downturn, while drawing an income, or simply while waiting to invest — the bigger this effect becomes.
- This cost sits quietly alongside your platform and fund charges, so it's easy to miss unless you specifically ask about it.

Important things to bear in mind

- These figures assume the cash balance, portfolio value and interest rates stay the same for 20 years, which is a simplification made purely to illustrate the effect clearly.
- Interest rates move over time, so the real cost in any given year will differ from this example.
- These figures don't include any additional loss from being unable to reinvest the missing interest — **the real long-term effect could be somewhat higher than shown.**
- Figures are based on the interest rates each platform had published/disclosed at the time this comparison was prepared, and may since have changed.

Speak to your adviser

If you'd like to understand how much cash your own portfolio typically holds, and what that could be costing you on your current platform, your adviser can talk this through with you and explain the alternatives.

FOR REFERENCE

Appendix: full platform comparison data

The table below is the underlying industry data this guide is based on, showing each platform's published cash interest rate alongside how it discloses (or doesn't disclose) any interest it retains for itself.

Platform	Published client cash interest rate	Explicit platform charge on cash	Platform charge on cash (retained)	Retained interest disclosed?	Amount disclosed?	Cash charges disclosed (%)	Cash charges retained (%)
Transact	3.75%	✓	x	N/A	N/A	0%	-
Aviva (current)	3.05%	✓	x	N/A	N/A	0%	-
PI	3.00%	✓	x	N/A	N/A	0%	-
Söderberg	3.00%	✓	x	N/A	N/A	0%	-
Wealthtime Classic	2.85%	✓	x	N/A	N/A	0%	-
Fidelity	2.25%	x	✓	Yes	No	-	Unknown
Quilter	2.16%	x	✓	Yes	Yes	1.16%	-
Fundment	2.00%	x	✓	Yes	No	-	Unknown
M&G Wealth	1.98%	x	✓	Yes	Yes	1.68%	-
Aviva (After 17 August)	1.93%	x	✓	Yes	Yes	1.12%	-
Nucleus Wrap	1.90%	x	✓	Yes	Yes	2.10%	-
Parmenion	1.88%	x	✓	Yes	Yes	2.00%	-
Aegon	1.81%	x	✓	Yes	No	-	Unknown
7IM	1.75%	x	✓	Yes	No	-	Unknown
Aberdeen	1.68%	x	✓	Yes	No	-	2.51%
AJ Bell	1.28%	x	✓	Yes	No	-	2.26%
Wealthtime	1.04%	x	✓	Yes	Yes	2.68%	-

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Appendix B: illustrative alternative fee structure

This section is an internal modelling exercise, not a proposal or a description of current or planned pricing. It asks a hypothetical question: if Söderberg & Partners retained a share of client cash interest in the same way most other platforms in the comparison do, how much could the published platform charge be reduced while keeping total revenue unchanged?

Basis: the average retained rate across the 8 platforms in the comparison that disclose a specific figure is 1.94%. Applied to a 2% cash weighting, that is equivalent to roughly 0.04 percentage points of additional revenue on total assets — so the platform charge at every tier could be cut by 0.04pp and remain revenue-neutral.

Total assets on platform	Current annual charge	Reduced annual charge (revenue-neutral)
£0 – £100,000	0.25%	**0.21%**
£100,000 – £250,000	0.20%	**0.16%**
£250,000 – £500,000	0.15%	**0.11%**
£500,000 – £1,000,000	0.10%	**0.06%**
£1,000,000+	0.05%	**0.01%**

Worked check, £100,000 client: currently pays £250/year platform fee and £0 cash retention (£250 total). Under the illustrative structure: £210/year platform fee (0.21%) plus £38.75 cash retention ≈ £248.75 — matching, subject to rounding.

Sensitivity to the assumed retained rate

This entire exercise depends on which retained rate is treated as 'the same manner as the others'. The table below shows how the outcome changes across the disclosed range.

Assumed retained rate	Basis	Reduction (pp)	£0–100k tier becomes
1.12%	Lowest disclosed (Aviva)	0.02pp	0.23%
1.94%	Average of the 8 disclosed	0.04pp	0.21%
2.68%	Highest disclosed (Wealthtime)	0.05pp	0.20%

Caveats

The retained-rate figures reported by other platforms are not calculated on a consistent, disclosed basis, so 1.94% should be read as an indicative industry figure rather than a precise benchmark. A flat percentage-point reduction is only exactly revenue-neutral if cash weighting is constant at 2% across all client sizes — in practice this weighting likely varies by tier, which would call for a tapered rather than flat reduction. This analysis only touches the platform charge; product and investment charges are unaffected.

Footnotes

Cash interest is one aspect of overall platform value. Investors should also consider platform charges, investment costs, investment choice, functionality, service and suitability when comparing providers.
Figures are based on published / disclosed information available at the date of preparation and are provided for illustration only. Rates and cash arrangements may change over time.
Platform cash interest data derived from publicly available information published by platform providers and industry research available as at August 2026, including Transact's published cash interest comparison analysis.