

DO MORE WITH YOUR MONEY

TRUE POTENTIAL ANNUAL REPORT 2019



QUARTER 1 2020 UPDATE

AN INTRODUCTION FROM OUR CHIEF EXECUTIVE

Welcome to the True Potential 2019 Annual Report. Before I share our fantastic 2019 results with you, I thought it would be sensible to give you a Quarter 1 update from 2020.

To borrow a commonly used word from the media and government, this can feel like 'unprecedented' times. The rapid spread of COVID-19 and the effect it has had on our way of life and the economy certainly feels unprecedented.

Throughout this time, True Potential has rationally dissected the situation and been ahead of the curve in terms of our preparations. This meant that we have operated a full 'business as usual' approach and have been at full capacity since the UK lockdown began.

It also meant that we could continue to prosper as a business and continue to deliver our best of breed digital and wealth management proposition to all of our clients.

This has resulted in True Potential delivering our best ever quarter in terms of sales, profits and turnover. More than anything, this provides compelling proof that our business truly is anti-fragile and will prosper for the benefit of all for the long-term.

The following pages describe our Quarter 1 approach. Enjoy the read.



Daniel Harrison
Chief Executive

QUARTER 1 2020 UPDATE

BUSINESS



**£41.3
MILLION***

turnover for the first
quarter of 2020

**£14.9
MILLION***

profit for the first
quarter of 2020

**£990
MILLION**

of written business
in first quarter of 2020

*Figures are unaudited and exclude performance fee.
Profit refers to EBITDA

Like all businesses, we found it necessary to react quickly and effectively to the COVID-19 pandemic.

However unlike other financial services businesses, we are already hugely diversified, with a built-in resilience based on a completely digital, cloud-based philosophy at our heart. So it is relatively easy for us to have our staff work remotely, including some of the most sophisticated functions in the UK investment industry.

All our staff are in normal (full) employment, we have no people on furlough.

Every client query has been dealt with as per normal. Every single client (our only priority) could in any case already know everything about their investments, in great detail, from their mobile device.

This clarity of business model is now showing up in complete contrast to paper based, and semi-technology (but in reality mostly paper) based financial businesses. Like everyone sensible we would have loved to avoid the COVID-19 situation, but we are proud that not one of our systems has been troubled by it, and in fact the amount of communication and business between us, our end clients, and our financial advisers has increased dramatically.

We needed to ensure that we look after the business as a whole, but also act in the best interests of our clients and advisers.

We are incredibly proud of the speed of response that all the staff have showed during this time, not only adjusting to a working from home environment, but also keeping 'business as usual' running for those that rely on us.

We are all very impressed with how well the company has continued to operate in this difficult time, showing record numbers across the board. The first three months of this year have shown a record quarter of sales, with £990 million of written business. This has resulted in a turnover of £41.3 million and profit over £14.9 million for True Potential in the first quarter of 2020.

As a technology-driven company, being innovative and agile has always been at the heart of the business. The situation that we all find ourselves in has had a massive impact on everyone's lives, however it has also validated that a digital approach to finance is the correct path.

QUARTER 1 2020 UPDATE

OUR RESPONSE

At True Potential we are always asking ourselves how we can do more. From finance to technology, it is something that is prevalent across the whole of the business. One of the key areas that we are proud to say how we 'Do More' in is the way we communicate with our audiences.

We always try and understand the needs of our customers, and we understand that the way that our clients consume information is ever changing, so in 2019 we put the wheels in motion to speak to them in new and innovative ways.

Communication

This year we launched our daily 'Morning Markets' video series on YouTube, where we bring you up-to-date with the most important investment market news of the day. Every Friday we publish our in-depth 'Do More With Your Money' podcast (available in audio format and through our YouTube channel), every week our panel discusses investment markets, personal finance, global news and the latest updates from True Potential.

Both these mediums allow us to keep our clients updated and reassured, whilst showcasing the personality of the business.

Un-Isolated

In March, our charitable arm, The Harrison Foundation, created the 'Un-Isolated' Facebook group, which has one clear purpose - to support people feeling isolated due to the Coronavirus.

The page is a place where anyone can post ideas to keep busy, fit and active (both mentally and physically) or even just tips to pass the time.

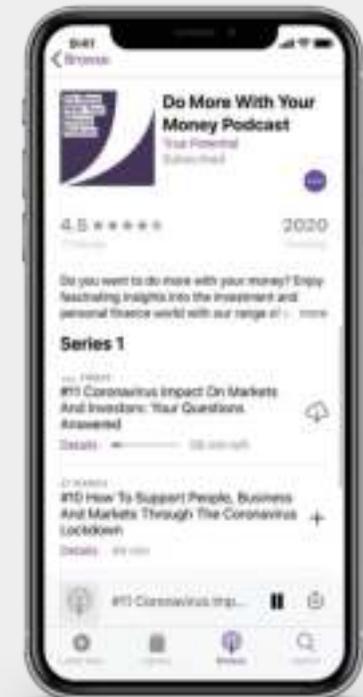
David Harrison, True Potential's Chairman, set-up the page and regularly posts himself, showing how he is dealing with being isolated at this time.

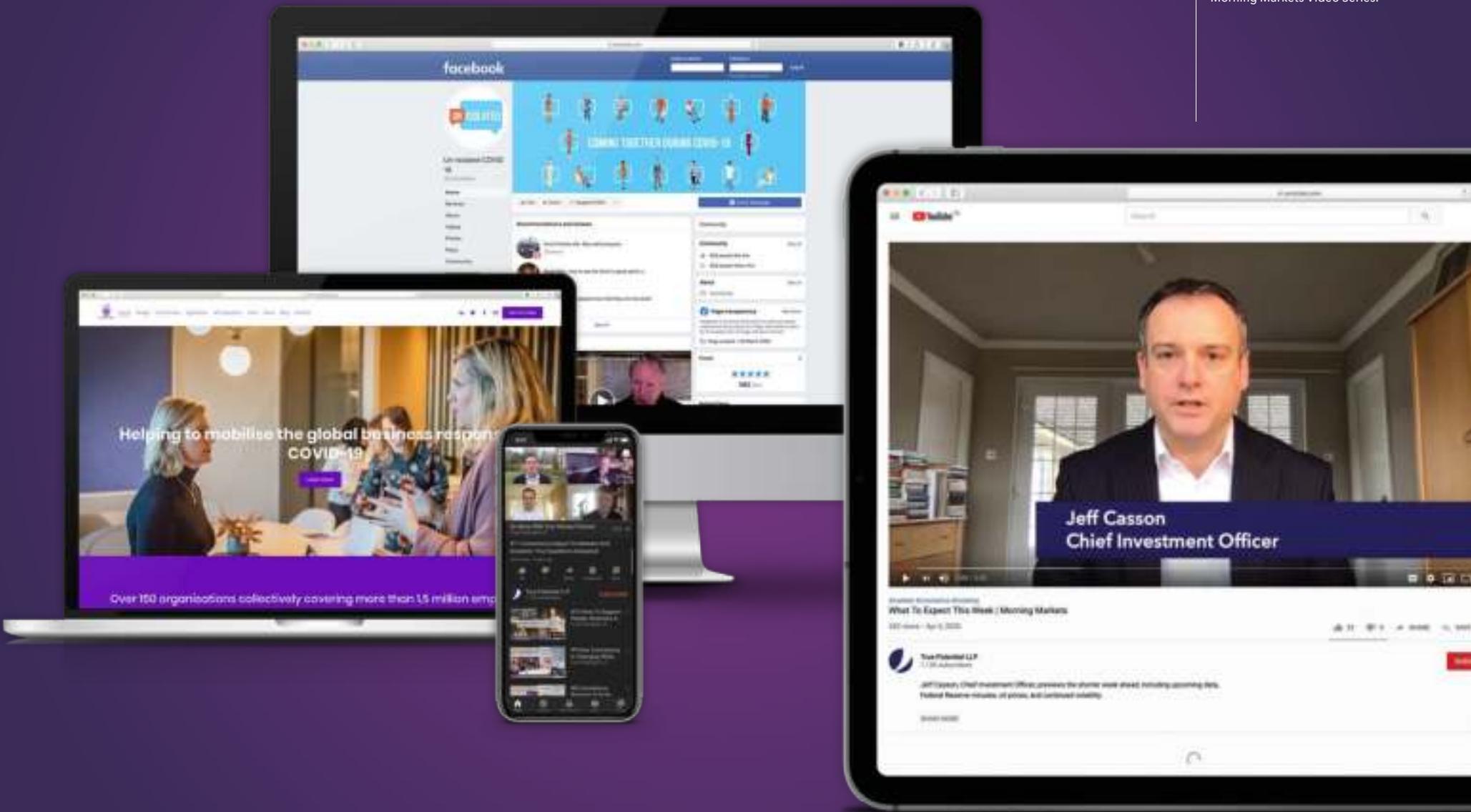
C-19 Business Pledge

David also co-founded the C-19 Business Pledge, to harness the power of business in tackling the Coronavirus epidemic. It encourages businesses and universities to be a force for good by making a commitment to doing what they can to tackle the effects of Coronavirus.

Over 100 businesses, collectively employing nearly one million people, have signed up to the C-19 Business Page and the numbers continue to grow.

Subscribe to our
'Do More With Your Money'
podcast





Left to Right:
C-19 Business Pledge Website,
Un-Isolated Facebook Page,
Do More With Your Money Podcast,
Morning Markets Video Series.

DO MORE

We launched True Potential in 2007 with the aim of revolutionising wealth management and helping people do more with their money.

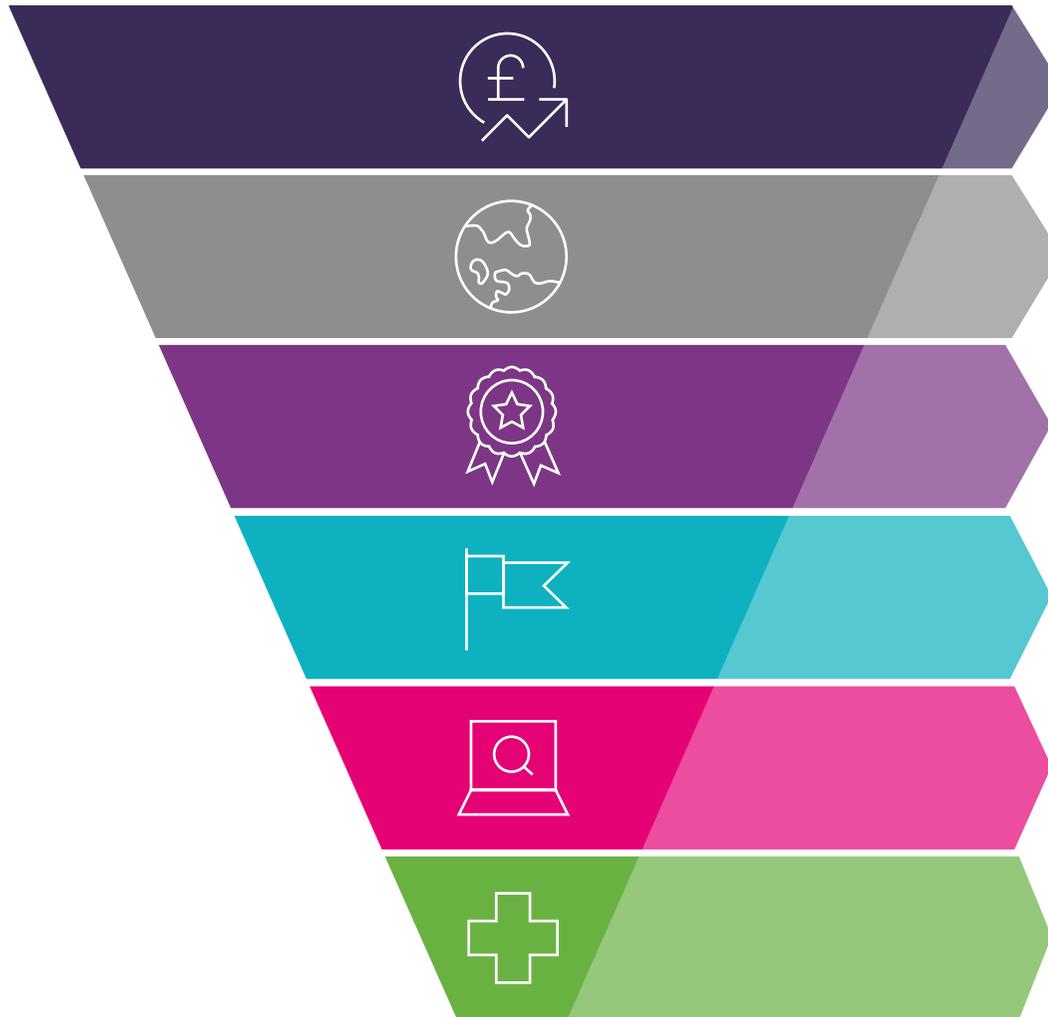
To achieve this, we built a fully-integrated firm that looks after over £10 billion of investments and delivers market-leading innovations to our clients.

On a global scale, our True Potential Portfolios offer unrivalled diversification by using the expertise of 12,000 experts in 250 locations around the world.

To serve the UK's investors, we've built distribution that represents 20% of financial advisers – including our own advice firm which was voted the UK's most popular in 2019.

Supporting over 1 million clients are our dedicated staff of 282 at Dec-19, all based centrally in Newcastle upon Tyne. This includes our in-house development team who create the world-first technology we place in the hands of our clients.

All of this was purposefully designed to offer a global scale wealth management company that remains uniquely personal to our clients – helping each of them do more with their money.



We held £10.4 billion for clients at the end of 2019

In 2019 we saw £7.85 billion invested in our portfolios with 12,000 experts in 250 global locations

We are proud that in 2019 we were voted the UK's most popular advice firm

We saw our team numbers grow to 282 at Dec-19 dedicated support staff

Our technology gives over 1 million clients 24/7 access to their investments

ALL TOGETHER THIS MEANS THAT WE **DO MORE FOR YOU**

FOREWORD

FROM OUR CHAIRMAN.



2019 was an exceptional year by anyone's standards; dramatic international events ranging from Chinese-US trade tensions, the Trump-North Korean rocket man saga, and this was just some of the USA-driven events. In the UK however the year ended with a clear shift in political power, domestically and in relation to Europe. All these events had effects on the markets.

By the mid-point of 2019, just about everyone had had enough of the political stalemate that had consumed Britain and the media. The country was going nowhere. Companies were not investing, markets and Sterling experienced heightened volatility. Politicians had seemed to forget who they were serving, what their democratic wishes were and appeared to be entirely self-serving.

Then came a new Prime Minister, later a thumping election win and two things were put to rest. First, the UK's protracted exit from the European Union would finally be concluded. Secondly, those who proclaimed the country had changed its mind on Brexit or predicted that Britain was ready for a far-left leader, were shown to be very wrong.

During that time True Potential completed an important transaction, judging that both for ourselves and our clients over the long-term, we should, to paraphrase a certain politician, take back control.

As background, in 2015 we had sold a minority stake to US private equity firm, FTV Capital. After four years of outstanding and sustained growth, we took the decision, as part of our long-term planning for True Potential, to acquire (buy-back) a large portion of the shares held by FTV Capital. This was a huge vote of confidence from the senior management in the strong growth and profitability of True Potential. By taking back greater ownership of the business, we now have more control and agility to make decisions for the long-term.

In November we were pleased to announce that assets on our new investment platform, built and managed entirely in-house, had topped £10 billion.

This was a further milestone and yet another indication of the strength and depth of our proposition.

We also began moves in 2019 to acquire our own Authorised Corporate Director permissions, another part of our strategy to bring greater in-house control. As you will read in this report, the results of these decisions and the hard work that accompanied them, led to 2019 being our best and most profitable year on record, which is the first part of our purpose.

Profitability enables us to fulfil the second part, which is social mobility. Through our charitable arm, the Harrison Foundation, we shared over £300,000 with charities and organisations across the UK and overseas that work with young people to teach them the skills they need to make the most of their lives. That is what social mobility is about - where you start in life should not be a limit on opportunity.

It's a belief that runs through True Potential and the Harrison Foundation.

It's also why I cofounded the national Social Mobility Pledge in 2018 to level up Britain. Today 500 organisations have signed up to the Pledge, covering four million people.

Profit with a purpose is a force for good and at True Potential we are proud to lead. I will remember 2019 as a year when power was restored. Take back control. Do more with your money. Simple, Effective, Unique.



David Harrison

THE VIEW

FROM OUR CHIEF EXECUTIVE.



With a 20% increase in turnover to £145 million and a 36% increase in profits to £48 million, 2019 was another record-breaking year for True Potential.

The year saw us deliver record amounts of business on a consistent basis, as advisers and clients trusted pension and investment business with us. We finished the year on the highest of notes and in 2020 have continued this optimism through and produced our two best-ever months for sales.

Adviser levels grew in True Potential Wealth Management to 546, Directly Authorised firms increased to 651 and clients who we help advisers deal with numbered 1 million. As regulatory reporting and pricing ever increases, I'm pleased to say that True Potential continues to be the right firm for advisers and their clients, of all shapes and sizes.

I believe there is no better place to be than True Potential for the future-proofed adviser and their clients.

Our flagship True Potential Portfolios celebrated their fourth full year in October with £2.7 billion added in 2019, totalling £7.85 billion invested since launch. Once again, a period of volatility in markets proved that our strategy of Advanced Diversification works for investors. With over 12,000 experts in 250 global locations, we're uniquely positioned in the industry to maximise returns, minimise risk and reduce the cost of ownership to our clients. The results speak for themselves; and the growth of our bestselling 'Balanced' Portfolio was 13.66%, outstripping commonly quoted benchmarks like ARC and the FTSE 100.

Finishing my review of 2019, it was another award-winning year for True Potential. For the third year in a row we were winners at the European Business Awards, bringing home a Chairman's Selection Award. Later in the year we won 'Best Use of Technology' at the UK Platform Awards, celebrating our innovation and the work of our in-house development team. Finally, we were delighted to see True Potential Wealth Management voted the nation's most popular advice firm by VouchedFor users.

We are strong believers in building a committed team who strive for the same levels of excellence that the management team do.

We welcomed two senior members to our team in 2019; Chris Kraft, formerly of the Investment Banking firm Perella Weinberg Partners, joined as our Chief Operating Officer, and Jeff Casson joined us from Martin Currie as our Chief Investment Officer. Both have added further expertise, personality and a spark to the True Potential management team with their contributions already being keenly enjoyed.

To support our brilliant growth levels, we rewarded our staff through two measures. The first was through the (non-mandatory) adoption of the Real Living Wage for all employees. On average, our staff have always earned above the national average and this latest measure continues to widen that gap for our excellent team. We also rewarded loyalty by increasing our pension contributions for all longer-serving members of the team. I'm always delighted when we can use our financial success to reward those who are well and truly part of the True Potential 'family'.

Looking forward to 2020, we have always believed in doing more for everyone that uses our services. Ultimately, they are the ones who trust their assets and reputation with us, and the team and I never take this for granted.

That's why we've been working hard to improve our in-house investment platform with new features as well as developing 'VNext' - the next generation of our Back Office software for financial advisers. For end-clients, we'll soon be launching a rebuilt version of our personal finance features, making use of our Open Banking license and helping investors find ways to do more with their money.

As you'll have read from our Chairman, David Harrison, we believe in the benefits of control at True Potential. 2019 was the first full year in which we offered an end-to-end in-house solution for financial advisers and clients. This was supported by our fee-free True Potential Pension and ISA, plus True Potential Portfolios which don't charge for discretionary fund management. With the True Potential Platform underpinning client money, our world-first online accounts and apps for clients, we offer an unmatched service to UK investors.

**We're confident that no-one does more.
And we've only just begun.**



Daniel Harrison

DO MORE WITH INVESTMENTS

Our investment management firm, True Potential Investments, aims to help clients do more by maximising returns, minimising risk and lowering costs.

Our flagship investment product is our range of True Potential Portfolios, which have grown to over £7.85 billion in less than five years. Unique in the market, our fully-managed Portfolios bring together the expertise of over 12,000 investment professionals in 250 locations around the world.

This global scale enables us to offer what we call Advanced Diversification. This adds a further layer of expertise to the Portfolios by diversifying through investment strategy in addition to asset class, geography and industry. By partnering with world-class fund managers and blending together tried-and-tested multi-asset investment strategies, our approach reduces volatility and offers more opportunities for growth.

We provide this innovative discretionary fund management service at no additional cost to our clients, helping to reduce the overall cost of investment. Where the investment is held in our own Stocks & Shares ISA or Personal Pension, we're also able to provide these tax-efficient wrappers for free. Our mission to lower costs helps our clients keep more of their capital in the markets and do more with their money.





£7.85 BILLION

invested in our Portfolios

£2.7 BILLION

added to our Platform in 2019

13.66% GROWTH

in our Balanced Portfolio

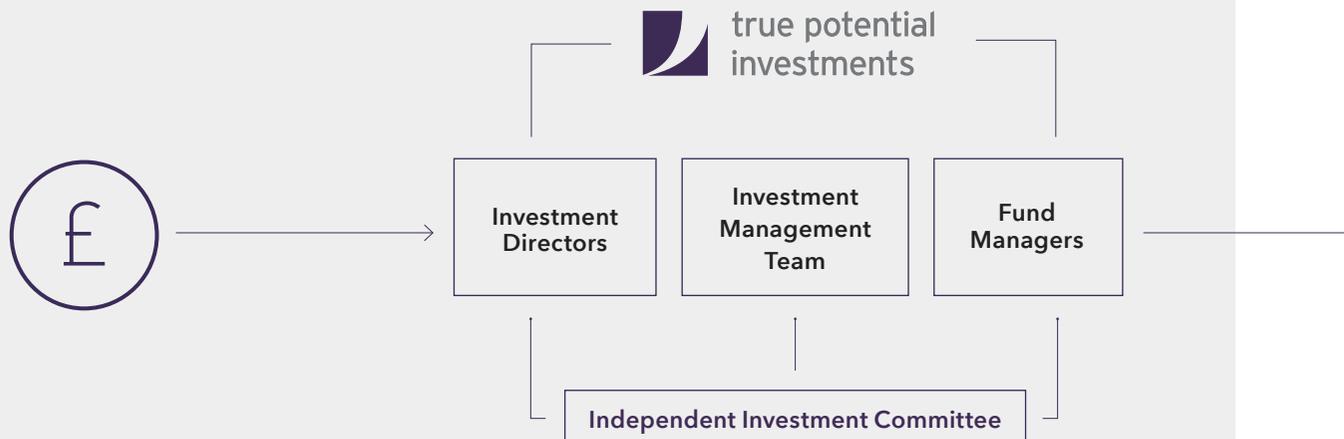
*figures accurate as of end of February 2020

DO MORE WITH INVESTMENTS

With over 200,000 holdings across our True Potential Portfolios, our investment approach is the most diversified in the market.

By spreading our clients' money this way, we do more by providing greater opportunities for growth whilst reducing volatility.

All of this is overseen by our in-house investment management team, who can call on the expertise of thousands of experts around the globe to inform their decisions.



BlackRock

Experts: 2,000

UBS

Experts: 3,600

Allianz 
Global Investors

Experts: 700

Goldman Sachs  **Asset Management**

Experts: 2,000

BMO 

Experts: 300

HSBC 
Global Asset Management

Experts: 600

Schroders

Experts: 700

SEI New ways.
New answers®

Experts: 550

**COLUMBIA
THREADNEEDLE**
INVESTMENTS

Experts: 450

Close Brothers
Asset Management

Experts: 350

SEVEN 
Investment Management

Experts: 30



North America

Experts: 3,686
Locations: 80

Europe

Experts: 4,991
Locations: 101

Asia

Experts: 2,308
Locations: 51

South America

Experts: 256
Locations: 13

Africa

Experts: 26
Locations: 1

Australasia

Experts: 509
Locations: 9

DO MORE WITH FINANCIAL ADVICE

*figures accurate as of end of February 2020

4,346 ADVISERS

giving expert financial advice

20% UK ADVISERS

use our technology and support

26,000 EMPLOYERS

deliver their Workplace Pension through us





By working with 20% of financial advisers, we do more for over 1 million clients and £50 billion of investment assets across the UK.

Our financial advice firm, True Potential Wealth Management, was voted the nation's most popular advice firm in 2019 by VouchedFor users. With our unique combination of a market-leading contract, 95%+ retention rates and innovative retirement options, we believe we offer the best proposition for financial advisers and their clients in the UK. Over the last 12 months, we welcomed another 123 partners to the firm, making us one of the fastest-growing in the industry.

We also partner with over 651 independent advisory firms, representing 3,400 financial advisers, through our award-winning back office technology, investment platform and support services. As we build everything in-house, we're able to provide our partners with cutting-edge technology that streamlines the advice process and helps them do more with their business.

In 2019, we launched our online annual suitability review system to help advisers process client reviews at scale. Since launch, clients have completed 60,813 reviews online, saving thousands of hours of advisers' time.

We have been very active in 2019 in keeping our advisers engaged with True Potential. Last year we had over 2,040 advisers attend our seminars, workshops and masterclasses. This included 32 firm visits to our head office, 52 off-site and 93 online webinar sessions.

As one of only a few firms approved by the Pensions Regulator, we offer a complete Workplace Pension solution to 26,000 employers and 250,000 employees in the UK. With the final planned increase in contributions taking place in April 2019, we helped our clients adjust to the new minimums and continued to see very low levels of opts outs. We still believe the 8% total minimum contributions isn't enough for a comfortable retirement for most people and look forward to helping our clients do more with their retirement plans in the years ahead.

DO MORE WITH OUR SUPPORT

Whether our clients are looking for general support, guidance or regulated financial advice, we're always here to help them do more with their money.

Our dedicated customer care team is available throughout the week to answer any questions our clients may have. From technical support to guidance about tax allowances and the products we have available, our friendly staff have the experience and knowledge to help with any question. Thanks to our technology-led approach, we're able to offer a range of contact options for clients, from phone and email to live face-to-face chats - however our clients are most comfortable speaking to us.

Where we identify that a client needs financial advice, we're able to schedule a call, video chat or meeting with one of our qualified financial advisers at a time that's convenient to them. In addition, our online annual suitability review process ensures that clients are always in the most suitable investment products for their financial goals.

With our combination of support and advice, we're able to help our clients through the milestones of their investment journeys. We cover it all, from opening their first Stocks & Shares ISA to retirement and inheritance planning. Key to this our ability to provide a personal service at scale. In 2019, helped over 300,000 clients do more with their money across 91,933 Phone calls, 59,147 Emails, 459,260 secure messages and 15,480 live chats.





282 STAFF

based at our head office

£50 BILLION

held in client assets

1 MILLION

client records

*figures accurate as of end of February 2020

DO MORE WITH OUR TECHNOLOGY

By building our technology in-house, we're constantly innovating to help our financial advisers and clients do more.

Our mobile app and online accounts offer clients unparalleled access to their investments, with the ability to see how they are performing against their goals 24/7. Once logged in, clients can also analyse their investments, see their net overall wealth and top up on-the-go from just £1 any time they like – a world-first and still unique in the UK. In 2019, clients logged in 2.2 million times, making top ups worth £56 million.

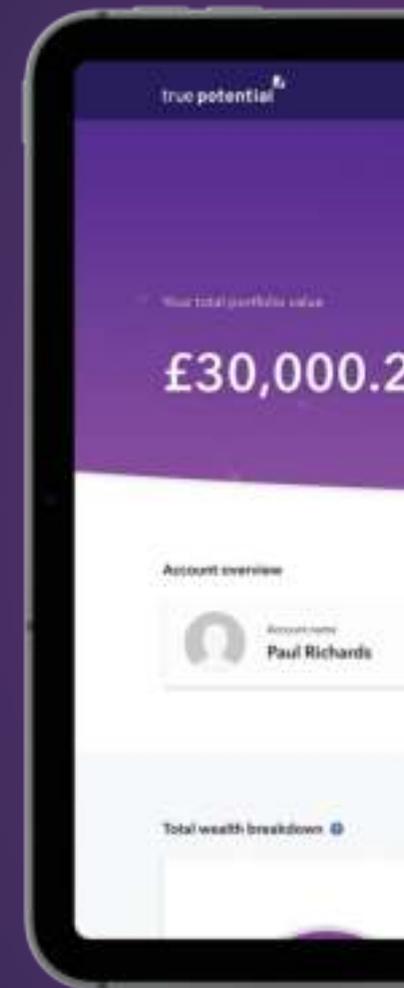
This year, we're excited to launch further innovations with improved personal finance integration to help clients better understand their day-to-day finances as well as their long-term investments.

For advisers, our purpose-built back office technology helps almost 4,000 True Potential advisers run their business more efficiently than ever before, and through our secure, encrypted messaging anyone can get in touch with complete confidence.

In 2019, we paid out £45 million in commissions to the penny every single day and helped advisers in 94,538 support interactions. Our compliance team completed 813 reviews for advisers, and conducted 371 annual suitability review calls in 2019. There were also 2814 cases checked and 702 RMAR returns filled, all with an average turnaround time of 3 days.

For True Potential Wealth Management clients, we checked over 5,000 cases and conducted 60,000 annual suitability reviews in 2019. The last year alone saw us interact via our ticketing system, emails and calls to over 100,000 advisers and clients.

We have always used technology to benefit our advisers and in 2019 using Artificial Intelligence, we processed 14,312 statements without any human interaction with more providers coming onboard every month. In 2019, we began the build of a new back-office system which we'll launch this year to make our adviser services even better.



View your investments 24/7 online and by app

Top up your investments anytime with impulseSave®

Track spending and learn about your financial habits

126,000 USERS

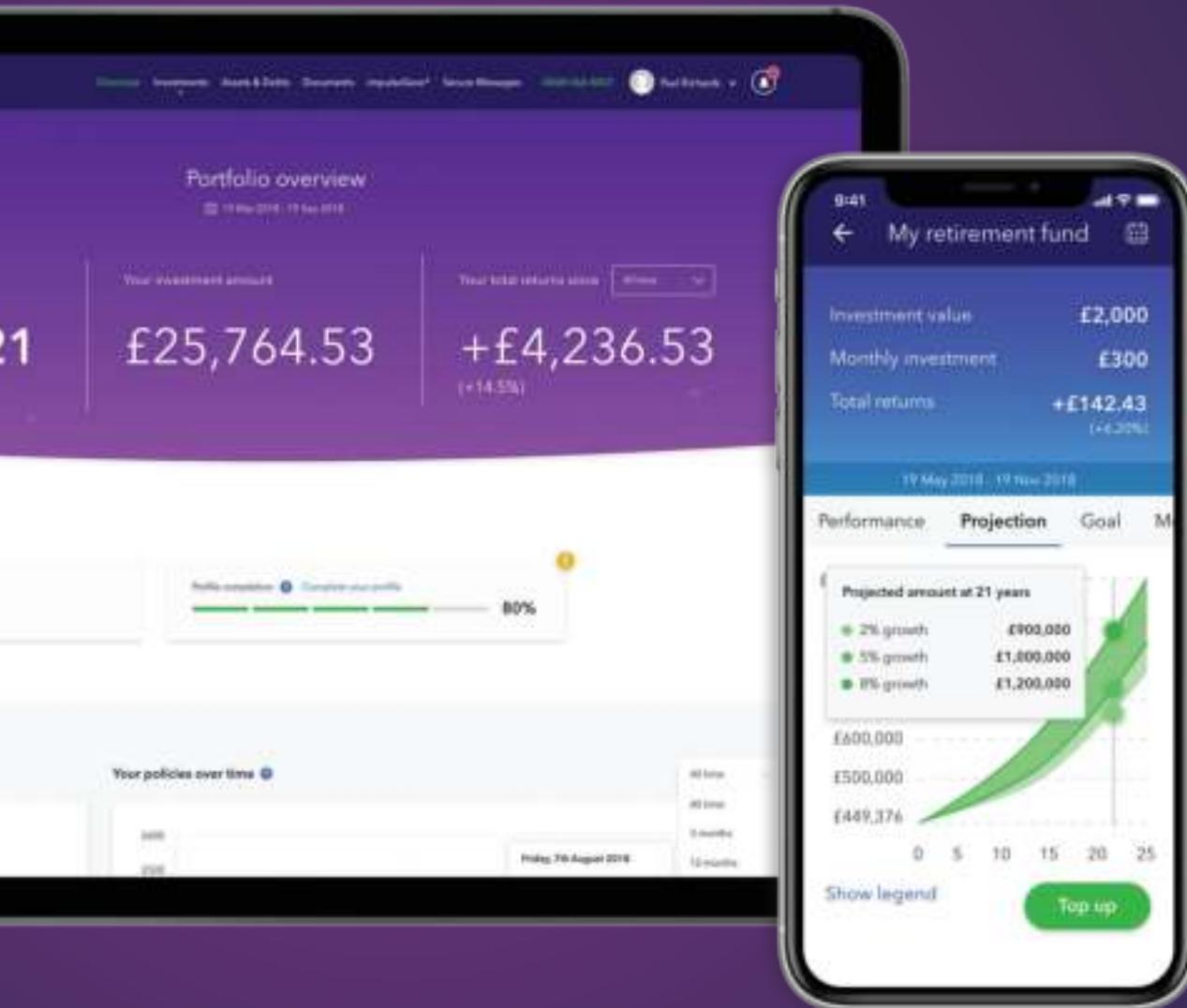
of True Potential apps

1.2 MILLION

logins on mobile phones

£56 MILLION

added via through impulseSave®



Finally, our purpose-built investment platform, saw another year of improvements and growth. Since launching the platform in 2018, we've been able to integrate ever closer to our back office system, giving advisers a seamless experience which saves hours of administration time. With over £2.7 billion added in 2019, we're well-prepared for an even better year in 2020 with a platform that's robust and built for the future.

OUR TURNOVER

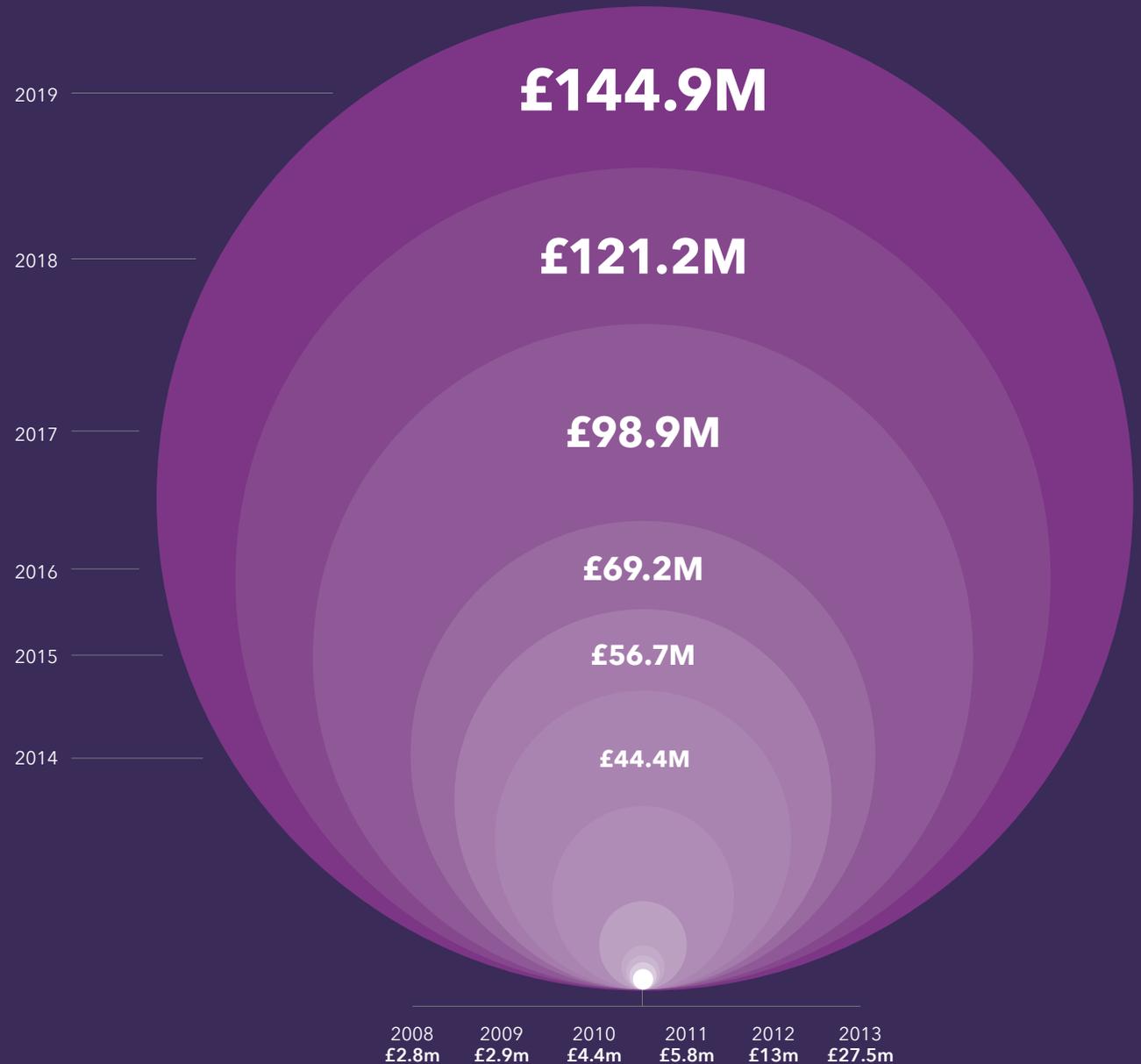
Our diverse income streams create a predictable and sustainable recurring income for the group.

£144.9 MILLION

in Group turnover for 2019

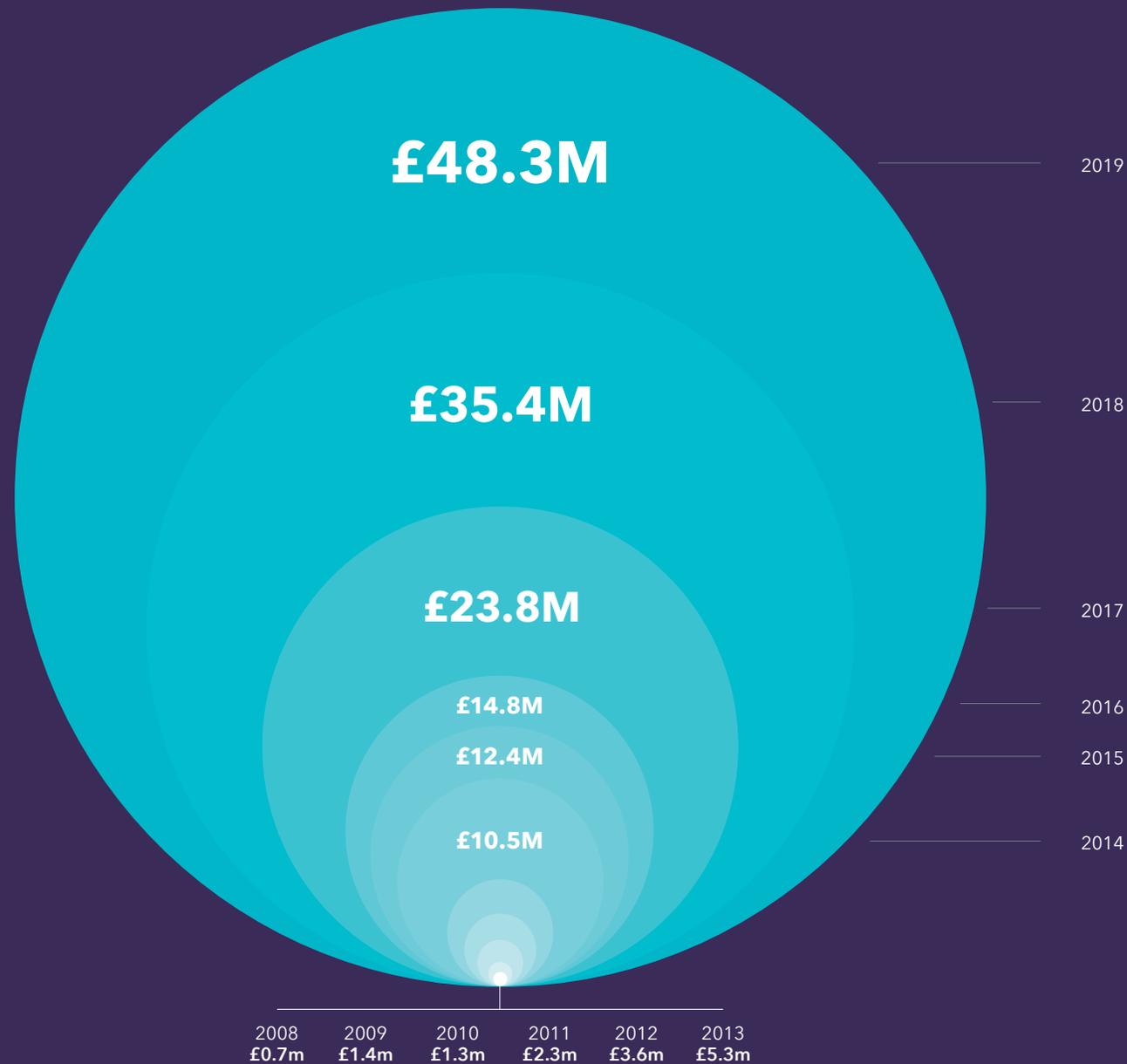
20% INCREASE

in Group turnover for 2019



OUR PROFIT

Our integrated model is entirely unique in the industry and has generated continued growth for twelve years, with 2019 being another highly profitable year for us.



£48.3 MILLION

in Group profit for 2019

36% INCREASE

in Group profit for 2019

DO MORE WITH THE SAVINGS GAP

In 2019 we made great strides to push on with our mission to close the UK's savings gap.

Back in 2013, we began our regular surveys to understand the saving habits of the nation. Since then, we have polled more than 42,000 people and confirmed our suspicions that there are a huge amount of people in the country who do not save enough for later life.

This shortfall, the difference between what we say we need for a comfortable retirement and how much we're actually on track for, is called the Savings Gap.





£358 AVERAGE

amount savers added to their pension pot
over three months

28% OF PEOPLE

saved nothing for retirement

£1,016 OF DEBT

taken on by UK consumers over three months

We realise that there is no quick fix to the issue, and this is a long-term project for us. We have found three areas where we can help close the Savings Gap.

Education

One step in closing the gap is simply to understand a little bit more about the effective ways to manage money and its long-term advantages. To support this, we helped people to be more educated by creating free online personal finance courses in conjunction with the Open University. These are all designed to pin-point the areas where people might need a little extra guidance. The courses cover 'Managing My Money', 'Managing My Investments' and 'Managing My Financial Journey'.

Technology

Technology has also been a major factor in helping people bridge the Savings Gap. We offer our clients 24/7 access to their accounts online and by mobile app. In 2019, we saw 2 million logins, around half of those on mobiles. Our world-first impulseSave® technology enables top ups from just £1 and our clients added £56 million to their investments this past year.

Agility

We believe people need simpler saving and investment products. Pensions should be less complicated, more transparent and more flexible. For those saving for retirement we want to see a ban on pension exit fees and a cap on Annual Management Charges. We will keep campaigning at Westminster for better savings products and regulations, including increasing the ISA cap to £25,000.

Our campaign to tackle the UK's Savings Gap continues and we will produce further surveys each quarter to monitor the results. We believe that only a joined-up strategy stands any chance of solving the problem, and there is not a moment to waste.

Find out more at:

www.tplp.com/savings-gap

DO MORE WITH THE COMMUNITY

We've always believed it's important for us to help both our staff and the wider community get access to new opportunities and do more to fulfil their own potential.

In 2018 our Chairman, David Harrison, co-founded the Social Mobility Pledge with Justine Greening. The Pledge aims to level up opportunities for employees around the UK by boosting access to work experience and apprenticeships, promoting a level playing field for recruitment and mentoring people from disadvantaged backgrounds.

While True Potential was proud to be the first signatory, we're even more delighted that over 500 organisations have joined us, covering over 5 million people around the UK.

Within True Potential, we're pleased to have helped four of our own employees take the next step this year through apprenticeships. In 2019 we saw another 10 more apprentices join our team, bringing our total to 18. We've also chosen to adopt the National Living Wage for all employees and increased pension contributions to help our long-serving staff do more for their own retirements.

Finally, we were thrilled to be able to donate over £300,000 to good causes over the year, through True Potential's charitable arm, the Harrison Foundation. These included sponsoring the World Transplant Games held in Gateshead, as well as supporting Montagu Under 7s football team, The Chronicle's Sunshine Fund, Cash for Kids and St Oswald's Hospice amongst many others.

Much of this was achieved through the support of our staff donating on dress-down days as well as our policy of matching all donations. We look forward to supporting even more causes in 2020.





£300,000

in combined charitable donations

5 MILLION

employees covered by The Social Mobility Pledge

18 APPRENTICES

learning with True Potential





DO MORE WINNING

Over the years, we are proud that our mission to do more for our clients has been recognised with over 40 industry awards.

2019 was another successful year for us, starting off by winning our third consecutive European Business Award, this time the Chairman's Selection Award to add to our Business of the Year and Public Vote trophies.

We also won Best Use of Technology at the prestigious UK Platform Awards, rewarding our commitment to innovative technology and the hard work of our in-house development team in bringing it to life.

Lastly, we were delighted to see True Potential Wealth Management voted the nation's most popular advice firm by VouchedFor users. The VouchedFor 2019 Guide to the UK's Top-Rated Financial Advisers, as printed in The Times, detailed a list of financial and mortgage advisers who qualified as 'Top Rated' by members of the public using the VouchedFor platform. As well as being voted the winner, 53 True Potential Wealth Management Partners were singled out for special commendation.

Already in 2020, we have added two more to our collection from the City of London Wealth Management Awards where we won the Public Vote and one of our Wealth Management Partners took home Portfolio Manager of the Year.

While it's great to see our awards cabinet full, the recognition we value most of all is from our advisers and clients. With 20% of the advice industry using us and over 1 million clients benefitting from our services, the numbers speak for themselves. We're looking forward to making 2020 the year we help investors all around the UK do more with their money.

true potential  LLP®
Do more with your money.

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