

True Potential welcomes major investment from Cinven

True Potential today announces an agreement to sell a majority stake in the business to Cinven, an international private equity firm. The investment will enable True Potential to continue its double-digit growth in the financial services sector and to develop further its industry-leading investment technology platform. Financial details of the transaction are not being disclosed.

True Potential operates across the wealth management value chain, providing advice, investment platform and fund solutions to more than 1.4 million retail clients in the UK. The company has a highly scalable business model, having built a bespoke and proprietary technology platform to serve both financial advisers and clients.

Headquartered in Newcastle, UK, True Potential was founded in 2007 by Chairman David Harrison and CEO Daniel Harrison. The business employs more than 350 people and works with more than 800 restricted advisers. Approximately 20% of the financial adviser market in the UK uses True Potential's technology and support services.

True Potential is expected to have in excess of £20 billion of assets under management ('AuM') and to generate c. £135 million of EBITDA for the year ending 31 December 2021, reflecting the company's strong growth over the past five years, during which time AUM and EBITDA have grown at CAGRs of more than 30% and more than 40%, respectively.

Cinven's Financial Services team, working closely with Cinven's TMT team, identified True Potential as a compelling investment opportunity with several key attractions:

- **Leading value proposition for clients and strong focus on customer outcomes** reflecting its hybrid advice offering, which facilitates frequent adviser interactions both digitally and in-person, access to a range of diversified funds and low all-in fee structure;
- **Attractive market dynamics in the UK wealth management sector**, with high levels of recurring revenues and low asset churn, supported by structural market growth given demographic changes and initiatives to address the savings gap in the UK;
- **Proprietary and scalable technology platform**, which allows for seamless adviser and client journeys, enhances end-client engagement and provides economies of scale as the business grows;
- **Differentiated business model for financial advisers** with efficient onboarding processes facilitating accelerated adviser recruitment, a key contributor to True Potential's strong growth momentum within an adviser market that remains highly fragmented;
- **Track record of high growth delivering outstanding financial performance**, with a significant proportion of recurring revenues and strong organic cash conversion enabling continued investment in adviser recruitment and the technology platform to drive further growth; and
- **High calibre and proven management team**, led by founders, David Harrison (Chairman), Daniel Harrison (CEO), Neil Johnson (CFO), Mark Henderson (Head of True Potential Investments) and Earl Glasgow (Head of Distribution).

David Harrison, Chairman of True Potential, said:

“We identified Cinven as the right partner for True Potential’s next phase of growth due to their Financial Services and TMT expertise. Their investment will enable us to continue to deliver on our mission to revolutionise the way wealth management is provided. We have a shared vision and I am certain that this investment in True Potential alongside the existing management expertise will deliver continued growth for many years to come.”

Daniel Harrison, CEO of True Potential, stated:

“Our aim in this process was always to find the right partner with the same values that would benefit our clients, financial advisers and staff. In Cinven we have found that partner. The financial advice and investment markets are constantly evolving but we have grown consistently over 14 years by being bold, digital-first and client-focused. This investment and exciting partnership will continue that trend.

“I look forward to working closely with Cinven and continuing to lead the business as we provide the best possible service to our clients and advisers.”

Caspar Berendsen, Partner at Cinven, commented:

“True Potential has a truly differentiated business model within the UK wealth management sector, where there are strong structural growth drivers. The company provides attractive services and products to financial advisers and their clients, using technology to anticipate and meet customer demands in the future as well as now.

“The combination of Cinven’s longstanding track record in both Financial Services and TMT, along with True Potential’s strong management team and integrated business model, will support the company’s future growth. In particular, this transaction will enable continued investment in True Potential’s financial adviser recruitment and its technology platform.

“The Cinven team looks forward to working with the excellent management team, in particular the founder-owners of the business, to support the existing strategy, building on the company’s significant growth potential and success.”

This transaction follows Cinven’s recent investments in the financial services sector, including Miller, a leading specialist insurance and reinsurance broker; Compre, a specialist global consolidator of closed books of non-life insurance policies; NewDay, a leading UK consumer finance company; and Premium Credit, a leading UK provider of premium finance for commercial and retail insurance products.

The investment also builds on Cinven’s TMT investments in software businesses with financial services offerings including Drake Software, a leading provider of tax preparation software, and Visma, a provider of software for accounting, tax and payroll applications.

The transaction is subject to customary anti-trust and regulatory approvals.

Advisers to the transaction included Fenchurch Advisory Partners LLP and Clifford Chance LLP (Cinven) and Credit Suisse and Freshfields Bruckhaus Deringer LLP (True Potential).

About True Potential

Headquartered in Newcastle upon Tyne, True Potential LLP is one of the fastest growing and most innovative financial services groups in the UK. The financial services group provides technology and business support services to 20 per cent of the UK Financial Advisers market and financial advisory services for private individuals.

European Business of the Year

In May 2017 True Potential was named Business of the Year at the European Business Awards final in Dubrovnik. Over 33,000 businesses from 34 countries entered the competition, but True Potential was named overall winner in the €26m-€150m turnover category.

Fast 50

True Potential has been ranked as the fastest growing financial advice and technology services company headquartered outside London in the 2014, 2015 and 2016 [Deloitte Technology Fast 50](#). The ranking of the 50 fastest-growing technology companies in the UK are based on percentage revenue growth over the last five years.

Fast 500

True Potential is one of only 67 UK companies to appear in the [Deloitte Technology Fast 500 EMEA 2014](#), a ranking of the 500 fastest-growing technology companies across Europe, the Middle East and Africa. Rankings are based on percentage revenue growth over five years. True Potential advanced from position 431 in the 2013 list to 204 in 2014.

The True Potential Centre for the Public Understanding of Finance (PUFin)

True Potential has partnered with the Open University to launch the True Potential Centre for the Public Understanding of Finance.

True Potential PUFin is a pioneering Centre of Excellence for research in the development of personal financial capabilities. True Potential PUFin is working to improve public understanding of personal finance through its research and the delivery of free modules providing individuals with the tools to make sound financial decisions. More than 500,000 people have taken part in the courses to date.

About Cinven

Cinven is a leading international private equity firm focused on building world-class global companies. Its funds invest in six key sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology, Media and Telecommunications (TMT). Cinven has offices in London, New York, Frankfurt, Paris, Milan, Madrid, Guernsey and Luxembourg.

Cinven takes a responsible approach towards its portfolio companies, their employees, suppliers, local communities, the environment and society.

Cinven Capital Management (V) General Partner Limited, Cinven Capital Management (VI) General Partner Limited, Cinven Capital Management (VII) General Partner Limited and Cinven Capital Management (SFF) General Partner Limited are each authorised and regulated by the Guernsey Financial Services Commission, and Cinven Limited, the adviser to the Cinven Funds, is authorised and regulated by the Financial Conduct Authority.

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For additional information on Cinven please visit www.cinven.com and www.linkedin.com/company/cinven/.