

TRUE POTENTIAL WEALTH PLATFORM DUE DILIGENCE GUIDE



true potential
investments

“When firms carry out research and due diligence they should consider whether they can rely on the information supplied by the provider, such as marketing material. Firms can rely on factual information provided by other EEA-regulated firms as part of their research and due diligence process, for example, the asset allocation. However, they should not rely on the provider’s opinion, for example, on the investment’s risk level.”

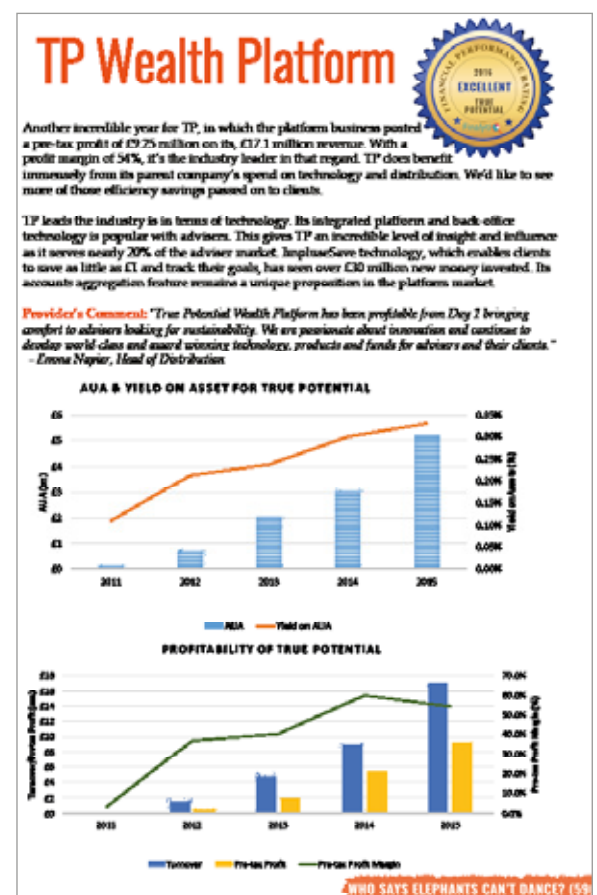
Source: FCA TR 16/1

This guidance document is for directly authorised adviser firms and should be used in conjunction with your own platform market review.

Documenting and evidencing your platform of choice is really important, measuring the important benchmarks such as profitability and sustainability of a platform are essential.

To assist with reviewing, what is undoubtedly a disparate market, we include excerpts and comments from independent platform enthusiasts - all are based on subject matter guidance directly from the FCA.

True Potential Investments Wealth Platform has received the highest accolade again this year:



How to Review, What to Look for and Why It's Important

The FCA guidance on what to look for in a platform focusses on nine key focus areas - these should be based on your **own feelings, your usability experience, factual evidence and most importantly the importance to your client service.**

1. The Platform Provider

- Name, Address, Management, Number of Staff. E.g. in Admin
- Are they an Independent Business or Part of a Large Parent. E.g. Life Co
- Size. E.g. AuA
- Profit and Turnover (Platform Assets)
- Technology. E.g. Proprietary or Use 3rd Party
- Number of Adviser Users

2. Terms

- The Minimum Investment onto the Platform
- The Complaints Procedure
- Data Protection/Disaster Recovery
- Custodian
- FSCS

3. Charges

- Basis Points, Flat Fee or Tiered by Assets
- The Tax Wrapper on Top of the Platform
- Transaction Charges Levied
- Separate Charge for Drawdown
- Re-Registration Charge
- In-Specie Transfer Charges

4. Products

- GIA, ISA, Pension Wrapper
- SIPP Allowing Commercial Property
- Offshore Bonds
- Interest Payable on Cash
- ETF's and VCT's
- Access to Discretionary Fund Management

5. Assets

- Trade Equities on the Platform
- Structured Products Available
- Passive Funds
- Risk Rate In-House Investments

6. Functionality

- The Platform Supports Bulk Switching/Rebalancing
- Own Portfolios
- Switch Process
- End to End Process/Platform Pre-Population
- The Platform Integrates with Back Office Two-Way

7. Accessibility

- Client Log In
- Documents Held Securely
- Online Client Use
- Joint Accounts Available

8. Tools

- Risk Profiling
- Asset Allocation
- Lifestyle Planning
- Tax Tools

9. Service and Support

- Face-to-Face Business Development Manager
- Technical/Business/System Support Helplines
- Management Information Reporting
- Ease of Business
- Good Service Level Agreements

Summary

Think about the nine areas above, and pinpoint the important areas for your firm. Next, think about the impact of each of these areas on your clients and how this is represented in your service proposition.

Why is This Important?

Assessing and having knowledge of the platform market is only important if you ask yourself "What does this mean to me and my clients". All firms are different and that is what the FCA are looking for in production of a good due diligence document. An example might be pure comfort. E.g. Does my platform offer face to face support? For some firms this will be really important and for others, less so. Alternatively, some firms will measure the importance of integration and pre-population of business, whilst others don't.

These are the factors firms need to consider – all of which should relate individually to your firm.

An Easy Way to Record All That Information - Template

We provide a template for use when going through the process of a due diligence review.

The idea of the template is for each firm to record their individual assessment of each platform against the nine focus areas (above). This should be based on **own feelings, your usability experience, factual evidence and most importantly the importance to your client service proposition.**

Every adviser firm is different - your own thoughts, feelings, usability experience and opinions are different and it's important to evidence this. It is also the reason why the FCA do not issue templates or endorse comparison sites- they want to see that advisers have thought about each provider, demonstrated how that provider can support and represent how the firm wants to do business and have documented the rationale which matches their overall client service proposition.

Why Is This Important?

If you are a firm who has embraced technology and has experienced the efficiencies of such things as two-way integration between back office and platform, the ease of business submission and client engagement through logging into the platform - your important consideration factors, will (and should) centre around these elements.

If you are a firm who believes that platform stability is important to your clients, then you would make sure that you select a platform that is profitable and not likely to be at risk of sale or worse, closure.

Therefore, assessment and scoring will be based on each platforms' ability to meet these needs. If you have been identified as important to your business and your clients, it would not make sense that you select a platform who cannot or does not support this-hence the need to review.

When talking about how platform due diligence should be conducted we are often asked, - "Why is the Wealth Platform not on comparison sites?"

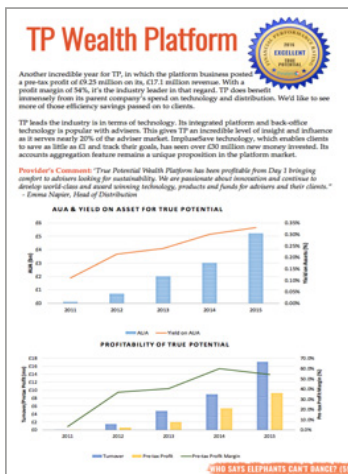
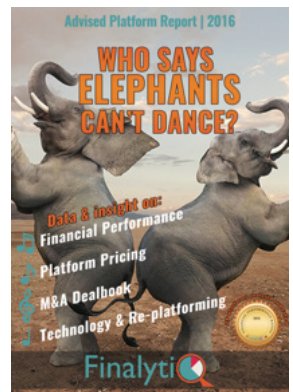
There is nothing wrong with advisers saving time by gathering some of the factual information from one place. Never let it be said that True Potential don't advocate the use of technology - but in this case it comes with parental guidance.

A number of the platform comparison sites do have a wealth of information to allow firms to compare platform against platform – things like assets under administration, number of funds, products, etc.

What the comparison sites don't do, is capture the feel – the actual user experience, the uniqueness in True Potential's case.

That said, we also appreciate that it is hard for advisers to keep on top of all the changes in the platform market.

- Cofunds is now Aegon
- Six platforms are re-platforming for technology
- Elevate is now part of Standard Life
- Parmenion is no longer independent



Where to Gather Information Independently

For use by our associated firms, True Potential has purchased a corporate license for the Advised Platform Report 2016 from independent consultancy firm, Finalytiq. At no cost to you, you can use this information to complete your review (fill in the template) for each platform alongside the True Potential Wealth Platform and document the evidence independently.

To download the Finalytiq report, visit www.tpilp.com/advised-platform-report/

We are delighted to receive the top prize once again this year from Finalytiq, making our Wealth Platform the industry leader. CEO and Founder Abraham Okusanya had this to say:

"A closer look at True Potential's model shows that True Potential enables advisers to pass cost savings onto clients by reducing administrative burden on advisers. This is not just lip service; it's backed by data too. At an average of 0.56%pa ongoing adviser fee, True Potential advisers charge lower than the industry average. As advisers benefit from better tech, they are in a far better position to pass the savings on to clients. True Potential estimates that the Total Cost of Ownership (TCO) for clients on its platform have gone down by 9bps in the past year alone."

In addition, we have also partnered with the other platform guru, Mark Polson and his firm, The Lang Cat.

Mark, with his 5th edition, "Platforms are Dead – State of the Platform Nation," has published this year's startling facts and figures surrounding advised platforms in the UK.

The Lang Cat report looks wider than just profitability and includes the infamous PEE-WI (Provider Enhanced Emotional Well-being Index) for all major providers as well as a platform pricing heat map.





True Potential Wealth Platform scores strongly again this year and features impulseSave® and our unique goal setting technology as "something other platforms wished they had". The Lang Cat explored the deep level of integration unique to True Potential's technology and the benefits to you, our adviser firm users:

"...ready-made, in-house portfolios. It's different to pretty much anything else really because the platform, back office and funds (etc) all come together. In perfect harmony."

Platforms are Dead – State of the Platform Nation 2016

TRUE POTENTIAL II Goal!

FACTOIDS	AUA		Net-to-gross inflow ratio (in the year to)		Profit/(loss): True Potential Investments	
	30/06/15	£3.3bn	30/06/15	91.67%	31/12/14	£5.4m
	30/06/14	£2.2bn	30/06/14	84.68%		
	Market share (of AUA)		AKG platform financial strength rating			
	30/06/15	1.01%	Not rated			
	30/06/14	0.81%				

PEE-WI			Score/5
	Numbers	True Potential continues to grow profits and, with a 60% profit margin on the platform, looks pretty lean and mean. It put on £1bn of AUA in the year to 30/06/15, which is in small platform territory but represents an impressive 50% YoY jump. There is no AKG rating due to the structure of the business.	
	Proposition	<div><div>SMALL</div><div>TP is an end-to-end solution with a back office and structured, vertically integrated fund solutions that fit nicely into the planning software (TP ONE). It's fairly handholdy, if you like that sort of thing, and works well. ImpulseSave, although in some ways a little thing, is big in terms of demonstrating a culture of digital innovation (and it's really cool). We also love the goal-based approach which sees TP adding a layer of its own special something to the SEI Global Wealth Platform and is something other platforms wish they had.</div><div>LARGE</div></div>	
	Price	The core platform charge of 0.40% gets big props for simplicity, but on the flip-side it's very expensive for large assets. And you get the back office in with that price (though why the client pays an ad valorem fee for your back office isn't clear). Um, that's all there is to say really. How about you? How you doing? Family well? Good, good.	
	Zeitgeist	TP ONE incorporates retirement planning - matching GYMBOA to 3 spending zones. That in turn fits to ready-made, in-house portfolios. It's different to pretty much anything else really because the platform, back office and funds (etc) all come together. In perfect harmony.	

If you would like to purchase this report, a 50% discount will be applied for all True Potential technology users. True Potential has negotiated the discount for you by purchasing a provider license of the report.

For those who wish to purchase the report, you need to use the code TPHALFCAT

www.langcatfinancial.co.uk/get-some-cat/

This brings the cost down to £75 plus VAT from £150 plus VAT

Why is this important?

It is important for firms to assess the platform market and make decisions based on factual information as well as experience and opinion. We are aware that some of you may choose to do this via comparison sites, however we are also told by many of you that comparison sites "do not have all the answers and are not specific, nor can be relied upon".

At a cost to True Potential, we feel this is important to make sure that our advisers have the right information from us (as providers), but also verified and independent sense check which stacks up to scrutiny and contains no bias.

Why the True Potential Wealth Platform

We are often asked "What makes True Potential truly unique?" The answer is that True Potential's unique technology and award winning platform has the ability to empower advisers to deliver innovative (and lower cost) advice to clients.

Unique Technology

- **Adviser** - Goal-Setting Advice and Submission Process
- **Adviser** - Two-Way Integration Back Office, Platform, Funds
- **Client** - Individual Client Website
- **Client** - World-First impulseSave®

Award-Winning Platform

- **Adviser** - Submission Process
- **Adviser** - Functionality to do Business, Both Cost and Time Efficiently
- **Adviser** - Profitable From Day 1
- **Client** - 24/7 Valuation
- **Client** - Secure Messaging to Adviser

Lowering Cost

- **Adviser** - Benefits of Reduction in Business Management Costs = Efficiency
- **Adviser** - True Potential In-House Fund Range Exclusive and Cheaper
- **Adviser** - Evidence Firms are Passing Cost Savings onto Clients
- **Client** - No Charge for Discretionary Fund Management Proposition
- **Client** - No Charge for True Potential Investments Tax Wrapped ISA, GIA or Pension
- **Client** - No Additional Transaction Charges

Conclusion & Summary

I hope this guidance is useful – as a reminder of why platform due diligence is important, the tools to help you go through the process and independent verification and assessment of the market today. In 12 months, the platform market has seen lots of changes which impact your business and how you deliver good outcomes to your clients.

Should you require additional information or assistance on completing your Platform Due Diligence, please speak with your Business Development Manager or contact us at **PlatformSales@tpllp.com** or **0191 229 6082**.



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