

MIFIDPRU Public Disclosure Document

True Potential Investments LLP

Financial Year Ended 31 December 2024

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1. Introduction

The UK financial services regulator, the Financial Conduct Authority (“FCA”), introduced the Investment Firms Prudential Regime (“IFPR”) on 1 January 2022. This regime governs the amount and quality of capital resources that investment firms must hold, and its requirements are set out in the Prudential Sourcebook for MiFID Investment Firms (“MIFIDPRU”) within the FCA Handbook.

The IFPR is designed to streamline and simplify the prudential framework for FCA-regulated MiFID investment firms, while shifting focus beyond the risks firms face themselves to also consider the potential harm they may pose to consumers and markets.

The IFPR applies to all MiFID investment firms authorised and regulated by the FCA and is directly applicable to True Potential Investments LLP (“TPI” or “the Firm”) (FRN: 527444).

This document sets out the MIFIDPRU 8 public disclosure for TPI for the financial year ended 31 December 2024. Its purpose is to comply with the disclosure requirements of MIFIDPRU 8, which require non-small and non-interconnected (“non-SNI”) firms to publish information on an annual basis. The disclosure provides transparency for clients, regulators, and other stakeholders on TPI’s governance arrangements, risk management objectives and policies, own funds, own funds requirements, and remuneration policies and practices. It is designed to complement, but not replace, the *2024 True Potential Investments LLP Annual Report and Financial Statements* and should be read alongside that document.

2. Basis of Disclosure

This disclosure has been prepared in line with Chapter 8 of MIFIDPRU and reflects TPI’s categorisation as a non-SNI MIFIDPRU investment firm. The disclosures are prepared on a solo entity basis and proportionately reflect the size, nature, scope, and complexity of TPI’s activities.

In accordance with the provisions of MIFIDPRU 8, TPI is required to disclose information in the following areas:

- Governance arrangements;
- Risk management objectives and policies;
- Own funds;
- Own funds requirements; and
- Remuneration policies and practices.

In line with MIFIDPRU 8.7, TPI is exempt from disclosing details of its investment policy under the exemption criteria set out in MIFIDPRU 7.1.4R.

Unless otherwise stated, the disclosures in this document relate to the financial year ended 31 December 2024.

3. Timing and Publication

In accordance with MIFIDPRU 8.1.10R, TPI makes its MIFIDPRU 8 disclosure publicly available on the date it publishes its annual financial statements.

This disclosure report is published on the TPI website at the following location:

https://www.truepotential.co.uk/wp-content/uploads/2025/04/TPI_MIFIDPRU_8.pdf

4. Verification

This disclosure has been reviewed internally but is not subject to audit. Information drawn from TPI’s audited financial statements has been externally verified. The disclosures outline the methodology used by the TPI Board in assessing capital requirements and describe the firm’s risk management framework. This document is not a substitute for the firm’s financial statements and should only be relied upon for the purposes for which it has been prepared.

5. Firm Structure

TPI is a UK limited liability partnership (company reference: OC356027) with its Head Office at Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX, and is authorised by the FCA to carry on regulated activities as outlined in the FCA Register.

TPI is authorised and regulated by the FCA to carry out a range of regulated activities, including acting as a platform operator, investment manager, discretionary fund manager, custodian, pension operator and administrator, and ISA

manager.

TPI is part of the True Potential Group of companies (“**the Group**”) under True Potential Group Limited, company reference: 09917444, other key subsidiaries of the Group include:

- True Potential Wealth Management LLP (“**TPWM**”) a MiFID Art.3 Exempt Advisory Firm. (FRN 529810).
- True Potential Adviser Services LLP (“**TPAS**”) a business support firm for the adviser network, which is not subject to FCA authorisation, assisting with adviser servicing and back office administrative support.
- True Potential Administration LLP (“**TPA**”) a firm with the regulatory permissions to manage UCITS, acting as Authorised Corporate Director and Authorised Fund Manager to the True Potential Funds. (FRN 924423).

6. Internal Capital and Risk Assessment (“**ICARA**”) Document

The provisions of MIFIDPRU 7.3.1R require a firm to undertake an Internal Capital and Risk Assessment (“**ICARA**”) process to assess and maintain the adequacy of its own funds and liquid resources. In addition, under MIFIDPRU 7.4.7R and MIFIDPRU 7.4.22G, a firm must review and update its ICARA at least annually, and sooner if there has been a material change to its business or risk profile.

In line with these requirements, TPI maintains sufficient capital and liquid resources. The approach of the business to assessing the adequacy of those resources to support current and future activities is contained in TPI’s ICARA document.

In preparing the ICARA, TPI identifies the material risks facing its business and applies stress tests against these risks, in order to determine the level of financial resources that it is required to maintain.

Pursuant to FCA requirements, TPI has prepared its ICARA as of 30 June 2025.

Furthermore, with the agreement of the FCA, the Group (as the designated Investment Firm Group) will commence preparation of its consolidated Group ICARA in 2025, with completion scheduled for 30 September 2025.

An overview of TPI’s ICARA process is outlined in section 8.7.2 of this document.

7. Public Disclosure

7.1 Governance Arrangements Disclosure (MIFIDPRU 8.3)

7.1.1 Overview of TPI Board and Committees

The TPI Board is ultimately accountable for the firm’s system of governance, internal controls, and risk management framework. It provides entrepreneurial leadership within a framework of prudent and effective controls, enabling risks to be assessed and managed. The Board is collectively responsible for the long-term success of the firm and the delivery of sustainable value to stakeholders. It sets the firm’s strategy and risk appetite, approves capital and operating plans presented by management, and oversees their implementation. Day-to-day delivery of the strategy set by the Board is delegated to the TPI Management Committee.

It should be noted that as part of the Group’s ongoing transformation project, governance arrangements at both firm and Group level are developing under a dedicated governance workstream. The governance structure for TPI is expected to change in **Q3/Q4 2025**, including the removal of certain TPI committees, with responsibilities delegated instead to equivalent Group committees.

The Board comprises a mix of executive and non-executive members and meets monthly. In line with the Senior Management Arrangements, Systems and Controls Sourcebook (“**SYSC**”) of the FCA Handbook, the Board defines, oversees, and remains accountable for governance arrangements that ensure effective and prudent management of the business. This includes segregation of duties, prevention of conflicts of interest, and safeguarding client interests in a way that promotes market integrity.

The responsibilities of the TPI Board include, but are not limited to:

- Oversight of corporate governance, either directly or through delegation to Committees, including:

- Development and review of policies and practices on corporate governance;
 - Oversight of training and continuous professional development of Directors and senior management;
 - Monitoring compliance with legal and regulatory requirements, governance arrangements, and codes of conduct;
 - Oversight of TPI’s values, business principles, and compliance framework.
- Oversight of large-scale change, development, and transformation programmes.
 - Oversight of Consumer Duty, ensuring it is embedded across the firm and applied to all decisions. The Board receives and approves an annual report under PRIN 2A.9, confirming compliance, assessing alignment of the firm’s strategy with Consumer Duty obligations, and agreeing any required actions.

Although the Board retains overall accountability, it delegates responsibility for managing, monitoring, and analysing key areas to business functions and to specialist committees, each of which has clearly defined roles and responsibilities.

7.1.2 TPI Committees

The roles and responsibilities of TPI’s key committees in the context of governance and risk management are summarised below. Further detail is set out in the formal Terms of Reference of each Committee.

CASS Committee (“CASCo”)

CASCo enables the Senior Manager / CASS Oversight Manager to monitor and oversee compliance with the Client Assets Sourcebook (CASS). Its remit includes reviewing breaches, overseeing reconciliations, monitoring CASS risks, and ensuring timely regulatory reporting.

Risk Committee (“RiskCo”)

Established in accordance with MIFIDPRU 7.1.3R and MIFIDPRU 8.3.1R(6)(a), RiskCo is a sub-committee of the Board with a forward-looking remit. It oversees TPI’s risk management framework, advises the Board on risk appetite, and monitors the effectiveness of controls to ensure risks are identified, managed, and reported appropriately.

Product Governance Committee (“ProdCo”)

ProdCo approves all new and materially amended products and regularly reviews the existing product range to ensure suitability for target markets and alignment with distribution strategies. Oversight is exercised to ensure product governance remains appropriate and embedded within TPI’s wider governance arrangements. Responsibility for product governance is expected to transition to a Group committee during 2025.

Remuneration Committee (“RemCo”)

RemCo oversees remuneration frameworks and policies for TPI staff, including employment terms, service contracts, pension arrangements, and performance-related pay. The Chair of RemCo is an independent non-executive director.

Independent Governance Committee (“IGC”)

The IGC provides independent oversight of TPI’s Auto Enrolment Pension Scheme. It ensures ongoing value for money for members and assesses governance, ESG, stewardship, and related factors in line with FCA and Pensions Regulator expectations.

7.1.3 Board Membership

As of 31st December 2024, the TPI Board has 7 members:

TPI Board Member	No. of Other Directorships Held
Jeff Casson	-
Michael Duffy	-
Richard Taylor	1
George Peebles	3
Peter Coward	2
Rebecca Hunter	6

7.1.4 Diversity and Inclusion

The Firm, as part of the wider Group, continues to develop as an organisation that represents and reflects the diversity of the backgrounds and cultures in which it operates. The Group seeks to ensure that across its organisational structures, decision-making processes, and ways of working, communicating, and managing, diversity

is welcomed and embraced. The Group treats all individuals, both within and outside the organisation, openly, fairly, and with dignity and respect.

It is committed to providing a working environment that is free from harassment, bullying, victimisation, and unlawful discrimination, and to ensuring equality of opportunity across all processes and practices.

7.2 Risk Management Objectives & Policies (MIFIDPRU 8.2)

7.2.1 Risk Management Overview

As part of the Group’s Governance, Risk and Compliance (“GRC”) transformation project, TPI has transitioned from an individual entity-led Risk Framework to a Group Risk Framework, headed by a Group Risk function under a Chief Risk Officer for the Group who is SMF4 Chief Risk Officer for TPI. This is a significant shift in True Potentials risk management philosophy towards a centralised arrangement that enhances second line oversight whilst promoting consistency across the Group.

A new Group Risk Taxonomy was introduced in 2024 alongside a Group Risk Management Framework (“RMF”) which sets out, the Group’s approach to setting risk strategy and managing risks to the strategic objectives and day-to-day operations of the business. This document articulates the high-level principles and practices needed to achieve appropriate risk management standards.

The objectives of the Group’s Risk Management Framework are to:

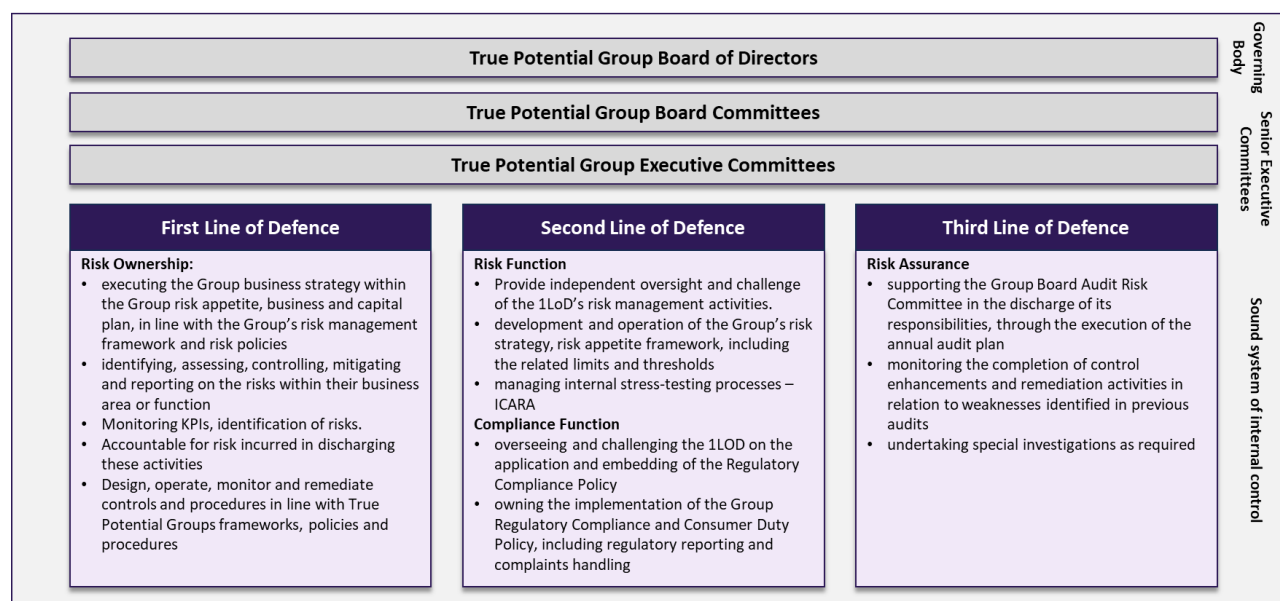
- Provide transparency on the risks the Group is exposed to;
- Provide independent oversight and challenge that risks are adequately managed;
- Enable decision making which takes into account risk consideration;
- Support the Group Board in defining an adequate Risk Appetite and Strategy and ensure the actual risk profile remains in line with these;
- Support the Group to successfully implement its business strategy;
- Protect clients from potential risks, such as unsuitable products; and
- Contribute to the orderly functioning and sound reputation of the markets in which the Group operates.

Work continues to embed the new Group Risk Taxonomy and Risk Framework within TPI.

7.2.2 Three Lines of Defence Model

The Group operates a ‘three lines of defence’ model in relation to the management of risks. The model defines the key responsibilities for the business, control functions and internal audit to ensure that the Group has a coherent and comprehensive approach to risk management.

An overview of the model is outlined below:



First Line of Defence

First Line of Defence (“1LOD”) comprises all business functions, which own the risk associated with their activities, including:

- All business units; and
- Functions, including Operations, Finance, Technology, and Legal.

1LOD owns and manages the risks associated with their day-to-day business activities and functions. 1LOD is responsible for:

- executing the Group business strategy within the Group Risk Appetite, business and capital plan, in line with the Group's RMF and risk policies;
- identifying, assessing, controlling, mitigating and reporting on the risks within their business area or function;
- maintaining risk registers for their respective business areas or functions;
- implementing controls to stay within established Risk Appetite thresholds;
- monitoring control effectiveness and adopting and introducing new controls as required – through monitoring key risk indicators ('KRI's) and key performance indicators ("KPI" s);
- promptly reporting and escalating issues in line with the escalation policy, including breaches of risk appetite thresholds, regulatory breaches such as Consumer Duty or CASS and suspicious account activity;
- conducting root-cause analysis to understand causes of issues so corrective actions can be taken to avoid them in the future;
- remediating any control deficiencies;
- following applicable Group policies and procedures;
- producing and using actionable, business-focused risk management information;
- consulting the 2LOD on the Group's RMF and regulatory compliance matters;
- ensuring that risk and compliance responsibilities are understood by employees, and are reflected in their role profiles and performance and reward decisions;
- undertaking appropriate risk and compliance training so that employees have the necessary skills and expertise to discharge their responsibilities; and
- maintaining a culture of risk ownership and management.

Second Line of Defence

Second Line of Defence ("**2LOD**") comprises the Risk and Compliance function. The 2LOD provides independent oversight and challenges the 1LOD's risk management activities. The roles and responsibilities in regard to risk and compliance are set out separately below.

The Group maintains an independent Risk and Compliance function which is led by the CRO. The CRO reports to the Group CEO. There are 6 direct reports to the CRO as follows:

- Head of Risk is responsible for Group-wide risk management, enterprise risk and investment risk, risk events, RCSAs and risk assurance.
- Regulated entities have dedicated Heads of Compliance, who operate as Compliance Business Partners of their respective entities. The Heads of Compliance have business reporting lines to their CEOs, in addition to the functional reporting line to the CRO.
- The Head of Regulation is responsible for the regulatory strategy and interaction across the Group and its regulated entities, customer outcomes, complaints, compliance monitoring, policy management, regulatory horizon scanning, regulatory returns, SMCR oversight, special projects, and third-party management.
- Head of Financial Crime Compliance is SMF 17 for all three FCA regulated entities, responsible for anti-money laundering, anti-bribery and corruption, fraud, market abuse, proliferation financing, sanctions and tax evasion.

Third Line of Defence

Third Line of Defence ("**3LOD**") comprises Internal Audit. This function is independent of both 1LOD and 2LOD and reports directly to the Group Board Audit Committee. The Group outsources its Internal Audit Function to an external third party.

Internal Audit provides independent assurance on the effectiveness of the risk management frameworks established by the 1LOD and 2LOD. It is responsible for:

- supporting the Group Board Audit Risk Committee in the discharge of its responsibilities, through the execution of the annual audit plan;
- establishing and agreeing the annual audit plan;
- executing audits in line with the agreed annual audit plan, including assurance in relation to the risk management and compliance arrangements and risk culture;

- assessing through audits how well the Group meets financial reporting and regulatory requirements and follows its policies and procedures;
- monitoring the completion of control enhancements and remediation activities in relation to weaknesses identified in previous audits; and
- undertaking special investigations as required.

The Group recognises that a sound risk culture is fundamental to the effective operation of the Group’s risk management framework. The risk culture supports the implementation and embedding of the structural elements of the RMF set out in this document to ensure that the Group has a robust control environment to deliver desired business outcomes and good customer outcomes. The risk culture is viewed as a core component of effective risk management.

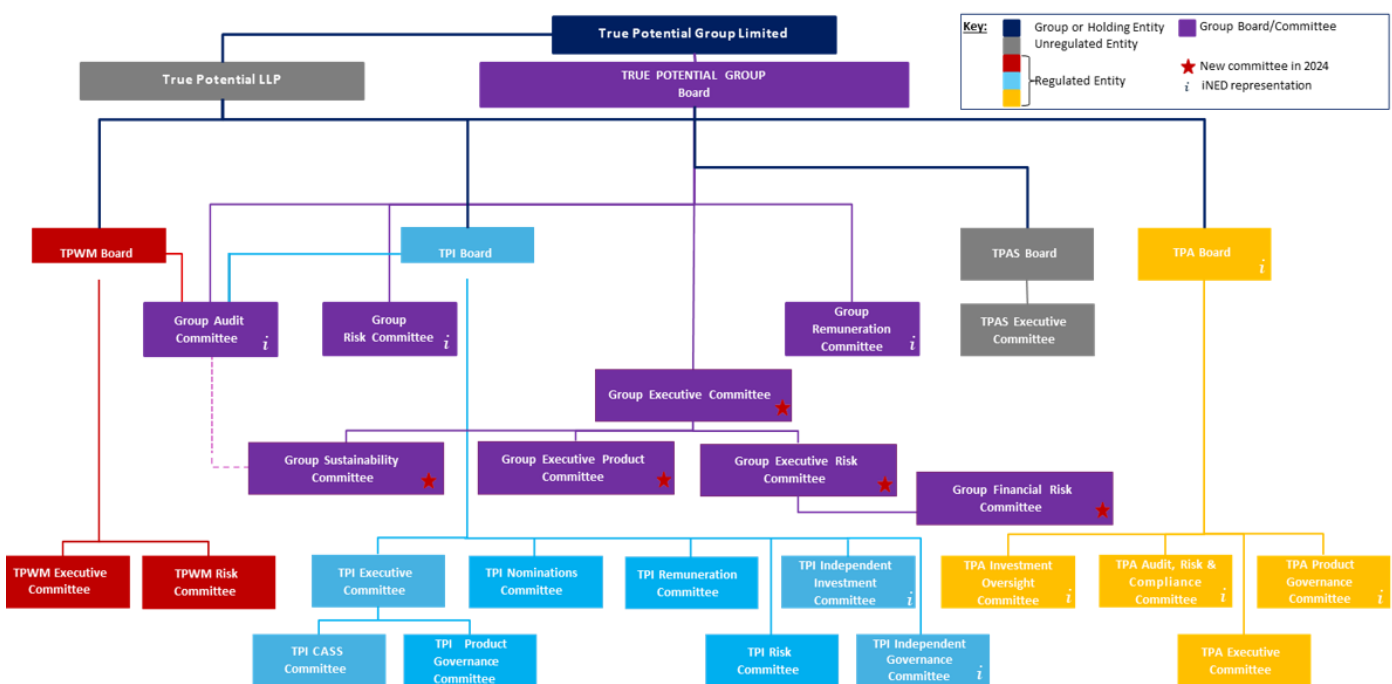
Group risk culture is considered through the following areas:

- **Tone from the top:** Senior management is the starting point for setting the Group’s core values and risk culture. Their behaviour reflects the risk culture that is expected throughout the organisation and is communicated through formal and informal channels.
- **Accountability:** The RMF and other risk-related policies clearly assign accountability for risk management and decision-making to functions and specific business heads. Employees are clear on their responsibilities for risk management within their role and the three lines of defence model and have an awareness on how to manage risk and escalate issues.
- **Effective challenge:** Senior management promotes effective challenge in the decision-making process. This is supported by an independent Group Risk and Compliance function.
- **Incentives:** Financial and non-financial incentives are reviewed to ensure they do not encourage excessive risk-taking and support delivery of good customer outcomes. The desired behaviours are incentivised while inappropriate behaviours are prohibited.

As risk management is the responsibility of employees at all levels of the organisation, the Group seeks to achieve the desired risk culture through education, implementation of risk-related policies and delivery of consistent risk practices. The Group takes steps to assess whether the desired values and behaviours have been embedded at all levels

7.3 Group Risk Governance

The Group has established a Group-wide governance structure that delivers strong governance and control arrangements across the Group and its entities and allows the three FCA regulated entities – TPWM, TPI and TPA - to meet their governance and regulatory obligations as separate regulated entities. As outlined in the overview, this governance structure is expected to evolve further in Q3/4 2025 in line with transformation project developments.



Group Board and Board Committees

The Group has a Group Board and a number of Group Board Committees – the Board Risk Committee (“BRC”), the Board Audit Committee (“BAC”) and the Remuneration Committee. The BRC and BAC have responsibilities on behalf of regulated entities, which allows for a consistent approach to risk and controls; the Remuneration Committee covers only Group matters and does not assume responsibilities on behalf of the regulated entities.

The Group Board Risk Committee and the Group Board Audit Committee are responsible for the Group activities but also have responsibilities on behalf of regulated entities, which allows for a consistent approach to risk and controls.

The Group Board Risk Committee, acting on behalf of the Group as a whole, is able to oversee risks that have an impact across different legal entities and across client journeys that move through different legal entities.

The Group Board and its designated committees have key responsibilities relating to risk management (including Compliance) which are set out in their dedicated Terms of Reference. Key roles and responsibilities of the Group Board and Board Committees as pertaining to risk management are set out in Table 1.

Group Executive Committees

The Group has established a management structure which allows it to provide effective oversight over the end-to-end customer journeys.

The Group CEO is supported by a Group Executive Committee and a set of Executive Committees at regulated entity level, that undertake executive management in respect of all legal entities within the Group, with appropriate delegations from the Group and subsidiary boards.

The structure includes an Executive Risk Committee, and Product Governance Committee. These committees perform activities on behalf of the regulated entities and TPAS.

The Group Executive Committee is chaired by the Group CEO and its members include the CEO of TPI, and the CEOs of TPWM and TPA, Group CFO, Chief Recruitment Officer, CRO and Chief Technology Officer.

The CEOs of regulated entities have business reporting lines to their Boards, in addition to the functional reporting line to the Group CEO.

The Group CEO delegates responsibility for the risk management framework to the CRO, who chairs the ERC and has accountability for providing risk oversight.

Each of the Group Executive Committees has dedicated Terms of Reference, setting out its role and responsibilities, which are reviewed and if required updated on an annual basis.

Key roles and responsibilities of the Group Executive Committee and its sub-committees are set out in Table 2.
Regulated Entity Boards and Management Committees

Boards for TPWM, TPI and TPAS discharge their legal, fiduciary and (for TPI and TPWM) regulatory obligations through executive memberships, with appropriate reporting to and oversight from the Group Board.

The TPA Board and Management Committees operate within the Group governance structure but with non-executive representation on the Board and the reporting of certain matters to the Group Board directly to reflect the appropriate independence of governance over the ACD.

Table 1: Group Board and Group Board Committee responsibilities – high-level summary

Group Board of Directors	Group Board Risk Committee	Group Board Audit Committee
The Group Board is responsible for the oversight of the management of the Group and its subsidiaries. Regarding risk management, the main Group Board responsibilities include:	The Group Board Risk Committee (Group BRC) supports and provides advice to the Group Board regarding the Group’s RMF, Risk Appetites, risk processes and on-going monitoring of the Group’s risk exposure.	The Group Board Audit committee supports the Group Board in its oversight responsibilities regarding the financial reporting process, internal control systems and the

<ol style="list-style-type: none"> 1. Setting and approving the Risk Strategy, Risk Management Framework and Risk Appetite Statements <ul style="list-style-type: none"> • Approving key policies, including the Risk Management Framework • Setting the Risk Appetite Statements and Risk Appetite Metrics • Reviewing the effectiveness of risk and control processes to support strategy and objectives 2. Monitoring the risk profile of the Group <ul style="list-style-type: none"> • Overseeing the work of the Group Executive Committee in regard to risk and compliance 3. Monitoring the effectiveness of the risk management 	<ol style="list-style-type: none"> 1. Proposing an RMF and Risk Appetite Statements and advising the Group Board accordingly 2. Monitoring the risk profile of the Group: <ul style="list-style-type: none"> • Receiving and reviewing risk management information • Reviewing and assessing the Group’s risk appetite • Evaluating the Group’s principal risks • Oversight of breaches of risk appetite and actions taken by the Executives to address these • Considering risk related issues raised by auditors, regulators and other relevant parties 3. Ensuring the RMF is effective: <ul style="list-style-type: none"> • Assessing the appropriateness of the RMF on a regular basis • Assessing adequacy of risk resources • Ensuring that the Group adhere to agreed risk processes and practices 	<p>internal and external audit processes.</p> <ol style="list-style-type: none"> 1. Evaluating the effectiveness of the internal financial control framework 2. Monitoring and assessing the financial reporting and the integrity of financial statements 3. Monitoring and assessing the effectiveness of the RMF 4. Monitoring and assessing the effectiveness and independence of external auditors 5. Approving the audit plan and reviewing audit results
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Table 2: Group Executive Committee and its sub-committee responsibilities – high-level summary

Group Executive Committee	Group Executive Risk Committee	Product Governance Committee
<p>ExCo is a central decision-making and oversight body responsible for shaping the organisation’s strategic direction, policies, and operations within the agreed risk appetite.</p> <ol style="list-style-type: none"> 1. Considering the design and operating effectiveness of the RMF, including risk appetite, risk appetite framework and risk management strategies, seeking Board approval as appropriate, and ensure they are implemented; 2. Managing risk in line with the risk appetite/risk tolerance set by the Board; 3. Reviewing sub-committee reports to determine a consolidated Group risk 	<p>ERC provides executive-level assessment, supervision, oversight and management of risk across the Group.</p> <ol style="list-style-type: none"> 1. Managing the RMF, including Risk Appetite Statements and Risk Taxonomy; 2. Reviewing and approving risk limits; 3. Monitoring the business to ensure that it operates within agreed risk appetite; 4. Reviewing relationships with the regulator and developments in the regulatory environment and their impact on the Group. 5. Ensuring that horizon scanning takes place to identify new risks and 	<p>PGC ensures that products are developed, managed, and distributed in alignment with regulatory requirements, risk management practices, and the best interests of end clients.</p> <ol style="list-style-type: none"> 1. Approving all new or amended products and proposed changes to target market/distribution; 2. Ensuring that the product or service has been designed in line with the approved process; and 3. Reviewing Group products to ensure that they remain appropriate for the target market, deliver good consumer outcomes and that the distribution strategy remains appropriate.

<p>profile and take action in relation to issues raised in the risk reports as it considers appropriate;</p> <p>4. Considering the CRO consolidated risk report, including regulatory compliance and conduct risk, for presentation to BRC.</p>	<p>exposures to the Group and its subsidiaries;</p> <p>6. Ensuring that the Group Board and Group BRC receive relevant, sufficient and timely information to enable them to discharge their duties in respect of risk;</p> <p>7. Ensuring that risk considerations take into account the Consumer Duty obligations and customer interests.</p>
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7.4 Group Risk Taxonomy

The Group has a comprehensive Group Risk Taxonomy which provides a common set of risk categories and definitions to support effective risk management and risk reporting across the Group.

The Group Risk Taxonomy categorises the principal risks faced by the Group into seven areas as set out in the table below:

	Level 1 Risk	Definition
1	Market Risk	The risk of loss resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.
2	Credit Risk	The risk of loss resulting from default in obligations due and/or changes in the credit standing of either issuer of securities, counterparties or any debtors to which the Group is exposed.
3	Operational Risk	The risk of loss due to inadequate or failed internal processes or systems, human error or from external events.
4	Financial Risk	The risk of possibility of losing money on an investment or having a negative business outcome.
5	Strategic Risk	The risk of direct or indirect impact on the earnings, capital, or value of the business because of the strategies not being optimally chosen, implemented, or adapted to changing conditions.
6	Regulatory Risk	The risk of reputational damage, regulatory or legal censure, fines or prosecutions and other types of losses arising from non-compliance with regulations and legislation.
7	Consumer Outcomes Risk	The risk that consumers experience poor outcomes or harm arising from the actions of the Group and its employees.

The Level 1 Risks categories are supported by Level 2 and Level 3 risk categories where appropriate.

The Group Risk Taxonomy is reviewed and updated on an on-going basis, at least annually, by the CRO to ensure it reflects accurately risks faced by the Group and its subsidiaries and considers the external environment.

7.5 Group Risk Appetite Framework

The Group is exposed to risks in pursuit of its strategic business objectives, either by assuming risk with the intention of achieving a return, or by incurring risk because of business activity.

Risk Appetite comprises qualitative and quantitative elements that articulate the level of risk which the Group and its entities is prepared to accept. The Group has in place the Risk Appetite Framework, which describes Group's approach,

governance and processes in relation to setting Risk Appetite and tolerances. The Risk Appetite Framework is informed by the Group RMF, Risk Taxonomy and the strategic business objectives.

The core elements of the Risk Appetite Framework comprise the Risk Appetite Statements (“**RAS**”) and associated Risk Appetite Metrics and Financial Risk Limits.

Group Risk Appetite Statements

The RAS comprise the qualitative component of the Group’s Risk Appetite and tolerance. The RAS includes a set of statements (documented in the Risk Appetite Framework).

Each statement describes the level(s) of risk that the Group is prepared to accept for each Level 1 Risk to achieve its strategic business objectives. Where relevant, it describes relative risk preferences, based on factors such as management expertise, perceived value and diversification.

The RAS must be aligned with the Business Strategy of the Group.

Group Risk Appetite Metrics

Each RAS is supported by dedicated Risk Appetite Metrics, which set out the quantum of risk the Group is exposed to. These metrics have individual thresholds, which are treated as limits or warning indicators. Risk Appetite Metrics are selected, and thresholds are calibrated for Level 1 risk categories relevant to the Group’s Business Strategy.

Each Risk Appetite Metric is associated with three thresholds, a ‘green’, ‘amber’ and a ‘red’ threshold as follows:

- The green threshold indicates a risk level well within set risk appetite / tolerance.
- The amber threshold represents an elevated level of risk for the Group, which is likely to be at the extent of the Group’s agreed risk appetite. Amber statuses are reported to the Group Executive Risk Committee, where actions to reduce the risk level to green are considered or where risk acceptance is approved.
- The red threshold represents a breach of the agreed Risk Appetite. When a metric is red, an immediate notification to both the Group Executive Committee and the Group Board Risk Committee is triggered, where a decision is then taken on the most appropriate course of action.

Review of Risk Appetite Statements and Risk Appetite Metrics

The Group’s Risk Appetite Statements and Risk Appetite Metrics are reviewed and approved by the Group Board on an annual basis. The Risk Appetite Metrics can be reviewed and approved out of cycle jointly between the CRO and Head of Risk. The circumstances in which the Group’s Risk Appetite Statements and the Risk Appetite Metrics are reviewed or changed is set out in the Risk Appetite Framework.

7.5.1 Risk Appetite

The TPI Board reviews and sets the risk appetite statements, including ad-hoc review and update should a material change require consideration and amendment to the stated risk appetite. When setting the risk appetite, the TPI Board will consider the level of risk that TPI is willing to accept while pursuing its objectives, and before any action is determined to be necessary to reduce the risk. TPI RiskCo reviews these risk appetites monthly in line with the trends and risk landscape for the Firm, recommending any changes to the risk appetite to the TPI Board for approval.

Risk grading across each area drives the assessment and overall residual risk rating for the Firm, within each risk area. With the tolerances and appetites set, both the grouped risk area and individual underlying risks can be assessed on an ongoing basis. Where gradings fall outside of the stated tolerance this will result in remedial action to investigate and remedy, to bring the area of actual or potential risk within the stated tolerance.

The TPI RiskCo is presented with the dashboard on a monthly basis. Risk areas outside of stated tolerance are escalated for action and assigned to owners, with action plans and remedy dates agreed where required. All Risks are assigned a risk owner and manager to ensure appropriate escalation and remedial action, with progress reported to RiskCo.

7.5.2 Risk Categories and Analysis

As a result of its normal business activities, TPI is exposed to a variety of risks, the most significant of which are described below.

Credit Risk

Credit risk is broadly defined as the possible loss due to debtors’ non-payment of loans, services or goods supplied. TPI’s income is derived primarily from management fees and platform fees which do not carry credit risk. A negligible proportion of income is derived from invoiced services, generated by the investment management team, so credit risk is not considered material in this regard.

TPI's principal exposure to credit risk results from UK credit institutions with whom TPI places its corporate and client cash balances and settles market transactions. TPI continually reviews both its corporate cash and client money banking counterparties to ensure sufficient capital strength, forming a key control of the Firm's Client Money and Asset Oversight with credit exposure information reported to the CASS Committee monthly alongside regular due diligence reports and credit rating assessments.

TPI has neither a trading book, nor securitisation positions, and is not a credit-granting or lending institution. TPI therefore has no credit risk concerning these areas.

Market Risk

Market risk reflects the risks that arise from fluctuations in values of, or income from, assets, or in interest rates or exchange rates. TPI does not have any exposure to market risk in relation to stock market investments and does not engage in proprietary trading. TPI does not have an own book foreign exchange or commodity exposures.

The risk of loss resulting from fluctuation in the market value of positions of a fund's portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness. This may result in a higher level of client redemptions and a reduction in fees earned by TPI itself, which is remunerated on funds under management, but adviser charging would also be affected as this is commonly a percentage of the value of the funds under management. This is a risk faced by TPI and therefore resources are devoted to the mitigation of the risk. All funds operate under clear mandates governed by the products & investment team, covering market, counterparty and liquidity risk. Outcomes of this due diligence are reported to the investment committee and the TPI Board. All funds are valued daily, which helps identification and transparency of risk positions.

As TPI revenue is affected by the value of assets under management, or administration, it is pertinent to consider market risks. The risk of market movements affecting portfolios lies with clients and TPI does not guarantee returns on portfolios. The risk of market movements on corrective action is considered an operational risk and any adverse market movements affecting corrective actions will impact the operational risk.

TPI continuously carries out extensive stress testing as part of the ICARA process to evaluate the effect of adverse markets conditions on TPI's income, liquidity and capital position with the view to ensure the most appropriate recovery actions are in place, should there ever be a requirement to engage them.

Liquidity Risk

The risk that a firm may have insufficient liquid resources to cover cash flow shortfalls or fluctuations in funding and be unable to meet its obligations as they fall due.

TPI's main cash outflows are the remuneration paid to the agreed-delegate fund managers of the TPI funds and Authorised Corporate Director ("ACD"), as well as share in Firm profits paid to the Holding Member, True Potential LLP. The Firm prepares rolling daily cash flow forecasts on a weekly basis to ensure it retains sufficient liquid assets to meet its obligations as they fall due.

Business Risk

Business risk includes the acute risk to earnings posed by falling or volatile income; the broader risk of a firm's business model or strategy proving inappropriate due to a range of factors; the risk that a firm may not be able to carry out its business plan and desired strategy; and risks arising from the remuneration policy. In the case of a material service provider, a comprehensive due diligence process must be undertaken prior to the execution of any contract. These will include policies and procedures, monitoring and reporting processes, performance standards and internal audits (conducted either internally or by an external firm of auditors) with business risks considered.

TPI does outsource certain activities and actively seeks to minimise the risk of loss or reputational damage through robust due diligence undertaken in advance of contracting with a third party, and robust outsourced services policies and procedures. Before a service or function is outsourced, a manager is assigned, and a full risk assessment is conducted. Contractual and service level agreements are monitored, and due diligence conducted on both the organisation and contractual services on at least an annual basis. TPI maintains an 'intra-group Services Agreement' with the other entities in the True Potential Group outlining the services provided, obligations and responsibilities. Support from other True Potential entities includes marketing, development, finance, facilities, and adviser services.

Business risk also arises from the application of the remuneration policy, as remuneration of senior and risk-taking staff is an important area of focus to ensure that risk and reward are aligned. TPI has a Remuneration Committee responsible for overseeing the implementation of the remuneration policy, which reflects objectives for good

corporate governance as well as sustained and long-term value creation. In addition, it ensures that TPI is able to attract, develop and retain high-performing and motivated employees in a competitive market.

Concentration Risk

Exposures to counterparties in the same economic sector, geographical location or sector are considered. As TPI does not maintain a trading book, or trade on its own account, the concentration risk will fall to the client in relation to their portfolio. Separately the ACD or Authorised Fund Manager (“**AFM**”) shall regularly review concentration limits and risks under the Counterparty risk and issuer concentration rules in the Collective Schemes Sourcebook (“**COLL**”).

Insurance Risk

The risk of a failure of insurance cover.

TPI maintains fiduciary liability (e.g. professional indemnity), crime (e.g. Anti Money Laundering, Fraud, Errors and Omissions), and cybersecurity insurance at a level which TPI considers appropriate for its business and subject to a deductible which TPI can reasonably afford to meet if called upon. TPI seeks to obtain insurance only from well-capitalised insurance firms to minimise the risk of loss arising from insurance risk.

7.6 Own Funds Disclosure (MIFIDPRU 8.4)

7.6.1 Composition of Regulatory Own Funds

TPI's own funds consist entirely of CET1 capital. Throughout 2024, and at its financial year end on 31 December 2024, the Firm remained in compliance with all regulatory capital requirements. The table below sets out TPI's own fund resources as at 31 December 2024.

Composition of regulatory own funds – MIFIDPRU 8 Annex 1R Template.			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	92,833	
2	TIER 1 CAPITAL	92,833	
3	COMMON EQUITY TIER 1 CAPITAL	92,833	
4	Fully paid-up capital instruments	72,862	Members' Capital, Statement of Changes in Equity
5	Share premium		
6	Retained earnings	21,396	Other debts due to Members, Statement of Changes in Equity
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(1,425)	Note 8 (Intangible Assets)
19	CET1: Other capital elements, deductions and Adjustments		
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, Deductions and adjustments		
25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and Adjustments		

7.6.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements.

The table below sets out the reconciliation of own funds to the balance sheet as at 31 December 2024, with assets and liabilities shown by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		A	B	C
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Intangible assets (software and development)	1,425		Item 11
2	Tangible assets (fixtures, fittings and equipment)	-		
3	Trade and other receivables	38,486		
4	Cash and cash equivalents	68,332		
5	Total Assets	108,243		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade payables	9,743		
2	Taxation and social security	1,299		
3	Accruals and deferred income	1,402		
4	Amounts owed to Group undertakings	20		
5	Other payables	1,521		
6	Total Liabilities	13,985		
Members' Equity				
1	Members' capital	72,862		Item 4
2	Other debts due to Members	21,396		Item 6
3	Total Members' Equity	94,258		

7.6.3 Main features of own instruments issued by the Firm.

TPI is a Limited Liability Partnership, governed by the UK Limited Liability Partnership Act 2000, with capital arrangements established in its LLP Agreement. TPI's Own Funds instruments comprise the aggregated balance of Members' Capital accounts, including accumulated profits and losses allocated but not yet drawn by Members.

Members' Capital represents long-term capital with no maturity date or call option on Members to withdraw capital, other than in the event of winding up of the Firm, in which case any remaining capital may be distributed to Members after payment of creditors and expenses of winding up. It is therefore treated as equity under the relevant accounting standards and meets the criteria for inclusion within Own Funds.

Profits and losses are allocated entirely to True Potential LLP (the "Holding Member"). Drawings are subject to approval by TPI management up to the level of accumulated profits and losses allocated but not drawn

7.7 Own Funds Requirements Disclosure (MIFIDPRU 8.5)

7.7.1 Owns Funds Requirement

TPI's own funds requirement is the highest of:

Own Funds Requirement considerations		£'000s
(i) Permanent Minimum Capital Requirement ("PMR")		150
(ii) K-Factor	Sum of K-AUM, K-CMH and K-ASA	18,538
	Sum of K-COH and K-DTF	14
	Sum of K-NPR, K-CMG, K-TCO and K-CON	-
	Total K-Factor Requirement ("KFR")	18,552
(iii) Fixed Overheads Requirement ("FOR")		4,317
Own Funds Requirement (highest of (i), (ii) and (iii))		18,552

7.7.2 Compliance with the Overall Financial Adequacy Rule

The Own Funds Threshold Requirement ("OFTR") is the amount of own funds that a firm needs to hold at any given time to comply with the Overall Financial Adequacy Rule ("OFAR"). The OFTR consists of prescribed elements listed above but also considers additional resource requirements where the Firm have identified areas that could lead financial harm to clients, the Firm or both. TPI's assessment under the ICARA has determined the total OFTR is deemed by the TPI Board to be appropriate to meet the OFAR.

The ICARA Process

As noted earlier in this document, the ICARA replaces the Internal Capital Adequacy Assessment Process ("ICAAP"), following the implementation of the UK Investment Firms Prudential Regime. TPI recognises that as part of the ICAAP, firms were expected to conduct an assessment against a specific list of risk categories, whereas the ICARA process focuses even more on the Firm's business model. This means that firms are required to identify and monitor potential harm from both their market and clients.

The ICARA process is an integral part of TPI's risk management processes and a continual process of identifying risks to the client, the firm, and the wider market, and maintaining an appropriate RMF to manage and mitigate those risks, where possible.

The purpose of the ICARA is to:

- Inform senior management of the ongoing assessment of the Group's key risks, through its harm to clients, the Firm and the wider market.
- Operate systems and controls to identify and monitor all material potential harm.
- Detail how senior management will consider and put in place appropriate financial and non-financial mitigants to minimise the likelihood of crystallisation and/or impact of the material harm.
- Undertake business model assessment, planning and forecasting including expected- and stressed-scenarios.
- Set out appropriate and credible recovery actions to restore own funds or liquid resources where there is a risk of breaching threshold requirements.
- Set out at entity-level credible wind-down plans, including timelines for when and how to execute these plans.
- Assess the adequacy of own funds and liquidity requirements and whether additional own funds and liquid assets are required to cover the risk.

The ICARA sets out the business model and summarises the strategy together with a base case financial projection of the next 5 years. The ICARA includes an assessment of the harm that TPI could pose to clients, the Firm itself, and the wider market, and whether capital and liquid resources are sufficient to cover the risks identified.

In summary, key elements of the ICARA include:

- Group Structure.
- Business Model and Strategy.
- Governance Overview.
- Risk Management Framework.
- Material Harms Assessments.
- Key Financial Information and Projections.

- OFR calculation.
- Additional Own Funds Assessment.
- Available own funds and available liquid assets.
- Compliance with OFAR.
- Capital stress testing.
- Reverse stress testing.
- Recovery actions.
- Wind-down planning.

True Potential Group Limited is the parent company of True Potential Investments LLP. TPI Board is responsible for the ICARA process and for setting the risk appetite which forms an integral part of the management process and decision-making culture of the Firm.

7.8 Remuneration Policies and Practices (MIFIDPRU 8.6)

7.8.1 Remuneration policy

In line with TPI's Governance arrangements, the TPI Board has appointed RemCo to oversee all matters relating to the ongoing appropriateness of the framework and policies for remuneration of TPI staff. This includes terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, basis of bonus awards and the targets for any performance-related pay schemes.

In accordance with SYSC19G.5.2R, the Board, with the assistance of RemCo, will meet at least once a year for the purposes of identifying Material Risk Takers ("MRT") or Remuneration Code staff (code staff).

A material risk taker is a staff member whose professional activities have a material impact on the risk profile of the Firm or of the assets that TPI manages and generally would be regarded as a MRT if one of the following roles, consistent with the criteria set out in SYSC19G.5.3R.

- Board members.
- Senior Management roles.
- Control functions, such as Compliance or Investment Management and,
- Other roles in the same remuneration bracket as Senior Management roles.

Fixed Remuneration

Fixed Remuneration is determined based on the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

Variable Remuneration

Variable remuneration, including bonuses, will be awarded in a manner which promotes sound risk management and discourages excessive risk taking.

Any award of variable remuneration will take account of all relevant risks and an individual's performance is assessed with respect to non-financial factors and is based on the overall performance of the Firm, relevant business unit and the individual concerned, alongside consideration of any financial factors.

Variable remuneration will only be awarded and paid where it is sustainable according to the financial situation of the Firm and justified on the basis of the overall performance of TPI, the relevant business unit and the individual concerned.

TPI reserves the right to withhold or claim back any variable remuneration where there is evidence of misconduct of the individual or whose actions have either caused losses to be incurred by True Potential or where the actions are outside True Potential's risk appetite.

Employees are prohibited from entering contracts that will undermine the risk alignment elements of this policy, for example, contracts of insurance that will make payment to compensate for loss of variable remuneration.

Deferral of Remuneration

TPI qualifies for exemption under SYSC 19G.1.1R(2) and therefore, information concerning the deferral of remuneration will not be included in this document.

Pension scheme

TPI provides an Auto Enrolment pension scheme for all employees and contributions are made in line with the amounts detailed in the regulations. Contributions to the AE scheme will be considered as an element of fixed remuneration when calculating the maximum variable remuneration payable.

TPI may from time to time offer additional discretionary pension benefits to attract and retain staff. Where such benefits are a part of an employee's remuneration payments will be:

- Consistent with the business strategy, objectives, values and long-term interests;
- Paid in shares or other ownership interests; and,
- Subject to deferral where the employee leaves before retirement.

Other benefits in kind

Dependent on the employee's position and responsibilities of the role TPI may include certain benefits in kind available as part of a remuneration package, such as, travel, telephone and other fixed benefits.

Severance Payments

Severance payments are payable in accordance with relevant local legislation and applicable collective agreements. Under specific individual agreements, certain key employees may be entitled to a maximum of up to 12 months' salary while certain senior members of management may be entitled to a maximum of up to 24 months' salary.

Any severance payment made will be based on performance of the individual over time and take account of any failure to perform or misconduct consistent with the overarching principles of this policy.

7.8.2 Quantitative Remuneration Disclosures

In accordance with MIFIDPRU 8.6.8R the table below sets out TPI's quantitative remuneration disclosure split by Senior Management, MRTs and other staff, accordingly:

Total Remuneration by category	Number of Employees #	Fixed Remuneration £'000s	Variable Remuneration £'000s	Total Remuneration £'000s
Senior Management	6	1,106	1,220	2,326
Other MRTs	10	563	588	1,151
Other Staff	242	4,655	1,145	5,800
Total Employees	258	6,324	2,953	9,277

No MRTs were awarded guaranteed variable remuneration, and no MRT was paid any severance during the period.