

UK financial services group True Potential mulls \$2 billion US Spac after JPMorgan buys Nutmeg

True Potential, a leading UK wealth management business, is mulling a potential \$2 billion “Spac” [float](#) on [Wall Street](#) just a day after [JPMorgan](#) bought the Nutmeg platform for £700 million.

[Credit Suisse](#)’s [US bankers](#) are working on plans to merge True Potential with a special purpose acquisition [company](#) to propel it onto the US stock exchange, sources told the Evening Standard.

The company works with close to 20% of Britain’s financial advisers, providing products and [technology](#) to 1.4 million private clients, and also has its own consumer investment platform.

As well as managing its own funds, it offers exclusive funds from partners including UBS Asset Management, Goldman Sachs and Schroders.

The company is said to have been looking for buyers since last month but this week potential backers were shown marketing details for a US Spac deal.

If it goes down the Spac route, it will be an unusual move for a UK financial [services](#) company.

Most of the UK firms doing Spacs have been in high growth tech sectors, such as Sir Richard Branson’s space technology businesses and Alex Chesterman’s Cazoo online car dealer.

True Potential is likely to argue that, because it owns the technology for its platform, it is a “fintech” business.

True Potential last looked for a sale in 2018 but the move did not result in a deal.

However, the process was resumed last month with interest said to have been expected from private equity, asset managers and other wealth management providers.

Recent trading is said to have been strong for the group, with earnings before interest, tax, depreciation and amortisation of £74 million on sales of £184.9 million in 2020.

Most of the company is currently owned by its directors including chief executive Daniel Harrison and chairman David Harrison.

True Potential did not respond to requests for comment. Credit Suisse declined to comment.

Company founders looking to make exits are increasingly pursuing “dual track” processes where they gauge interest in outright buyers, a potential IPO and a Spac.

It is believed True Potential is still in the process of looking at a sale to a trade buyer or private equity firm.

If it goes down the Spac route, it will inevitably be seen as a blow for the London Stock Exchange.

The LSE has been trying to win more UK technology-led IPOs.

The UK has been considering ways to create a British form of Spac after seeing the concept prove hugely popular in the US and increasingly in Amsterdam.

For a company founder, Spacs offer greater certainty over conventional IPOs the price they are likely to get for their company. They can also make financial forecasts and

projections in their marketing materials to potential investors.

However, the eyepopping valuations Spacs were achieving last year have fallen dramatically this year, with some calling the phenomenon a bubble. Some experts think Spacs will continue to be popular, albeit with less stratospheric valuations.

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JPMorgan yesterday bought Nutmeg in an eye-catching development of its plan to build a consumer business in the UK.

The move will trigger big profits for more than 2100 private investors who backed Nutmeg in a crowdfunding round only two years ago. They bought in at £12.82-a-share and JPMorgan is paying £30 to £32-a-share for it.