TRUE

INSIGHT

True Potential Portfolios | Issue 18

PAGE 10

Freeports

Almost four years between the UK voting to leave the European Union and today, what doors will close and which might open as we leave the customs union?

true potential investments

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View from the Riverside

Welcome to this latest (and slightly later) edition of True Insight.

As summer approaches, the issues concerning us are very different to those we focussed on at the beginning of the year. The coronavirus has changed everything: financial market forecasts, the economic outlook, our way of life. Current affairs programmes are no longer dominated by the Brexit debate, the Conservatives' general election victory or the Labour leadership challenge.

No one could have predicted the outbreak of Covid 19 and no one did.

However, the True Potential Portfolios were prepared for such an eventuality. Not because we saw anything that others did not but because we're always prepared. It's the way we run money. The way we invest your savings. Prudently diversified across the broadest range of investments, some of which are impacted by volatile equity markets, some of which actually do well in times of extreme stress.

It is evident that until a cure or a vaccine can be found, Covid 19 will be with us and there have been encouraging medical developments come to light over the last week or so. The financial markets will fluctuate on virus related news items: life after lock down, what the economic consequences will be, which companies/industries are benefitting, which are suffering, which are changing irrevocably as a result of the outbreak. A number of companies "prepared for the digital age" have proved to be anything but.

I'm pleased to say that at True Potential, which has always adopted the latest technology to improve the personal delivery of our service, it's very much business as usual.

Our business has continued to go from strength to strength during the lockdown and while working from home, with all its attendant distractions, has taken some getting used to, the business has continued to thrive. We have just published our Annual Report for 2019 which records a 12th year of successive growth with turnover up 20% to £145m and profits up 36% to £48m. The first quarter of 2020 has continued in a similar vein with £990m of assets added to our platform and Q1 profits rising to £14.9m.

Although the debate around life after Brexit is conspicuously absent from today's media, it of course remains an issue and on page 10 our cover story looks at the role freeports may have to play once we leave the Customs Union. The idea, first presented by our own David Harrison, has been adopted by Rishi Sunak, now Chancellor of the Exchequer. We look at the origins of freeports, what they are and how they could help transform the UK economy in the years ahead.

On page 15 we provide a timely reminder to those suggesting the UK may struggle outside the European Union of just how big a player our "small island" not just was in the past, but continues to be.

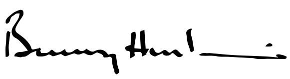
Regularly reviewing your financial arrangements is always a good idea, especially after a major upheaval of any sort and on page 12 we highlight the steps investors should be taking to review their finances.

While social distancing may mean a temporary end to face to face meetings, discussions are increasingly being held over Facetime or Zoom and the current restrictions present no impediment to the services we provide, or any changes you would like to make to your investments.

Uncertainty will be with us for some time to come. But we're ready. Managing money for unknown conditions is what we do. All of the time.

As economic, financial and medical data are published the markets will react both up and down. There will be good days, there will be bad. We will take them in our stride, investing for the long term and relying on our trusted mantra of Advanced Diversification to deliver investment returns for you, whatever the world throws at us.

I hope you enjoy this edition of True Insight and wish you the best of health.



Barney Hawkins,
Investment Director.

With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest. The contents of this magazine should not be interpreted as personalised financial advice.

Performance Update

The True Potential Portfolios are a suite of fully-diversified, discretionary-managed investment solutions.

With wide exposure to world-class investment managers, as well as diversifying their investment by asset class and geographic region, our clients benefit from having more potential to grow their money and manage volatility, all in one Portfolio.

And, as we're committed to helping our clients reach their financial goals, we continually monitor our Portfolios to make sure they perform as expected and remain within the chosen risk profile.

We also rebalance for the future, rather than the past, taking an active approach to allocating your money where we see the greatest potential for growth.

We call this strategy **'Advanced Diversification'**. The results opposite show the performance of each Portfolio since we launched them in October 2015.

Portfolios	1 Oct 2015 to 1 Oct 2016	31 Mar 2016 to 31 Mar 2017	31 Mar 2017 to 31 Mar 2018	31 Mar 2018 to 31 Mar 2019	31 Mar 2019 to 31 Mar 2020	Since Launch 1 Oct 2015 to 31 Mar 2020
Defensive Portfolio	+8.33%	+7.67%	+0.46%	+1.69%	-2.06%	+11.06%
Cautious Portfolio	+11.57%	+11.67%	+0.26%	+2.85%	-5.09%	+13.51%
Cautious + Portfolio	+10.57%	+11.72%	+0.81%	+3.15%	-5.61%	+13.29%
Cautious Income Portfolio	+12.68%	+13.49%	-0.38%	+5.05%	-8.88%	+11.79%
Balanced Portfolio	+14.21%	+16.49%	+1.36%	+3.35%	-7.74%	+17.16%
Balanced + Portfolio	+15.72%	+16.55%	+1.36%	+4.33%	-6.90%	+20.99%
Balanced Income Portfolio	+14.44%	+15.07%	-0.18%	+5.09%	-10.06%	+13.33%
Growth Portfolio	+17.88%	+19.74%	+2.11%	+4.36%	-8.57%	+23.89%
Growth + Portfolio	+15.57%	+18.62%	+3.55%	+4.62%	-9.87%	+22.27%
Aggressive Portfolio	+19.88%	+21.79%	+4.13%	+3.81%	-11.02%	+25.37%

With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest. Past performance is not a guide to future performance.

Review of the Markets: Q1 2020

It's easy to forget that the year got off to a good start. Globally, employment and average earnings figures were robust, consumer confidence was high and there were clear indications that the UK economy in particular was turning a corner with a renewed sense of purpose following the Conservatives' decisive election victory in December and Britain's formal withdrawal from the European Union due to be completed at the end of January.

However, the outbreak of coronavirus has had a seismic impact on the global economy, the world's financial markets, the way we work and the way we live our lives.

This is a health crisis which has led to Governments and Central Banks around the world taking aggressive action to offset the economic effects of containment. Interest rate reductions across the globe and the provision of sufficient liquidity to financial markets have been crucial to stabilising financial conditions. The human and social effects of the virus have been evident and intertwined with the economic impact.

The impact of COVID-19 has been further compounded by oil prices falling significantly, triggered by disagreement between OPEC and Russia over production cuts, and Saudi Arabia's decision to increase production significantly whilst at the same time offering oil at a big discount to prevailing market prices. Ironically, in all other times a fall in the oil price of this magnitude would have been viewed as unambiguously positive for both consumers and corporates.

Against this uncertain backdrop, volatility in asset markets has spiked to levels last seen in the Global Financial Crisis in 2008-9. This has seen significant and co-ordinated action by Central Banks and Governments to mitigate the impact on economic activity and more fundamentally to support the effective, normal functioning of the financial system.

This action has manifested itself globally and been reflected in the following key actions being taken:

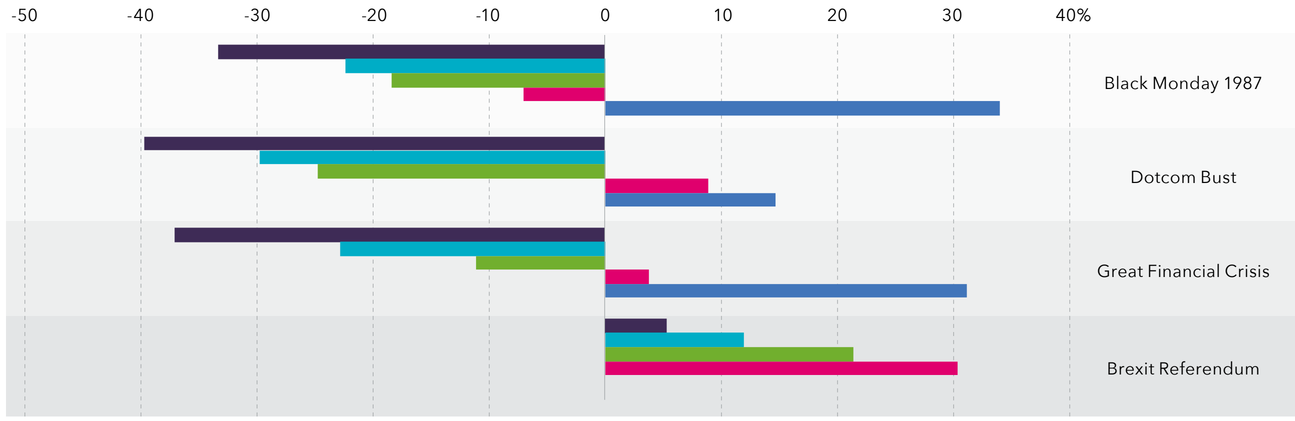
- The US Federal Reserve has cut interest rates to zero and committed to an unlimited purchase programme of US Treasuries and mortgage backed securities.
- The Bank of England (BoE) has cut interest rates to 0.1% from 0.75% and increased its purchase of UK government bonds and non-financial investment grade corporate bonds by £220bn to £645bn.
- The European Central Bank has offered €750bn stimulus, a temporary asset purchase programme citing "extraordinary times require extraordinary action".
- Whilst these actions are vitally important there is also a requirement for governments to increase public spending to support economies during this period. There are a number of contrasts in this regard, most notable being the integrated approach adopted in the UK between the BoE and Treasury with that of the authorities in the US where party political differences within Congress initially prevented a bipartisan approach to the adoption of appropriate fiscal measures.

Initiatives to contain the spread of COVID-19 have had an immediate and significant impact upon equity markets in particular and, despite a positive start to the quarter, UK equities fell 24%. Global equities also fell but were cushioned by currency strength, ending the period down 15.4% in sterling terms.

The nature of the market moves, both within and between asset classes has been significant with the situation changing on what, at times, has been an hourly basis. Fixed interest holdings and in particular sovereign bonds have provided the diversification characteristics that would be expected in a challenging market environment and we have seen some of these holdings offer significant positive returns.

Over the first three months of the year, global bonds gained 1.4% in local currency terms with sterling corporate bonds up 5.6% and gilts doing even better, rising 6.8% over the quarter.

Value of UK Stock Market Following Drops



	Black Monday 1987	Dotcom Bust	Great Financial Crisis	Brexit Referendum
1 Month On	-33.30%	-39.70%	-37.10%	5.30%
6 Months On	-22.40%	-29.70%	-22.80%	11.90%
1 Year On	-18.40%	-24.80%	-11.10%	21.40%
3 Years On	-7.00%	8.90%	3.80%	30.30%
5 Years On	33.90%	14.60%	31.10%	N/A

Source: FTSE All Share, Thompson Reuters Eikon 13/03/20

Investment Outlook

March witnessed one of the fastest stock market falls in history swiftly followed by unquestionably the largest globally coordinated package of central bank and government support measures.

For many industries revenues have literally stopped altogether and this has necessitated the scale and urgency of the support offered.

That there will be a global economic contraction in 2020 is undoubted. However, much depends upon the duration and the depth of the downturn. We assume that the virus crisis will be a finite one predominantly covering a number of months of this year. The timing of any economic rebound is impossible to predict, but in China, where the outbreak began, most factories appear to have returned to close to full production. How long it takes for consumer activity to recover will be closely followed by the world's financial markets.

Already, the debate is turning to the trade-off between future economic growth and saving lives. President Trump, speaking on 23 March, said "We cannot let the cure be worse than the problem."

European leaders have been more diplomatic but harbour similar thoughts, openly discussing the "lockdown exit strategy". How individual governments respond to this dilemma will impact the severity of the downturn in their respective countries.

There is nothing markets dislike more than uncertainty. The nature of this crisis, the immediacy of its impact and the disproportionately larger effect that any sustained period of enforced lockdown will exert makes market forecasting even more difficult than usual. However, it is likely that there will be a recovery of sorts during the second half of the year following the collapse in economic activity.

Social distancing measures will be progressively lifted over time as antibody testing and immunity increases and as the debate intensifies around the economic cost versus the human cost.

Clearly corporate performance is being severely affected by this event. However, the highly unusual nature of the social and business lockdowns means that we must look through short-term earnings and dividend shortfalls and remain focused upon the 2021 valuation agenda.

Prior to the COVID 19 crisis developing, the UK economy in particular was showing clear signs of an economic acceleration, partly the result of clarity provided by the election result. February recorded 73,500 new UK mortgage approvals, the highest figure since 2007, consumer confidence was high and March began with the country experiencing virtually full employment.

If the dramatic moves to combat the current crisis prove effective and the crisis does turn out to be contained in terms of its duration, it is entirely possible that the economy may return to growth sooner than many commentators fear boosted by the highly expansionary, infrastructure-orientated UK budget.

The cost of the crisis in terms of the larger debt burden, experienced globally, will need to be addressed. Economies around the world will recover at different rates and there may be permanent consequences depending upon countries' own specific circumstances. Ironically, given the origin of the crisis, China will probably lead the way.

While this crisis is unlike any experienced before, lessons learned from previous downturns are still valid. The upturn when it comes, will be unheralded, is likely to be swift and to catch investors unaware.

Without doubt, over the longer term, the current environment will be looked back upon as a splendid buying opportunity.

FREEPORTS

In the almost four year hiatus between the UK voting to leave the European Union in June 2016 and the signing of the Withdrawal Agreement on January 31st of this year which formally marked our departure, much of the argument centred on how our economy would fare outside the bloc. What doors would close and which might open as we left the customs union.

It was against this challenging backdrop that True Potential's chairman, David Harrison, published a report in 2017 setting out the benefits of freeports. Later, Rishi Sunak, then Chief Secretary to the Treasury, now, of course, Chancellor of the Exchequer, presented a consultation paper on the establishment of a series of freeports around the country.

The origin of the freeport lies in the Ancient World. Greek and Roman maritime traders would find safe harbour in the Free Port of Delos, a small Greek island which, to attract the patronage of wealthy merchants, would charge no duty on the goods unloaded within its jurisdiction. The Delosian model of a "free port" has rarely been out of use ever since.

An ancient institution, freeports exist in all major trading nations from China to India, the Arab states to the United States. So what are they? How do they work?

Freeports are secure customs zones located at ports where business can be carried out inside a country's land border but where different customs rules apply.

Typically, goods brought into a freeport are free of import tax until they leave the secure area and enter the domestic market. If raw materials are imported into a freeport and fashioned into a finished good, tax is only paid on that final good when it leaves to enter the domestic market. Goods destined for an export market would attract no duties at all.

Looking forward, Brexit will undoubtedly present challenges to our economy. But also opportunities.

The UK is heavily reliant on services which constitute about 80% of the country's Gross Domestic Product. Of that, much is centred in financial and legal services based in London's Square Mile and benefitting the South East.

It is likely that financial services will come under pressure from growing competition and increased regulation as the financial centres of Europe seek to erode London's dominance in this area. A rebalancing of the economy could be no bad thing, especially if it coincided with a diversification away from the concentration of wealth generation in the south east.

Indeed, such a "levelling" was a central plank of the Conservatives' election manifesto and a key reference point in Rishi Sunak's first Budget speech in March.

The government is looking to establish ten freeports around the country, designed to boost global trade and attract inward investment, potentially from overseas companies seeking to establish a manufacturing facility from which they could export to Europe and beyond.

The vision is for freeports to become international hubs for manufacturing and innovation, with the tariff and customs benefits on offer incentivising businesses to locate manufacturing and the processing of imported goods at the sites.

A freeport would not necessarily have to be based around a traditional sea port. It could be on land adjacent to an airport or railway terminal, but wherever it is sited the aim would be for it to generate prosperity in the surrounding area by creating employment opportunities, potentially in some of the most deprived communities around the UK.

Universities and other academic institutions have an important role to play in driving innovation in partnership with industry and it is envisaged that together with regional government and Local Enterprise Partnerships, they will also help in the creation of a series of industrial clusters around the country.

It was evident in the new Chancellor's Budget speech that regeneration of the nation's infrastructure constitutes a top priority for the government. By combining substantial spending on road and rail connections with Sunak's previous remit to set up a series of freeports the government is formulating an ambitious strategy both to make good its election promise to level up the economy across the country and, in a post Brexit world, position the UK as a strong, independent country, proudly trading with, but not dependent upon, its European neighbours.

Financial planning through the Coronavirus

In times of uncertainty, one of the ways to feel better about the future is to assert some control. The truth is, taking responsibility for financial planning is good at any time, but the importance of effective money management is even greater during times of crisis such as the Coronavirus.

Take some time to consider the following points and how you can apply them to your life today. With greater control over your financial affairs, there's one less thing to worry about during times of stress. Remember, for most of us, Coronavirus will not have a dramatic effect and over the long-term markets have historically risen. Nevertheless, thinking through some of the following financial planning steps is good practice at any time.

1. Set a goal

All good financial planning starts with a goal, and it could actually be an advantage to begin your goal setting during a period of uncertainty. It is better to start riding a wave from the base rather than the top of the tide.

You need to think about your targets when financial planning. If it is a pension you are thinking of, then consider when you want to retire and how big a pension fund you want to have by that date. But don't forget, when you begin your retirement your goal doesn't stop there. A pension will be invested for life – so think long term. If you have already established your goal, consider what financial planning changes you may need to make during the current Coronavirus situation.

How will any changes in income affect your planned retirement date?

It tends to be the case in times of market volatility that it is better to leave your investment to ride out the fluctuations. Likewise, when the market is lower, it could be a good time to stay disciplined with regular investments, as the markets have basically gone on a discount sale.

A strategy such as Pound Cost Averaging could make sense. This means you invest at regular intervals such as every month, thus averaging out the cost of an investment over a period of time.

2. Discuss financial goals with your family

Financial co-ordination is important, it is sensible to share key points of your financial affairs and goals with close family and relatives.

In particular, sharing financial goals with a partner makes sense, as financial products such as mortgages and joint savings are best navigated through a combination of incomes. If you have children, plan for their future, perhaps via a Junior ISA which could pay for future education fees. Now is a good time to do this for two reasons.

The annual Junior ISA allowance has more than doubled to £9,000 and investing when markets are undervalued will promote the long term growth of your money.

It's important to remember even in times of great volatility, like now, that this is just a small section of a much larger timeframe that may involve life goals such as paying for education fees, paying off a mortgage, or retiring. The message remains the same in good times or bad- stay disciplined towards your long-term goal with regular investing.

3. Regularly review your financial affairs

Good housekeeping with your financial affairs is always relevant, so take some time at regular intervals throughout the year to review your financial affairs.

Reviews are good for reconfirming your attitude to risk, which may be getting tested in these volatile conditions. However, as long as you have a plan, you should remain focussed on the end goal if you have the time to ride out the short-term current fluctuations. Typically, defensive positions are for those closer to retirement, with younger investors benefiting from a longer time horizon.

Something else a regular review can help with is assets and liabilities. Assets and liabilities are fluid so as these change so should the way you handle your finances. For example, once you have paid off your mortgage, you should have an asset that can be used to fund part of your retirement.

A regular review is also a good time to make use of ISA allowances, alter withdrawals from pensions in line with retirement events such as receiving state pension, make use of any inheritances or new cash, and to assess any emergency fund requirements. The simple message is to consider your finances regularly in relation to time and circumstances.

4. Check that relatives have their affairs in order

Talking about money can be uncomfortable, but it is a conversation worth having with your close relatives in order to help them, and you, identify any issues relating to your financial affairs.

Key considerations include paying for care costs, funeral costs and how an estate is passed on. These can be difficult conversations, but talking about these realities now can save further pain in the future and help both you and your relatives more effectively manage family finances. Sadly, as we continue to work through the Coronavirus crisis, these conversations are as important as ever for effective financial planning.

5. Completing an expression of wishes.

An expression of wish is a document that allows the account holder to nominate a beneficiary or beneficiaries in the event of the account holder's death. Pension death benefits can be paid outside of the deceased's estate at the discretion of the pension trustees with the potential to reduce inheritance tax liabilities. This should be an important consideration for anyone doing an annual review process of their finances and in particular their retirement and estate planning objectives.

Regularly reviewing this is important. For example, if you are recently divorced, have you updated your expression of wish?

Speak to your financial adviser to ensure you have an expression of wish and to check that this is set up to maximise your tax-free benefits.

6. Updating wills

You should review your will every five years and after major changes in your life such as moving home.

There are considerations in amending your will that can have implications for how your money is taxed after you die. Talk to your financial adviser and consider how to structure your will in order to make sure you are able to do more with your money. Take full advantage of potential tax exemptions where possible.

7. Personal finance

In day to day life, the Coronavirus has given many of us the opportunity to save money by socially distancing and going out less. The sensible thing to do in this period is to put off any major purchases and focus on only essential costs.

UK supply chains remain robust. Despite media sensationalism there has been little need for panic buying. If you have been able to save larger amounts than usual during the crisis, consider how this money could be invested for the long term.

Conclusion

The brief points covered here are just examples of the things you should be thinking about when financial planning. What is essential for the bigger decisions around your investments is to seek thorough financial advice, as each individual person has unique circumstances that need to be considered.

As we come through the current crisis and start to see markets recover, investors will have the opportunity to make gains and invest at attractive levels compared to recent market highs.

Firm up your financial plan, stay disciplined towards your end goal and continue to do more with your money through effective investing in a multi asset diversified portfolio.

NOTES

From a Small Island

Earlier this year, as Britain prepared finally to leave the European Union, the Irish Taoiseach, Leo Varadkar, remarked that once outside the EU the UK would have to "Come to terms with the fact it's now a small country".

While Britain's population of 60 million is indeed a fraction of the 450 million who reside in the EU we thought it might be useful to provide a timely reminder of Britain's economic, strategic and cultural place in the world.

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View your investments 24/7 online and by app

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Track spending and learn about your financial habits

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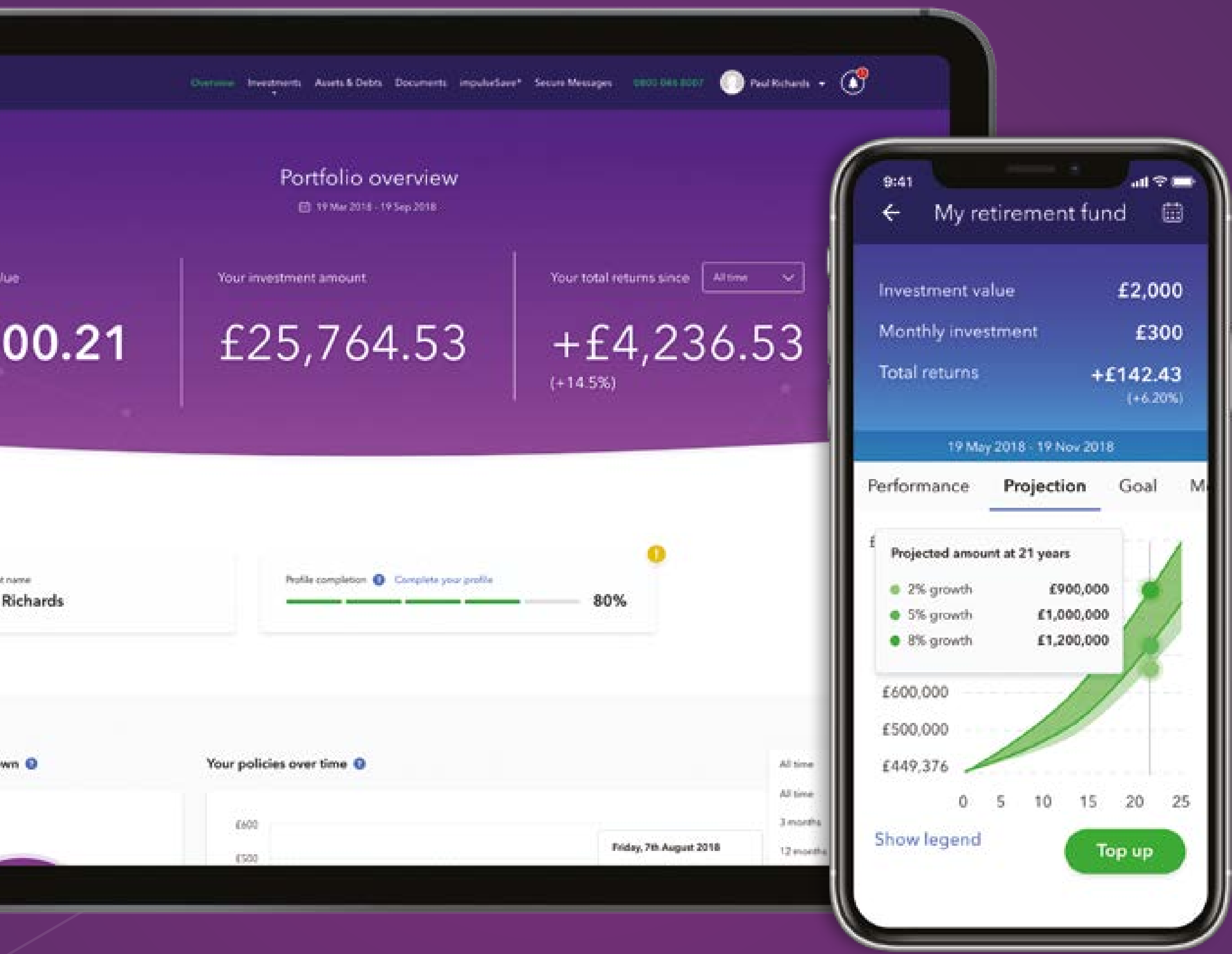
Top up your investments anytime with impulseSave®



+
Add your assets and liabilities to track your net wealth

+
Contact us through secure encrypted messaging

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Complete your annual suitability review

The Science behind our portfolios

The construction of our Portfolios begins with a set of equally weighted models which correspond to the five Morningstar risk categories: Defensive, Cautious, Balanced, Growth and Aggressive.

For example, we offer nine funds within the Balanced category, therefore if no preference was given to one fund over another, an equally-weighted allocation to each fund would be 11%.

When we build our True Potential Portfolios, we tactically allocate away from the equally-weighted portfolios aiming for lower volatility, lower cost, higher expected returns and a better risk-adjusted return than could be expected from choosing an equal allocation.

	Defensive	Cautious	Balanced	Growth	Aggressive	Cautious +	Balanced +	Growth +	Cautious Income	Balanced Income
Risk (Volatility)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk (Mapped)	✓	✓	✓	✓		✓	✓	✓	✓	✓
Cost	✓	✓	✓	✓	✓	✓	✓		✓	✓
Long-Term Expected Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk-Adjusted Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income									✓	✓

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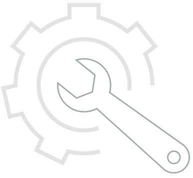
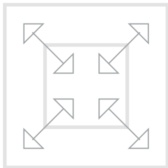


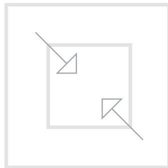
Risk (Baseline Portfolios)

Risk is estimated using the asset composition of each Portfolio. We use 'standard deviation', a measure to show how volatile the portfolios are. Where the measure of standard deviation is higher, the more volatile we judge the portfolio to be. We construct separate portfolios for each of the five risk categories containing all of the funds mapped to that risk category. When we optimise these Portfolios, we try to ensure they are lower risk than an equally-weighted Portfolio containing the same funds.



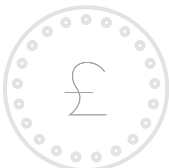
Risk (+ Portfolios)

Our three + Portfolios use funds outside the Portfolio's own risk category. For example, the Balanced + Portfolio does not include any Balanced funds but achieves the required risk profile by using funds from the Defensive, Cautious, Growth and Aggressive ranges. When we optimise for the + Portfolios, we are aiming for an improvement in the long term performance, accepting that volatility at times may be at the higher end of the risk bands applicable to each risk category.



Risk (Income Portfolios)

Our two Income Portfolios use all available income funds from the Cautious, Balanced and Growth risk categories. We then allocate accordingly to create one Portfolio mapped to the Cautious risk category and one mapped to the Balanced risk category.



Cost

This is an important factor as costs reduce future returns. This is why we build our Portfolios with the objective of being lower cost than an equally-weighted Portfolio. However, it should be noted that at times the choice may lie between lower cost and higher risk. Statistically/historically the impact from risk is disproportionate to the impact from cost. We are also proud to say that our funds are already amongst the lowest cost in the market.

Expected Return

When our Fund Managers change the underlying assets in our funds, the Portfolio compositions change. We analyse the expected returns for each of our funds and may rebalance the portfolios in order to help generate the best returns.

Risk-Adjusted Return

Risk-adjusted return is based on future expected returns for each Portfolio, minus the risk-free rate of return, divided by the level of expected volatility calculated for each portfolio. Our objective over time is to manage the portfolios to achieve the best risk-reward trade off.

True Potential Portfolios

Each True Potential Portfolio contains all of the funds available within its risk category. The True Potential Portfolios have an enormous degree of diversification, meaning they are less prone to highs and lows relative to our + portfolios. We optimise the portfolios with the objective of being lower risk than an equally-weighted portfolio. In addition, the True Potential Portfolios do not have an income focus, which makes them very different to our Income Portfolios.

However, when investing in a True Potential Portfolio, some clients are happy to take an income by selling units. Below are the optimisation results for the True Potential Portfolios. We always aim to optimise across all factors where possible. However, sometimes we may place more emphasis on one factor over another.

Strategy Allocation

Defensive

Manager of Managers - True Potential SEI Defensive	27.00%
Active Management with Passive Implementation - True Potential 7IM Defensive	22.00%
Agile, Low-Cost Value Investing - True Potential UBS Defensive	25.00%
Active Engagement, Positive Alignment - True Potential Growth Aligned Defensive	26.00%

Cautious

Manager of Managers - True Potential SEI Cautious	14.25%
Active Management with Passive Implementation - True Potential 7IM Cautious	15.00%
Direct Equity & Bond Investing - True Potential Close Cautious	16.00%
Momentum with Volatility Control - True Potential Allianz Cautious	15.00%
Fund of Funds - True Potential Schroders Cautious	9.00%
Agile, Low-Cost Value Investing - True Potential UBS Cautious	16.00%
Active Engagement, Positive Alignment - True Potential Growth Aligned Cautious	14.75%

Balanced

- **Manager of Managers** - True Potential SEI Balanced 15.50%
- **Active Management with Passive Implementation** - True Potential 7IM Balanced 8.00%
- **Direct Equity & Bond Investing** -True Potential Close Balanced 16.50%
- **Momentum with Volatility Control** - True Potential Allianz Balanced 11.75%
- **Fund of Funds** - True Potential Schroders Balanced 2.00%
- **Alternative Dynamic** - True Potential Goldman Sachs Balanced 9.00%
- **Income Funds** - True Potential Goldman Sachs Income Builder 8.25%
- **Agile, Low-Cost Value Investing** - True Potential UBS Balanced 15.00%
- **Active Engagement, Positive Alignment** - True Potential Growth Aligned Balanced 14.00%

Growth

- **Manager of Managers** - True Potential SEI Growth 15.25%
- **Active Management with Passive Implementation** - True Potential 7IM Growth 13.00%
- **Direct Equity & Bond Investing** - True Potential Close Growth 19.50%
- **Momentum with Volatility Control** - True Potential Allianz Growth 16.75%
- **Agile, Low-Cost Value Investing** - True Potential UBS Growth 18.50%
- **Active Engagement, Positive Alignment** - True Potential Growth Aligned Growth 17.00%

Aggressive

- **Manager of Managers -** True Potential SEI Aggressive 25.00%
- **Active Management with Passive Implementation** - True Potential 7IM Aggressive 17.50%
- **Agile, Low-Cost Value Investing** - True Potential UBS Aggressive 29.50%
- **Active Engagement, Positive Alignment** - True Potential Growth Aligned Aggressive 28.00%

True Potential Portfolios

Asset Allocation

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equities	3.22%	10.93%	14.13%	19.59%	17.26%
North American Equities	9.35%	12.38%	19.27%	22.71%	27.96%
European Equities	3.28%	4.57%	7.11%	8.42%	10.02%
Japanese Equities	1.97%	2.70%	3.31%	4.45%	6.57%
Asia Pacific Equities	0.28%	0.82%	1.36%	1.41%	1.32%
Emerging Market Equities	1.39%	3.20%	4.14%	6.32%	9.38%
Global Bonds	17.12%	13.71%	11.75%	5.80%	0.74%
Global Inflation Linked Bonds	3.08%	3.42%	2.22%	2.04%	1.07%
Emerging Market Bonds	2.71%	3.56%	3.69%	4.00%	2.30%
Global High Yield Bonds	2.60%	2.84%	5.30%	2.48%	1.05%
UK Gilts	5.25%	7.88%	5.00%	2.26%	0.40%
UK Credit	5.72%	8.05%	5.19%	2.65%	2.15%
Property	0.00%	0.50%	0.62%	1.35%	0.39%
Commodities	0.95%	0.79%	0.75%	0.80%	1.07%
Cash	43.08%	24.65%	16.16%	15.72%	18.32%

Source: Smith & Williamson, 31 March 2020

+ Portfolios

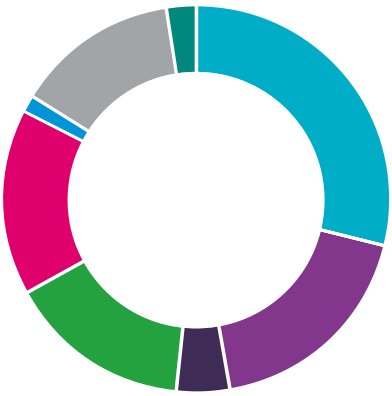
The + group of portfolios are more concentrated in their fund selection, containing larger fund positions than their risk category equivalents in the True Potential Portfolios. The + portfolios are constructed using funds from right across the risk spectrum, while staying within the risk band for their risk category.

The + portfolios do not include funds from the same risk category to which the portfolio is mapped. In other words, the Balanced+ Portfolio does not select funds mapped to the Balanced risk category. To optimise the portfolios in the + category we select from all of the funds outside of the portfolios' respective risk category. This approach enables us to optimise across all factors although sometimes we may place more emphasis on one factor over another.

Strategy Allocation

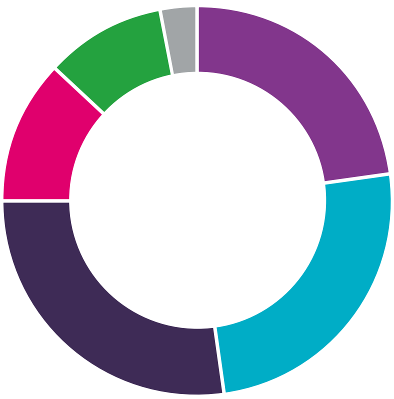
Cautious +

Manager of Managers - True Potential SEI Defensive	29.00%
Direct Equity & Bond Investing -True Potential Close Balanced	18.00%
Fund of Funds - True Potential Schroders Balanced	3.00%
Active Management with Passive Implementation - True Potential 7IM Growth	6.00%
Momentum with Volatility Control - True Potential Allianz Balanced	12.00%
Agile, Low-Cost Value Investing - True Potential UBS Growth	14.50%
Alternative Dynamic - True Potential Goldman Sachs Balanced	4.75%
Active Engagement, Positive Alignment - True Potential Growth Aligned Defensive	1.75%
	11.00%



Balanced +

Manager of Managers - True Potential SEI Cautious	29.00%
Direct Equity & Bond Investing - True Potential Close Growth	18.25%
Active Management with Passive Implementation - True Potential 7IM Aggressive	4.50%
Momentum with Volatility Control - True Potential Allianz Growth	15.25%
Agile, Low-Cost Value Investing - True Potential UBS Aggressive	15.50%
Fund of Funds - True Potential Schroders Cautious	1.50%
Active Engagement, Positive Alignment - True Potential Growth Aligned Cautious	13.50%
Active Management with Passive Implementation - True Potential 7IM Defensive	2.50%



Growth +

Direct Equity & Bond Investing -True Potential Close Balanced	23.00%
Manager of Managers - True Potential SEI Aggressive	25.00%
Active Management with Passive Implementation - True Potential 7IM Aggressive	27.00%
Agile, Low-Cost Value Investing - True Potential UBS Aggressive	12.00%
Momentum with Volatility Control - True Potential Allianz Balanced	10.00%
Active Engagement, Positive Alignment - True Potential Growth Aligned Aggressive	3.00%

Asset Allocation

Asset Class	Cautious +	Balanced +	Growth +
UK Equities	11.63%	16.53%	19.86%
North American Equities	15.14%	17.29%	23.10%
European Equities	5.40%	6.51%	8.29%
Japanese Equities	2.96%	3.55%	4.29%
Asia Pacific Equities	1.13%	1.25%	1.73%
Emerging Market Equities	3.18%	4.57%	5.74%
Global Bonds	12.84%	10.38%	3.84%
Global Inflation Linked Bonds	2.44%	2.83%	1.59%
Emerging Market Bonds	2.88%	3.81%	1.95%
Global High Yield Bonds	3.53%	3.17%	1.72%
UK Gilts	5.85%	5.00%	3.44%
UK Credit	4.27%	4.49%	4.60%
Property	0.77%	0.98%	0.60%
Commodities	0.30%	0.60%	0.48%
Cash	27.68%	19.04%	18.77%

Source: Smith & Williamson, 31 March 2020

With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest.

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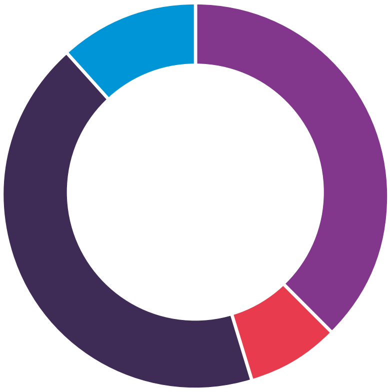
Income Portfolios

Each Income Portfolio in the True Potential Portfolios range is focused on yield and income sustainability so we have income as an additional optimisation factor.

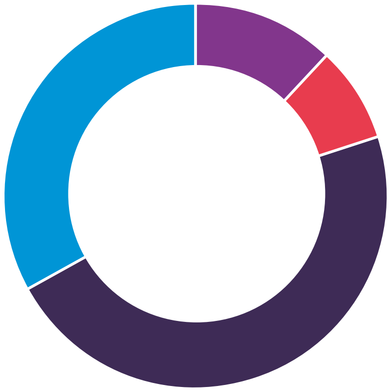
Given that investors in these portfolios are seeking income above capital growth, the income optimisation factor is our primary consideration. We have optimised on all factors for both portfolios; income, risk, cost, long-term expected return and risk-adjusted return.

Strategy Allocation



Cautious Income

Direct Equity & Bond Investing - True Potential Close Cautious Income	**37.50%**
Fund of Funds - True Potential Schroder Cautious Income	**8.00%**
Income Funds - True Potential Goldman Sachs Income Builder	**43.00%**
Income Focused- True Potential Threadneedle Monthly Income	**11.50%**



Balanced Income

Direct Equity & Bond Investing - True Potential Close Cautious Income	**12.0%**
Fund of Funds - True Potential Schroder Cautious Income	**6.0%**
Income Funds - True Potential Goldman Sachs Income Builder	**47.0%**
Income Focused - True Potential Threadneedle Monthly Income	**35.0%**

Asset Allocation

Asset Class	Cautious Income	Balanced Income
UK Equities	18.99%	29.27%
North American Equities	10.81%	11.17%
European Equities	5.43%	5.32%
Japanese Equities	0.62%	0.49%
Asia Pacific Equities	1.12%	1.08%
Emerging Market Equities	0.05%	0.04%
Global Bonds	12.54%	14.58%
Global Inflation Linked Bonds	2.29%	0.94%
Emerging Market Bonds	2.56%	2.50%
Global High Yield Bonds	13.82%	15.11%
UK Gilts	1.67%	1.08%
UK Credit	16.55%	12.17%
Property	7.36%	2.35%
Commodities	1.01%	0.33%
Cash	5.18%	3.57%

Source: Smith & Williamson, 31 March 2020

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With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest. Past performance is not a guide to future performance. The contents of this magazine should not be interpreted as personalised financial advice.

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