

# TRUE INSIGHT

True Potential Portfolios | Issue 19

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**Expert advice must  
come to the fore after  
pandemic awakening.**

Sound financial advice to help  
savers find their feet is more  
important than ever.

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By using Carbon Balanced Paper for True Insight Magazine, True Potential LLP has balanced through World Land Trust the equivalent of **5,544kg of carbon dioxide**. This support will enable World Land Trust to protect **3,881m<sup>2</sup> of critically threatened tropical forest**.

# View from the Riverside

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## **W**elcome to this latest edition of True Insight.

We continue to live in extraordinary times. Lockdown has been lifted and restrictions eased but, as the tide turns, those wearing bathing suits and those without are becoming obvious.

There are clear winners and there are losers.

I'm pleased to say that True Potential has continued to thrive in this testing climate. Responding to the changed environment we have increased our digital communications which range from the daily markets update with our Chief Investment Officer, Jeff Casson to timely updates from other parts of the business and the weekly "Do More With Your Money" round table discussion podcasts. Despite what are arguably the most difficult business conditions in a century we have received record cash inflows into the True Potential Portfolios.

It's a testament to our advisers around the country who don't hide away when the going gets tough but keep their heads above the parapet, continuing to guide clients and help savers achieve their goal of financial security.

On page 10 we cover our record start to the year in more detail while on page 12 we take a periodic look at the state of the nation's personal finances, the savings gap in the UK and the critical role advisers have to play in helping clients become financially resilient in these challenging conditions.

**The COVID-19 pandemic has had wide ranging effects. The impact of some is immediate, others may take years or even decades to manifest themselves.**

On page 15 we explore some of the broader implications for the world, both politically and economically, as a result of the virus, and some of the challenges facing international leaders in the years ahead.

As ever, 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

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**T**he 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	30 Jun 2016 to 30 Jun 2017	30 Jun 2017 to 30 Jun 2018	30 Jun 2018 to 30 Jun 2019	30 Jun 2019 to 30 Jun 2020	Since Launch 1 Oct 2015 to 30 Jun 2020
Defensive Portfolio	+8.33%	+5.08%	+1.53%	+2.55%	+0.81%	+16.62%
Cautious Portfolio	+11.57%	+8.71%	+2.24%	+3.14%	+0.29%	+23.01%
Cautious + Portfolio	+10.57%	+9.31%	+2.57%	+3.66%	-0.64%	+22.67%
Cautious Income Portfolio	+12.68%	+11.68%	+0.88%	+4.11%	-2.69%	+21.99%
Balanced Portfolio	+14.21%	+13.42%	+3.62%	+3.67%	-1.28%	+29.53%
Balanced + Portfolio	+15.72%	+13.13%	+4.09%	+4.54%	-0.69%	+33.88%
Balanced Income Portfolio	+14.44%	+13.20%	+1.99%	+3.33%	-3.71%	+24.11%
Growth Portfolio	+17.88%	+16.47%	+5.40%	+4.17%	-1.26%	+39.18%
Growth + Portfolio	+15.57%	+16.87%	+7.02%	+4.11%	-2.93%	+37.13%
Aggressive Portfolio	+19.88%	+18.99%	+7.66%	+3.20%	-3.09%	+42.04%

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: Q2 2020

**J**ust as the plunging markets of the first quarter set records, so their rebound over the last three months has been equally momentous as various data releases point, at least initially, towards a “V” shaped recovery.

The UK stock market gained 9.6%, its best performance over a quarter since the aftermath of the Global Financial Crisis in 2009, while America’s S&P500 rose by 20.5%, its biggest quarterly gain since 1998.

Equity markets around the world recorded gains of a similar magnitude, the stimulus packages from international governments and coordinated action by central banks around the world pushing up European equities by 15.3%, Japanese equities by 11.2% and Emerging Markets by 18.1%, all in local currency terms.

Bond markets benefited from the influx of liquidity and reintroduction of quantitative easing programmes. With many central banks opting to include corporate debt in their bond buying strategies, it was higher risk areas of the fixed interest complex that benefited most with Emerging Market debt up 10.2%, UK Corporate bonds up 10.6% and Global High Yield up 12.6%, again, all in local currency terms.

Returns from higher quality issues were more muted but still positive with UK gilts up 2.1% and global bonds generally up 1.8%.

Sterling remained stable against the US Dollar, drifting off 0.2%, and declined against the Euro, falling back 1.9% as Brexit negotiations resumed ahead of the UK’s exit from the European Union at the end of the year.

Oil recovered from the extraordinary conditions witnessed in April when the price on short-term contracts briefly turned negative, to close the quarter up 21.1% in sterling terms. Gold, adopting its traditional role as a store of wealth in turbulent times, also did well, climbing 13% to touch its highest point for eight years.



**+9.6%**

Best quarterly performance of the UK stock market since the aftermath of the Financial Crisis in 2009.

**+15.3%**

European Equities rose by 15.3% thanks to stimulus packages from governments.

**+20.5%**

The biggest quarterly increase for the S&P500 American index since 1998.





# +21.1%

Oil recovered from the extraordinary conditions witnessed in April when the price briefly turned negative.



# -0.2%

Sterling drifted against the US Dollar but remained stable.



# -1.9%

Sterling fell against the Euro as Brexit negotiations resumed.

# Investment Outlook

**E**quity markets have continued to advance from the dramatic lows witnessed towards the end of March.

The lockdowns that were introduced to stem the spread of coronavirus continue to be lifted and the global economy is reopening quicker than many commentators had expected. Central banks and governments around the world have worked in tandem to provide both fiscal support and injections of liquidity. Moreover, all the indications are that this support will be provided for as long as is necessary to restore economic growth around the world to a more sustainable footing. While a second wave of COVID-19 is widely expected, governments, the business community and indeed the general public have a better understanding of how to cope with the virus should a second outbreak materialise.

Equity markets have proved resilient, generating strong returns in a short space of time. The incredible levels of stimulus and the success of lockdowns are to thank for this resurgence.

Investors are aware that this is not a traditional crisis rooted in financial imbalances but is more akin to a natural disaster. For now, investor confidence has improved. Moving forward, all eyes are on the continued reopening of economies around the world and how this is reflected in business and consumer confidence.

Initial data point to a strong, short-term rebound from the historic lows registered in the first part of the year and recent comments from Andy Haldane, Deputy Governor of the Bank of England, acknowledge a recovery far stronger than expected so far.





However, much depends upon how successful attempts to contain localised outbreaks of the virus are in the months ahead and how confident consumers feel in resuming previous levels of activity.

Within equity markets, Europe is expected to offer attractive returns over the coming months. The stimulus provided by the European Central Bank has been significant with the €750bn Pandemic Emergency Purchase Programme recently extended by a further €600bn.

European indices comprise more cyclical sectors such as banks which have benefited from renewed investor confidence.

The US remains an important component part of portfolios. Higher valuations are believed to be justified with the market's large weighting towards technology and healthcare having proven resilient earlier this year. However, there is a view that should economic conditions continue to improve, other regions may fare better.

The recent shift in leadership from "growth" to "value" factors was seen as encouraging, particularly from the more value focussed managers, but there appears little appetite for equity markets to rotate further towards more economically sensitive, cyclical stocks.

Opportunities can be found within fixed interest markets, but entry points are not as favourable as earlier in the year. Investment grade bonds are preferred to high yield issues although investors are conscious of the strong returns already seen within this space.

Government bonds retain risk mitigation properties should volatility pick up. However, with yields low and likely to stay low over the shorter term, they are not regarded as a significant return driver.

The likelihood of negative yields on US Treasuries is still regarded as unlikely, with the Federal Reserve more likely to continue with quantitative easing or look to yield curve control rather than take interest rates negative. Emerging market debt has picked up due to a combination of attractive valuations relative to other areas within fixed interest and the benefits of a weakening US Dollar.

As restrictions ease, unemployment levels and consumer confidence will be scrutinised. The various unemployment benefit packages are generous but the need for consumption to pick up is essential to avoid long term damage to the global economy.

For now, investors are happy to ride the wave of central bank liquidity but are looking for this initial enthusiasm to be matched by an improvement in earnings numbers as the global economy gets back to work.



# €1.35tn

European Pandemic Emergency  
Purchase Programme.



# A SHINING LIGHT AMID THE GLOOM

**A**s we move through 2020, taking into account the uncertainties facing many businesses and households, we feel that there are grounds for optimism.

We see signs of global re-opening starting to lift the mood and consumer confidence is coming back strongly.

But there will be long lasting changes, for the better, based on increased preference for online delivery of key services including financial advice. We believe the future looks bright for you, True Potential and our advisers.

While we have not been immune to the operational challenges presented by COVID-19, our 'business as usual' uninterrupted delivery reflects the attitude of a nation of savers and investors as eager as ever for financial stability and growth.

With a fifth of UK financial advisers working with True Potential and using our technology, assets on our in-house investment platform passed the £11bn mark with almost £2bn being invested with True Potential this year alone.

Our quick response to the pandemic has been an important contributor to our continued success this year. Maintaining the highest levels of service to our clients and advisers was our top priority. Also crucial is the hugely diversified nature of our business and our built-in resilience underpinned by a completely digital, cloud-based approach.

At the same time, we have not shirked our responsibilities as a major employer in helping vulnerable people and communities through COVID-19 and its many related challenges.

**£11BN** Of assets on our In-House Investment Platform.

**£2BN** Of assets added on our platform this year alone.

**300** Businesses mobilised employing three million people to help the nation.

As well as keeping all staff in full employment, we have supported numerous local charities and hospices. Our 4,300 financial advisers have played an integral role in our coronavirus response, providing food parcels to our vulnerable clients across the UK.

Our chairman, David Harrison, also co-founded the C-19 Business Pledge, which has mobilised over 300 businesses employing three million people in going the extra mile to help the nation through the crisis.

**At the start of lockdown, David also created 'Unisolated COVID-19' - a Facebook page designed to help people in self-isolation avoid loneliness and to feel connected with the outside world.**

David, who himself was self-isolating, has brought together 10,000 people on the page, which has had hundreds of thousands of engagements, sharing good, bad and, sometimes, tragic experiences of the pandemic; and finding innovative ways to have fun and get through lockdown.

When this crisis eventually becomes a chapter in history, people will remember how it defined influential organisations both positively and negatively. We have positioned ourselves in the former and will take everything we have learned from the pandemic into our ongoing business approach.

We have done everything we can to look after our clients, advisers, employees and local communities and we thank all our advisers for contributing to this.

Like Amazon and Netflix, we have of course benefited from the rise of digital interaction during lockdown. But this is no short-term trend. While we remain on a path of steady growth, irreversible changes to the way consumers use products and services have occurred and this will only support our growth further.

This is reflected in a recent publication from Lang Cat, the influential financial services research agency, which ranked True Potential as the number one platform in its latest quarterly briefing. We also came out top in two special COVID-19 indices, 'operational response' and 'maintenance of service levels'.

The report noted: "True Potential's scores of 4.87 and 4.93 are the highest scores ever achieved on any measure across our surveys. True Potential scores well on its aggregated service rating, but this is even better than that.

"Why so good? Well, True Potential was always built with remote tech in mind, it hasn't had problems moving to home working and is relatively light on paper."

Our diverse make-up and the antifragility we have baked into our business - plus our digital mastery - put us in an optimum position to meet the demands of our clients and their increased appetite for digital services.



# BACK TO THE FUTURE

**L**ife has changed. For everyone.

For some it will revert back to the way it was. Normal service will be resumed. For others it will never be the same again. The same is true for the world at large.

COVID-19 slowed down life. With no commute to bookend each day, no pubs, gyms, restaurants, cinemas or theatres to patronise and the shops all shut, the need to hurtle from one engagement to another disappeared.

But in other ways, some trends and technologies that were slowly beginning to influence modern life have been jet propelled into the every day. Six months ago who had heard of Zoom? How many pensioners had shopped online?

What now for the hundreds of empty "disaster recovery sites" when, almost overnight, companies had to rethink their emergency protocols and relocate their work force to the home offices, garages, spare bedrooms and kitchen tables of staff members.

**"Digitisation" has been a game changer for the corporate sector. Early adopters of new technology have been the winners.**

Those companies caught on the back foot may not survive.

Geopolitically, other seismic shifts are at play. Some acts have resumed; Brexit talks rumble on, albeit with a bit of "Vim and vigour" differentiating Boris Johnson's approach from that of Theresa May.

While both sides have much to gain from a trade agreement, without doubt, a greater degree of independence of the UK from Europe is inevitable.

Some relationships have taken a more decisive turn.

The interruption of supply lines as a result of the coronavirus has accelerated the emergence of a new cold war between east and west, played out on several fronts.

An increasingly bellicose China, under the leadership of Xi Jinping, is elbowing its way to the front of the global pack.

Recent manoeuvres have sought to intimidate India, Taiwan, Hong Kong and other Pacific neighbours through a show of military force while the country competes to be global top dog by economic fencing with Europe and the United States.

China is also engaging in some canny international diplomacy, moving into key roles within international agencies and subtly seeking to fill the void left by the withdrawal of a US president more concerned with opinion polls at home than America's historical role as global leader.

An unfortunate outcome of these deteriorating relationships is the erosion of international trade links.

One of the quiet successes that has contributed enormously to the growth of the world economy over recent years has been the advance of "globalisation", the sourcing of goods, services and components from a diverse range of international suppliers able to provide what is required at a lower cost or higher quality than domestically produced alternatives.

The benefits of such specialisation of labour, first identified by Adam Smith in his 1776 work "The Wealth of Nations",

essentially promotes trade for the mutual benefit of all concerned.

As well as the "Comparative Advantage" he sets out, whereby each country benefits from the other's expertise, it is sensible to have a diverse range of external supply lines to call on even in the case of goods or services that a country can produce on its own.

### Natural disasters occur, acts of terrorism, strikes or civil unrest can all disrupt domestic production.

It makes sense to have alternative supply lines. More importantly, both in economic and political terms, trade between nations works.

The imperative behind the creation of what is now the European Union was to unite warring nations through the bonds of mutual trade.

COVID-19 has exposed the vulnerability of all nations to a disruption in the supply of essential items produced in other countries.

It has inevitably led to a call for "onshoring", the re-establishment of production facilities in home countries, and predictable moves towards protectionism.

While this is an understandable knee jerk reaction, it risks jeopardising the source of much of the prosperity the world has enjoyed over recent decades.

More importantly, it puts at risk the relative political stability the international community has experienced since the end of the second world war.

The jostle for supremacy and war of words between the United States and China is likely only to intensify as we approach the US presidential election later this year.

A previous US President, John F Kennedy, once observed that the Chinese character for "crisis" was formed from two brush strokes, one denoting "danger", the other "opportunity".

Let us hope that as the perils of the virus recede, restrictions ease and life slowly returns to normal that out of the changes wrought by the virus outbreak, and the disruption caused by measures to contain it, will emerge the potential for even stronger global growth and that trade between nations will continue to flourish.



**Expert advice must  
come to the fore after  
pandemic awakening.**



**Over the coming months, the financial impact of COVID-19 will become clearer.**

And as a predictably bleak picture emerges, against the backdrop of recession, advisers must come to the fore and help their clients get back on track.

Despite Treasury intervention, the pandemic is likely to have depleted financial safety nets in many UK households.

Most rainy-day funds are built to cover small unexpected expenses, not the fallout from business being wiped out across entire sectors indefinitely.

As administration teams become busier, household savings could be stretched to breaking point and already unsustainable debt levels will increase.

Sound financial advice, to help savers navigate this economic storm, is more important than ever. This goes for savers striving to secure a comfortable retirement, as well as high net-worth individuals who may be unsure about the best path ahead.

Increased awareness of the importance of saving for the future could be one of the few positives to come out of COVID-19; alongside greater mastery of technology and renewed appreciation of healthcare professionals.

True Potential has been tracking the UK's quarterly saving activity and attitudes of more than 50,000 people for the last seven years.

At the heart of this research is the Savings Gap – the chasm between the amount people believe they need for a comfortable retirement and what many are on track to receive at retirement.

On average, savers believe £23,000 per year is the basic requirement for financial comfort in later life.

Yet, of course, many are on target for well below this figure. Coronavirus has only exacerbated this issue in the immediate term, with an average of just £435 set aside in the first three months of the year as the threat of the pandemic loomed large.

Meanwhile, debt is on the rise. The first quarter of 2020 saw an average of £6,325 in personal debt being taken on, versus £1,016 in Q1 2019. People aged 45+ have taken on the most debt, our figures show.

But having been blindsided by a virus that few in the UK had heard of before December, UK savers have certainly had a stark reminder of the importance of financial resilience. Financial advisers must harness this renewed focus on personal finances and guide clients to decision-making that outsmarts the economic forces that will play out in the coming months.

While some savers are now calling on advisers to help them replot their financial future, many are simply trying to make ends meet day-to-day.

However, they too will eventually be in a position to focus on long-term savings and advisers will be on-hand to support them.

COVID-19 could be a defining chapter in the history of financial advice. High on the agenda, as ever, will be helping clients to secure enough funds to carry them through retirement.

More technology, enabling savers to rapidly build up a diversified portfolio, and wider access to financial education are positive influences on this process.

For all the economic and financial uncertainty, there is much to be positive about as an adviser. For example, lockdown has enabled many households to save on travel and going out costs.

Could they now be ready to take the plunge into investing towards financial security? With bank interest rates likely to be at rock bottom for some time, innovative strategies are needed to help savers see maximum impact from their investments.

Also, being furloughed has given many workers more time to boost their financial knowledge.

True Potential and the Open University created the Public Understanding of Finance centre with a range of free, online money courses. Over 500,000 people have taken the courses to date – and we expect many more to do so in the aftermath of the pandemic.

Given the heightened desire for financial stability after the chaos of COVID-19 – and the incredibly changeable economic conditions – the nation needs advisers more than ever.

**The profession has a pivotal role in helping the country's savers find their feet and in ensuring the narrowing of the UK savings gap continues.**

# Peace of mind when you need it most.

In an ever-changing world, keeping you in control of your investments is our top priority.

That's why, as a True Potential client, you can benefit from 24/7 online access to your own secure account, allowing you to safely manage your investments at the click of a button.

Your personal account allows you to track goals for your investments and monitor their performance from the convenience of your desktop, tablet or smartphone. What's more, our pioneering online impulseSave® feature means you can even top up your investments on the go from as little as just £1.

**Ready to take back control?** Download the app now.





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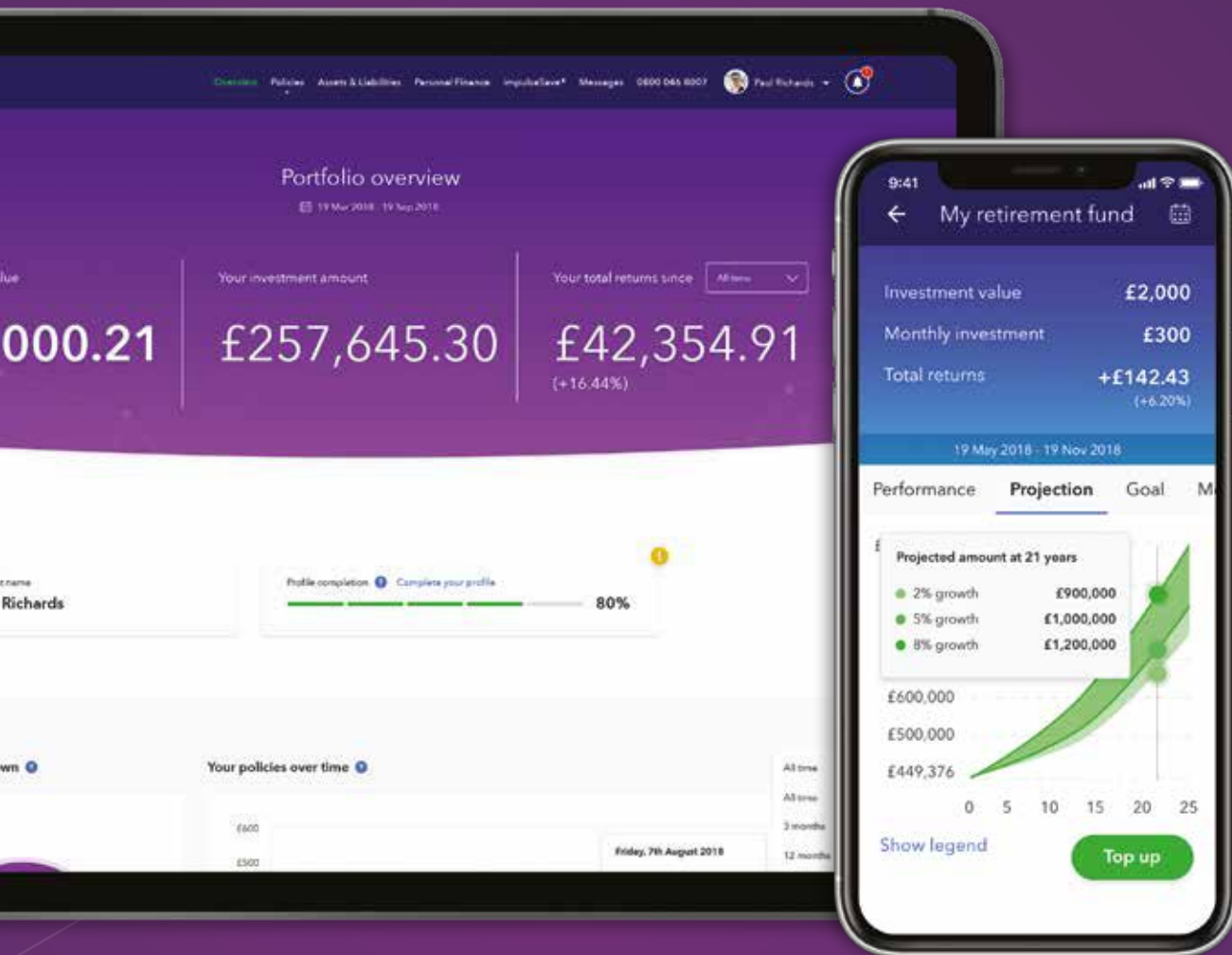
View your investments  
24/7 online and  
via our app

+

Track spending  
and learn about  
your financial habits

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Top up your  
investments  
anytime with  
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+

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

**T**he 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.

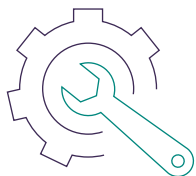
For example, we offer nine funds within the Balanced category, therefore if no preference was given to one fund over another, an equally-weighted allocation to each fund would be 11%.

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.

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.

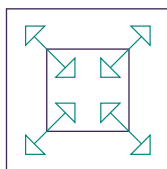
	Defensive	Cautious	Balanced	Growth	Aggressive	Cautious +	Balanced +	Growth +	Cautious Income	Balanced Income
Risk (Volatility)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk (Mapped)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost	✓	✓	✓	✓	✓	✓	✓		✓	✓
Long-Term Expected Return	✓	✓	✓	✓		✓	✓	✓	✓	✓
Risk-Adjusted Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income			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

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



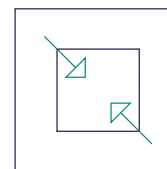
### Risk (Baseline Portfolios)

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.

## Strategy Allocation



### Defensive

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



### Cautious

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



**Balanced**

● <b>Manager of Managers</b> - True Potential SEI Balanced	<b>15.00%</b>
● <b>Active Management with Passive Implementation</b> - True Potential 7IM Balanced	<b>9.25%</b>
● <b>Direct Equity &amp; Bond Investing</b> - True Potential Close Balanced	<b>16.50%</b>
● <b>Momentum with Volatility Control</b> - True Potential Allianz Balanced	<b>12.25%</b>
● <b>Fund of Funds</b> - True Potential Schroders Balanced	<b>2.00%</b>
● <b>Alternative Dynamic</b> - True Potential Goldman Sachs Balanced	<b>9.00%</b>
● <b>Income Funds</b> - True Potential Goldman Sachs Income Builder	<b>7.00%</b>
● <b>Agile, Low-Cost Value Investing</b> - True Potential UBS Balanced	<b>15.00%</b>
● <b>Active Engagement, Positive Alignment</b> - True Potential Growth Aligned Balanced	<b>14.00%</b>



**Growth**

● <b>Manager of Managers</b> - True Potential SEI Growth	<b>15.25%</b>
● <b>Active Management with Passive Implementation</b> - True Potential 7IM Growth	<b>14.00%</b>
● <b>Direct Equity &amp; Bond Investing</b> - True Potential Close Growth	<b>18.50%</b>
● <b>Momentum with Volatility Control</b> - True Potential Allianz Growth	<b>16.75%</b>
● <b>Agile, Low-Cost Value Investing</b> - True Potential UBS Growth	<b>18.50%</b>
● <b>Active Engagement, Positive Alignment</b> - True Potential Growth Aligned Growth	<b>17.00%</b>



**Aggressive**

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

# True Potential Portfolios

## Asset Allocation

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equities	3.99%	9.31%	10.77%	14.26%	20.65%
North American Equities	10.35%	15.22%	23.43%	27.68%	31.26%
European Equities	4.20%	6.34%	9.56%	12.30%	13.25%
Japanese Equities	2.20%	3.76%	4.49%	6.16%	7.51%
Asia Pacific Equities	0.35%	1.23%	1.70%	1.90%	1.44%
Emerging Market Equities	1.57%	3.42%	4.68%	6.52%	9.76%
Global Bonds	19.39%	16.47%	12.28%	5.69%	0.83%
Global Inflation Linked Bonds	4.99%	3.82%	2.94%	3.26%	1.87%
Emerging Market Bonds	3.47%	3.45%	3.65%	4.29%	3.69%
Global High Yield Bonds	2.96%	3.15%	4.74%	2.64%	1.75%
UK Gilts	3.73%	5.58%	3.62%	1.92%	0.41%
UK Credit	6.89%	9.61%	6.24%	3.82%	3.11%
Property	0.00%	0.55%	1.06%	1.58%	0.85%
Commodities	0.18%	0.33%	0.23%	0.18%	0.22%
Cash	35.73%	17.75%	10.61%	7.80%	3.41%

Source: TPI. Data as of 30 June 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 +

● <b>Manager of Managers</b> - True Potential SEI Defensive	29.00%
● <b>Direct Equity &amp; Bond Investing</b> - True Potential Close Balanced	18.00%
● <b>Fund of Funds</b> - True Potential Schroders Balanced	3.00%
● <b>Active Management with Passive Implementation</b> - True Potential 7IM Growth	6.00%
● <b>Momentum with Volatility Control</b> - True Potential Allianz Balanced	12.00%
● <b>Agile, Low-Cost Value Investing</b> - True Potential UBS Growth	14.50%
● <b>Alternative Dynamic</b> - True Potential Goldman Sachs Balanced	6.50%
● <b>Active Engagement, Positive Alignment</b> - True Potential Growth Aligned Defensive	11.00%



### Balanced +

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



### Growth +

● <b>Direct Equity &amp; Bond Investing</b> - True Potential Close Balanced	23.00%
● <b>Manager of Managers</b> - True Potential SEI Aggressive	23.00%
● <b>Agile, Low-Cost Value Investing</b> - True Potential UBS Aggressive	27.00%
● <b>Momentum with Volatility Control</b> - True Potential Allianz Balanced	12.00%
● <b>Active Engagement, Positive Alignment</b> - True Potential Growth Aligned Aggressive	10.00%
● <b>Income Building</b> - True Potential Goldman Sachs Income Builder	5.00%

## Asset Allocation

Asset Class	Cautious +	Balanced +	Growth +
UK Equities	7.66%	11.70%	16.36%
North American Equities	19.24%	23.96%	29.81%
European Equities	7.93%	9.97%	12.38%
Japanese Equities	4.32%	5.17%	6.21%
Asia Pacific Equities	1.54%	1.78%	2.11%
Emerging Market Equities	3.61%	5.11%	7.03%
Global Bonds	13.02%	10.54%	5.50%
Global Inflation Linked Bonds	3.15%	3.93%	2.23%
Emerging Market Bonds	3.21%	4.09%	2.59%
Global High Yield Bonds	3.15%	3.08%	1.17%
UK Gilts	4.99%	4.31%	2.66%
UK Credit	5.44%	5.66%	6.07%
Property	0.97%	1.12%	0.90%
Commodities	0.20%	0.19%	0.17%
Cash	21.57%	9.39%	4.81%

Source: TPI. Data as of 30 June 2020

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



# Investments on Demand

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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

● <b>Direct Equity &amp; Bond Investing</b> - True Potential Close Cautious Income	41.00%
● <b>Fund of Funds</b> - True Potential Schroder Cautious Income	8.00%
● <b>Income Funds</b> - True Potential Goldman Sachs Income Builder	43.00%
● <b>Income Focused</b> - True Potential Threadneedle Monthly Income	8.00%



### Balanced Income

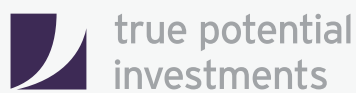
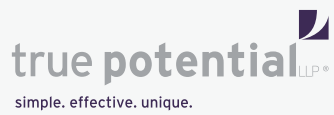
● <b>Direct Equity &amp; Bond Investing</b> - True Potential Close Cautious Income	17.00%
● <b>Fund of Funds</b> - True Potential Schroder Cautious Income	6.00%
● <b>Income Funds</b> - True Potential Goldman Sachs Income Builder	47.00%
● <b>Income Focused</b> - True Potential Threadneedle Monthly Income	30.00%

## Asset Allocation

Asset Class	Cautious Income	Balanced Income
● UK Equities	17.46%	30.05%
● North American Equities	12.22%	12.25%
● European Equities	7.32%	6.69%
● Japanese Equities	0.52%	0.51%
● Asia Pacific Equities	1.01%	0.92%
● Emerging Market Equities	0.07%	0.05%
● Global Bonds	12.05%	12.77%
● Global Inflation Linked Bonds	2.71%	1.26%
● Emerging Market Bonds	2.37%	2.30%
● Global High Yield Bonds	12.67%	13.78%
● UK Gilts	1.63%	1.17%
● UK Credit	16.07%	10.69%
● Property	8.68%	4.32%
● Commodities	1.12%	0.47%
● Cash	4.10%	2.78%

Source: TPI. Data as of 30 June 2020

Part of the True Potential group.



[tpllp.com/portfolios](http://tpllp.com/portfolios)

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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