

TRUE INSIGHT

True Potential Portfolios | Issue 24



SURPRISE

A healthy, vibrant, flexible economy will bounce back from shocks. Sometimes faster than expected.

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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 **5,659kg of carbon dioxide**. This support will enable World Land Trust to protect **3,961m² of critically threatened tropical forest**.

View From The Riverside



The weeks leading up to the publication of this 24th edition of True Insight have seen us welcome our 100,000th True Potential Portfolio client to Head Office, win three prestigious industry awards and, significantly, agree a substantial investment into our company by Cinven, the major international private equity firm.

The partnership with Cinven, who have expertise in financial services and technology, will enable us to continue on our client first, digitally enabled journey.

We are very pleased to have found the right partner as we enter our next phase of growth. Our vision, going back to the formation of True Potential in 2007, was to revolutionise the way wealth management is provided to all clients in years to come. This remains the case. The rapid evolution of consumer facing technology continues unabated and we will strive to deliver great investment products and service to each of our many clients.

We had the great pleasure of welcoming our 100,000th True Potential Portfolio client to Newcastle in September.

Mr and Mrs Aitken spent time with the investment management team, had a tour of the office including our podcast studio and met with the Platform Operations staff who are responsible for the administration of the billions of pounds invested with us. As I write this article, we now have 111,000 individual investors in our portfolios with the number increasing daily.

Speaking of our investment platform I can tell you that we won three prestigious financial services industry awards in September. We picked up Best Service and Best Provider at the UK Platform Awards and Best Pension provider at Money Marketing's annual event.

We are proud of these achievements. They are representative of the whole of True Potential and acknowledge our view that customer service should never be a second best.

In the following pages you will find articles containing our thoughts on the rapidly evolving world of renewable energy, looking wider at GDP and lastly how True Potential has been supporting charities and the good work they continue to do day by day.

Mark Henderson
Chief Executive,
True Potential Investments

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	30 Sep 2016 to 30 Sep 2017	30 Sep 2017 to 30 Sep 2018	30 Sep 2018 to 30 Sep 2019	30 Sep 2019 to 30 Sep 2020	30 Sep 2020 to 30 Sep 2021	Since Launch 1 Oct 2015 to 30 Sep 2021
Defensive Portfolio	+3.24%	+1.65%	+3.24%	-0.01%	+4.76%	+22.95%
Cautious Portfolio	+4.91%	+2.57%	+4.09%	-0.48%	+9.74%	+36.48%
Cautious + Portfolio	+5.82%	+3.09%	+4.52%	-1.41%	+10.92%	+37.87%
Cautious Income Portfolio	+6.61%	+1.78%	+4.36%	-2.66%	+13.63%	+41.16%
Balanced Portfolio	+8.27%	+3.84%	+4.30%	-1.52%	+14.20%	+50.63%
Balanced + Portfolio	+8.24%	+4.81%	+5.24%	-1.28%	+14.20%	+55.76%
Balanced Income Portfolio	+7.82%	+2.46%	+4.58%	-4.54%	+15.82%	+46.10%
Growth Portfolio	+10.63%	+5.81%	+4.57%	-1.39%	+17.66%	+67.41%
Growth + Portfolio	+12.05%	+6.98%	+4.39%	-3.28%	+19.23%	+66.79%
Aggressive Portfolio	+12.85%	+7.23%	+2.99%	-2.91%	+22.30%	+77.40%

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:

Q3 2021

Global equities, in sterling terms, provided positive growth over the quarter.

Returns were bolstered by Japanese equities, long overlooked by global investors as the country's slow economic growth, unfavourable demographics and eroding competitiveness prompted them to seek higher returns elsewhere.

However, the sudden resignation on September 3 of the unpopular Prime Minister Yoshihide Suga triggered foreign fund inflows to the market.

Central bank decision taking and communication around the timing and magnitude of a reduction in their bond purchases was a key driver of asset price performance. Investors tried to second guess the Federal Reserve and their plans to tighten monetary policy. The Fed have consistently said they are focusing on their dual mandate, full employment and achieving stable prices, prior to starting on the path of tapering, with a determination to keep the US economic recovery on track. In the September Federal Open Markets Committee (FOMC) meeting, the Fed reported that tapering of quantitative easing will be formally announced at the November meeting.

Inflation continues to be in focus with the August year-on-year Consumer Price Index (CPI) print in the US coming in at 5.3% and in the UK 3.2%. Inflation is high compared to recent history with cyclical factors, such as used car prices and airline ticket prices driving higher numbers.

The Federal Reserve maintained their view that inflation is transitory but the longer that supply bottlenecks continue the more that view is challenged. The September reading showed a roll off in the more cyclical features of US CPI, particularly those two elements mentioned previously.

UK equities rose over the quarter, driven by a variety of factors. While there were some clear sector winners (such as energy on the back of a recovery in crude oil prices) the difference between the best and worst-performing sectors was quite marked. Merger and acquisition activity remained an important theme for the UK with corporate activity involving WM Morrison Supermarkets and the aerospace and defence supplier, Meggitt.

Regulatory and political risks came to the fore in China with Chinese equities falling over the period. China has concentrated on deleveraging its economy and reducing inequality which put pressure on the larger technology shares, the education sector and highly leveraged property companies.

US and European government bond yields were unchanged for the quarter as an initial decline reversed in September amid a hawkish shift from central banks and continuing inflationary pressure. The UK underperformed, with a significant rise in yields reflecting expectations for monetary policy tightening.

The UK 10-year yield increased from 0.72% to 1.02%, with the majority of the move occurring in September. As with the Fed, there was evidence of a markedly hawkish shift among Bank of England policymakers.

Turning to corporate bonds, high yield issues made positive returns, while investment grade credit was little changed. European investment grade outperformed government bonds, while the US market was in line with Treasuries.

Finally, Sterling weakened against the US dollar, falling below the 1.35 level close to the period end.





Used car prices is one of a number of reasons for an increase in inflation.



Cyclical factors, such as airline ticket prices have driven inflation numbers higher.



US private equity group wins £7bn auction for WM Morrisons Supermarkets.



Investment Outlook

As we move through the year, we remain positive on risk assets for the following reasons: -

- The potential for strong, above trend, global economic growth both this year and next.
- Higher vaccination rates globally, breaking the link between infection rates, hospitalisation rates and deaths, supporting improved activity levels.
- Current high inflation rates look to be transitory with more cyclical components of the CPI calculation moderating from July. However, we expect inflation in the coming years to remain higher than in the most recent past.
- Supportive financial conditions.

This leads us to be overweight equities compared to a naïve equally weighted portfolio and favouring higher yielding fixed income relative to sovereign bonds. There are risks to our thesis and being diversified by geography and manager style remains paramount. These include a central bank policy misstep, an escalation of the Covid Delta variant or new variants, and political/regulatory changes.

Inflation continues to be an important topic with US CPI at 5.3% year-on-year, though the month-on-month figure for August moderated from 0.5% to 0.3%. We believe ongoing supply chain bottlenecks, amid strong demand, will keep inflation elevated over the short term. However, as blockages ease and longer-term disinflationary forces of technology, ageing population and de-unionisation come back into play, inflation should moderate.

In the US, projections for economic growth vary, with the Bloomberg consensus at 5.7% for this year and 4.2% for next year. A relatively wide range of outcomes is being discussed, with the Delta variant the prominent factor reducing projected growth for this year. We think that growth has not been lost but potentially pushed into Q4 and perhaps into 2022.

China has been in focus with Xi Jinping's policy of "common prosperity" focused on reducing inequality. The recent increases in regulation, targeting large Chinese technology companies, illustrated idiosyncratic risks of investing. Recent weakness in Chinese equities may look attractive but political and regulatory risks are outweighing the valuation opportunity.

Japanese equities enjoyed strong returns fuelled by the resignation of Prime Minister Yoshihide Suga. His resignation came by virtue of ill health, waning popularity, and difficulties in handling the Covid outbreak. Suga not running for re-election was taken positively by stock markets.

Favourable valuation levels and potential upside to global growth combine to make Japanese equities attractive.

Europe has performed strongly in 2021 as investors looked to more cyclical economies. We remain positive on the region with a continued dovish ECB and potential for strong, above trend growth. The valuation opportunity remains although not as evident as earlier this year.

**ACTIONS
SPEAK
LOUDER
THAN
WORDS**



Since the last edition of True Insight, more and more people have returned to offices across the UK.

The return of the daily commute has also seen the return of the famous 'watercooler' moments. Those who study such behaviours claim the most common small talk topics include food, sport and of course, the weather. They also say the topic most avoided is personal finances.

And it's not hard to see why.

A national reluctance to openly discuss personal finances outside of immediate family and an industry that has established itself on acronyms and buzz words doesn't lend itself to a polite chat in the communal kitchen. But True Potential is different and always has been. Founded on the principles of being simple, effective and unique, we aim to explain, educate and inform while treating people as adults. Against the never-ending tidal wave of complexity, this very publication, as well as our regular videos and podcasts on YouTube, are all part of our efforts to be open, transparent and clear about the great privilege and responsibility we have with the money you place in our care.

One of the newer entrants in the market for 'slogan of the year', is SRI. The Financial Services sector is awash with claim after claim of Socially Responsible Investing. At True Potential we are deeply committed to the principle of sustainability. We just think it goes much deeper than the latest acronym.

Much more important is what a company does, not just what it says. Sustainability belongs in the boardroom not the marketing department in our opinion and it's a key factor in the way our business is run.

This year True Potential will once again beat previous records in terms of business performance but also in terms of our community impact. In fact, they are two sides of the same coin.

A thriving, growing business can and should be a powerful partner and supporter in its communities. This year we will surpass our charitable donations total for 2020, which stood at £400,000.

We'll go further and support more people in 2021 but this is about much more than mere corporate responsibility. At True Potential it's about impact and that means opportunity.

Through our long-standing partnership with the Sunshine Fund, we're providing equipment and services for children with disabilities and their families to make the most of every opportunity.

Our work since 2017 through the Harrison Centre for Social Mobility, based in Sunderland, is engaging hundreds of teenagers who have struggled through school for a variety of reasons. They're getting their lives back on track at the Harrison Centre and are being connected up to job opportunities in financial services at True Potential.

As well as making our industry more accessible for those aspiring to a career in finance, we're also democratising financial services itself through our donation and founding partnership with the Open University. Together we developed a suite of online courses that are free and accessible to all on both OpenLearn and FutureLearn.

These courses are designed to cut through the acronyms, buzz words and jargon to give people the knowledge and confidence they need to understand their money in order to save and invest. Hundreds of thousands of people have benefitted from that project.

We believe that sustainability doesn't just belong in our boardroom but has a place in many others as well.

That's why we're proud to be leading the UK's largest social mobility campaign, as a founding partner of the national Social Mobility Pledge. Over 600 organisations representing seven million people have signed the Pledge and by doing so they are demonstrating that they share our belief in real impact and opportunity and prefer substance over slogans.

Thank you for investing with us. You can be confident that the returns we strive to generate are more than financial, because actions speak much louder than words.





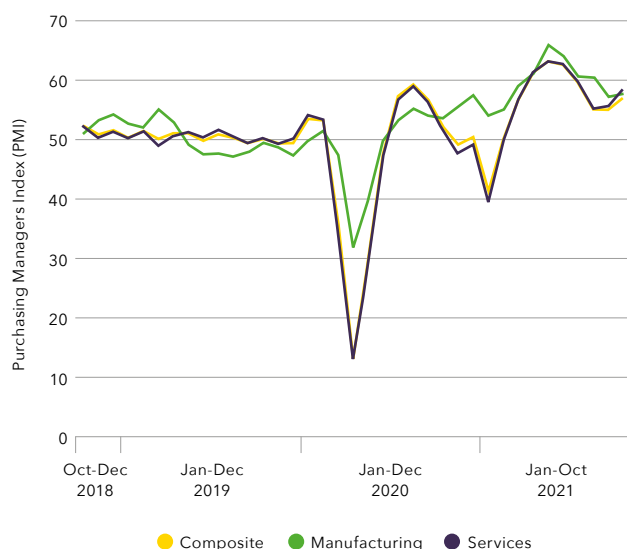
SURPRISE

Economic forecasting is difficult. Just ask any Chancellor of the Exchequer or Governor of the Bank of England.

Even if you get the direction right the timing and extent of any movement is virtually impossible to predict. Paradoxically, economic cycles, subject to a myriad of unpredictable inputs, are anything but circular. An exasperated Margaret Thatcher reportedly asked for a “one-handed” economist when presented with a broad range of possible economic outturns. Even the Bank of England’s inflation rate projections resemble a Farrow and Ball paint chart.

So spare a thought for the City scribblers charged with predicting how the international economy would fare in the aftermath of the global pandemic and especially a post Brexit UK, faced with the additional aspect of life outside the single market.

At the turn of the year, still in the grip of Covid and with the new relationship with Europe and all its attendant tensions looming, the financial media, never ones to pass up the opportunity to spread a little misery, were predicting an extended period of subdued activity, economic scarring and financial hardship. Thankfully things have turned out differently.



In July of this year the trade in world goods was 4% higher than before the pandemic. To put this into context in March 2020 it had fallen by 16%. Purchasing Manager Index data, a lead indicator for economic activity, while fluctuating, is consistently above 50, indicating continued economic expansion.

Gross Domestic Product (GDP) has rebounded strongly. The US reports annualised growth with the latest reading suggesting growth of 6.7%. Meanwhile the UK reports quarter-on-quarter growth rates with the last reported reading of 5.5%.

Fears of deflation, a corrosive environment of falling prices once regarded as a potential problem requiring the Bank of England to model life with negative interest rates, has been replaced with inflation as spending has picked up. Although inflation still carries with it the stigma of economic mismanagement, a modest level of inflation is an indication of economic well-being and is generally regarded as a positive effect, lubricating the complex clockwork of economic interactions.

Part of the reason for the pick up in inflation has been the rebound in the employment market. Although largely discontinued now, furlough schemes continue to cloud the statistics but, it appears that unemployment in the US, Europe and Japan is typically at or close to pre pandemic levels and in the UK is at 4.5% with job vacancies hitting a record high of over one million in August.


Consumer spending has also recovered to previous levels and the more recent figures bear testament to a switch from online retail consumption to more leisure spending as restrictions are lifted and we rediscover the joys of going to the pub, eating out and visits to the theatre and cinema.

As for the effect of Brexit, it remains early days. Disruptions, tensions, delays and readjustments are easy fodder for the breathless commentators looking to fill their 24/7 broadcast schedules. However, the initial signs are encouraging.

Figures from the Office for National Statistics (ONS) indicate that exports from the UK to the EU are slightly higher than before we left the bloc. Imports from the EU have also recovered, but not to the same extent, as “Global Britain” looks to source more of its goods from the rest of the world.

Consumer demand remains high, corporate earnings are buoyed by growing sales as some of the record levels of household savings is spent. It just goes to show - business, commerce, industry will adapt, rethink, reformat and recover.

Things change. A healthy, vibrant, flexible economy will bounce back. Sometimes faster than expected. What is encouraging is that in an increasingly cynical world we can still be pleasantly surprised.



The
End
of an Era?

"The Stone Age didn't end for lack of stone."

The words of the Saudi Oil Minister as he contemplated the end of the oil age, forecasting that a substitute will be found long before the world runs out of hydrocarbons.

His words ring true. Renewable, sustainable energy sources are now the holy grail of governments around the world. Not least our own as the UK hosts the COP 26 Climate Change Summit in Glasgow in November.

But exactly what form of energy will become tomorrow's staple remains open to question. This summer has been noticeable, apparently, for the lack of wind and as we approach the dark days of winter the limits of solar power once again become obvious.

That the world is at an inflection point, turning away from fossil fuels, is not in doubt. Climate change, cleaner air and a growing desire to be independent of some of the more politically volatile regions of the world where oil and gas is found, together with a fall in the cost of renewable energy generation, have combined to make this pivot irreversible.

We should also not forget the unfashionable triplets of oil, gas and coal. When new friends let you down, insatiable global energy demand has led to an increase in the use of traditional fuels to fill the supply gap and highlights the absolute requirement to manage the transition away from carbon burning responsibly.

However, exactly what direction the search for alternative forms of energy will take has yet to be fully determined. Electrification on its own is not the answer. Electricity, whether fed into the national grid or stored in next generation batteries, first has to be generated.

Dave Lewis, the former head of Tesco, has put forward one of the more radical proposals, to build a solar and wind farm in Morocco, where both resources are in abundant supply, year-round, connected to the UK via a giant cable.

Nuclear power, always contentious, is also back on the agenda. A plan to install sixteen "small modular reactors", predominantly in the Midlands, has been proposed by Rolls Royce and, as well as creating up to 40,000 jobs, is also seen as essential in helping the government meet its target to bring greenhouse gas emissions down to net zero by 2050.

Hydrogen is also likely to form part of the solution. The ability to store power is, arguably, a greater prize than being able to generate it via a carbon free method. Hydrogen is already used as an alternative to power large vehicles via fuel cell technology, where the size of the battery required makes electric power impractical.

Generating hydrogen from water using wind or solar powered electrolysis is also being championed as a means of storing "green" energy on a scale currently unachievable using conventional battery technology.

Some areas of the global economy have already moved or been forced to. Car makers, particularly in Europe, are hurriedly trying to catch up with the march that Tesla, the US electric car maker, has stolen over the international auto industry. Tesla's dominance stems not just from massive investment, innovative design and first mover advantage but also from leading battery technology.

Legislation has been passed in the UK to phase out the production of petrol and diesel powered cars by 2030 and other countries are following suit adopting similar timetables.

In the North East, Nissan's massive Sunderland plant is to be given over to production of the company's new, all electric model, building on the success of the Nissan Leaf.

The company had warned over the viability of its plant in the event of a hard Brexit but now views the UK's independence from the European bloc as an opportunity to move forward.

In an example of industrial symbiosis Britishvolt is to build a gigantic "giga factory", making batteries for the next generation of electric vehicles, on the 235 acre site of the former Blyth power station, taking advantage of the close proximity of the large offshore wind farm and Nissan's nearby plant.

The £2.6 billion factory will constitute the largest single industrial investment in the North East since the arrival of Nissan and potentially form the nucleus on which to base a freeport as part of the UK's industrial renaissance and a key element in the post Brexit emergence of "Global Britain" as a trading nation.

Interestingly and a sign of business evolution, Glencore, the mining company, is a major investor in the Britishvolt venture, a move which continues to bridge the gap between the past, present and future of global energy technology and innovation.

Nothing comes for free and current Government incentives to shunt motorists towards electric vehicles look to be unsustainable. A recent estimate is that HM Treasury will lose £4bn through a mixture of lost VAT, fuel duty and income tax on company car drivers for every 1 million tax paying drivers who swap their ignition keys for rechargeable cars. We have seen how influential monetary incentives can be in changing consumer behaviour but there remains a question mark around whether they can be afforded over the long term.

The Saudi Oil Minister was right, the age of oil will not end through lack of the black stuff but because better alternatives become available and because it's time for innovation led change.

Peace of mind when you need it most.

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

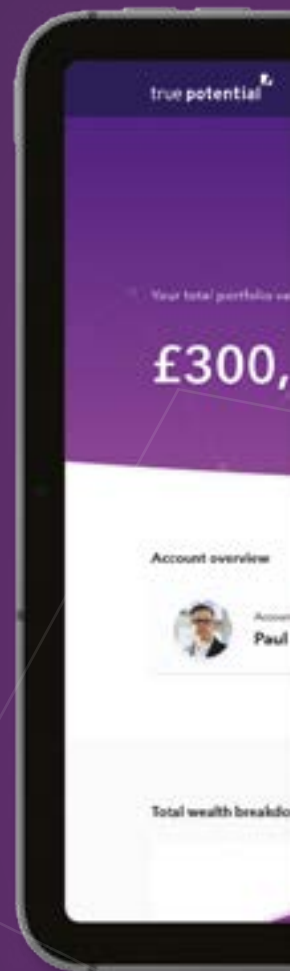
That's why, as a True Potential client, you can benefit from 24/7 online access to your own secure account, allowing you to safely manage your investments at the click of a button.

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? Search for "True Potential" in your app store to download the app today.



With investing, your capital is at risk.



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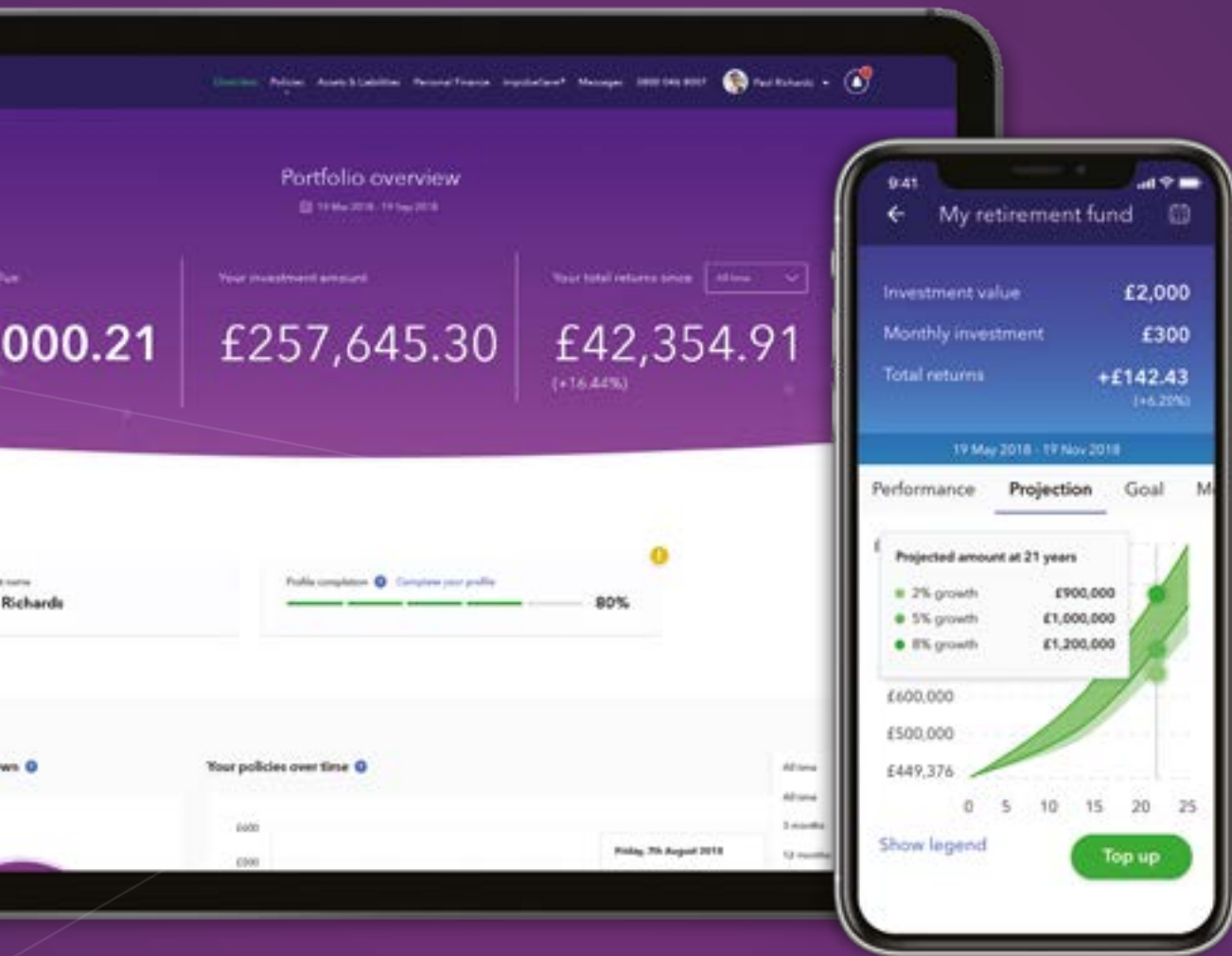
View your investments
24/7 online and
via our app

+

Track spending
and learn about
your financial habits

+

Top up your
investments
anytime with
impulseSave®



+

Add your assets
and liabilities to track
your net wealth

+

Contact us through
secure encrypted
messaging

+

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.

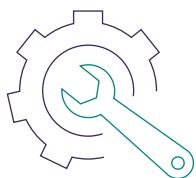
For example, we offer nine funds within the Balanced category, therefore if no preference was given to one fund over another, an equally-weighted allocation to each fund would be 11%.

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.

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.

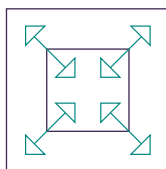
	Defensive	Cautious	Balanced	Growth	Aggressive	Cautious +	Balanced +	Growth +	Cautious Income	Balanced Income
Risk (Volatility)	✓		✓	✓		✓	✓	✓	✓	✓
Risk (Mapped)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long-Term Expected Return	✓	✓		✓	✓	✓	✓	✓	✓	
Risk-Adjusted Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income										

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



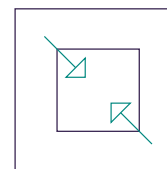
Risk (Baseline Portfolios)

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

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



Cautious

● Manager of Managers - True Potential SEI Cautious	14.50%
● Active Management with Passive Implementation - True Potential 7IM Cautious	13.75%
● Direct Equity & Bond Investing - True Potential Close Cautious	15.00%
● Momentum with Volatility Control - True Potential Allianz Cautious	17.50%
● Fund of Funds - True Potential Schroders Cautious	7.00%
● Agile, Low-Cost Value Investing - True Potential UBS Cautious	16.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Cautious	15.75%



Balanced

● Manager of Managers - True Potential SEI Balanced	13.00%
● Active Management with Passive Implementation - True Potential 7IM Balanced	9.50%
● Direct Equity & Bond Investing - True Potential Close Balanced	12.75%
● Momentum with Volatility Control - True Potential Allianz Balanced	14.25%
● Fund of Funds - True Potential Schrodgers Balanced	2.00%
● Alternative Dynamic - True Potential Goldman Sachs Balanced	10.50%
● Income Funds - True Potential Goldman Sachs Income Builder	7.00%
● Agile, Low-Cost Value Investing - True Potential UBS Balanced	17.00%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Balanced	14.00%



Growth

● Manager of Managers - True Potential SEI Growth	15.75%
● Active Management with Passive Implementation - True Potential 7IM Growth	14.00%
● Direct Equity & Bond Investing - True Potential Close Growth	15.50%
● Momentum with Volatility Control - True Potential Allianz Growth	18.25%
● Agile, Low-Cost Value Investing - True Potential UBS Growth	19.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Growth	17.00%



Aggressive

● Manager of Managers - True Potential SEI Aggressive	24.50%
● Active Management with Passive Implementation - True Potential 7IM Aggressive	16.50%
● Agile, Low-Cost Value Investing - True Potential UBS Aggressive	29.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Aggressive	29.50%

True Potential Portfolios

Asset Allocation

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equity	3.80%	8.89%	11.03%	15.70%	19.65%
US Equity	7.28%	9.79%	14.38%	17.80%	24.63%
US Equity (GBP hedged)	3.69%	6.83%	10.41%	13.80%	15.37%
Europe ex UK Equity	2.32%	3.95%	5.42%	7.69%	8.44%
Europe ex UK Equity (GBP hedged)	1.26%	2.81%	4.38%	5.10%	4.52%
Japan Equity	1.58%	2.71%	3.28%	4.82%	5.64%
Japan Equity (GBP hedged)	1.12%	2.20%	2.49%	3.22%	3.33%
Pacific Ex Japan Equity	0.40%	1.30%	1.78%	2.24%	1.63%
Emerging Markets Equity	2.46%	3.63%	4.92%	6.32%	9.56%
UK Gilts	4.02%	3.09%	1.97%	0.34%	0.09%
UK Corporate Bond	4.34%	7.28%	4.17%	1.82%	0.44%
Global Aggregate Bond	13.37%	11.63%	8.14%	2.74%	0.27%
Global Inflation-Linked Bond	3.62%	1.70%	1.22%	1.04%	0.15%
Global High Yield Bond	4.35%	4.07%	5.56%	2.87%	0.18%
Emerging Market Bond (USD)	4.38%	3.93%	4.30%	3.77%	1.20%
Global Property	0.22%	0.90%	1.34%	1.30%	1.02%
Gold	0.40%	1.03%	0.81%	1.06%	0.25%
Alternatives	7.29%	8.87%	7.58%	4.96%	2.38%
Cash	34.10%	15.39%	6.82%	3.41%	1.25%

Source: TPI. Data as of 30 September 2021

+ 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	20.00%
● Direct Equity & Bond Investing - True Potential Close Balanced	15.50%
● 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	14.00%
● Agile, Low-Cost Value Investing - True Potential UBS Growth	15.00%
● Alternative Dynamic - True Potential Goldman Sachs Balanced	6.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Defensive	20.00%



Balanced +

● Manager of Managers - True Potential SEI Cautious	23.50%
● Direct Equity & Bond Investing - True Potential Close Growth	15.25%
● Active Management with Passive Implementation - True Potential 7IM Aggressive	4.25%
● Momentum with Volatility Control - True Potential Allianz Growth	16.75%
● Agile, Low-Cost Value Investing - True Potential UBS Aggressive	17.00%
● Fund of Funds - True Potential Schroders Cautious	1.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Cautious	19.50%
● Active Management with Passive Implementation - True Potential 7IM Defensive	2.25%



Growth +

● Direct Equity & Bond Investing - True Potential Close Balanced	20.00%
● Manager of Managers - True Potential SEI Aggressive	19.00%
● Agile, Low-Cost Value Investing - True Potential UBS Aggressive	27.00%
● Momentum with Volatility Control - True Potential Allianz Balanced	12.00%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Aggressive	15.00%
● Active Management with Passive Implementation - True Potential 7IM Balanced	7.00%

Asset Allocation

Asset Class	Cautious +	Balanced +	Growth +
UK Equity	8.52%	12.67%	16.87%
US Equity	11.51%	13.82%	19.74%
US Equity (GBP hedged)	9.63%	13.29%	15.69%
Europe ex UK Equity	4.61%	5.60%	6.96%
Europe ex UK Equity (GBP hedged)	3.60%	4.82%	5.52%
Japan Equity	2.98%	3.45%	4.00%
Japan Equity (GBP hedged)	2.66%	3.08%	3.71%
Pacific Ex Japan Equity	1.32%	1.95%	1.88%
Emerging Markets Equity	3.77%	4.64%	6.45%
UK Gilts	2.96%	2.60%	0.83%
UK Corporate Bond	4.77%	3.47%	2.19%
Global Aggregate Bond	9.01%	7.28%	2.26%
Global Inflation-Linked Bond	1.70%	1.67%	0.14%
Global High Yield Bond	2.69%	3.25%	1.43%
Emerging Market Bond (USD)	3.55%	3.11%	1.78%
Global Property	0.95%	0.94%	1.08%
Gold	1.02%	1.16%	0.98%
Alternatives	6.20%	4.57%	3.57%
Cash	18.55%	8.63%	4.92%

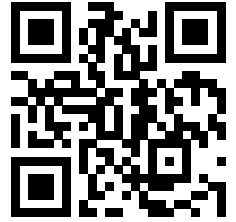
Source: TPI. Data as of 30 September 2021

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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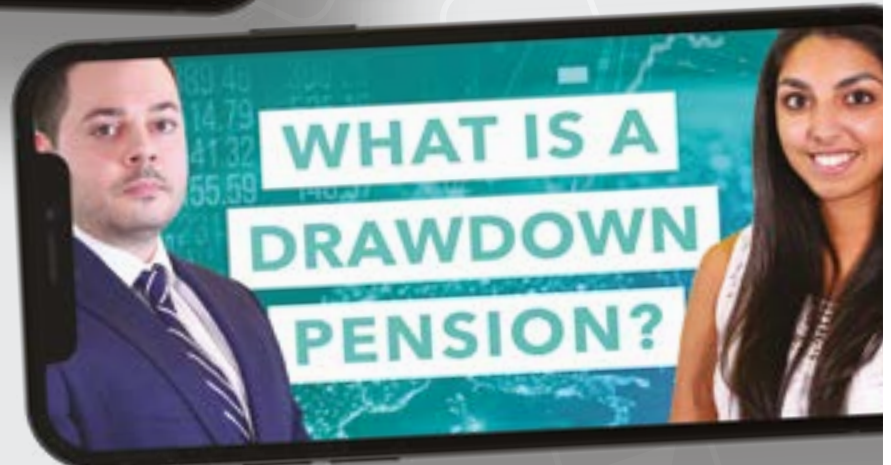


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Income Portfolios

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	41.00%
● Fund of Funds - True Potential Schroder Cautious Income	8.00%
● Income Building - True Potential Goldman Sachs Income Builder	43.00%
● Income Strategies - True Potential Threadneedle Monthly Income	8.00%



Balanced Income

● Direct Equity & Bond Investing - True Potential Close Cautious Income	19.00%
● Fund of Funds - True Potential Schroder Cautious Income	6.00%
● Income Building - True Potential Goldman Sachs Income Builder	47.00%
● Income Strategies - True Potential Threadneedle Monthly Income	28.00%

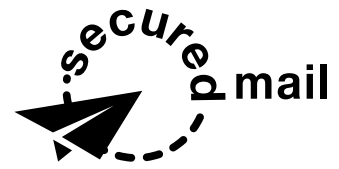
Asset Allocation

Asset Class	Cautious Income	Balanced Income
● UK Equity	18.37%	29.32%
● US Equity	1.32%	0.68%
● US Equity (GBP hedged)	9.13%	9.29%
● Europe ex UK Equity	1.14%	0.59%
● Europe ex UK Equity (GBP hedged)	6.13%	6.13%
● Japan Equity	0.05%	0.04%
● Japan Equity (GBP hedged)	0.26%	0.28%
● Pacific Ex Japan Equity	0.89%	0.91%
● Emerging Markets Equity	0.06%	0.04%
● UK Gilts	2.55%	1.55%
● UK Corporate Bond	11.76%	8.58%
● Global Aggregate Bond	10.91%	12.21%
● Global Inflation-Linked Bond	0.55%	0.26%
● Global High Yield Bond	13.01%	14.09%
● Emerging Market Bond (USD)	2.43%	2.66%
● Global Property	11.04%	6.92%
● Gold	1.56%	0.74%
● Alternatives	1.01%	0.76%
● Cash	7.83%	4.95%

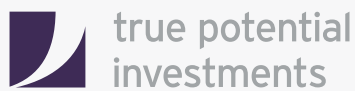
Source: TPI. Data as of 30 September 2021

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