

True Diligence

True Potential Portfolios
Review of Quarter Three 2019

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Foreword

The True Potential Portfolios have now reached their four year anniversary having been launched in the final quarter of 2015.

The intervening months have seen a wide variety of economic, political and social developments across the world and this requires us to be agile. It is essential that we are able to adapt our investment approach and position the Portfolios to look forward.

We believe that clients would expect this and that we will make impartial, informed decisions on their behalf as they seek to achieve their investment goals.

If I was to summarise our objective, it is to maximise returns and minimise risk for investors. We are great believers in diversification, that is investing across the world, in a wide variety of investments in partnership with the very best Fund Managers available.

We employ some of the most respected asset management firms and bring their combined expertise to clients at an affordable cost, passing on the benefits of our collective scale to each individual, regardless of the amount they are able to invest. Every client is important to us.

This document covers the processes, procedures and safeguarding measures we have in place. I hope that it helps you in the essential work you carry out each day for the wider benefit of the advice sector in closing the UK savings gap.

Mark Henderson

Mark Henderson
Senior Partner

The Management Team



Mark Henderson
Senior Partner

Mark began his financial services career in private banking with Lloyds, covering investment management, executor and trustee work in the north of England and Scotland.

He then moved to Merrill Lynch’s International Private Client Division before joining Positive Solutions where he held the position of Director of Wealth Management. Mark is one of the founding partners of True Potential LLP.



Jeff Casson
Chief Investment Officer

Jeff’s career in began in 1999 with Alliance Trust. In 2005 he moved to Scottish Widows Investment Partnership joining the Emerging Market team to run a series of Emerging Market mandates for retail and institutional clients.

In 2010 Jeff moved to Martin Currie Investment Management as an Investment Director on their Global Emerging Markets team before being appointed as Head of Investment Process in 2017.

Jeff is a Chartered Financial Analyst (CFA) and holds an Executive MBA from the University of Edinburgh.



Chris Leyland
Director of Investment Strategy
Chairman of the True Potential Portfolios

Chris is a seasoned investment professional with over 20 years’ experience within fund management, having looked after private clients, large-scale pension funds and charities.

He has previously worked in both fund management and research for Tilney BestInvest and Deutsche Bank. Chris joined True Potential in 2015 and is the Director of Investment Strategy.



Barney Hawkins
Investment Director

Barney joined the Investment Department of True Potential in 2016. In a career spanning over 30 years, he has managed investments for private clients, trusts and charities.

He has gained experience in a diverse range of investments, working both for stockbroking houses, Laing and Cruickshank and Brewin Dolphin, as well as the wealth management divisions of multinational investment banks Merrill Lynch and UBS. Barney is the co-manager of the True Potential Growth-Aligned fund range.



Paul Durrans
Investment Director

Paul joined True Potential in 2013 as a platform administrator with a degree in Finance and Investment Management from Northumbria University. He shortly moved into the role of Investment Analyst as the Investment Management department was formed.

He is now the co-manager of the True Potential Growth-Aligned fund range and also manages the True Potential Global Managed Fund. Paul is a Chartered Financial Analyst (CFA) and also holds the CFA Investment Management Certificate.

The Investment Committee

Our Independent Investment Committee brings a wealth of skills and experience to ensure that we deliver an exceptional service to our clients.

The Committee is responsible for making sure that the True Potential Portfolios perform in line with their objectives and remain within their risk profile.

They meet with our appointed Fund Managers on a quarterly basis to review their performance and make sure that they continue to act in the best interests of investors.

The Committee members remain active within the industry and have been sourced from a wide range of backgrounds, including investment management, advisory practice and client advocate services.

Colin Beveridge Chairman

Colin was Chief Investment Manager at one of the largest investment trusts in the UK. In 2006, he left the investment trust world to set up and manage a Global Kokusai Income portfolio for Scottish Widows in the UK. The funds were sold into the Japanese retail market.

Colin joined True Potential Investments as Chief Investment Officer (CIO) in February 2014. He stepped down as CIO and took on the role of Executive Chairman of the True Potential Investment Committee in February 2018.

Russell Hogan

During his 30 years of investment experience, Russell spent 17 years at Aegon Asset Management becoming Chief Investment Officer in 1995 and thereafter Chief Executive Officer with responsibility for £33 billion. He joined Dundas Global as Director at inception, becoming a full-time member of the team in April 2012.

George Peebles Non-Executive Director

George is an experienced finance professional and has specialised in the financial services sector for over 20 years. He has worked in corporate finance roles with a major accountancy practice and latterly as Development Director of Aegon.

David Keir

David joined Saracen Fund Managers from Scottish Widows Investment Partnership (SWIP), where he was Investment Director on the UK Equities Desk, running both Institutional and Retail funds. He was also Head of Research. Before SWIP, David spent 4 years on the UK Equities Desk at Edinburgh Fund Managers.

Why True Potential Portfolios?

With the True Potential Portfolios, we're pioneering what we call **Advanced Diversification**. Building on the strength of multi-asset funds, we add an extra layer of expertise by diversifying through investment strategy.

We know that no one can accurately and consistently predict the markets, there will always be winners and losers. The key to managing this is having a well-diversified investment portfolio, allowing investors to make the most of market opportunities and mitigate risks. While most investments have some degree of diversification, often by investing in a range of asset classes, industries and regions, they usually follow the strategy of one Fund Manager which may not always produce the best outcome. That's because each strategy behaves differently in different market conditions.

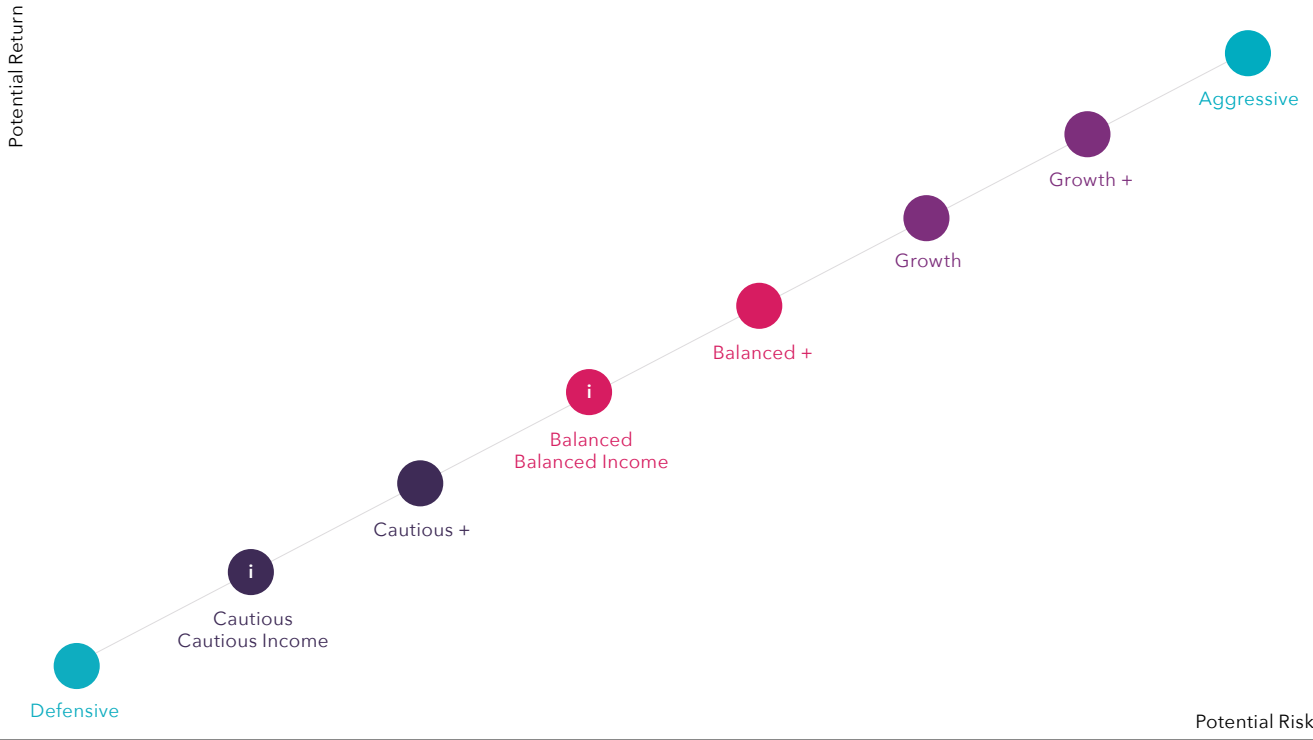
In today's fast-moving world, the power to move a Portfolio quickly, from one strategy to another as markets change is invaluable.

Doing so at the scale we have, with over 200,000 holdings to consider, is unmatched in the industry. What's more, there is no additional fee for this unique approach to discretionary fund management.

 Over £7.1 billion invested	 10 Portfolios	 200,000 + Holdings
 Global Reach	 Advanced Diversification	 impulseSave® from as little as £1
 24/7 tracking online and via mobile apps	 No additional charge for Discretionary Fund Management	 Managed for Risk, Cost and Long-term Returns

The True Potential Portfolios

Investing can sometimes seem complicated, but we don't think it should be. The True Potential Portfolios are designed to be a complete investment solution. We know that every investor is different, which is why we created ten unique Portfolios designed around our five simple risk profiles, from Defensive to Aggressive.



We have three different Portfolio types available in our range, depending on your attitude to risk and what you're investing for:

Portfolios

The Portfolios are comprised of funds from within the appropriate risk category providing an enormous degree of diversification.

+ Portfolios

The + Portfolios are carefully allocated to provide exposure to funds outside their risk category, whilst still remaining within your risk profile to give you greater opportunities for growth.

Income Portfolios

In a world of low interest rates, we also offer two risk-mapped Income Portfolios. These Portfolios appeal to investors who wish to take a monthly income from their investment.



The Fund Managers

We have appointed world-renowned Fund Managers to create our Portfolios which provide unique opportunities for growth. Each Manager has a distinct investment strategy, which we blend together to put you in what we believe is the best position for the future.

UBS
Comprehensive range of active and passive investment styles and capabilities across both traditional and non traditional asset classes.

Allianz
Risk-based approach investing globally in all major asset classes. Dynamic allocation according to market volatility and momentum.

Goldman Sachs Asset Management
Two offerings: Income Builder invests directly across a broad spectrum of global equities and bonds. The Balanced fund invests in traditional and non traditional assets.

HSBC
Passive investing across all global markets, modern smart beta products.

BlackRock
International active and passive fund management.

BMO
Focussed approach targeting global opportunities for worldwide growth.

Columbia Threadneedle
Income specialist offering clients regular income with potential capital appreciation, investing primarily in UK companies.

Schroders
Focus on actively managed funds across global teams.

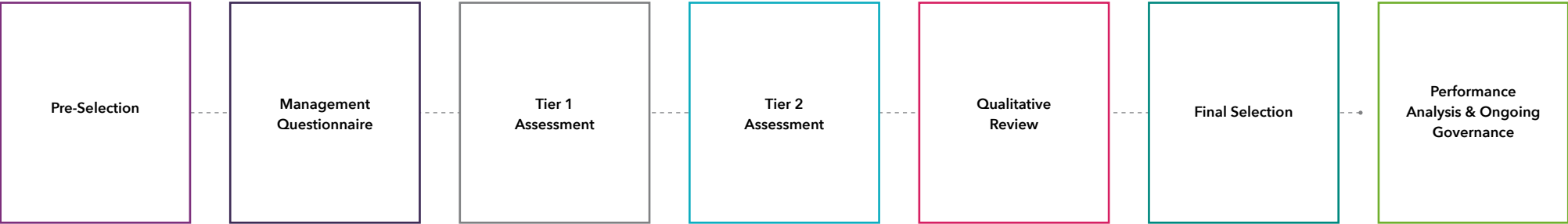
SEI
Global diversification through a selection of investments with a range of specialist and boutique managers.

Close Brothers
Direct investment in equities, fixed interest and other non-traditional areas such as infrastructure. Focused international investment solution.

7IM
Active asset allocation with index tracking funds.



Our Process for Selecting a Fund Manager



The flow chart above indicates our due diligence process for selecting a new Fund Manager.

The decision to partner with an investment firm and to appoint them as a Manager is led by a Senior Partner and our Investment Directors. At the outset there is a competitive tender process, which leads to a shortlist.

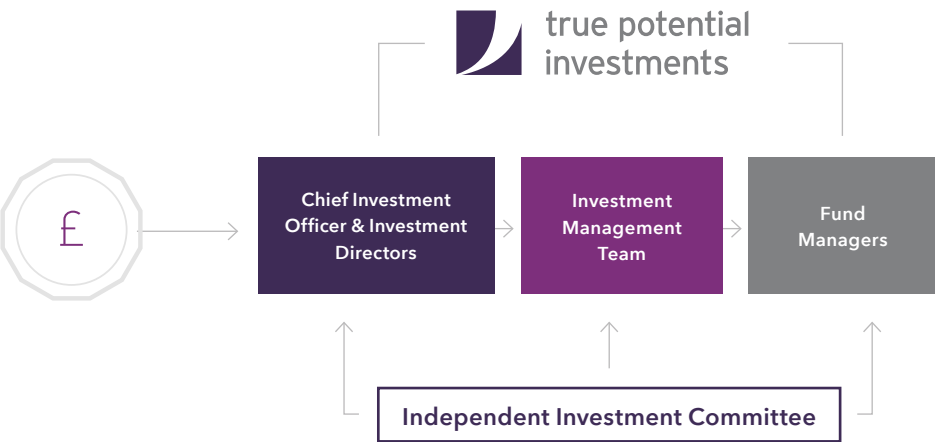
Following the completion of detailed due diligence, our findings, along with views from our Investment Committee, are presented to the True Potential Investments board who make the final decision on the Fund Manager to be selected.

Once this decision has been made, we launch our own Wealth Strategy Fund which is sub-managed by them.

This is subject to a tripartite agreement between True Potential Investments, the appointed Manager and the Authorised Corporate Director (ACD).

A Global Network Working for You

Our unique blend of carefully-selected Fund Managers report directly to us. This means we can ensure that all of the funds within our Portfolios work with our clients in mind.



Experts: 3,600



Experts: 2,000



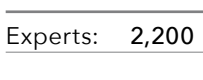
Experts: 600



Experts: 550



Experts: 350



Experts: 2,200



Experts: 700



Experts: 300



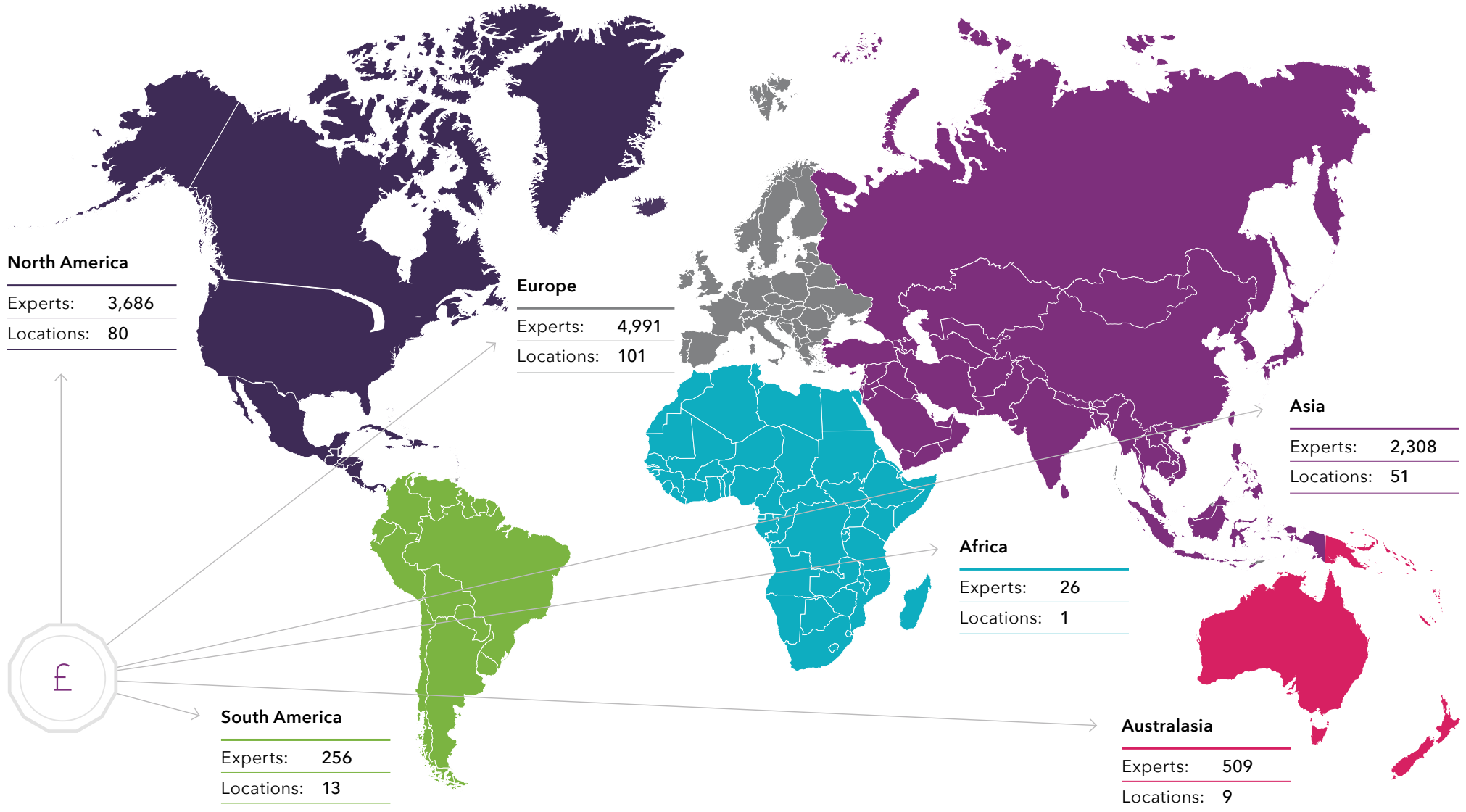
Experts: 700



Experts: 450



Experts: 320



The Risk Mapping Process

Each month we carry out a review of risk across all True Potential Wealth Strategy Funds and True Potential Portfolios to ensure they remain suitable for the investor’s risk profile.

This starts by gathering data from our appointed custodians, Authorised Corporate Director and Fund Managers to show the current holdings on a real-time basis. We then disaggregate, or dissect, each of these holdings to enable us to assess the composition.

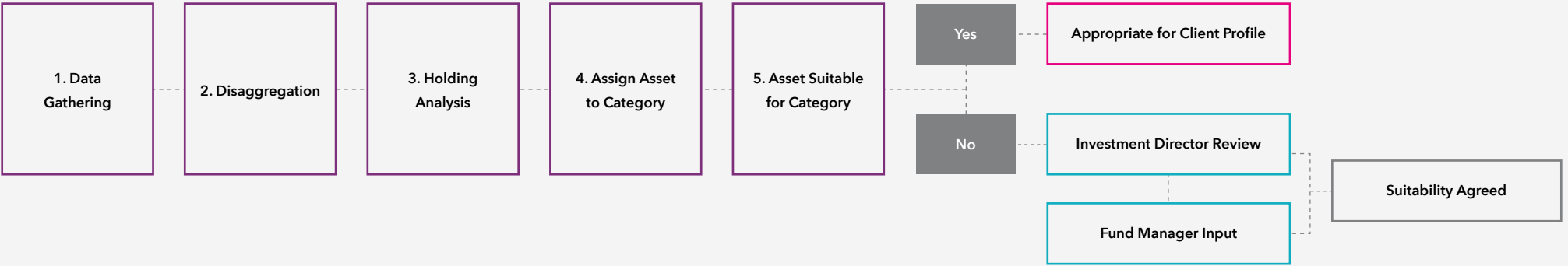
This additional analysis allows us to model risk more accurately. Once each of these holdings have been disaggregated, we assign their weightings to their respective asset class categories as per the framework provided by Morningstar.

The framework incorporates capital market assumptions, which include measures of risk and return for each asset class over a 22-year period (20 historical and 2 forward-looking). The output is a measure of volatility which we use to confirm that the True Potential Wealth Strategy Funds and True Potential Portfolios continue to operate within the Morningstar risk bands.

In the event a Fund or Portfolio is outside of the risk bands, a discussion takes place with the Investment Directors.

At this stage, we review the categorisation of all holdings within the fund and identify any changes to the asset allocation, allowing us to determine what has caused the adjustment in risk level. The appointed Fund Manager is involved in these discussions to ensure our models offer a fair reflection of risk.

This information, along with a proposed solution, which may include a change to the way certain holdings are categorised based on their properties or the risk categorisation of a fund itself, is presented to the Investment Committee who will offer guidance. The final decision on any required change will be made by our CIO and Investment Directors.



Investment Detail

Investment Process

When we construct the True Potential Portfolios, we select from right across our range of 33 Wealth Strategy Funds and optimise around 4 Factors - Risk, Cost, Long-Term Expected Return and Risk-Adjusted Return.

This determines the strategic asset allocation of each Portfolio. We then tactically tilt the allocations against an equally-weighted Portfolio. This is a ‘neutral’ component, which contains all of the funds within each risk category (i.e. if there are 5 funds within a risk category, a neutral Portfolio would allocate 20% to each fund).

We have a team of analysts working daily on the True Potential Portfolios. The team puts forward recommendations to the Chairman of the True Potential Portfolios (Chris Leyland), who in turn makes the final decision.

This investment process operates to a monthly cycle. However, we have the ability to conduct a rebalance more frequently should this be required in response to a market event. The data we use is updated daily because we use our own funds. We believe this is a competitive advantage that we have versus other Discretionary Fund Managers who use fund data that is often one or two months out of date.

Derivatives/Hedging

We do not use hedging at the Portfolio level. This is done (where appropriate for the underlying funds) through the expertise of our Managers.

Holdings

There is no typical number of holdings. It depends on the approach of each Manager and we estimate that we have access to over 200,000 holdings spread across all Portfolios.

Managing Exposure to Currencies

Currency management is delegated to our Managers within each fund, subject to the agreed investment objective either for efficient portfolio management or for investment purposes. We do not conduct hedging or manage currencies directly within the True Potential Portfolios.

Basis of the Performance Calculation

True Potential Portfolio performance is based on actual money invested. At the outset we invested into each Portfolio by buying the True Potential Wealth Strategy Funds.

When rebalanced, these underlying funds are purchased and sold within the 10 models that we set up. They are managed in exactly the same way as clients’ Portfolios, which are linked to the models.

The performance figures we show are net of management fees. We do not charge a separate discretionary fund management fee. We allow a 1% tolerance so that clients are not automatically rebalanced for small movements. Whenever we rebalance a True Potential Portfolio, all clients are rebalanced at the same time to fit exactly with the models.

Benchmarking

At True Potential we do not follow the traditional approach to fund performance benchmarking. The industry tends to evaluate performance in a way that we do not believe suits the needs of clients. The standard benchmarking approach drives outcomes towards the average and does not adequately discriminate as to how returns are being generated and whether or not they are sustainable.

We do, however, take most seriously the need to evaluate performance. We have a process of goal setting, adopted at the client level and shown to them through their online account or app. We are mindful that each client can have a different experience, even within the same Portfolio, and this is why we use our platform technology to help clients understand their own specific situation. We highlight any shortfall and offer impulseSave® to help close gaps.

Each of the five risk categories we provide carry an expected return, calculated independently by Morningstar. This implied return is recalibrated each year and set with reference to a 22-year time frame (20 historical and 2 forward-looking). It is a long-term aspiration that if met will satisfy clients’ expectations. Hopefully, though, their expectations will be exceeded.

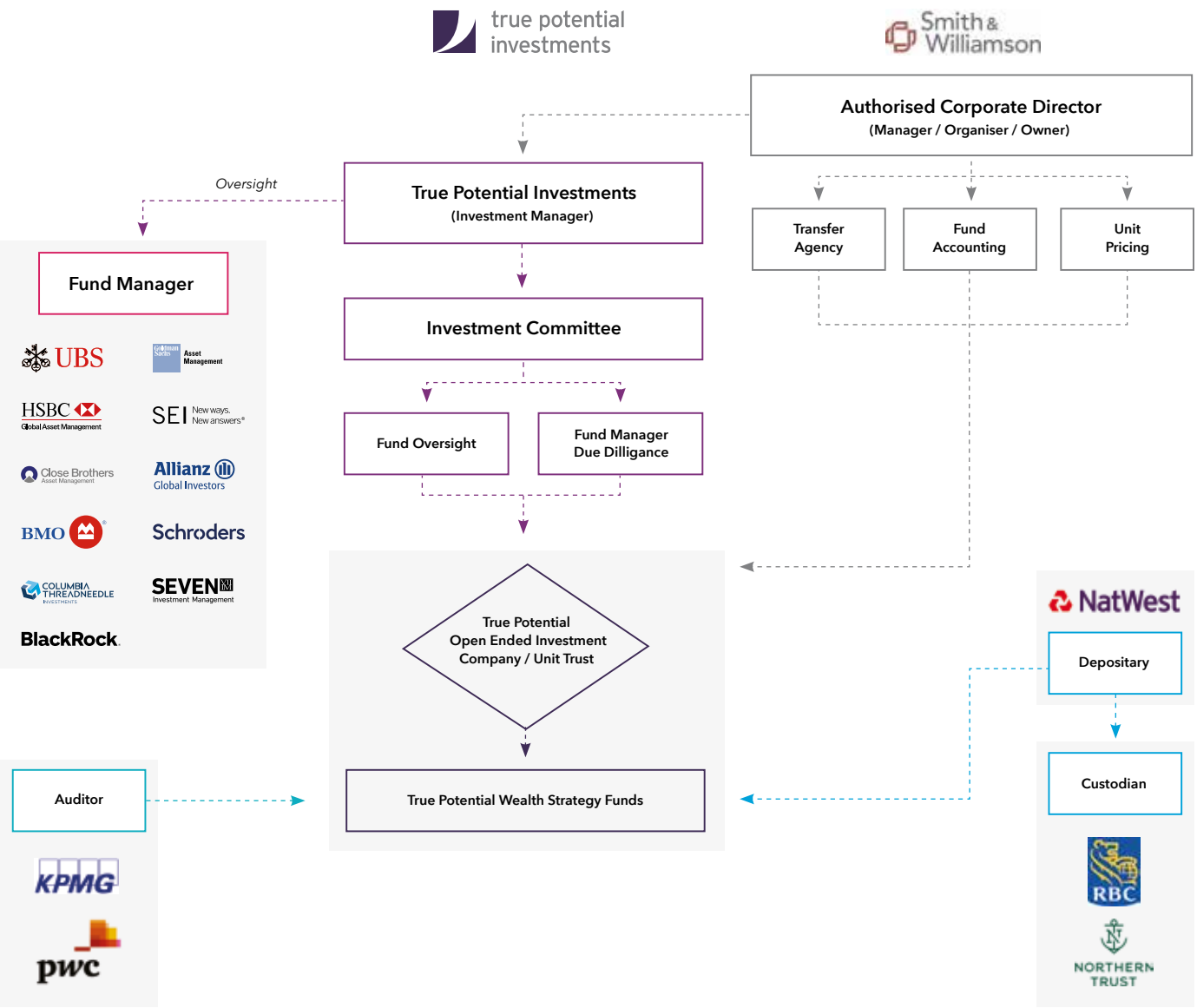
Enhanced Oversight

This diagram illustrates the different parties involved in the investment relationship.

The True Potential Wealth Strategy funds which make up the 10 Portfolios benefit from the services these separate entities provide by gaining access to the sophisticated monitoring systems of firms with large economies of scale.

In accordance with the culture of governance cultivated at True Potential, our in-house governance team scrutinise the activities of all the parties in the investment relationship beyond the level required by regulation, ensuring the funds continue to operate in accordance with the investment mandates.

By performing this enhanced oversight function, True Potential is aligned with the clients’ interests.



Who are they?	What is their role?	What do they do?
True Potential Investments	Investment Manager	Day to day management of the True Potential Growth-Aligned fund range and monitoring of the True Potential Wealth Strategy Funds to ensure they perform as intended and maintain the correct risk profile. Appoint and select Fund Managers, enabling clients to get the best risk-adjusted return on their investments. Scrutinise the activities of the other counterparties (listed below) in the investment relationship. Decide upon the allocation to each Fund Manager partner within the True Potential Portfolio range.
Smith & Williamson Fund Administration Limited (SWFAL)	Authorised Corporate Director (ACD)	Ensure the funds are operated in a manner consistent with relevant regulation, identifying and investigating the cause of any potential breaches. Carry out unit-pricing, fund accounting and transfer agency activities.
NatWest Bank	Fund Depository	Responsible for the safekeeping of client assets, monitoring the cash flows of the fund, and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.
Royal Bank of Canada	Fund Custodian	Appointed and monitored by the depository and responsible for holding client assets in a nominee name. In so doing, these assets are ring-fenced. In addition, the custodian also carries out corporate actions, voting and claims income for the benefit of the funds.
Northern Trust	Fund Custodian (True Potential 7IM funds only)	Appointed and monitored by the depository and responsible for holding client assets in a nominee name. In so doing, these assets are ring-fenced. In addition, the custodian also carries out corporate actions, voting and claims income for the benefit of the funds.
PricewaterhouseCoopers (PWC)	Auditor	PWC, one of the ‘Big Four’ accountancy and auditing firms. They audit the accounts of a number of the Wealth Strategy Funds and express whether the financial statements provided are a true reflection of each fund’s financial position.
KPMG	Auditor (True Potential Allianz and Growth-Aligned Funds only)	KPMG, another one of the ‘Big Four’ accountancy and auditing firms. They audit the accounts of a number of Wealth Strategy Funds and express whether the financial statements provided are a true reflection of each fund’s financial position.

Platform Custodian & Banking

The Platform Custodian is True Potential Investments LLP ("TPI")

Segregation of Ownership

In accordance with FCA Rules, TPI must make adequate arrangements so as to safeguard clients' ownership rights and to prevent the misuse of safe custody assets belonging to a client.

Rules are in place to meet the following obligations:

a) Records and accounts are kept as necessary to enable TPI to distinguish safe custody assets held for one client from the safe custody assets held for any other client and from TPI's own assets; and

b) Reconciliations are performed on TPI's own internal accounts and records, and those of any third parties with whom safe custody assets are held (i.e. Sub-Custodians).

Client Cash Deposits

All client cash deposits and redemption proceeds are held with one or more client deposit takers, in accordance with FCA Rules.

Internal Authorisation Procedures

We have a dual-authorisation process in respect of trading on the True Potential Portfolios. Disbursements are only made to the client's designated account that originally funded the Portfolio.

Financial Services Compensation Scheme (FSCS)

The maximum level of compensation for claims under the Investment Business section of Financial Services Compensation Scheme (FSCS) is £85,000 per person, per firm that defaults.



Investment Directors' Commentary

As a Discretionary Fund Manager, we sit down with our Fund Manager partners each month to obtain an in-depth insight into their views and positioning on a forward-looking basis.

We are in the favourable position of working with truly global Managers with offices in over 260 locations. We believe this is the best way to research worldwide markets, with analysts who are "on the ground".

The summer months were characterised by a return of volatility with markets ruffled by a number of factors, most notably the ongoing trade wars between the United States and China, signs of a slowing in the pace of global growth and a series of technical factors in the bond markets.

Increasingly fractious trade negotiations between the US and China remained unresolved amid growing signs that the impasse was beginning to affect not only the two protagonists but global growth and trade generally. Threats by President Trump to impose ever higher tariffs were met by the Chinese allowing their currency to fall below the symbolically important level of 7 renminbi to the dollar.

In a sign of increasing risk aversion, yields on Japanese and several European government bonds have traded on negative yields, investors effectively paying to lend money to these governments.

Markets were further unsettled by the "inversion of the yield curve", a technical feature which describes the unusual situation where investors receive a higher return on short dated bonds than they do from longer dated maturities. Historically an inversion has sometimes been a prelude to recession but with global bond markets still displaying the side effects of quantitative easing (QE) and more stringent financial regulation some investors question how accurate a signal it remains.

Moreover, this time the effect has occurred when all the data points to a US economy which appears to be in rude health, growing at over 2% per annum, with one million more job opportunities than job seekers, consumer confidence high, productivity improving by 2.3% and inflation remaining subdued.

Notwithstanding the strength of the US economy the Federal Reserve has twice cut interest rates by 0.25% in a move designed to reassure financial markets that it remains alive to the potential risks posed by the continued trade war with China and will do all it can to prolong the economic cycle.

Investment Directors’ Commentary

Other central banks have followed suit. In one of his final acts, Mario Draghi, outgoing President of the European Central Bank, cut rates by 0.1% to -0.5% and has committed his successor, Christine Lagarde, to a resumption of QE.

During the period Boris Johnson succeeded Theresa May as British Prime Minister and, in the face of a Parliament unwilling to leave the European Union without a deal, has, nevertheless, signalled his determination to deliver Brexit. Mark Carney, Governor of the Bank of England also signalled that the Bank stands ready to cut rates when a clearer picture of Britain’s exit strategy materialises.

As well as action by central banks, a series of financial stimulus packages have been announced. The German government has a €50 billion package of measures in place designed to support the economy while Boris Johnson has promised a raft of pay increases and public spending initiatives in preparation for the UK’s departure from the EU. China, too, has introduced a series of lending reforms and spending initiatives to bolster its economy.

With monetary authorities around the world committed to extending the current upturn, both equity and bond markets have enjoyed positive returns. Over the quarter global equities returned 4.7% in sterling terms with global bonds up 4.2%.

Over the quarter the best performing managers within the **Portfolios and + Portfolios** were Close Brothers, SEI and UBS who all benefitted from their larger relative exposure towards US equities. The stock picking capabilities employed by Close Brothers and SEI’s appointed managers were to the benefit of the Portfolios at a time when geopolitical uncertainty was creating volatility in global financial markets. UK government bonds experienced a rally with yields reaching an all time low as market participants priced in expectations of lower future interest rates, benefitting Close Brothers and their larger allocation to this asset class.

Within the Income Portfolios the best performing managers were Threadneedle and Goldman Sachs. Effective stock picking capabilities continued to prove a beneficial strategy in the market environment experienced over the quarter. Threadneedle benefitted from their selection within the Industrials, Tech and Healthcare sectors and returns from Goldman Sachs were bolstered their larger US equity allocation, despite a headwind of a stronger US Dollar acting against the fully hedged currency strategy.

Key Changes Over the Quarter.

At each rebalance meeting we assess the changes made by the managers of each fund assessing their investment strategy, monitoring asset exposure, performance, duration, currency positioning and risk.

On several occasions over the quarter we felt the moves made at fund level meant no further changes were required to the Portfolios, however, details of the changes we did make are outlined below.

Within the **Cautious Income Portfolio**, we reduced exposure to the True Potential Threadneedle fund and increased the allocation to the True Potential Goldman Sachs Income Builder and Close Brothers Cautious Income funds as a way of reducing risk within the portfolio.

In the **Defensive Portfolio** the team agreed to reduce exposure to the True Potential UBS Defensive fund and increase the allocation to the True Potential SEI Defensive fund. The rationale for the trade was to increase exposure to direct stock picking as a strategy. This approach is viewed by the team as favourable at this stage of the market cycle. In addition to this SEI have a larger exposure to bonds, an area that our managers believe will continue to be beneficial should market volatility persist and bond yields grind lower in a world of low inflation and monetary easing by central banks.

Performance

Portfolios	30 Sep 2016 to 30 Sep 2017	30 Sep 2017 to 30 Sep 2018	30 Sep 2018 to 30 Sep 2019	Since inception 1 Oct 2015 to 30 Sep 2019
Defensive	+3.24%	+1.65%	+3.24%	+17.37%
Cautious	+4.91%	+2.57%	+4.09%	+24.97%
Cautious +	+5.82%	+3.09%	+4.52%	+26.08%
Cautious Income	+6.61%	+1.78%	+4.36%	+27.63%
Balanced	+8.27%	+3.84%	+4.30%	+33.95%
Balanced +	+8.24%	+4.81%	+5.24%	+38.16%
Balanced Income	+7.82%	+2.46%	+4.58%	+32.15%
Growth	+10.63%	+5.81%	+4.57%	+44.28%
Growth +	+12.05%	+6.98%	+4.39%	+44.63%
Aggressive	+12.85%	+7.23%	+2.99%	+49.41%

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 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									✓	✓

Portfolio Asset Allocation

Each of the Portfolios are comprised of funds from within the appropriate risk category.

This provides an enormous degree of diversification, making them 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. The Portfolios do not have an income focus, which makes them very different to our Income Portfolios.

However, when investing in a Portfolio, some clients are happy to take an ‘income’ by selling units. We always aim to optimise across all factors where possible. However, sometimes we may place more emphasis on one factor over another.

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equities	4.40%	8.80%	10.80%	14.70%	20.30%
North American Equities	10.70%	15.90%	24.00%	30.90%	35.60%
European Equities	4.20%	7.00%	10.40%	13.40%	13.20%
Japanese Equities	2.60%	3.80%	4.80%	6.30%	8.20%
Asia Pacific Equities	0.50%	1.40%	2.10%	2.70%	2.30%
Emerging Market Equities	1.90%	3.60%	5.20%	7.60%	10.10%
Global Bonds	19.10%	11.80%	9.70%	3.70%	0.70%
Global Inflation Linked Bonds	2.90%	2.30%	1.50%	0.80%	0.20%
Emerging Market Bonds	3.10%	3.40%	3.70%	3.70%	2.30%
Global High Yield Bonds	2.90%	2.90%	5.00%	2.00%	1.00%
UK Gilts	5.10%	8.50%	4.60%	2.30%	0.30%
UK Credit	5.50%	7.80%	5.40%	2.80%	1.20%
Property	0.10%	0.40%	0.40%	0.50%	0.50%
Commodities	0.90%	2.50%	2.20%	2.60%	0.60%
Cash	36.10%	19.90%	10.20%	6.00%	3.50%

Source: Smith & Williamson, 30 September 2019

Portfolio Strategy Allocation



Defensive

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



Cautious

<div></div> Manager of Managers	14.25%
True Potential SEI Cautious	
<div></div> Active Management with Passive Implementation	16.00%
True Potential 7IM Cautious	
<div></div> Direct Equity & Bond Investing	17.00%
True Potential Close Brothers Cautious	
<div></div> Momentum with Volatility Control	13.00%
True Potential Allianz Cautious	
<div></div> Fund of Funds	9.00%
True Potential Schroders Cautious	
<div></div> Agile, Low-Cost Value Investing	16.00%
True Potential UBS Cautious	
<div></div> Active Engagement, Positive Alignment	14.75%
True Potential Growth-Aligned Cautious	



Balanced

<div></div> Manager of Managers	16.00%
True Potential SEI Balanced	
<div></div> Active Management with Passive Implementation	9.50%
True Potential 7IM Balanced	
<div></div> Direct Equity & Bond Investing	17.00%
True Potential Close Brothers Balanced	
<div></div> Momentum with Volatility Control	9.50%
True Potential Allianz Balanced	
<div></div> Fund of Funds	2.50%
True Potential Schroders Balanced	
<div></div> Alternative Dynamic	7.00%
True Potential Goldman Sachs Balanced	
<div></div> Income Building	9.50%
True Potential Goldman Sachs Income Builder	
<div></div> Agile, Low-Cost Value Investing	15.00%
True Potential UBS Balanced	
<div></div> Active Engagement, Positive Alignment	14.00%
True Potential Growth-Aligned Balanced	

Portfolio Strategy Allocation



Growth

<div></div> Manager of Managers	16.00%
True Potential SEI Growth	
<div></div> Active Management with Passive Implementation	13.00%
True Potential 7IM Growth	
<div></div> Direct Equity & Bond Investing	20.50%
True Potential Close Brothers Growth	
<div></div> Momentum with Volatility Control	15.00%
True Potential Allianz Growth	
<div></div> Agile, Low-Cost Value Investing	18.50%
True Potential UBS Growth	
<div></div> Active Engagement, Positive Alignment	17.00%
True Potential Growth Aligned Growth	



Aggressive

<div></div> Manager of Managers	25.00%
True Potential SEI Aggressive	
<div></div> Active Management with Passive Implementation	19.00%
True Potential 7IM Aggressive	
<div></div> Agile, Low-Cost Value Investing	28.00%
True Potential UBS Aggressive	
<div></div> Active Engagement, Positive Alignment	28.00%
True Potential Growth Aligned Aggressive	

+ Portfolio Asset Allocation

The + group of Portfolios are more concentrated in their fund selection, containing larger fund positions than their risk category equivalents in the 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, we select from all of the funds outside of the Portfolio’s respective risk category. This approach enables us to optimise across all factors, although sometimes we may place more emphasis on one factor over another.

Asset Class	Cautious +	Balanced +	Growth +
UK Equities	7.50%	12.40%	16.80%
North American Equities	19.60%	26.20%	33.90%
European Equities	8.90%	11.10%	13.80%
Japanese Equities	4.70%	5.50%	7.10%
Asia Pacific Equities	1.60%	2.10%	2.50%
Emerging Market Equities	4.40%	5.80%	7.80%
Global Bonds	10.10%	7.50%	1.40%
Global Inflation Linked Bonds	1.50%	1.40%	0.40%
Emerging Market Bonds	2.90%	3.40%	1.40%
Global High Yield Bonds	2.60%	2.60%	0.60%
UK Gilts	5.90%	4.50%	3.10%
UK Credit	5.10%	3.20%	3.60%
Property	0.50%	0.30%	0.30%
Commodities	2.40%	2.60%	2.10%
Cash	22.30%	11.40%	5.20%

Source: Smith & Williamson, 30 September 2019

+ Portfolio Asset Allocation



Cautious +

Manager of Managers	29.0%
True Potential SEI Defensive	
Direct Equity & Bond Investing	19.0%
True Potential Close Brothers Balanced	
Fund of Funds	4.0%
True Potential Schroders Balanced	
Active Management with Passive Implementation	7.0%
True Potential 7IM Growth	
Momentum with Volatility Control	11.0%
True Potential Allianz Balanced	
Agile, Low-Cost Value Investing	14.5%
True Potential UBS Growth	
Alternative Dynamic	4.5%
True Potenital Goldman Sachs Balanced	
Active Engagement, Positive Alignment	11.0%
True Potential Growth Aligned Defensive	



Balanced +

Manager of Managers	29.0%
True Potential SEI Cautious	
Direct Equity & Bond Investing	20.5%
True Potential Close Brothers Growth	
Active Management with Passive Implementation	8.5%
True Potential 7IM Aggressive	
Momentum with Volatility Control	11.0%
True Potential Allianz Growth	
Agile, Low-Cost Value Investing	15.5%
True Potential UBS Aggressive	
Fund of Funds	2.0%
True Potential Schroders Cautious	
Active Engagement, Positive Alignment	13.5%
True Potential Growth Aligned Cautious	



Growth +

Direct Equity & Bond Investing	24.0%
True Potential Close Brothers Balanced	
Manager of Managers	26.0%
True Potential SEI Aggressive	
Active Management with Passive Implementation	7.0%
True Potential 7IM Aggressive	
Agile, Low-Cost Value Investing	27.0%
True Potential UBS Aggressive	
Momentum with Volatility Control	6.0%
True Potential Allianz Balanced	
Active Engagement, Positive Alignment	10.0%
True Potential Growth Aligned Aggressive	

Income Portfolio Asset Allocation

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.

Asset Class	Cautious Income	Balanced Income
UK Equities	21.50%	32.70%
North American Equities	12.40%	13.50%
European Equities	7.00%	7.00%
Japanese Equities	0.80%	0.60%
Asia Pacific Equities	0.90%	0.80%
Emerging Market Equities	0.00%	0.00%
Global Bonds	8.70%	9.70%
Global Inflation Linked Bonds	1.00%	0.30%
Emerging Market Bonds	2.40%	2.50%
Global High Yield Bonds	10.80%	12.70%
UK Gilts	1.60%	0.70%
UK Credit	16.20%	10.30%
Property	5.30%	1.90%
Commodities	3.10%	1.50%
Cash	8.30%	5.80%

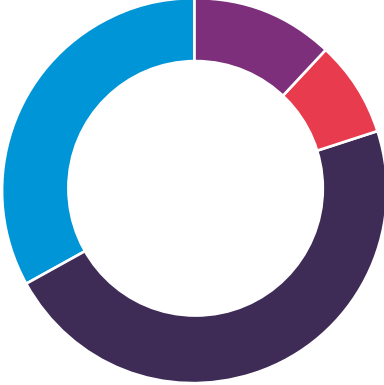
Source: Smith & Williamson, 30 September 2019

Income Portfolio Asset Allocation



Cautious Income

Direct Equity & Bond Investing	37.5%
True Potential Close Brothers Cautious Income	
Fund of Funds	10.0%
True Potential Schroders Cautious Income	
Income Building	43.0%
True Potential Goldman Sachs Income Builder	
Income Strategies	9.5%
True Potential Threadneedle Monthly Income	



Balanced income

Direct Equity & Bond Investing	12.0%
True Potential Close Brothers Cautious Income	
Fund of Funds	8.0%
True Potential Schroders Cautious Income	
Income Building	47.0%
True Potential Goldman Sachs Income Builder	
Income Strategies	33.0%
True Potential Threadneedle Monthly Income	

Part of the True Potential group.



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. This document is not personal financial advice.

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