

TRUE INSIGHT

True Potential Portfolios | Issue 15

PAGE 10

The Importance of Good **Plumbing**

For all their apparent simplicity, the True Potential Portfolios are a complex interplay of differing investment styles and ways of managing money.



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

View from the Riverside

Welcome to this latest edition of True Insight.

The rebound in equity markets that kicked off the year in such style has continued with the US market hitting a new peak and even the UK within touching distance of previous highs.

Another demonstration of market resilience over external geopolitical interference and hopefully a good omen for the busy months ahead when we will certainly see an increase in political activity in both Europe and the US.

While Britain's new Prime Minister and his handling of our departure from the European Union is likely to dominate both political and financial headlines in the coming months it remains important to stay focused on long term investment objectives.

On page 10 we look at retirement planning: in particular how most of us aren't saving enough for our later years, what provision we should be making and how important it is to start early.

We also shine a light on another long term project, China's Belt and Road Initiative, on page 14. While it is China's trade dispute with the United States that has been in the news, it is this multi decade, trillion dollar, global infrastructure strategy that President Xi Jinping hopes will secure his legacy and cement China's position as a global superpower in the 21st century.

Finally, on page 12 we celebrate a more down to earth but essential element of financial services, the importance of good practice, sound governance and independent supervision.

Often overlooked, this aspect of the industry becomes apparent only when it is found to be faulty. Like a burst pipe.

We take great care to maintain and check our own infrastructure, making sure our plumbing is in order to ensure the integrity of the management process and to safeguard the long term security of your investments.

We hope you enjoy reading this edition of True Insight in the pleasant summer months and relax knowing your investments are in good hands.



Barney Hawkins,
Investment Director.



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 Jun 2016 to 30 Jun 2017	30 Jun 2017 to 30 Jun 2018	30 Jun 2018 to 30 Jun 2019	Since inception 1 Oct 2015 to 30 Jun 2019
Defensive	+5.08%	+1.53%	+2.55%	+15.68%
Cautious	+8.71%	+2.24%	+3.14%	+22.65%
Cautious +	+9.31%	+2.57%	+3.66%	+23.45%
Cautious Income	+11.68%	+0.88%	+4.11%	+25.37%
Balanced	+13.42%	+3.62%	+3.67%	+31.21%
Balanced +	+13.13%	+4.09%	+4.54%	+34.81%
Balanced Income	+13.20%	+1.99%	+3.33%	+28.90%
Growth	+16.47%	+5.40%	+4.17%	+40.97%
Growth +	+16.87%	+7.02%	+4.11%	+41.26%
Aggressive	+18.99%	+7.66%	+3.20%	+46.57%

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 2019

So far, 2019 has been exceptional. US stock markets have posted their best first half since 1997 with dovish signals from the US Central Bank, the Federal Reserve, encouraging investors towards equity markets.

Forecasts of a gradual lifting of interest rates through 2019 have moved instead towards an expectation of an easing of monetary policy in response to a slowing global economy.

This has been welcomed by investors and financial markets have rallied significantly with global equities up over 17% this year.

During the most recent quarter the pace slowed but global equities still gained 4.2% in local currency

terms, or 6.6% for sterling investors after taking into account the weak pound.

Relations with the US and China were tested over the quarter with volatility increasing as a result. The uneasy stand-off seen earlier in the year broke down with both parties imposing tariffs and trade restrictions on targeted goods.

Relations did improve slightly following the G20 summit and this was particularly reflected in the Asian and Emerging Markets. However, it is likely this issue will be revisited through 2019.

European equities performed particularly well after the European Central Bank stated that interest rates in the Eurozone would not rise until next year at the earliest



and that it was also considering fresh stimulus, providing cheap loans to try and help boost the economy.

Theresa May announced her intention to stand down as prime minister, leading to more uncertainty in the UK as investors evaluated the consequences of her likely successor. This was felt most strongly within foreign exchange markets with sterling weakening against all major currencies, beneficial for UK multi-asset investors.

Within bond markets, higher risk securities generated the most favourable returns. Emerging Market debt performed particularly well with investors believing that a more accommodative monetary policy in the US could lead to a weaker US Dollar and easier terms for repayment.

In Conclusion

Another strong quarter for stock markets. Moving forward, conditions continue to be agreeable with monetary policy becoming even more accommodative. At an asset class level, there is disparity of returns, a good environment to offer up growth opportunities, with diversification continuing to be paramount.



Investment Outlook

Looking out to the end of the year, geopolitical events continue to dominate.

Presidents Xi Jinping and Donald Trump remain in a tit for tat battle with strategically placed tariffs and an embargo on certain companies, such as Huawei, all providing endless newspaper headlines.

Following the G20 summit in June the relationship appeared to become more conciliatory but this could prove to be temporary. China is clearly playing the long game whereas President Trump has an election coming next year.

Within Europe we have had a changing of the guard with new leaders appointed at the key institutions of European Commission, European Council and the European Central Bank (ECB). The overriding objective for the new leader of the Conservative Party, and Britain's Prime Minister, will be to deliver Brexit although what form this will eventually take and with what political, economic and financial fall out remains unpredictable.

From an economic perspective data has been softening in some areas, but low unemployment and improved wage growth are supportive of consumption which remains resilient. Some industrial activity is being impacted by the trade tensions leading to faltering business sentiment for sectors in the firing line.



However, this is another reason why central banks are turning more accommodative and likely to take measured action to sustain growth.

At the company level earnings have generally met or beaten expectations and equity market valuations are more favourable relative to recent history.

With regard to the US/China trade dispute there is a strong sense that investors must learn to live with a fractious relationship between the two sides.

The overriding sense is that the dispute will be kept sufficiently in check to avoid completely destabilising the business cycle.

While it is likely that there will be some form of resolution on trade, tensions will probably continue to exist in other areas.

Already companies are starting to see government imposed blocks on trading. For example, Foxcom have said that they can source Apple iPhone parts from outside China, in areas such as Taiwan.

This offshoring away from China could provide substantial opportunities for non-Chinese Emerging Markets companies.

Despite the strength of the US economy, financial markets are now pricing in three interest rate cuts over the next 18 months.

A more dovish Federal Reserve is regarded as positive for equity markets which remain the favoured asset class.

World equity valuations are not excessive and remain at levels described as 'fair value', but this masks some big differences. Non-US markets are pricing at levels nearly half that of the US.

Our more value focused manager partners believe investing outside America has the most upside due to cheap valuations whilst others still take the view that, despite higher valuations, the US offers the best risk:reward trade off within a more dynamic economy.

Looking at the US compared to the UK, both countries remain in an expansionary phase but with different rates of growth. Mark Carney, Governor of the Bank of England, is expected to keep interest rates unchanged and a rate cut in the UK is unlikely unless data begins to disappoint.

However, within Europe, deteriorating manufacturing conditions have elicited promises of support from the outgoing president of the ECB, Mario Draghi, prompting speculation that Quantitative Easing may be reintroduced to bolster a faltering economy.

The lure of easy money has already had a positive influence on both bond and equity markets with yields on German, French, Swiss, Swedish and Dutch Treasury bonds all in negative territory and equity markets continuing to climb higher.

UK gilt yields, while at least positive, are also at extremely low levels in contrast to the income available from the equity market which, on a yield of over 4%, remains very attractive.

Sterling, at its **lowest level** since the vote to leave the European Union, makes the UK market **especially cheap to overseas buyers** on anything but a short term view and it is likely that, as a clearer picture emerges of life **after Brexit, the UK will attract the attention of international investors.**



Mind the Gap.

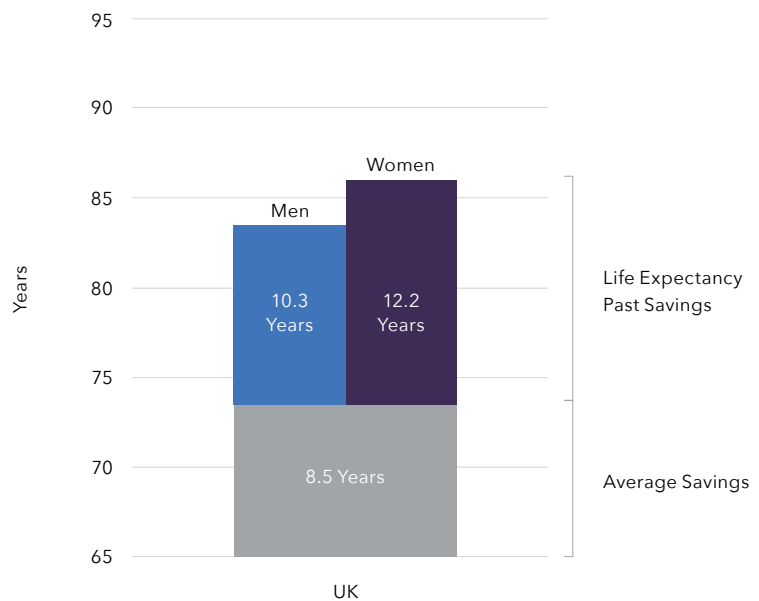
We're all getting older. And, as the saying goes, it's better than the alternative.

The bad news, as shown on the diagram right, is that with more of us retiring early and living for longer most people aren't saving nearly enough for their retirement. This shortfall, the difference between what provision we should be making and what we are actually putting aside, is called the Savings Gap.

What we do know is that most people need to save more than they are. And the earlier you start the better.

It's also worth bearing in mind that State provision, the old age pension, is likely to get smaller and the age you receive it go up as the years progress.

Retirement Savings Gap - Years Saved vs Life Expectancy



Source: World Economic Forum Analysis



Here are some of the most frequent questions asked by our clients.

| Which is better, pension or ISA?

Each has its own advantages. With a pension your contributions are made from tax free income but when the pension is paid it is subject to tax. With an ISA there is no tax relief on the contributions you make but any income is paid out tax free. ISA investments are more accessible than pension funds which can be a good thing or bad thing. It depends on how disciplined you are.

There are also separate rules for pensions and ISAs on how much you can contribute and how much you can build up in each vehicle. The answer is that it's probably good to have both.

| How much will I need in retirement?

Everyone is different. It depends upon your lifestyle. What plans you have for retirement. What age you plan to retire.

Everyone has their own idea, but research True Potential has carried out, polling over 40,000 people since 2013, suggests the average income required to live comfortably for someone retiring now is around £23,000.

| What size of pension or savings pot is required to generate that sort of income?

Again, it's not an exact science and depends upon a number of factors, but a reasonable rule of thumb is to reckon on your savings generating a sustainable return of 5% over the years. This means your savings pot needs to be 20 times the income you require.

To put this into context, to generate an income of £23,000 you need savings of 20 times that or around £460,000.

It's a big figure. Even bigger when you factor in the effects of inflation from now until retirement and the fact that your contributions will need to keep pace with the rising cost of living. That's why the earlier you start to think about it, the better.

| What sort of growth can I expect from my investments?

Potential growth is subject to lots of variables, particularly around how much risk you feel comfortable taking with your money.

That said, using long term numbers from MorningStar, a Balanced portfolio might be expected to return an average of 5.5% per year and an Aggressive portfolio a return of closer to 7%.

But these are long term averages. Obviously returns fluctuate from year to year and some years are better than others. Markets don't go up in a straight line and there may be short periods, or longer periods, of volatility when markets are falling.

These times are uncomfortable but they're part and parcel of long term investing and actually volatile markets that go up and down generally benefit long term regular savers by allowing your monthly investment to buy more units when prices are cheaper and fewer when prices are higher, so bringing down the average cost of your investment.

It's called pound cost averaging and ultimately volatility is the friend of the regular investor.

To find out more information about the Savings Gap and the research carried out by True Potential, visit: tpllp.com/tackling-the-savings-gap



The Importance of Good **Plumbing**



You turn the tap. You expect water to come out. When it's chilly you switch on the central heating.

It's only when these things stop working that you realise how tedious life can be without them. And heaven forbid you have a major fault, a leak somewhere upstairs but you're not sure where. It's a bit like that with fund management. By the time it becomes obvious you have a problem - you really do have a problem.

For all their apparent simplicity, the True Potential Portfolios are a complex interplay of differing investment styles and ways of managing money. Encompassed within the portfolios are UK and foreign government treasury bonds, corporate bonds issued by both domestic and international companies, direct equities, unit trusts/OEICs and other collective investment schemes, futures contracts, currency instruments, commodities and property.

Making sure that amid this myriad collection of asset types there aren't any that could unexpectedly become a major problem is something we take very seriously. It's our job to ensure that this intricate blend of investments operates as efficiently as possible and provides the diversification we see as a vital element of effective investment management.

True Potential has direct access to the leading managers we employ to bring their differing style approaches to our portfolios and we have full visibility of what they do. We can challenge them at any point around liquidity or any other aspect of their management of our funds. We hold formal monthly meetings with each of them followed up by in depth analysis of what they are doing both individually and in aggregate.

The results of our monitoring are discussed at quarterly Investment Committee meetings in which the sub-fund managers are subject to expert external, independent scrutiny.

In terms of liquidity, the ease with which underlying investments can be sold, all our managed funds are subjected to monthly testing.

Our memories are long and we remember the direct property funds that were "gated" and where dealings were suspended during the 2008 financial crisis. Our property exposure is through listed commercial property companies quoted on the Stock Exchange which means we will never find ourselves holding an investment we are unable to liquidate. We also carry out additional monthly stress tests to simulate how our funds would perform were we to experience a major financial event such as the Russian debt default in 1998 or the collapse of Lehman Brothers in 2008.

Our Governance team has over 170 processes designed to check and challenge not only the sub-fund managers, but also our independent Authorised Corporate Director (ACD). This demonstrates our commitment to enhanced fund governance. Unlike others, we do not rely solely on the ACD to carry out monitoring but instead carry out our own checks aimed at spotting and tackling any issues early before they become a problem.

It's our way of checking the water pressure and making sure there are no issues with the pipework.



“A close neighbour is better than a distant relative”

Sound bite electioneering is not a strategy of concern to the leader of a communist state, but legacy is.

Back in 2013 President Xi Jinping unveiled plans designed to serve as his legacy as the President of China and leader of the communist party. The plan was to revive the 1400-year-old Silk Road, a series of trade routes which at one time linked East and West.

The name of the project has evolved over time to be known as the Belt and Road Initiative (BRI), the belt reflecting the economic infrastructure and overland transportation routes with the road, rather confusingly, referring to the maritime sea routes. A \$1 trillion 21st century infrastructure project connecting China and its Asian neighbours with Africa and Europe via sea ports, high speed rail networks, energy stations, cyber networks, airports and free trade zones.

The chart adjacent demonstrates the rapid economic growth China has experienced over the last two decades and looking at this one may question why China cares about connecting the rest of the world?

The motivation is clear. The developments in economic growth have led to a rising level of prosperity among Chinese citizens creating greater demand, which China intends to satisfy by ensuring the continuous and guaranteed supply of goods and services. The only way it can ensure this is to own the supply chain, particularly energy, with BRI expected to cover 75% of the world's known energy resources.

The other side of the trade is an enhanced level of prosperity among economies outside China, creating a greater demand for the export of Chinese goods and services. To ensure this connectivity China is not only the driver of many projects, it is also the financier.

The Belt and Road Initiative has been met with some criticism from the wider world, sceptical of China using this policy as a way of enhancing global dominance and considered by many to be simply an international expansion of its own infrastructure. Whilst the silk road was an organic trade path, the BRI will be controlled by China which makes those sceptics uncomfortable, particularly the United States who fear the control of ports and transport links will be used to facilitate an extension of China's military presence across the globe.

There is also concern over the source of finance. Many of these projects have been financed by China on unsustainable terms, creating a debt-trap diplomacy.

Tales of struggles are beginning to emerge with Sri Lanka forced to grant China a 99-year lease on the southern port of Hambantota and 15,000 acres of surrounding land after struggling to repay their \$1.3 billion loan, a move which brings China closer to the border of India along one of the world's busiest shipping channels.

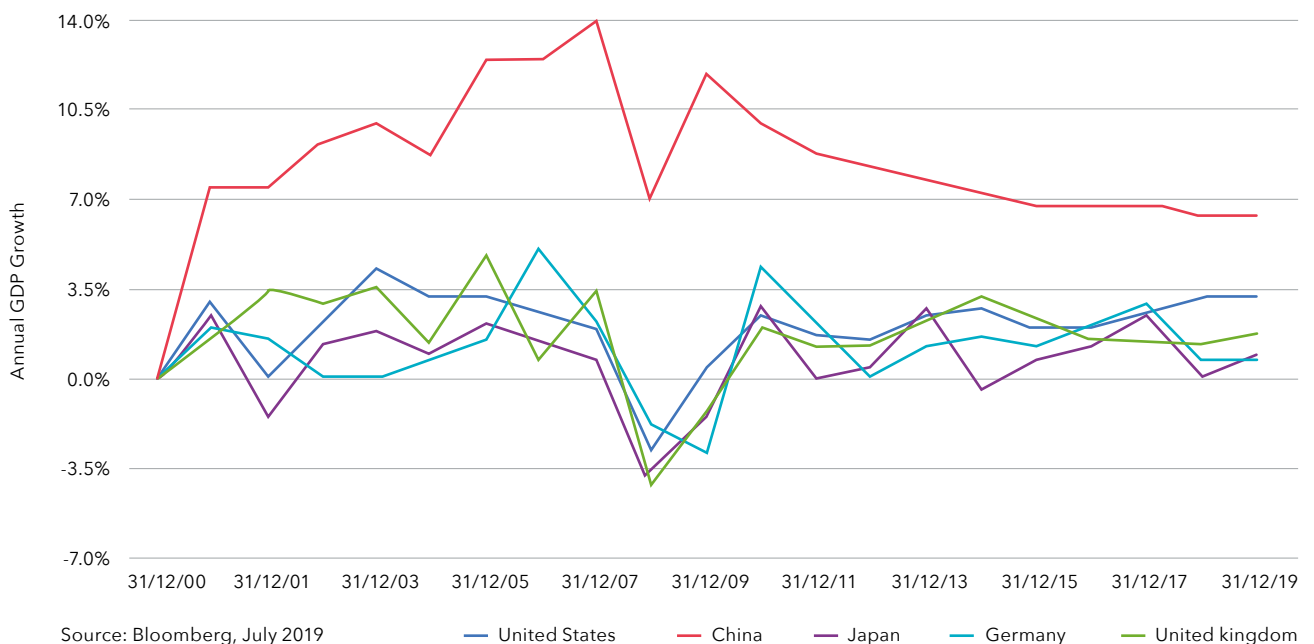
Malaysia has rejected \$22 billion worth of finance to build rail and gas networks and Sierra Leone was advised by the World Bank to reject plans for the joint construction of a \$400 million airport.

Some project plans have also been scrapped altogether, such as the \$17 billion investment in the high-speed rail network linking Malaysia and Singapore.



Watching the development of the BRI over the coming years will be fascinating. China has deep pockets, cash to invest and searing ambition. President Xi's biggest concern at this stage is to establish his legacy.

Addressing concerns around China's motivation will be key and ensuring that finance is properly structured will be vital to ensure momentum is sustained to carve the path of tomorrow's trade.



Source: Bloomberg, July 2019

One belt, One road

China's modern-day adaption of the Silk Road aims to revive and extend the ancient routes.

This is a mass scale project with the aim of improving access to markets, reducing the cost of doing business and enhancing economic growth for the 78 countries and 4.4 billion people involved. It represents China's most ambitious development to date and constitutes a very clear threat to Trump's 'Make America Great Again' campaign.



— Silk Road Economic Belt

- - - - - Maritime Silk Road Initiative

Source: Belt and Road Portal, China's National Development and Reform Commission, June 2019



RUSSIA

CHINA

Tehran

Samarkand

Bishkek

Dushanbe

Urumqi

Xi'an

Gwadar

Kolkata

Colombo

Fuzhou

Nairabi

Colombo

Kuala Lumpur

Jakarta

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.

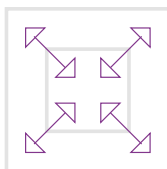
	Defensive	Cautious	Balanced	Growth	Aggressive	Cautious +	Balanced +	Growth +	Cautious Income	Balanced Income
Risk (Volatility)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk (Mapped)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost	✓	✓	✓	✓	✓	✓	✓		✓	✓
Long-Term Expected Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk-Adjusted Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income		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

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



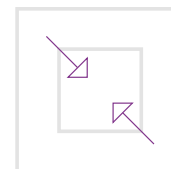
Risk (Baseline Portfolios)

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. Below are the optimisation results for the True Potential Portfolios. We always aim to optimise across all factors where possible. However, sometimes we may place more emphasis on one factor over another.

Strategy Allocation



Defensive

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



Cautious

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



Balanced

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



Growth

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



Aggressive

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

True Potential Portfolios

Asset Allocation

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equities	5.40%	10.20%	12.40%	16.60%	20.70%
North American Equities	11.10%	16.10%	24.50%	29.80%	34.00%
European Equities	5.50%	7.90%	10.80%	13.60%	14.60%
Japanese Equities	2.80%	4.00%	4.70%	5.80%	7.60%
Asia Pacific Equities	0.50%	1.40%	2.10%	2.90%	2.40%
Emerging Market Equities	2.00%	4.10%	6.50%	9.20%	11.90%
Global Bonds	16.70%	12.90%	9.40%	3.80%	0.90%
Global Inflation Linked Bonds	2.50%	1.60%	1.30%	0.90%	0.30%
Emerging Market Bonds	2.80%	3.00%	3.40%	3.20%	1.60%
Global High Yield Bonds	2.20%	2.10%	5.00%	1.40%	0.20%
UK Gilts	6.50%	8.50%	4.70%	2.60%	0.30%
UK Credit	3.90%	6.60%	5.20%	2.40%	1.20%
Property	0.10%	0.10%	0.20%	0.30%	0.30%
Commodities	1.50%	2.20%	1.90%	2.10%	0.80%
Cash	36.50%	19.30%	7.90%	5.40%	3.20%

Source: Smith & Williamson, 30 June 2019

+ Portfolios

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

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

Strategy Allocation



Cautious +

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



Balanced +

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



Growth +

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

Asset Allocation

Asset Class	Cautious +	Balanced +	Growth +
● UK Equities	9.80%	14.40%	18.60%
● North American Equities	19.60%	26.00%	32.80%
● European Equities	9.80%	11.90%	14.50%
● Japanese Equities	4.50%	5.00%	6.60%
● Asia Pacific Equities	1.60%	2.20%	2.50%
● Emerging Market Equities	5.40%	7.20%	9.30%
● Global Bonds	9.10%	7.30%	1.30%
● Global Inflation Linked Bonds	1.30%	1.40%	0.20%
● Emerging Market Bonds	2.60%	3.00%	1.10%
● Global High Yield Bonds	2.00%	2.10%	0.30%
● UK Gilts	5.80%	4.40%	3.20%
● UK Credit	5.10%	2.90%	3.70%
● Property	0.20%	0.20%	0.20%
● Commodities	2.00%	2.00%	1.70%
● Cash	21.20%	10.00%	4.00%

Source: Smith & Williamson, 30 June 2019

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.

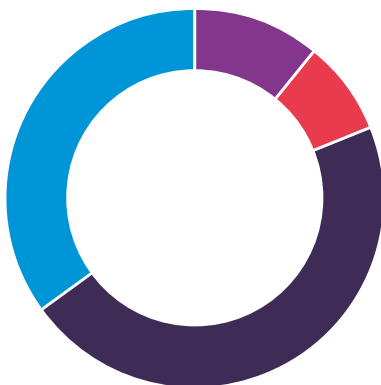
Given that investors in these portfolios are seeking income above capital growth, the income optimisation factor is our primary consideration. We have optimised on all factors for both portfolios; income, risk, cost, long-term expected return and risk-adjusted return.

Strategy Allocation



Cautious Income

● Direct Equity & Bond Investing - True Potential Close Cautious Income	36.5%
● Fund of Funds - True Potential Schroder Cautious Income	10.0%
● Income Funds - True Potential Goldman Sachs Income Builder	40.0%
● Income Focused - True Potential Threadneedle Monthly Income	13.5%



Balanced Income

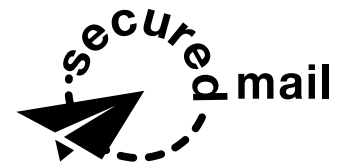
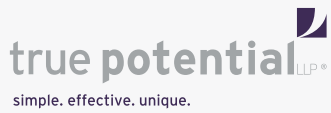
● Direct Equity & Bond Investing - True Potential Close Cautious Income	12.0%
● Fund of Funds - True Potential Schroder Cautious Income	8.0%
● Income Funds - True Potential Goldman Sachs Income Builder	47.0%
● Income Focused - True Potential Threadneedle Monthly Income	33.0%

Asset Allocation

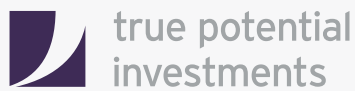
Asset Class	Cautious Income	Balanced Income
● UK Equities	21.10%	31.80%
● North American Equities	15.60%	17.20%
● European Equities	4.90%	4.50%
● Japanese Equities	0.50%	0.30%
● Asia Pacific Equities	0.90%	0.80%
● Emerging Market Equities	0.00%	0.00%
● Global Bonds	9.00%	9.20%
● Global Inflation Linked Bonds	1.00%	0.30%
● Emerging Market Bonds	0.70%	0.70%
● Global High Yield Bonds	12.30%	14.50%
● UK Gilts	1.70%	0.60%
● UK Credit	16.30%	11.90%
● Property	5.40%	1.80%
● Commodities	2.80%	1.30%
● Cash	7.80%	5.10%

Source: Smith & Williamson, 30 June 2019

Part of the True Potential group.



[name]
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[address]
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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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