TRUE

INSIGHT

True Potential Portfolios | Issue 26

PAGE 10

The Role of Central Banks

They play a role in all our lives, but what are Central Banks and why are they needed?

true potential investments

Contents

CARBON BALANCED PAPER

WORLD LAND TRUST™

www.carbonbalancedpaper.com
CBP010566

By using Carbon Balanced Paper for True Insight Magazine, True Potential LLP has balanced through World Land Trust the equivalent of **6,826kg of carbon dioxide.** This support will enable World Land Trust to protect **1,311m²** **of critically threatened tropical forest.**

View From The Riverside

News over the last quarter has been dominated by the Russian invasion of neighbouring Ukraine, let me say now that our hope is for a peaceful solution to this conflict, ending the daily human cost in Ukraine.

Our professional role is not to set the moral compass, we have to act impartially for our clients taking notice of the short term financial and longer-term global economic effects of all world events. The short term effects are visible at the petrol pumps, the longer-term centres on helping you achieve your investment goals.

Against this backdrop, we have been vigilant in managing the money you have entrusted to us, and hope that our regular communications have helped you understand the effect of the war and resulting economic sanctions on your portfolio.

Our longstanding belief, the foundation upon which the True Potential Portfolios are built, is advanced diversification. We use carefully selected investment managers with the brightest talent in the UK and overseas to work with us. They invest money across the world, in company shares and bonds, government bonds and alternative assets such as currencies and precious metals. We have more on alternative assets and their increasing role in our portfolios on page 12.

It is vitally important that we maintain an impartial and vigilant approach, not react adversely to headlines and recognise that the best decisions are information-based.

A similar 'data based' approach is being taken by central banks around the world, a decision made by one of these powerful organisations has an effect beyond domestic borders and will be seen in the returns we generate. In this edition, we look at how markets interpret the reams of material published by one of the most influential central banks, the US Federal Reserve.

An area which is at the forefront of news for many reasons is energy and we take a closer look at the rise and predicted fall of oil as the dominant global fuel in our third feature.

In the time between you reading this 26th edition of True Insight and us preparing for edition 27, much will have happened; we cover daily market reaction in our Monday to Friday Morning Markets briefings and a weekly 'Do More With Your Money' podcast on our YouTube channel. Subscribe and stay in close touch with our investment team.

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	31 Mar 2017 to 31 Mar 2018	31 Mar 2018 to 31 Mar 2019	31 Mar 2019 to 31 Mar 2020	31 Mar 2020 to 31 Mar 2021	31 Mar 2021 to 31 Mar 2022	Since Launch 1 Oct 2015 to 31 Mar 22
Defensive Portfolio	+0.46%	+1.69%	-2.06%	+8.37%	+0.80%	**+21.32%**
Cautious Portfolio	+0.26%	+2.85%	-5.09%	+16.44%	+1.95%	**+34.76%**
Cautious + Portfolio	+0.81%	+3.15%	-5.61%	+16.89%	+2.91%	**+36.27%**
Cautious Income Portfolio	-0.38%	+5.05%	-8.88%	+20.58%	+5.48%	**+42.22%**
Balanced Portfolio	+1.36%	+3.35%	-7.74%	+22.59%	+3.89%	**+49.22%**
Balanced + Portfolio	+1.36%	+4.33%	-6.90%	+22.30%	+4.62%	**+54.81%**
Balanced Income Portfolio	-0.18%	+5.09%	-10.06%	+22.77%	+5.11%	**+46.18%**
Growth Portfolio	+2.11%	+4.36%	-8.57%	+27.41%	+5.94%	**+67.19%**
Growth + Portfolio	+3.55%	+4.62%	-9.87%	+28.40%	+6.28%	**+66.85%**
Aggressive Portfolio	+4.13%	+3.81%	-11.02%	+32.79%	+7.72%	**+79.33%**

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

Review of the Markets: Q1 2022

The financial landscape has been one of change and remains fluid with every development in Ukraine analysed and interpreted across global markets. The proximity to the conflict is reflected by the degree of movement we have seen and as we write this article major equity markets have recovered from the falls that followed the build-up and eventual invasion.

In other news we have had higher inflation and interest rates to navigate. Thankfully our portfolios are flexible and have adapted to another quarter of change.

Domestically, UK inflation was ahead of expectations and the Bank of England's 2% target. Increases in utility, transport and food costs were the main drivers. To combat higher inflation, central banks have raised interest rates and have indicated further increases. The Bank of England raised rates to 0.75% from 0.25% at the beginning of the year. The Bank of England's Monetary Policy Committee forecasts a more encouraging picture with inflation rising in the short term but then easing over the coming years to settle just above the 2% target in two years' time.

The oil price has moved significantly higher with Crude peaking at $120 per barrel compared with $75 at the start of the period. Since the Covid induced fall in 2020 when the oil price collapsed, supply has been curtailed by OPEC with demand pushing prices higher. The impact of higher fuel and transportation costs eventually settles on the consumer.

The performance in equity markets has been sectoral. Not surprisingly, the energy sector has been in focus with share prices rising in response to Russia and Ukraine's influence on commodity markets. At a regional level, the UK has provided some of the best returns as the FTSE 100 has higher exposure to mining and resource companies. There is also acquisition interest in UK companies from overseas buyers, all beneficial as UK companies' valuations are offering better value than other regions. Turning to the US, sectors such as information technology and consumer discretionary lagged the main index after a period of strong outperformance during the pandemic.

Crude oil peaking at $120 per barrel compared with $75 at the start of the period.

$120

Within fixed income, the period has been characterised by higher yields with ten-year UK gilts, yielding 0.97% at the start of the year, now yielding over 1.8%. These moves reflect rising interest rate expectations to tackle the inflation backdrop.

In currency markets the US Dollar strengthened year to date due to a combination of investors looking for a haven during geopolitical instability and rising interest rate expectations. The Japanese Yen is at the opposite end of the scale, at a seven year low against the US Dollar, with the Bank of Japan committed to providing stimulus and bucking the trend of tighter monetary policy.

The True Potential Portfolios are built on multi asset funds actively managed and dedicated to delivering strong risk adjusted returns for our clients. This is our focus as we head into the second quarter of an already very eventful year.

2%

UK inflation was ahead of expectations and the Bank of England's 2% target.

0.75%

The Bank of England raised rates to 0.75% from 0.25%.

1.8%

Ten-year UK gilts are now yielding over 1.8%.

Investment Outlook

As the world learns to live with Covid, geopolitical events have come to dominate thinking, particularly Russia's war with Ukraine. However, it is important we recognise the tragic humanitarian cost of this event before considering what effect it may have on asset prices.

Given the fast-moving situation in Ukraine we remain vigilant and agile should we need to adjust our thinking but aside from events in Eastern Europe our Portfolios are positioned with the following factors in mind.

- Economic growth is expected to moderate faster than initial expectations.
- Global Inflation may persist, due to an increase in mortgage rates and rents in the US and higher energy costs exacerbated by the Russia/Ukraine conflict, particularly in Europe which relies heavily on Russian oil and gas. However, we do expect price rises to moderate as we move closer to the end of the year.
- Developed market central banks are at varying stages of normalising monetary policy. This is required to tackle inflation. China is the exception to this, looking to ease monetary policy to stimulate the economy.
- We favour sectors of the market less sensitive to higher interest rates.
- Covid-19 will become less of a concern for governments, citizens and employers in the West as the vaccination/booster programme continues. That said, the evolution of new variants and the effect of China's zero-Covid policy on manufacturing in the country will require ongoing monitoring.
- Within fixed income, we are watching central bank policies and the effect on the bond markets. In a rising yield environment we favour shorter duration maturities, which are less sensitive to higher rates, but still hold longer-dated issues for risk mitigation purposes.
- Alternative assets have worked well in 2022, providing genuine diversification within the proposition, and remain an asset class we continue to favour.

Inflation is expected to remain higher for longer than expected back in 2021. As we move through this year we believe the more cyclical components of inflation will moderate with the improvement and repositioning of supply chains. Taking the US as an example, the year-end US Consumer Price Index is forecast to be 5.0%, year on year, down from 7.9% in February. The Baltic Dry Shipping Index, an indicator of shipping costs, while up from its February trough, is down more than 20% from its October '21 peak.

Over the longer term, the disinflationary forces of de-unionisation and technology remain. Traditionally, globalisation has been a disinflationary force. This may be less so in the future, as countries look for supply and energy security by localising supply chains, but not at any cost.

Among developed markets monetary policy tightening is underway even in the face of European conflict. In the US, markets are pricing in 10 hikes by February 2023 with interest rates predicted to be at 2.75% by then. The Bank of England has raised rates to 0.75% with expectations that they will reach 2% at the year end while the European Central Bank has pivoted towards a more hawkish stance with rates expected to be 0.75% higher at the end of the year. Policies are "data dependent" giving central banks a flexibility which is to be welcomed as they seek to bring inflation levels closer to their declared targets.

Economic growth will continue with expectations adjusted to world events. Against this backdrop there is evidence of wage growth, particularly in the US, high employment and healthy savings levels. Corporate earnings in this environment, both reported and forward looking, remain robust.

Inflation is expected to remain higher for longer than expected back in 2021.

The Role of Central Banks

"Who am I? Why am I here?"

Admiral James Stockdale, 1992

The infamous opening statement from Vice Presidential candidate, Admiral James Stockdale, during the televised 1992 US VP debate. His candidacy was short-lived, but his style of communication resonated at the time, if not necessarily as intended. In the world of finance, frank communication is a skill. Good communication can enlighten areas of an industry that is often dominated by jargon.

Like Admiral Stockdale in the world of politics, there are simple questions in finance that also require simple answers. What is a central bank? Why is it needed?

A central bank is the institution authorised by Government to control the production of money within an economy. Through the 20th Century, central bank responsibility evolved into what we now call *monetary policy*, which is the setting of official interest rates to control future inflation. In the UK, painful economic lessons were learned through the 1970s and 80s after inflation had risen to levels that eroded industrial competitiveness and began to destroy economic prosperity. The monetary policy medicine required at the time was an official interest rate above 10 percent.

Following the global financial crisis of 2008, central bank policy underwent a revolution. Such was the shock to the system that official interest rates alone were no longer viewed as sufficient. New monetary policy features were introduced, namely *quantitative easing* (QE) and then *forward guidance*. Both remain in operation today and remain essential within the central bank 'tool-kit'. Forward guidance or simply, clear communication, is now the most influential of all monetary policy tools. It can be highly effective in both influencing and controlling market expectations for future interest rates.

Forward guidance has itself evolved considerably since it was first introduced by the Bank of Canada (BOC) in 2009. The Bank of England (BOE) had largely shunned this style of communication until Governor Mark Carney joined in 2013. Ironically, Governor Carney joined directly from the BOC, where he had pioneered the use of forward guidance. In the UK however, BOE forward guidance remained largely timid in comparison with others. The US central bank, the Federal Reserve, relied heavily on QE between 2009 and early 2012 before further revolutionising its communications. Frustrated by market expectations for imminent interest rate increases, the Federal Reserve pledged to hold official rates close to zero until unemployment had dropped considerably (and so long as inflation pressures remained benign). The effect was powerful and immediate. Clear communication had the desired effect, markets lowered their expectations for the future path of interest rates.

Forward guidance from the Federal Reserve was enhanced by the addition of a new tool. Affectionately known within financial circles as the 'dot plot'. This is simply the current expectation for future interest rates from every member of the Federal Reserve's monetary policy committee. By explicitly illustrating their thinking on future interest rates, the Federal Reserve was able to influence and control market expectations in 2012. The dot plot is now refreshed every three months. However, the current Chairman of the Federal Reserve, Jay Powell, is often at pains to stress that the dot plot is simply an estimate, not a forecast. Communication clearly has its limits!

Somewhat ironically, the Federal Reserve remains alone in its 'dot plot' within G8 economies. Central banks elsewhere favour the spoken (or written) word in their official communications, believing that illustrative charts may limit their ability to simply 'change their mind'. There is some credence in this thinking. A long time ago former Federal Reserve Chairman Alan Greenspan famously coined the phrase "constructive ambiguity" when asked to describe his communication style. We have come a long way since the 1980s and so has monetary policy. For the better.

Figure 1: History of official interest rates from Bank of England

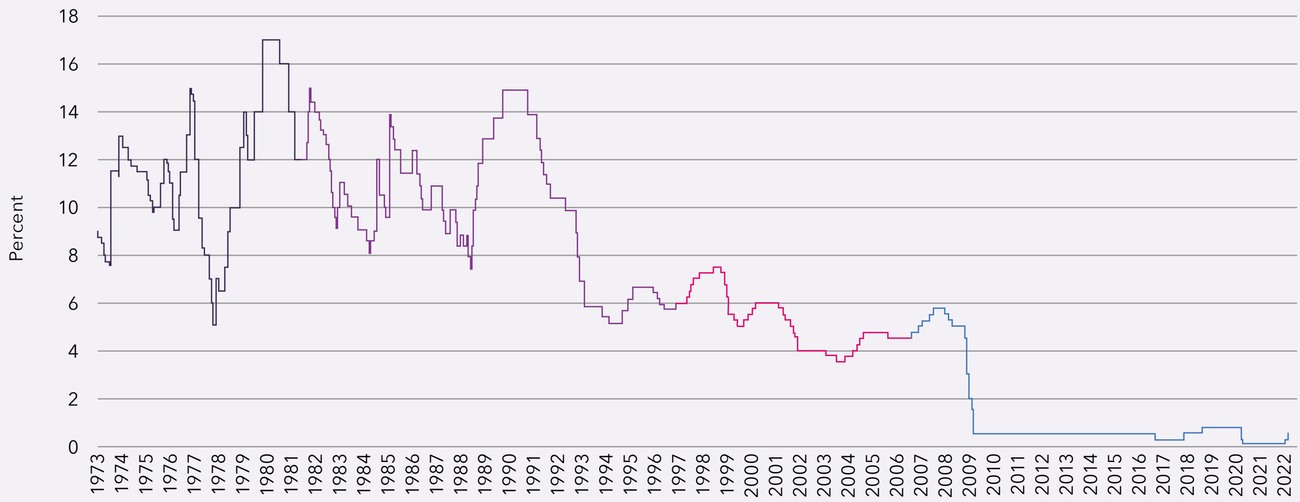
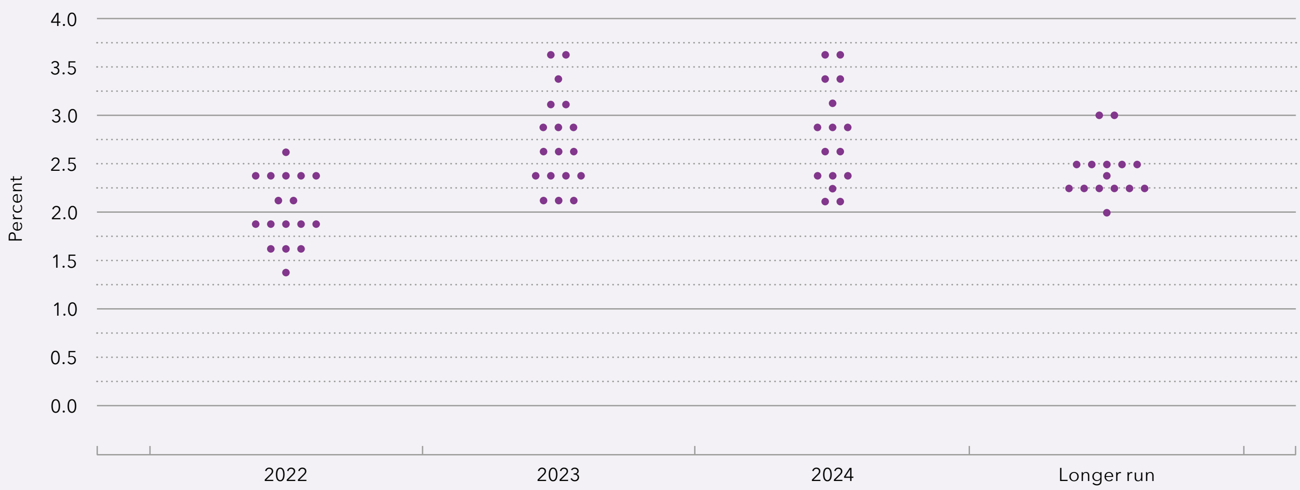


Figure 2: US Federal Reserve 'dot plot' (as at March 2022)



WHAT'S THE ALTERNATIVE?

Glance down the Asset Allocation tables towards the back of this issue and you will find Alternatives. But what exactly are they and why their rise to prominence?

In truth they are effectively "others". Investments that don't fall within the traditional nomenclature of equities, bonds and cash. Historically the "Alts" category may have been dominated by property-based investments, which typically generate a higher income and are influenced by interest rate movements (like a bond) but also exhibit long term capital growth (like an equity).

Although differing widely, the various strategies we employ have one thing in common: a low correlation to the traditional drivers of return in both bond and equity markets.

This now diverse asset class has mushroomed in recent years as investors anticipated an end to the "lower for longer" movement of interest rates, which has served the bond markets so well. Additionally, as equity markets, particularly in the US, have become sector dominated, technology being the prime example, alternatives cast the net a lot wider.

As you would expect, True Potential has not been slow in adopting a wide range of alternative investments within our Portfolio range as part and parcel of the Advanced Diversification ethos we promote.

Historically one of the great "hedges", or means of investing away from the bond and equity markets, has been gold. Regarded through time as a "store of value" its price has ebbed and flowed but, critically, that volatility has been independent of conventional investments and with investors facing geopolitical turmoil and rising inflation gold is enjoying a resurgence.

Another long-term Alternative in the True Potential Portfolios has been CARS, the Currency Allocation Return Strategy, run by our partners at UBS. Arguably the most liquid of investments, the international foreign exchange markets come closest to the theoretical ideal of all practitioners having the same access to identical information. Driven by trade flows, GDP growth, inflation, interest rates, speculation and investor sentiment, currencies can swing back and forth, sometimes markedly. However, they tend to revert to "fair value", the level determined by international demand for the currency based on trade flows and their relative attractiveness compared to other international currencies. Their cycles are independent of bond and equity markets and offer the potential for uncorrelated returns.

Another area of the investment market is the world of "derivatives", financial instruments such as futures and options that "derive" their performance from an underlying asset but allow investors to profit from either a rise or a fall in the price of the "underlying", be it an index, an equity, bond, currency or commodity.

Such strategies can be effectively combined to generate long term returns and enhance diversification characteristics. These funds operate a myriad of strategies. Some opt for algorithm driven computer programmes devoid of human intervention, others employ seasoned market professionals backed up by teams of analysts to make market beating calls. As ever, we adopt a diversified approach holding a variety of strategies, adopting different approaches generating varying outcomes.

Historically the preserve of the large investment houses, much of our alternatives exposure is through our partners at Goldman Sachs, Allianz, 7IM and Schroders. In addition, we have recently added a product which follows market trends using analysis to identify patterns from signals generated across global markets, implementing these in the most efficient and effective manner. Drawing on the expertise of US based AQR Capital Management, we have added this strategy to the portfolios via our own Growth Aligned fund range. While perhaps not a household name in the UK, AQR is very highly regarded, based in Greenwich, Connecticut, a pioneer in alternative investing, with a strong track record of managing complex strategies.

True Potential has not been slow in adopting a wide range of alternative investments within our Portfolio range.

As ever, the future is uncertain with challenging headwinds. The beauty of the multi asset approach is that there is always an area of the market offering opportunity. The joy of Alternative Investments is that they help us to navigate potentially choppy waters and pursue our policy of Advanced Diversification.

Cleaning Up

The dominance of oil as the energy generator of choice is declining. After decades of dependance on this flexible multi use resource, we are now witness to a shift in policies led by the voices from developed nations.

Are we now on the cusp of change just like the shift from coal to oil in the early part of the last century?

In 1973, in response to an embargo imposed by Arab oil producers to punish the West for supporting Israel against Egypt in the Yom Kippur war, the price of oil quadrupled from around $3 per barrel, to peak at nearly $12 in January 1974. In today's money or inflation adjusted terms that spike to $12 is currently equivalent to around $66 per barrel. This placed a stranglehold on the global economy, helped drive inflation in the UK up to 24% with record unemployment and was ultimately a contributory factor in the fall of Edward Heath's Conservative government.

So what has happened in the meantime? In general terms we are all much better off, discretionary spending has grown significantly and the power of the consumer is a force to be reckoned with. How far have we really come, what is the appetite for uncomfortable change outside of discussing the merits of smart meters and new electric vehicles?

There is no doubt consumer trends are changing but, like it or not, real change will only happen when the alternatives to oil are available to both industrial and domestic customers at a commercially attractive cost. This doesn't have to be cheaper than oil but at a reasonable price with security of supply. The latter being crucially important.

2030s

Oil demand will continue to grow and is likely to continue doing so until it plateaus in the mid 2030s.

1.5%

Over the last thirty years the energy required for one unit of GDP has fallen steadily by about 1.5% per annum.

Energy supply markets are much more diverse now than they were in 1973 and there is general acceptance that demand for oil is waning in response to environmental concerns and a desire for greater energy independence among wealthy western nations (a situation exacerbated by Russia's invasion of Ukraine) while increasingly technological developments have significantly reduced the cost of implementation.

Oil demand will continue to grow and is likely to continue doing so until it plateaus in the mid 2030s. But supply has also increased substantially, most noticeably in the United States. The production of shale gas through fracking has increased dramatically, rising 13 fold over the 10 years from 2010 to 2020. The US is now the second largest exporter of natural gas after Russia.

This increase in supply has been important, providing another source of energy, dampening the oil price spikes associated with conflict in the Middle East and helping to stabilise costs as the global economy has grown and India and China have emerged as major industrial nations.

Technological advances mean that oil, where it is used, is used more efficiently. Over the last thirty years the energy required for one unit of GDP has fallen steadily by about 1.5% per annum. While one may question the absolute numbers behind these statistics, the trend, based on comparable data, is clear. As far as oil is concerned the world is producing more for less and finding cleaner ways of using this resource.

Are we now on the cusp of change just like the shift from coal to oil in the early part of the last century?

In tandem with a more efficient use of oil, we are increasingly seeing the widescale adoption of renewable energy sources. At one time the coalfields dictated the siting of power stations, iron and steel production, ship building and a multitude of other supporting industries. Today, industrial hubs are becoming established around sources of alternative energy, growing up where solar parks have been built or where green energy is either generated or stored with storage being a developing technology in its own right.

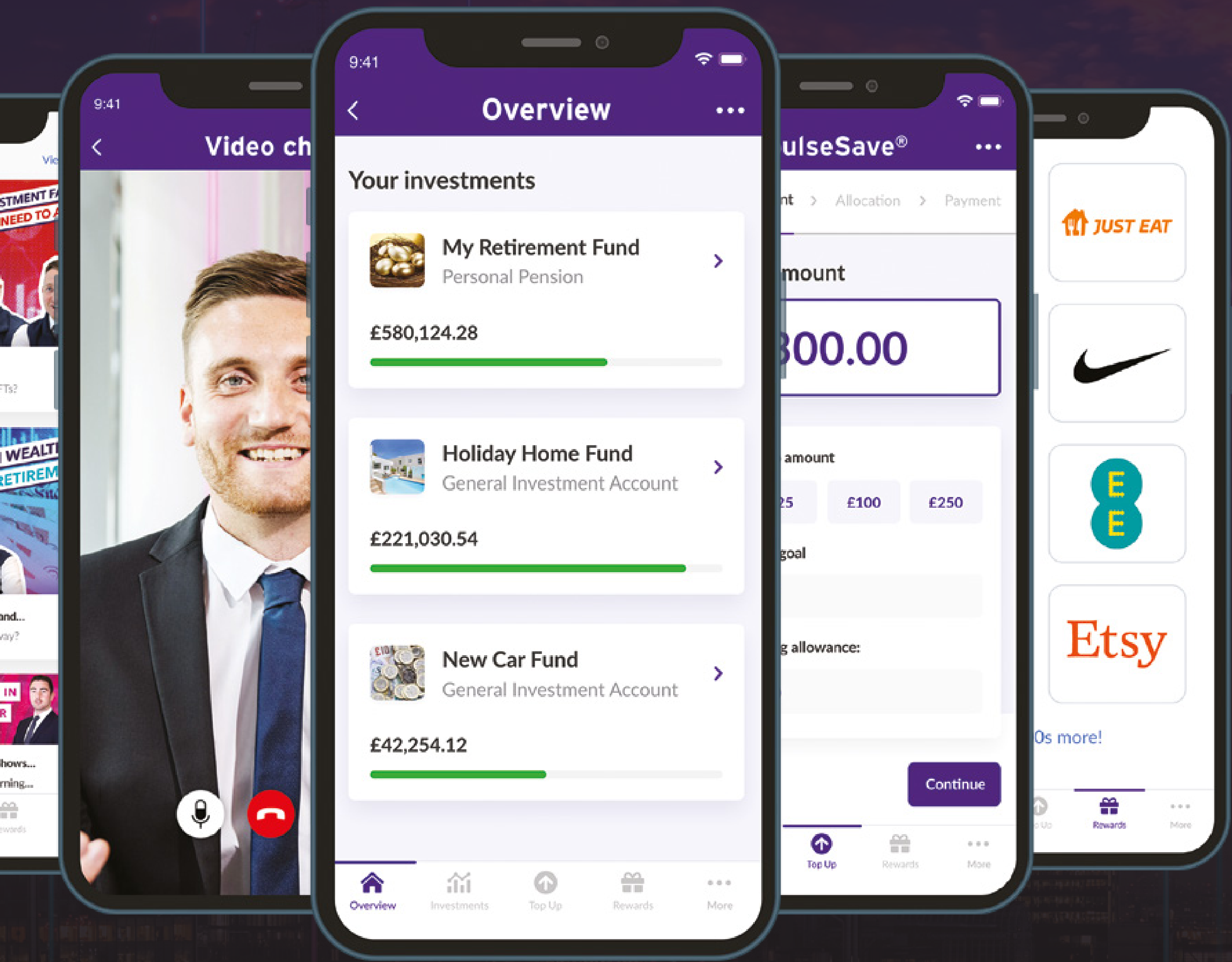
Until very recently the move to a more carbon neutral lifestyle had been driven by concerns over the effects of global warming and the long-term challenge of combatting climate change. Geopolitical factors, most notably the war in Ukraine, have provided a much more immediate impetus to the need for countries to be become self-reliant on domestically generated energy from renewable resources.

It is ironic that as leader of one of the world's largest hydrocarbon producers, Vladimir Putin has probably done more than any other single person to accelerate the transition and promote the adoption of alternative energy sources.

Quick and easy top-ups with impulseSave®, as little as £1 at a time.

24/7 access at your fingertips, whenever and wherever.

Quickly and easily check your investments against your goals.



Get in touch with our dedicated customer care team via phone, email, live chat or video call.

Get quick and convenient access to investment insights from the same experts that manage your money.

Earn cashback rewards on your everyday online shopping.

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.

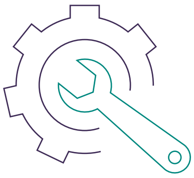
For example, we offer 10 funds within the Balanced category, therefore if no preference was given to one fund over another, an equally-weighted allocation to each fund would be 10%.

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.

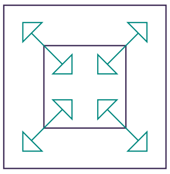
	Defensive	Cautious	Balanced	Growth	Aggressive	Cautious +	Balanced +	Growth +	Cautious Income	Balanced Income
Risk (Volatility)	✓		✓	✓	✓	✓	✓	✓	✓	✓
Risk (Mapped)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long-Term Expected Return	✓	✓		✓	✓	✓	✓	✓	✓	✓
Risk-Adjusted Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income			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

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



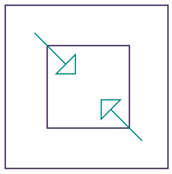
Risk (Baseline Portfolios)

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.



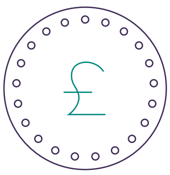
Risk (+ Portfolios)

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.

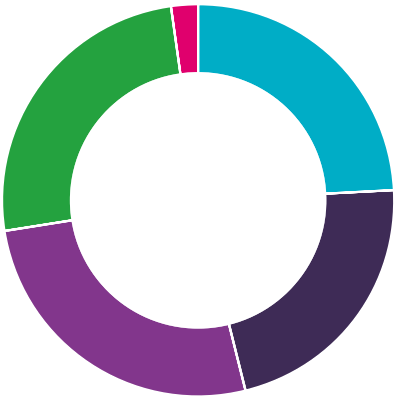
Risk-Adjusted Return

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	24.25%
●	**Active Management with Passive Implementation** - True Potential 7IM Defensive	22.00%
●	**Agile, Low-Cost Value Investing** - True Potential UBS Defensive	26.50%
●	**Active Engagement, Positive Alignment** - True Potential Growth Aligned Defensive	25.25%
●	**Thematic Investing** - True Potential Pictet Defensive	2.00%

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	12.50%
●	**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%
●	**Thematic Investing** - True Potential Pictet Cautious	2.50%

Balanced

Manager of Managers - True Potential SEI Balanced	12.00%
Active Management with Passive Implementation - True Potential 7IM Balanced	8.00%
Direct Equity & Bond Investing - True Potential Close Balanced	9.50%
Momentum with Volatility Control - True Potential Allianz Balanced	14.25%
Fund of Funds - True Potential Schroders Balanced	2.00%
Alternative Dynamic - True Potential Goldman Sachs Balanced	12.50%
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%
Thematic Investing - True Potential Pictet Balanced	3.75%

Growth

Manager of Managers - True Potential SEI Growth	15.75%
Active Management with Passive Implementation - True Potential 7IM Growth	13.50%
Direct Equity & Bond Investing - True Potential Close Growth	11.00%
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%
Thematic Investing - True Potential Pictet Growth	5.00%

Aggressive

Manager of Managers - True Potential SEI Aggressive	24.50%
Active Management with Passive Implementation - True Potential 7IM Aggressive	13.50%
Agile, Low-Cost Value Investing - True Potential UBS Aggressive	29.50%
Active Engagement, Positive Alignment - True Potential Growth Aligned Aggressive	27.50%
Thematic Investing - True Potential Pictet Aggressive	5.00%

Asset Allocation

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equity	3.39%	8.37%	9.79%	13.84%	18.34%
US Equity	7.67%	10.73%	16.19%	19.77%	27.79%
US Equity (GBP hedged)	3.19%	6.73%	10.19%	12.73%	13.08%
Europe ex UK Equity	2.06%	3.12%	4.58%	6.44%	7.78%
Europe ex UK Equity (GBP hedged)	0.89%	1.69%	3.20%	3.45%	4.20%
Japan Equity	1.47%	2.49%	3.04%	4.49%	5.19%
Japan Equity (GBP hedged)	0.71%	1.49%	1.64%	2.11%	2.73%
Pacific Ex Japan Equity	0.42%	1.18%	1.88%	2.26%	1.87%
Emerging Markets Equity	2.59%	3.94%	5.30%	6.74%	10.17%
UK Gilts	5.46%	5.76%	4.63%	2.19%	0.63%
UK Corporate Bond	2.67%	6.24%	2.92%	1.41%	0.40%
Global Agg Bond	14.86%	13.98%	9.70%	4.26%	1.00%
Global Inflation-Linked Bond	3.21%	1.44%	0.85%	0.75%	0.02%
Global High Yield Bond	4.66%	4.22%	5.82%	3.26%	0.53%
Emerging Market Bond HC	3.42%	3.39%	3.88%	3.36%	0.77%
Global REITs	0.20%	0.90%	1.46%	1.31%	1.07%
Gold	0.63%	0.59%	0.52%	0.50%	0.55%
Alternatives	6.97%	8.71%	7.72%	5.05%	2.43%
Cash	35.53%	15.03%	6.69%	6.08%	1.45%

Source: TPI. Data as of 31 March 2022

SUBSCRIBE TODAY

Point your phone camera here

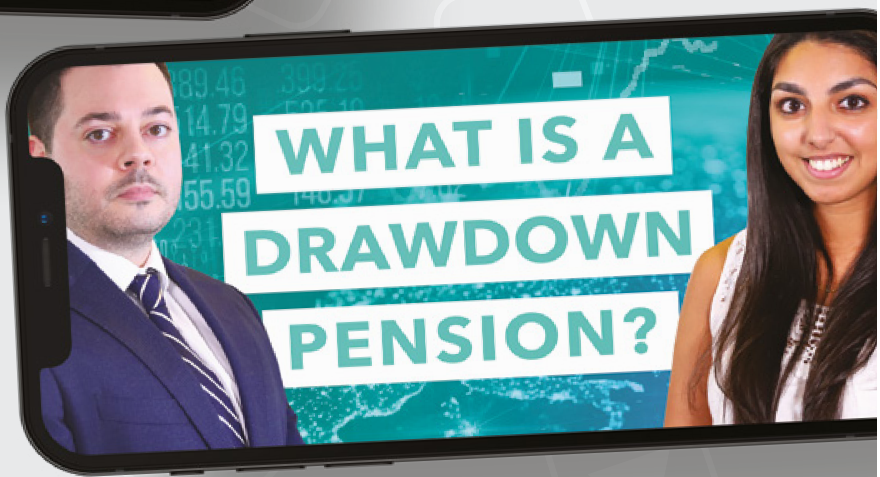
Helping you do more with your money.

Did you know the True Potential YouTube channel is full of content designed with you in mind? With regular videos presented by the same experts who look after your money, it has everything you could ever need to stay informed.

Visit us today at www.tpllp.com/youtube

Morning Markets
Daily insight from our investment team, keeping you informed of the key developments in world markets and global news that impacts your money.

Do More With Your Money
Join us every Friday as our panel of experts get together to discuss global news, personal finance, company updates and your questions.



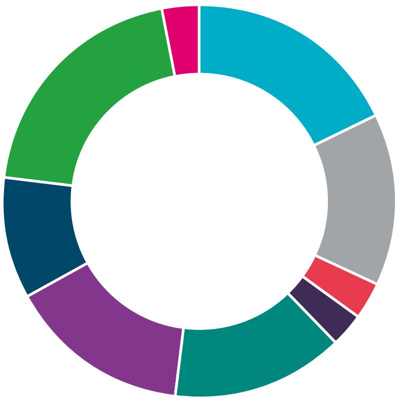
Master Your Money
Discover our weekly Master Your Money series, where we answer your most commonly asked questions.

+ 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	**18.00%**
Direct Equity & Bond Investing - True Potential Close Balanced	**14.00%**
Fund of Funds - True Potential Schroders Balanced	**3.00%**
Active Management with Passive Implementation - True Potential 7IM Growth	**3.00%**
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	**10.00%**
Active Engagement, Positive Alignment - True Potential Growth Aligned Defensive	**20.00%**
Active Management with Passive Implementation - True Potential 7IM Defensive	**3.00%**

Balanced +

Manager of Managers - True Potential SEI Cautious	**22.75%**
Direct Equity & Bond Investing - True Potential Close Growth	**15.25%**
Active Management with Passive Implementation - True Potential 7IM Aggressive	**3.25%**
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	**4.00%**

Growth +

Direct Equity & Bond Investing - True Potential Close Balanced	**18.00%**
Manager of Managers - True Potential SEI Aggressive	**17.00%**
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	**17.00%**
Active Management with Passive Implementation - True Potential 7IM Balanced	**2.00%**
Alternative Dynamic - True Potenital Goldman Sachs Balanced	**7.00%**

Asset Allocation

Asset Class	Cautious +	Balanced +	Growth +
UK Equity	7.15%	11.51%	14.79%
US Equity	13.04%	15.20%	21.94%
US Equity (GBP hedged)	8.68%	12.96%	15.40%
Europe ex UK Equity	3.75%	4.55%	5.98%
Europe ex UK Equity (GBP hedged)	2.20%	3.24%	4.15%
Japan Equity	2.63%	3.19%	3.74%
Japan Equity (GBP hedged)	1.64%	2.11%	2.60%
Pacific Ex Japan Equity	1.39%	1.82%	2.03%
Emerging Markets Equity	3.73%	4.32%	6.67%
UK Gilts	5.70%	4.10%	3.49%
UK Corporate Bond	3.67%	2.88%	2.03%
Global Agg Bond	10.90%	8.71%	3.50%
Global Inflation-Linked Bond	1.47%	1.49%	0.00%
Global High Yield Bond	3.24%	3.38%	1.32%
Emerging Market Bond HC	3.44%	3.01%	1.51%
Global REITs	1.00%	0.88%	1.21%
Gold	0.50%	0.43%	0.20%
Alternatives	7.33%	5.07%	3.94%
Cash	18.54%	11.15%	5.50%

Source: TPI. Data as of 31 March 2022

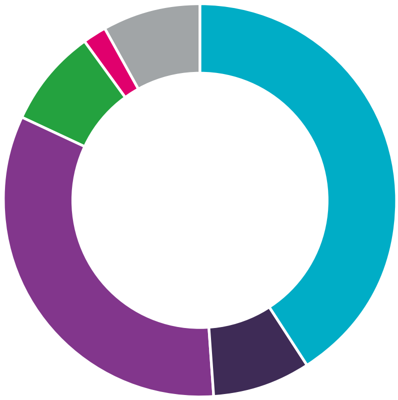
With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest.

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.

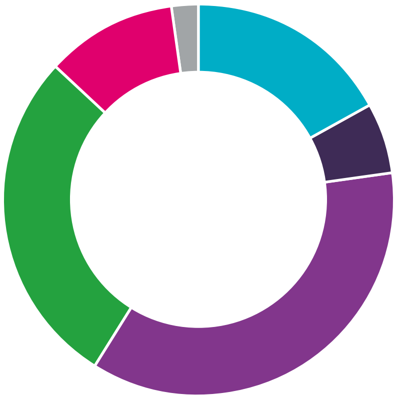
Given that investors in these Portfolios are seeking income above capital growth, the income optimisation factor is our primary consideration. We have optimised on all factors for both Portfolios; income, risk, cost, long-term expected return and risk-adjusted return.

Strategy Allocation



Cautious Income

Direct Equity & Bond Investing - True Potential Close Cautious Income	41.00%
Fund of Funds - True Potential Schroders Cautious Income	8.00%
Income Building - True Potential Goldman Sachs Income Builder	33.00%
Income Strategies - True Potential Threadneedle Monthly Income	8.00%
Enhanced Income - True Potential UBS Income	2.00%
Income Strategies - True Potential Waverton Income	8.00%



Balanced Income

Direct Equity & Bond Investing - True Potential Close Cautious Income	17.00%
Fund of Funds - True Potential Schroders Cautious Income	6.00%
Income Building - True Potential Goldman Sachs Income Builder	36.00%
Income Strategies - True Potential Threadneedle Monthly Income	28.00%
Enhanced Income - True Potential UBS Income	11.00%
Income Strategies - True Potential Waverton Income	2.00%

Asset Allocation

Asset Class	Cautious Income	Balanced Income
UK Equity	18.73%	29.85%
US Equity	3.04%	1.62%
US Equity (GBP hedged)	7.99%	9.24%
Europe ex UK Equity	1.54%	0.75%
Europe ex UK Equity (GBP hedged)	4.74%	5.40%
Japan Equity	0.31%	0.12%
Japan Equity (GBP hedged)	0.24%	0.55%
Pacific Ex Japan Equity	0.77%	0.70%
Emerging Markets Equity	0.41%	0.74%
UK Gilts	2.92%	1.35%
UK Corporate Bond	12.42%	7.84%
Global Agg Bond	10.90%	12.47%
Global Inflation-Linked Bond	0.36%	0.15%
Global High Yield Bond	11.35%	13.62%
Emerging Market Bond HC	2.18%	3.44%
Global REITs	11.04%	6.67%
Gold	1.54%	0.63%
Alternatives	2.74%	1.28%
Cash	6.78%	3.58%

Source: TPI. Data as of 31 March 2022

Part of the True Potential group.

true potential LLP®

Do more with your money.

The Delivery Group

Delivered by Royal Mail C9 10017

[name]
[address]
[address]
[address]
[address]
[post code]

true potential investments

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.

Return Address: Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX