

TRUE INSIGHT

True Potential Portfolios | Issue 28





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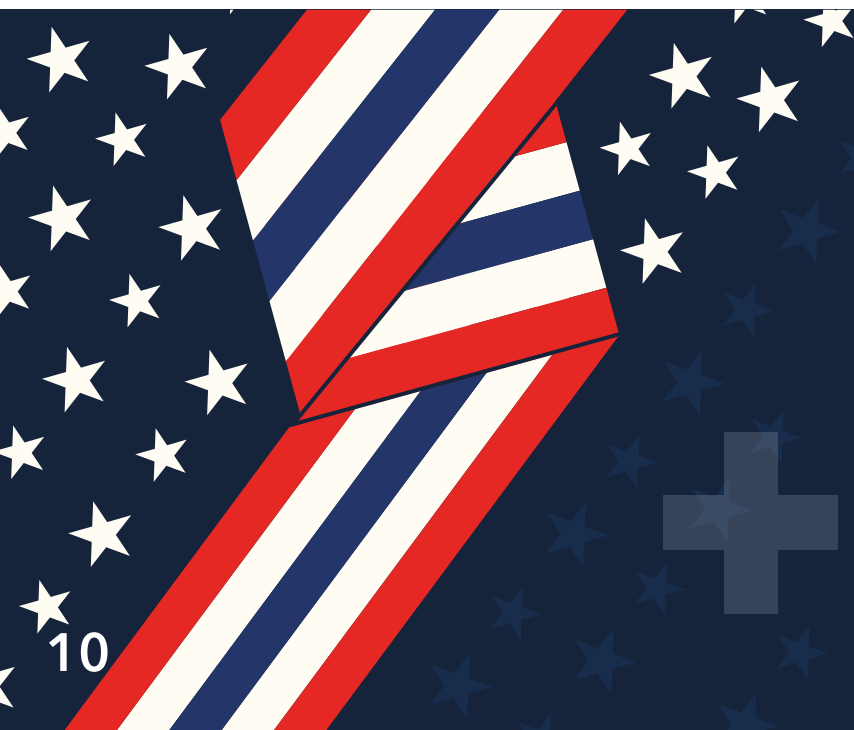
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View From The Riverside



This edition of True Insight has seen many editorial interventions as articles written one day have had to be changed the next.

The passing of Her Majesty The Queen brought the UK together in mourning with the instantaneous transition into the reign of King Charles III.

Two new Prime Ministers, Chancellors and Cabinets didn't go unnoticed by markets as new ideas and policies were announced and nimbly adjusted.

As we move into the final quarter of 2022, the year of change, it can be hard to find many positive headlines but they are there, at times well-hidden but nevertheless still there defiantly refusing to go away.

We have record employment numbers feeding through into personal consumption, driving the economy and providing many households with the means to cope with increasing costs as the price of fuel has shot up for both employers and employees. Recently announced Government action in

capping fuel prices will help slow inflation. The cost of this domestic aid package is heavily dependent on external factors, particularly as Russia continues to exercise influence over Europe in very blunt ways, militarily and economically.

The domination of energy needs and costs is familiar and will remain so. In this edition we look at the sources of power generation in the UK and how far this has moved from the days of abundant and accessible coal seams.

Inflation is never far away from being headline news and we have all grown used to hearing CPI and RPI used in discussions. Given the prominence of this topic we lift the lid on how the inflation figure is calculated.

Politics remains a recurring theme with revolving doors. We have a new Prime Minister complete with new governmental colleagues, promises and ambitions for the UK. In the US voters will be given the chance to let President Biden know how they feel in the November Midterm elections and we write more about this stateside constitutional event later in True Insight.

There are many fast-moving factors influencing the performance of our portfolios domestically and internationally. Blind optimism would be to ignore world events, while considered and informed optimism enables forward thinking. Our clients give us our focus and purpose as life undoubtedly goes on.

Mark Henderson
Chief Executive,
True Potential Investments

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

Performance Update

The True Potential Portfolios are a suite of fully-diversified, discretionary-managed investment solutions.

With wide exposure to world-class investment managers, as well as diversifying their investment by asset class and geographic region, our clients benefit from having more potential to grow their money and manage volatility, all in one Portfolio.

And, as we're committed to helping our clients reach their financial goals, we continually monitor our Portfolios to make sure they perform as expected and remain within the chosen risk profile.

We also rebalance for the future, rather than the past, taking an active approach to allocating your money where we see the greatest potential for growth.

We call this strategy '**Advanced Diversification**'. The results opposite show the performance of each Portfolio since we launched them in October 2015.



Portfolios	30 Sep 2017 to 30 Sep 2018	30 Sep 2018 to 30 Sep 2019	30 Sep 2019 to 30 Sep 2020	30 Sep 2020 to 30 Sep 2021	30 Sep 2021 to 30 Sep 2022	Annualised Return Since Launch 1 Oct 2015 to 30 Sep 22
Defensive Portfolio	+1.65%	+3.24%	-0.01%	+4.76%	-8.12%	+1.76%
Cautious Portfolio	+2.57%	+4.09%	-0.48%	+9.74%	-9.64%	+3.04%
Cautious + Portfolio	+3.09%	+4.52%	-1.41%	+10.92%	-10.18%	+3.10%
Cautious Income Portfolio	+1.78%	+4.36%	-2.66%	+13.63%	-9.33%	+3.58%
Balanced Portfolio	+3.84%	+4.30%	-1.52%	+14.20%	-10.95%	+4.28%
Balanced + Portfolio	+4.81%	+5.24%	-1.28%	+14.20%	-10.53%	+4.85%
Balanced Income Portfolio	+2.46%	+4.58%	-4.54%	+15.82%	-11.09%	+3.80%
Growth Portfolio	+5.81%	+4.57%	-1.39%	+17.66%	-10.05%	+6.02%
Growth + Portfolio	+6.98%	+4.39%	-3.28%	+19.23%	-11.00%	+5.80%
Aggressive Portfolio	+7.23%	+2.99%	-2.91%	+22.30%	-9.53%	+6.99%

Source: True Potential Investments, as of 30 September 2022

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

Review of the Markets:

Q3 2022

It has been a challenging quarter for asset prices across both equities and fixed income with persistently high inflation and central banks' actions being key drivers of asset prices.

In the UK, inflation (CPI) is now 10.1% for the year to September 2022. The Bank of England responded by raising interest rates, the UK base rate now standing at 2.25%, 2% higher than at the start of the year and 1% higher than the start of quarter.

In the US, inflation (CPI) is now 8.2% for the year to September 2022 from 8.3% in the previous month. Core CPI, excluding food and energy, however, is rising and stands at 6.6%, suggesting inflation could be stickier than initially thought. The Federal Reserve continued its upwards trajectory on interest rates raising the Fed Funds Rate to 3.25%, 3% higher than the start of the year and 1.5% higher than the start of the quarter.

Fixed income prices adjusted to higher interest rates as the markets demanded higher yields. Over the quarter, 10yr US Treasury yields moved from 2.97% to 3.8%, keeping pace with interest rate expectations. Similar moves could be seen in the UK with 10yr Gilt yields up from 2.2% at the start of the quarter to 4.1% now. At the end of September, the former UK Chancellor announced a "mini-budget" including capping energy prices and reducing taxation to stimulate growth.

These were unfunded taxation reductions and were poorly received, leading Gilts and Sterling to sell off significantly at the quarter end. The Bank of England made the highly unusual step of intervening to ensure the orderly functioning of the Gilt market, with temporary purchases of longer dated UK treasuries. Higher bond yields may be presenting an opportunity but high levels of volatility are leading to caution.

Within foreign exchange markets on a trade-weighted basis, a measure of currency against those of major trading partners, the US Dollar reached a two decade peak in September. The Federal Reserve's continued hawkish stance, USD's safe haven status, and a relatively strong US economy compared to other regions all supported the USD. Sterling, however, experienced significant weakness, falling from 1.22 against USD at the start of the period to 1.12 at the end. Much of this weakness came through in September after the "mini-budget" with investors nervous on the costs of tax cuts.

The prospect of higher borrowing costs fed into equity markets and volatility continued. The strength of USD was a positive as conversion of US dollar based investments into sterling helped valuations for UK based investors.



The former UK Chancellor announced a '*mini-budget*' including capping energy prices and reducing taxation to stimulate growth.



10.1%

UK inflation (CPI) is now 10.1% for the year to September 2022.

8.2%

US inflation (CPI) is now 8.2% for the year to September 2022, from 8.3% in the previous month.

Source: US Bureau of Labor Statistics, as of 30 September 2022

Market Outlook

Renewed commitment from central banks across the developed world to bring inflation closer to target brought further volatility into both equity and bond markets in recent weeks. It's a feature we suspect may persist for some time, giving us opportunities to buy quality assets at attractive prices.

As demand cools inflationary pressures will ease. Whilst energy prices have abated the Russia-Ukraine War could change this dynamic very quickly. We remain vigilant and agile should we need to adjust our thinking. For now, we have positioned our Portfolios for the medium-term with the following considerations:

- Economic growth forecasts have moderated further in recent months.
- Inflation is likely to remain above central bank targets in 2022 and 2023.
- Central banks in the developed world may continue to raise interest rates and reverse the support provided during the pandemic.
- The US dollar is expected to remain strong, supported by superior economic growth prospects and interest rate differentials.
- Corporate earnings have been supported by higher nominal revenues. There is a possibility that analysts will adjust earnings estimates for 2023. Dividends, however, appear less at risk.
- Alternative assets is an asset class we continue to favour. They have produced positive returns and provided diversification across the portfolios.

Global economic growth is moderating. The US remains the largest economy in the world and is on course to post real growth (adjusted for inflation), although lower than the long run average (2.0%) in 2022 and 2023 due to manufacturing and housing sectors slowing, balanced by more encouraging returns from other key sectors of the economy.

Inflation targets in the developed world are typically 2-3%. Our expectation is that US, UK and European inflation will be above these levels in the short term. In the US we have potentially seen headline inflation peak, the broadest measure of inflation factoring in more volatile components including energy and food prices. However, shelter/housing costs and wages are expected to moderate at a slower pace, keeping inflation above target. In the UK and Europe, headline inflation is expected to remain higher for longer, continued currency weakness making imported food and energy more expensive.

In this environment we expect central banks will continue to increase interest rates and reduce the amount of bonds held on their balance sheets, reversing the support provided during the pandemic. In the US interest rates are expected to reach 4.25 - 4.75% by mid-2023, while rates for borrowers in the UK could peak close to 6% in this cycle before dropping back towards year end.

The US dollar remains strong, supported by superior economic growth prospects and interest rate differentials. Sterling is undervalued, but the unfunded nature of the Government's fiscal package is a concern.

Corporate earnings in the US have demonstrated resilience. Forward guidance has also surprised positively as companies continue to see revenue growth. However, the contribution from the energy sector has been a key contributor, increasing nearly 300%.

As a function of how equities and bonds have repriced year to date, valuations are now more attractive. From a multi-asset perspective, this provides opportunities for investors however careful selection from our global investment managers is required.

We expect central banks will continue to increase interest rates and reduce the amount of bonds held on their balance sheets, reversing the support provided during the pandemic.

2-3%


Inflation targets in the developed world are typically 2-3%.

4.75%

US interest rates are expected to reach 4.25 - 4.75% by mid-2023.

6%

Rates for borrowers in the UK could peak close to 6%.



This is effectively the question put to the US electorate at the November mid term elections as it passed judgement on the first two years of the Biden Administration.

Under the American system of government all 435 seats in the House of Representatives are contested every two years with approximately one third of the 100 seats in the Senate up for election at the same time.

It is an opportunity for the country to pass judgement on the president at all levels of government, local, state and national. Turnout is generally low at around 40% and historically presidential opponents have done better, resulting in the opposition gaining the upper hand in the House of Representatives, the Senate or both. Only two presidents have ever emerged from the mid terms with their positions strengthened in both the lower and upper houses of Congress, FD Roosevelt and, more recently, George W Bush.

At seventy eight, Joe Biden was the oldest man ever to be elected President and is widely thought unlikely to fight for a second term. However, he had an ambitious set of objectives and, as we noted at the time, Biden was a man in a hurry.

So how has he done?

On taking office Biden outlined four key objectives:

- ★ to address the Covid crisis at home
- ★ to get the US economy back on its feet
- ★ to tackle climate change
- ★ to restore US leadership on the world stage

WHAT DO YOU THINK OF THE SHOW SO FAR?

One of his first acts was to pass the \$1.9trn Covid Relief package, which provided direct payments to every US citizen, support for business and established a mass vaccination programme. From having less than 1% of the population vaccinated at the time of his election 68% are now fully vaccinated with nearly 80% having had at least one dose.

In terms of getting the economy up and running again there have been a series of initiatives. The \$1trn Infrastructure Investment and Jobs Act was passed to renew America's ageing infrastructure, repairing roads and bridges, renovating ports, expanding broadband and replacing every lead pipe in the country.

The Inflation Reduction Act is another significant piece of legislation which makes provision for the extension of affordable healthcare, a reduction in the price of prescription drugs, greater resources committed to tax collection and the creation of a minimum 15% Corporation Tax rate. The Inflation Reduction Act also includes measures to address climate change by encouraging investment in clean energy and reducing carbon emissions.

While these measures may not be solely responsible for America's economic resurgence the fact remains that the economy is growing steadily, unemployment has fallen from 6.3% to 3.7% and jobless claims are at their lowest since 1969.

On climate change America has rejoined the Paris accord and pledged to reduce greenhouse emissions by 30% by 2030. Government agencies are to halt the financing of fossil fuel projects although, in a concession to key Democrat coal producing states, he stopped short of joining the COP 26 pledge to end the use of coal power.

Finally, there is no doubt that America is back on the world stage. The very public backing of Ukraine, revitalisation of the NATO alliance and the commitment to protect Taiwan from Chinese attack are bold signals of a reengagement of the United States with the global community.

But despite these achievements Biden's approval rating is low. The withdrawal of troops from Afghanistan was regarded as poorly executed and the rise in inflation, despite largely being a consequence of events in Ukraine, has occurred on his watch. There is a perception that crime is rising and also that weak leadership from an aging President has emboldened Russia, China and Iran.

So, at a time of raised geopolitical tensions the mid term elections have been watched especially closely by an increasingly partisan US electorate and by the international community, hoping to divine the likely direction of future US decision making.

At the time of going to press, the lower House of Representatives looks to have been lost to the Republicans. The race for the Senate remains too close to call and will be decided by run off elections in Georgia and Nevada due to take place on December 6.

Should we be concerned?

The markets remain sanguine. A divided Congress will make Biden's domestic agenda more difficult, if not impossible, to pursue and renewed commitments to Ukraine may be scaled back as support wanes. Measures to tackle climate change may also be sacrificed with a Republican House of Representatives making it easier for fossil fuel producing states to represent their coal and oil interests more effectively.

While the promised "Red Wave" swing away from Democrat control failed to materialise, the results will be seized on by Republicans as a symptom of increasing dissatisfaction with Biden's leadership. Whether Biden's term ends ignominiously in "gridlock" having lost both Houses of Congress will be determined by the December run offs.

However, history tells us that those selling out and disinvesting during an administration they don't support have invariably lost out. It is policy not politics that matter.

Indeed, given the undoubted strength of the US economy and its relative insulation from the pressures weighing elsewhere in the global economy any weakness in the US markets is likely to represent a useful buying opportunity.

Inflation: How is it calculated?

Staying relevant is a priority for businesses and policy makers in an economy that is rapidly evolving. Technology becoming obsolete only a few years after a global launch is now commonplace, and frequently shifting consumer demands push policy makers to keep up with these changes in their attempts to hold inflation to their target levels.

Headline inflation this year is the highest it has been in over 40 years. In the UK the Consumer Price Index (CPI) and Retail Price Index (RPI) are the most widely adopted measures of inflation but there are differences in how these two commonly known measures are calculated.

The CPI measure accounts for the UK population's buying habits, by measuring the price change of a basket of hundreds of goods and services that reflect longer-term trends in spending patterns. CPI is the standard measure for the Monetary Policy Committee of the Bank of England in managing their inflation mandate.

RPI is a legacy measure of inflation, specific to the UK. Like CPI, RPI measures the price change of a basket of goods and services. However, it does not weight these based on changes in consumer spending habits. This measure also includes housing costs such as rent and mortgage interest payments, which CPI does not. It should be noted that RPI is no longer deemed to meet the required designation as a National Statistic but is still published because of its use in long-term contracts and index-linked gilts.

One may question why CPI, with a formula adopted 25 years ago, is still relevant given how much the economy has evolved since its introduction?

On an annual basis the Office for National Statistics conducts research and updates the basket of goods and services to ensure they are relevant and reflective of what consumers are spending their money on. This year several products were added and removed from the CPI basket of goods given the recent developments in consumer tastes:

Additions:

- Frozen Yorkshire puddings and dried herbs - there is a rising trend in the number of households opting to prepare and cook meals at home.
- Meat free sausages - primarily driven by younger generations choosing to consume meat free alternatives, a reflection of changing eating habits.
- Dog/Cat collars - reflects an increase in pet ownership during the pandemic as this expense is relevant for more households.

Removed:

- Doughnuts - a marked decline in sales given an increase in employees working from home.
- Coal - sales of traditional domestic coal will be banned in 2023.
- Reference books (atlas/encyclopaedia) - ever-increasing utilisation of the internet has significantly reduced the need for paper maps, dictionaries and encyclopaedias.

Considerable change in consumer appetites and technological change highlight the necessity for the basket of goods to be updated. Some notable items that have since been removed include CD Players, Video Rental, Linoleum and even the "Party Seven Beer Can" in the 70s. Few of which are relevant to consumers in 2022.

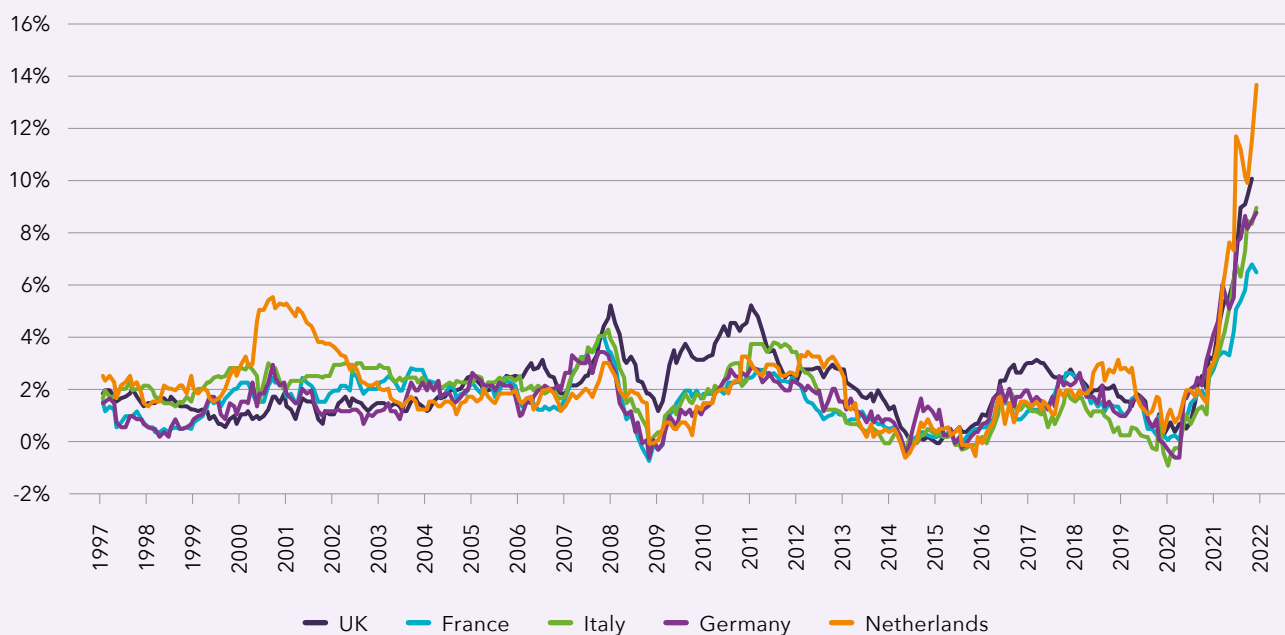
CPI is now the preferred measure of inflation in most countries. How it is calculated is consistent across nations, however the basket of goods is unique to each country and demands of their consumers.



Some unique and somewhat stereotypical examples of items found in the goods and services basket which are not found in the UK include:



CPI Inflation 1997 - 2022



Source: Bloomberg Finance L.P, as of 30 September 2022

Recognising these nuances between countries and how the basket of goods has evolved over the years provide context as to how the published figures continue to be relevant to the country they are measuring and up to date with consumer demands.

This year soaring energy prices have been driving higher inflation readings worldwide, resulting in Government intervention, particularly in Europe, that has resulted in a lowering of peak inflation predictions and easing pressure to increase interest rates intended to cool economies.

Consumers and businesses have been facing common challenges this year. Demands change over time and differ by region. However, one certainty is that energy is required by all.

HIGH ENERGY

**Individuals, small businesses, big businesses.
No one is escaping the spike in energy prices.**

War in Ukraine and Vladimir Putin's weaponisation of Russian gas to a heavily dependent Europe has wreaked havoc on the global economy.

Oil, previously trading at around \$50 per barrel, rose to over \$116 before drifting back to the \$80-\$90 level. But oil is easily transportable from areas not affected by the Ukrainian conflict and the world has the apparatus in place to effect this trade.

Gas is another matter. It can be converted to Liquefied Natural Gas (LNG) but this requires specialist tankers and complex operations at either end to liquify and then to reconvert. None of this can be built overnight and is the work of years not months. Britain has some capability. Europe has none yet.

The distribution of gas in Europe is ruthlessly efficient. Produced in Russia it is transported to Europe via a network of pipelines through countries including Ukraine. Or was.

With hindsight it is clear that the purpose of building two new massive pipelines, Nord Stream 1 and Nord Stream 2 which go under the Baltic Sea direct to Germany, was to isolate Ukraine while allowing Russia to continue receiving European gas revenues. Europe's reaction to Russian aggression has no doubt surprised Putin. His response has been to cut supplies to Europe as well as Ukraine.

The cause of the explosions that have put both Nord Stream pipelines out of action for months is subject to claim and counterclaim. However, one thing is clear. With winter approaching the price of gas is unlikely to fall meaningfully in the near future.

Historically trading at around 20 €/MWh gas peaked at 340 €/MWh in August before settling back below the 200 mark. You don't need to know what a Euro per Megawatt Hour is to appreciate the effect of a 1,700% price spike.



When the price of energy rises so does the price of everything else.

The energy price is embedded in the economy. It permeates the cost of just about everything. Much of the fertilizer used in agricultural production is oil based. The distribution of goods via road, rail, air and sea requires fuel. Shops, hospitality venues, factories, offices and homes all depend upon a reliable energy supply. So, when the price of energy rises so does the price of everything else.

The price of fuel, as a component of the Consumer Price Index is 3%-4%. However, that is not the whole story because the cost of a loaf of bread is also affected by fuel prices. It is impossible to put an exact number on it, but it is fair to say that a significant component of the current rise in inflation stems from the rise in fuel prices.

Central banks around the world are currently grappling with this conundrum. The usual response to rising inflation is to put up interest rates. But how can taking money out of people's pockets via higher interest rates address what is happening in Ukraine? And won't that just make life even more difficult for an economy that is already struggling?

It's a complex issue.

Extension of the electricity price cap into 2024, could provide respite but it does not solve the long-term problem of supply.

A large part of the solution lies with alternative sources of energy. Originally regarded as a desirable response to the demands of climate change, the drive towards renewable energy sources (wind, solar, bio energy and hydro electricity) have been turbo charged by events in Ukraine.

At the end of 1991 just 2% of our electricity supply was generated this way.

By 2017 only Iceland, Norway and Sweden had a higher proportion of their energy derived from alternative sources.

In 2019 renewables, including nuclear, overtook fossil fuels for the first time and this summer, on August 17th, over 85% of our electricity supply was generated by renewable sources.

The stated aim is not necessarily to make renewables the sole source of energy but for them to play a prominent part in the mix. That said, plans are in place to boost output from offshore wind from 11 gigawatts to 50GW by 2030, while solar capacity could rise fivefold over the same period.

Throw in nuclear and we're on track to meet the government's target of net zero electricity generation by 2035 and the ultimate target of net zero across the economy by 2050.

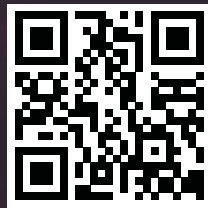
It doesn't feel like it now, but in the long-term Putin might be doing us a favour.

The faster, easier way to manage your money.

Say hello to your new True Potential app.

Our cutting-edge technology allows you to track your investment performance 24/7, earn cashback rewards on your everyday spending, effortlessly top-up and conveniently contact our support team.

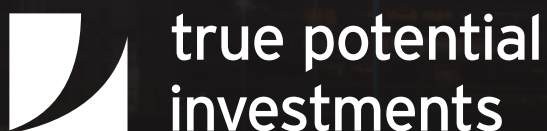
To download our new app point your phone's camera at the QR code opposite and press the link.



Alternatively, visit your app store and search 'True Potential'.



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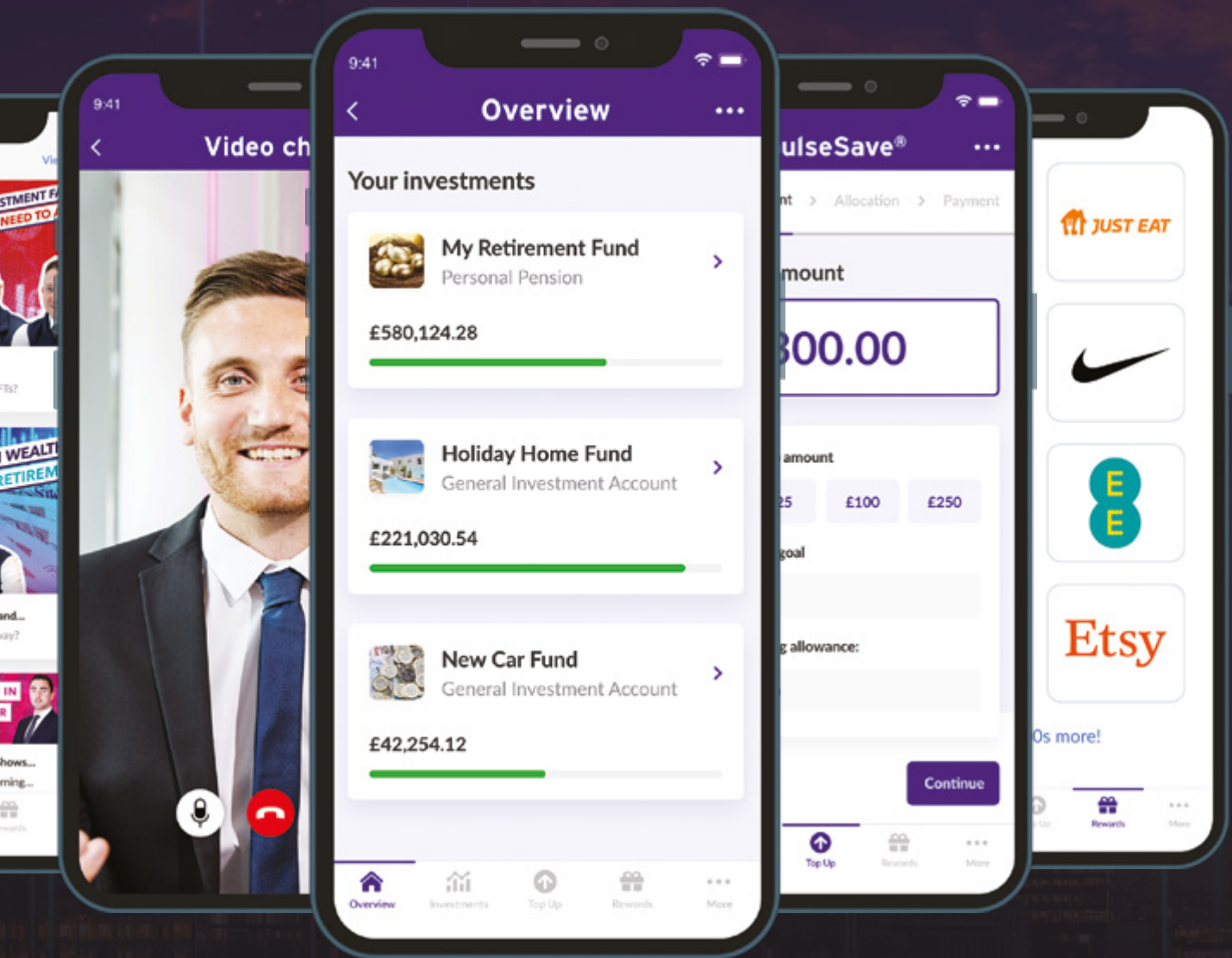
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The science behind our portfolios

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.

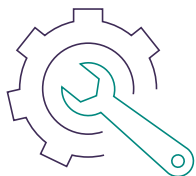
For example, we offer 10 funds within the Balanced category, therefore if no preference was given to one fund over another, an equally-weighted allocation to each fund would be 10%.

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.

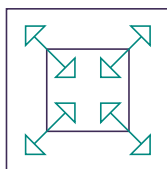
	Defensive	Cautious	Balanced	Growth	Aggressive	Cautious +	Balanced +	Growth +	Cautious Income	Balanced Income
Risk (Volatility)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk (Mapped)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long-Term Expected Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk-Adjusted Return	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income	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

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



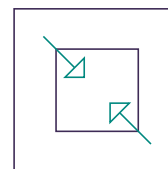
Risk (Baseline Portfolios)

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.



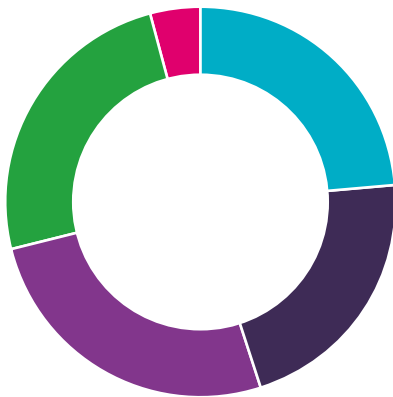
Risk-Adjusted Return

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	23.75%
● Active Management with Passive Implementation - True Potential 7IM Defensive	21.50%
● Agile, Low-Cost Value Investing - True Potential UBS Defensive	26.00%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Defensive	24.75%
● Thematic Investing - True Potential Pictet Defensive	4.00%



Cautious

● Manager of Managers - True Potential SEI Cautious	15.00%
● Active Management with Passive Implementation - True Potential 7IM Cautious	12.75%
● Direct Equity & Bond Investing - True Potential Close Cautious	12.50%
● Momentum with Volatility Control - True Potential Allianz Cautious	16.25%
● Fund of Funds - True Potential Schroders Cautious	8.00%
● Agile, Low-Cost Value Investing - True Potential UBS Cautious	16.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Cautious	16.50%
● Thematic Investing - True Potential Pictet Cautious	2.50%



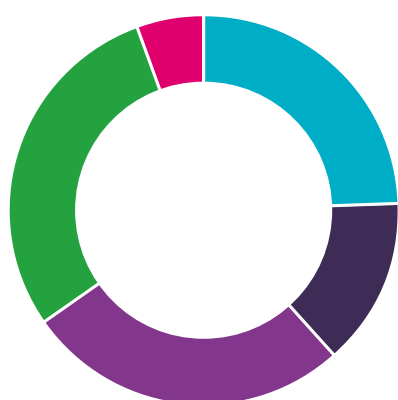
Balanced

● Manager of Managers - True Potential SEI Balanced	12.00%
● Active Management with Passive Implementation - True Potential 7IM Balanced	6.00%
● Direct Equity & Bond Investing - True Potential Close Balanced	9.50%
● Momentum with Volatility Control - True Potential Allianz Balanced	14.00%
● Fund of Funds - True Potential Schroders Balanced	4.00%
● Alternative Dynamic - True Potential Goldman Sachs Balanced	11.50%
● Income Funds - True Potential Goldman Sachs Income Builder	7.00%
● Agile, Low-Cost Value Investing - True Potential UBS Balanced	16.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Balanced	15.25%
● Thematic Investing - True Potential Pictet Balanced	4.25%



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	17.50%
● Agile, Low-Cost Value Investing - True Potential UBS Growth	18.50%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Growth	18.50%
● Thematic Investing - True Potential Pictet Growth	5.25%



Aggressive

● Manager of Managers - True Potential SEI Aggressive	24.50%
● Active Management with Passive Implementation - True Potential 7IM Aggressive	14.00%
● Agile, Low-Cost Value Investing - True Potential UBS Aggressive	27.00%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Aggressive	29.00%
● Thematic Investing - True Potential Pictet Aggressive	5.50%

Asset Allocation

Asset Class	Defensive	Cautious	Balanced	Growth	Aggressive
UK Equity	3.58%	7.70%	9.43%	13.77%	19.14%
US Equity	7.21%	10.08%	14.25%	19.63%	27.57%
US Equity (GBP hedged)	2.75%	5.27%	8.50%	9.48%	12.41%
Europe ex UK Equity	1.56%	2.64%	3.85%	5.71%	6.56%
Europe ex UK Equity (GBP hedged)	0.60%	1.30%	2.69%	2.89%	3.81%
Japan Equity	1.26%	2.40%	3.05%	4.23%	5.06%
Japan Equity (GBP hedged)	0.48%	0.83%	1.14%	1.54%	2.31%
Pacific Ex Japan Equity	0.23%	1.01%	1.61%	1.96%	1.74%
Emerging Markets Equity	2.26%	3.72%	4.57%	6.76%	9.39%
UK Gilts	5.30%	2.78%	2.55%	1.00%	0.19%
UK Corporate Bond	2.42%	4.90%	2.45%	1.37%	0.21%
Global Agg Bond	18.71%	17.24%	12.96%	6.79%	1.53%
Global Inflation-Linked Bond	2.46%	1.51%	0.86%	0.67%	0.04%
Global High Yield Bond	4.55%	4.01%	5.13%	3.82%	0.66%
Emerging Market Bond HC	2.99%	2.81%	2.81%	3.17%	0.61%
Global REITs	0.16%	0.67%	1.01%	0.94%	0.86%
Gold	0.49%	0.35%	0.34%	0.37%	0.43%
Alternatives	7.23%	9.62%	9.30%	6.57%	3.50%
Cash	35.76%	21.16%	13.50%	9.33%	3.98%

Source: True Potential Investments, as of 30 September 2022



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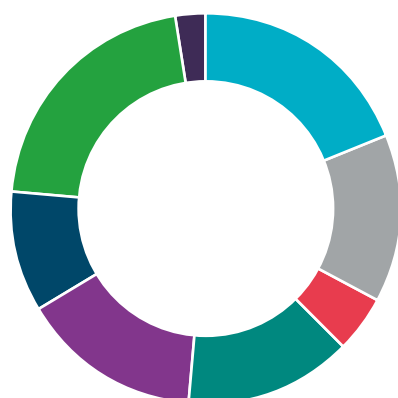


+ Portfolios

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	19.00%
● Direct Equity & Bond Investing - True Potential Close Balanced	14.00%
● Fund of Funds - True Potential Schrodgers Balanced	4.50%
● 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	21.00%
● Active Management with Passive Implementation - True Potential 7IM Defensive	2.50%



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	2.75%
● 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 Schrodgers Cautious	3.00%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Cautious	19.50%
● Active Management with Passive Implementation - True Potential 7IM Defensive	3.00%



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	24.00%
● Momentum with Volatility Control - True Potential Allianz Balanced	12.00%
● Active Engagement, Positive Alignment - True Potential Growth Aligned Aggressive	20.00%
● Active Management with Passive Implementation - True Potential 7IM Balanced	2.00%
● Alternative Dynamic - True Potential Goldman Sachs Balanced	7.00%

Source: True Potential Investments, as of 30 September 2022

Asset Allocation

Asset Class	Cautious +	Balanced +	Growth +
● UK Equity	6.26%	10.85%	14.54%
● US Equity	11.70%	15.06%	21.70%
● US Equity (GBP hedged)	6.79%	11.92%	14.21%
● Europe ex UK Equity	3.16%	4.21%	5.57%
● Europe ex UK Equity (GBP hedged)	1.86%	3.32%	4.08%
● Japan Equity	2.46%	3.07%	3.78%
● Japan Equity (GBP hedged)	0.92%	1.67%	2.12%
● Pacific Ex Japan Equity	1.20%	1.64%	1.99%
● Emerging Markets Equity	3.39%	4.76%	6.74%
● UK Gilts	3.49%	2.45%	0.55%
● UK Corporate Bond	3.22%	2.39%	1.36%
● Global Agg Bond	14.97%	10.76%	4.93%
● Global Inflation-Linked Bond	0.88%	1.21%	0.11%
● Global High Yield Bond	3.06%	3.27%	1.13%
● Emerging Market Bond HC	2.72%	2.47%	1.16%
● Global REITs	0.76%	0.84%	1.07%
● Gold	0.39%	0.37%	0.25%
● Alternatives	9.05%	6.06%	5.00%
● Cash	23.72%	13.68%	9.71%

Source: True Potential Investments, as of 30 September 2022

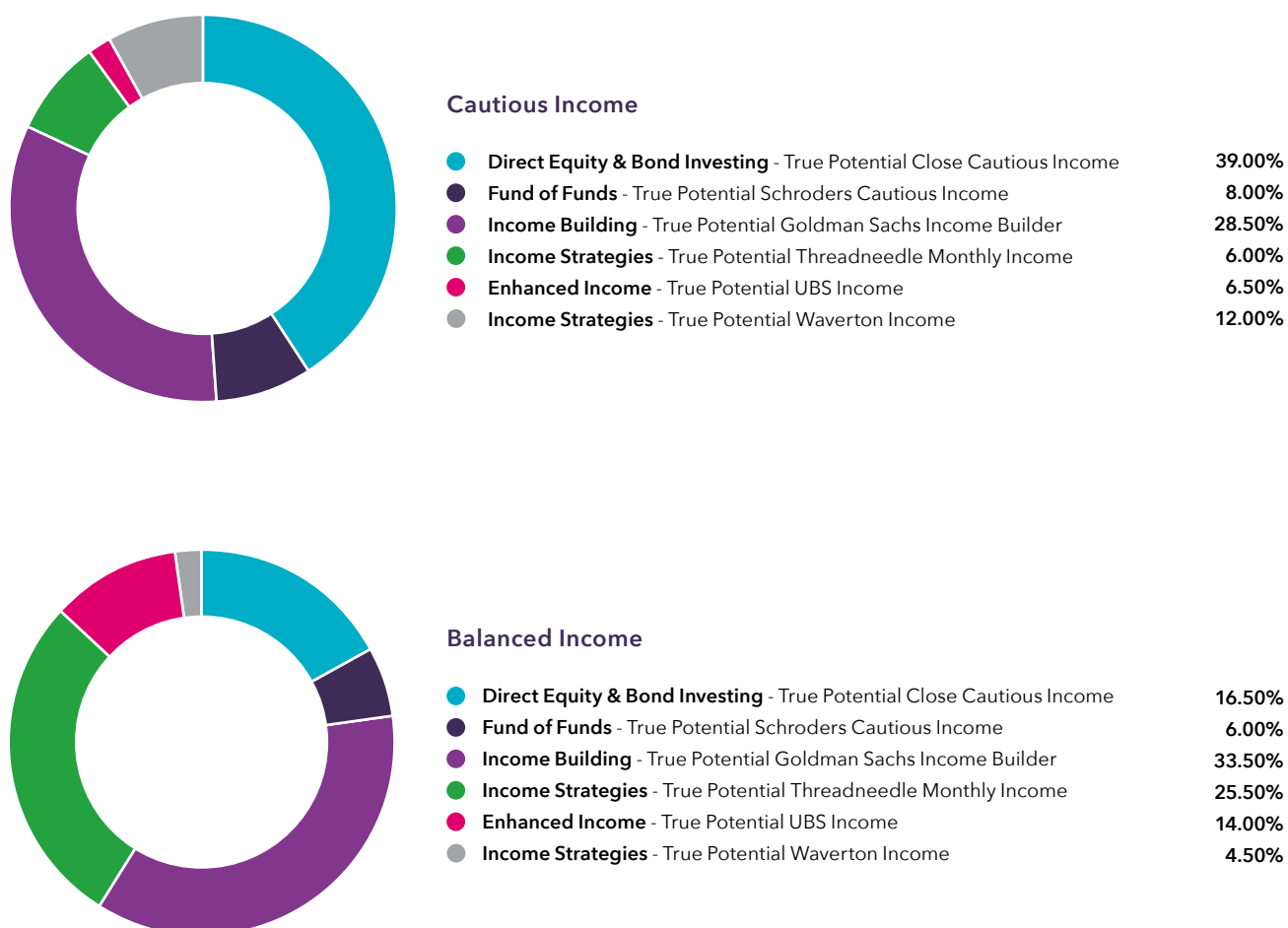
With investing, your capital is at risk. Investments can fluctuate in value and you may get back less than you invest.

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



Asset Allocation

Asset Class	Cautious Income	Balanced Income
● UK Equity	15.20%	26.19%
● US Equity	3.84%	2.12%
● US Equity (GBP hedged)	6.99%	8.34%
● Europe ex UK Equity	1.82%	0.92%
● Europe ex UK Equity (GBP hedged)	4.00%	4.40%
● Japan Equity	0.41%	0.19%
● Japan Equity (GBP hedged)	0.36%	0.55%
● Pacific Ex Japan Equity	0.65%	0.59%
● Emerging Markets Equity	0.50%	0.83%
● UK Gilts	2.37%	1.05%
● UK Corporate Bond	16.66%	9.60%
● Global Agg Bond	13.57%	15.86%
● Global Inflation-Linked Bond	0.19%	0.07%
● Global High Yield Bond	9.96%	12.17%
● Emerging Market Bond HC	1.65%	2.41%
● Global REITs	9.16%	5.63%
● Gold	1.08%	0.45%
● Alternatives	2.90%	1.57%
● Cash	8.69%	7.06%

Source: True Potential Investments, as of 30 September 2022

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