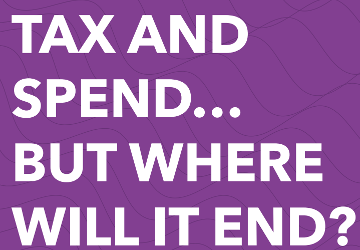
TRUE

INSIGHT

True Potential Portfolios | Issue 30



TAX AND SPEND... BUT WHERE WILL IT END?

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true potential investments

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

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.

Mark Henderson
Chief Executive
True Potential Investments

A typically busy start to the year has seen many stories fighting for attention in the first part of 2023. The continuing conflict in Ukraine shows no signs of abating, the banking industry has been in the headlines and the March budget was far less controversial than the previous one but did have its moments. Much for us to consider when investing your money and with continued volatility, we have seen some attractive opportunities in both equity and bond markets.

All True Potential Portfolios have posted positive returns in 2023 year to date. At times daily volatility can mask the longer term delivered performance, something we are acutely aware of as we work to help you achieve your financial goals.

Our feature articles address both domestic and international topics. The rollercoaster US/China relationship continues to demand attention. Both countries are manufacturing and consumer giants, but they have very different approaches to fiscal and monetary policy, we examine this on page 16.

Closer to home we comment on the latest government proposals to fund home grown innovation with ambitions for long term investment in UK talent. The intent is there, delivering on the plan requires people with drive, ambition and commitment to take up the challenge.

In the aftermath of the recent banking news, the importance of financial services to the UK economy should not be overlooked. The merger of UBS and Credit Suisse has implications for jobs and the UK economy as the two European institutions come together. HM Treasury official figures show that UK financial services deliver £100 billion in tax contributions. This is just over 55% of the total Department of Health and Social Care budget for 2022/23. Stability has many benefits.

We are reliant on international connectivity in all aspects of our lives, co-operation is so important for commerce and private enterprise to succeed. We look for evidence of this to prevail in 2023 and the opportunities this brings for our clients.

Performance update.

2.64%

The True Potential Growth + Portfolio was up 2.64% in the first quarter of 2023.

41.53%

The True Potential Balanced Portfolio is up 41.53% since launch (October 2015).

7.42%

The True Potential Aggressive Portfolio has delivered annualised returns of 7.42% after fees since launch (October 2015).

Jeff Casson
Chief Investment Officer
True Potential Investments

+ Over the first quarter of 2023, all True Potential Portfolios provided positive returns with both equity and bond prices rising. In this environment, the True Potential Growth+ Portfolio provided the best returns, up +2.64%

The True Potential UBS Aggressive fund performed well, buoyed by the strong performance of US, Europe, and World equities. The longer dated government bond positions were also beneficial, particularly the Australia 2037 bond.

> "Over the first quarter of 2023, all True Potential Portfolios provided positive returns with both equity and bond prices rising."

Portfolios	3 months	1 year	Since launch (1 Oct 2015)
Defensive	+0.97%	-4.28%	**+16.13%**
Cautious	+1.59%	-4.47%	**+28.73%**
Cautious +	+2.04%	-4.98%	**+29.49%**
Cautious Income	+1.26%	-5.29%	**+34.70%**
Balanced	+2.29%	-5.15%	**+41.53%**
Balanced +	+2.25%	-4.96%	**+47.14%**
Balanced Income	+1.78%	-4.70%	**+39.30%**
Growth	+2.30%	-4.65%	**+59.42%**
Growth +	+2.64%	-5.16%	**+58.25%**
Aggressive	+2.41%	-4.57%	**+71.13%**

Looking back over a twelve-month period, the global backdrop has been challenging for returns with elevated inflation leading to an aggressive tightening of monetary policy. Within Balanced, our most popular risk category, the True Potential Balanced Income Portfolio was the strongest performer, benefitting from a larger representation to UK equities. Within the Portfolio, the True Potential Threadneedle Monthly Income fund outperformed due to its high exposure to UK equities during a period of UK equity market strength.

Since the True Potential Portfolios were launched on 1st October 2015, the benefits of investing over the long term can be seen with the True Potential Aggressive Portfolio the strongest performer, up +71.13%, with investors rewarded for a willingness to take extra risk.

Source: True Potential Investments, data as of 31 March 2023.

Full five year past performance data for the True Potential Portfolios can be found on page 22. Past performance is not a guide to future performance.

Scan and log in to your online account to view and manage your investments.

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

Review of the markets: Q1 2023

Asset markets built on strength in the final quarter of last year to produce positive returns for both bonds and equities in the first quarter of this year. Pleasingly, the True Potential Portfolios have produced positive returns over this period.

Although returns were positive, the quarter was characterised by heightened volatility, particularly within bond markets. Inflation proved stubborn, interest rates continued to climb higher, and this created challenges within the banking sector. China's abandonment of its Zero-Covid policy was a positive as was the perception that interest rates should be nearing their peak.

The period saw a reversal of key trends experienced in 2022. Within equity, last year's laggards, namely the big US technology companies, enjoyed some of the best returns on the premise that interest rates should begin to level out or even fall. Within bond markets, a similar reversal was seen with longer dated bonds outperforming.

The banking sector came into focus in March, both in the US and Europe. Starting with the US, the formerly little known Silicon Valley Bank (SVB), the 16th largest bank in the US, was shut down by the US banking regulator. The bank had been very successful in attracting deposits and

> Last year's laggards, namely the big US technology companies, enjoyed some of the best returns on the premise that interest rates should begin to level out or even fall.

while some of those assets were kept in cash, many were invested in long dated US Treasuries. The magnitude and speed of interest rate increases by the Federal Reserve led to potential losses on this bond portfolio. As customers withdrew deposits, at an ever-faster rate, exacerbated by social media and the ease of electronic transfer, the bank had to realise significant losses leading to its eventual collapse. HSBC bought the UK subsidiary of SVB and First Citizens Bank bought the deposits and loans of SVB, which has helped to restore some stability in the sector.

Moving to Europe, Credit Suisse reported a "material weakness" in its financial reporting. A major investor, the Saudi National Bank, announced it could not offer more funds to Credit Suisse for regulatory reasons and other banks also declined. The Swiss National Bank offered Credit Suisse a CHF50 billion emergency lifeline but ultimately it was insufficient to ensure the bank's continued independence and UBS bought the company for CHF3 billion, a fraction of the CHF43 billion value formerly attributed to the bank.

This decisive action from central banks to maintain stability and liquidity in the banking system was welcomed by the financial markets.

Away from the banking sector, in the US, interest rates were increased to a target range of 4.75% - 5%. Headline inflation figures continued their downward trajectory with the latest data indicating headline inflation of 6% over the year to February. Guidance is for inflation to grind lower, but this will be bumpy and take time. Importantly, prices are growing above the Federal Reserve's 2% target and labour markets remain very tight.

Market outlook.

+ As we look ahead to the second quarter of 2023, both True Potential and our fund manager partners see lots of opportunities with inflation falling from current levels allowing for less aggressive monetary policy.

Sovereign fixed income is particularly attractive in this environment. Within equities, the potential resilience of the US market is favoured as well as those regions offering valuation support. Below are some of the themes we have been discussing as an investment team:

- Inflation is falling; however, progress is slower than forecast. Core inflation, removing the more volatile food and energy components, has proven resistant with consumer demand remaining strong. We expect core inflation in the US to remain above the Federal Reserve's 2% target through 2023.

- Developed market economic data has turned out better than forecast so far this year. The easing of China's Zero-Covid policy and lower energy and natural gas prices should provide further support, particularly to Europe.

- High employment levels are supporting aggregate demand making it difficult for central banks to achieve their inflation targets. We earn and we spend. Bond markets remain volatile as expectations for interest rates evolve in the wake of stress in the banking sector. The inflation figures will determine just when central banks will begin to cut interest rates with expectations being that rates may ease towards the end of the summer.

- Corporate earnings forecasts in the US for 2023 continue to trend lower. Pressure is still to the downside as the lagged impact from higher interest rates takes hold. So far it appears to be having a limited impact on households as they have been able to push out their financing needs well into the future years. Ultimately, the outlook for 2024 earnings will depend on how the US economy evolves. That said, European earnings remain supported by the material easing of natural gas prices.

- The active management of duration within fixed income, judging how sensitive a bond is to rising interest rates, is critical. Within equities, a more cautious stance is favoured with equity levels historically low at just over 53% in our Balanced Portfolio.

- Valuation support continues to be evident in UK and Japanese equities and in short dated corporate bonds and emerging market debt.

Ultimately, the outlook for 2024 earnings will depend on how the US economy evolves.

Developed market economic data has turned out better than forecast so far this year.

European earnings remain supported by the material easing of natural gas prices.

2.0%

We expect core inflation in the US to remain above the Federal Reserve's 2% target through 2023.

53.0%

A more cautious stance is favoured with equity levels historically low at just over 53% in our Balanced portfolio.

Tax and spend… but where will it end?

"The philosophical reason… for private enterprise is because we believe that economic progress comes from the inventiveness, ability, determination and the pioneering spirit of extraordinary men and women. If they cannot exercise that spirit here, they will go away to another free enterprise country which will then make more economic progress than we do. We ought, in fact, to be encouraging small firms and small companies, because the extent to which innovation comes through these companies is tremendous."

Amongst the many speeches during her time as Prime Minister, this quotation from Margaret Thatcher received less coverage, smothered by her more infamous comments on Europe, Socialism and the like. However, Thatcher's views on private enterprise are a fundamental tenet for sound capitalism – that it is small businesses and entrepreneurs who are the future verve of our economic growth. And that government should do all it can to provide a basis on which these endeavours can flourish, so benefitting the wider economy.

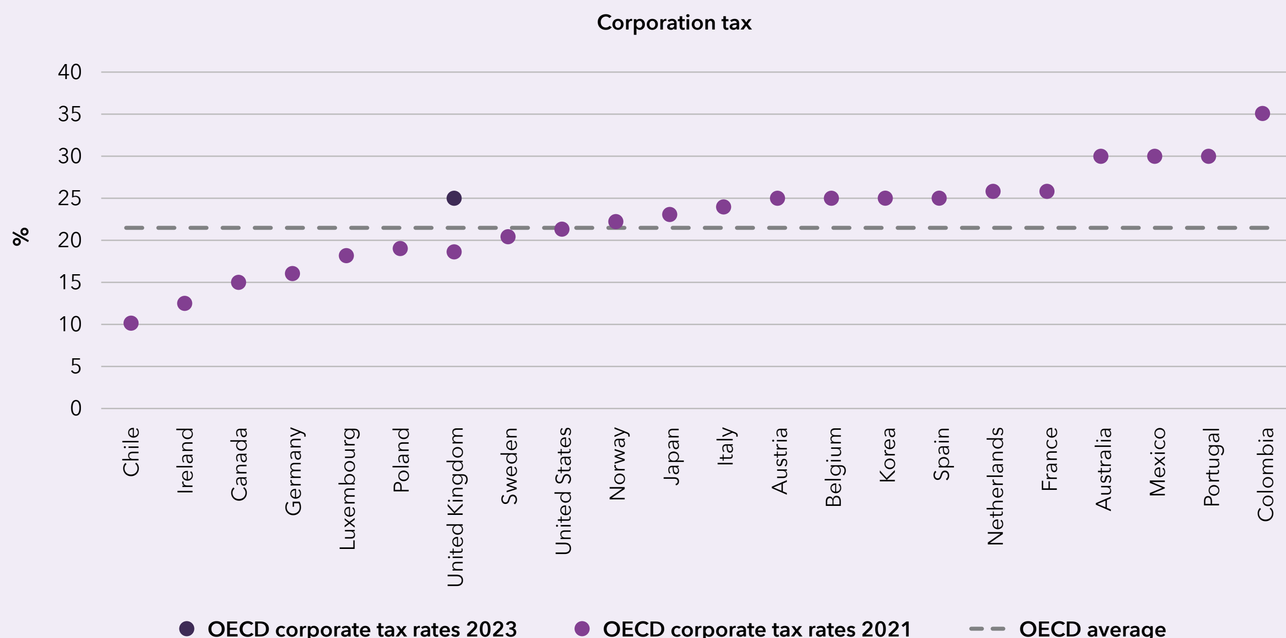
It is likely that the March budget was one of the last of consequence before the country faces a general election sometime in 2024. With this in mind, the announced fiscal measures bear extra scrutiny. Changes to pension allowances are to be welcomed given saving for retirement should be encouraged, especially when inflation is this high. Free childcare for all working parents of one and two-year olds is another progressive incentive and should, in time, enable more people to return to work quicker. However, none of the announced measures hide from the fact that the UK tax burden, already at a 60 year high, is soon to hit the highest level since the Second World War. So rapid has been the increase in the tax burden that the UK will leap 10 places up the OECD tax-to-GDP 'league' table. Having previously enjoyed broad taxation that was modestly below the OECD average, the UK will soon have a tax burden that is 10%-points greater than the US, for example. For context, this is equivalent to £200 billion in additional UK taxation. Every year.

If the UK is to remain competitive then our economy must offer benefits to attract both talent and investment. On the latter, the budget moved in the right direction. UK business investment has stagnated since 2016 and the slowdown in productivity growth since the financial crisis means that there remains weak underlying momentum. The announced 100% capital allowance for qualifying business investment over the next three years is one such budget boost. However, the impact of the rise in corporation tax from 19% to 25% should not be underestimated. A near one third increase in the rate at which businesses are taxed will now take the UK to above average within the OECD, as shown on the next page.

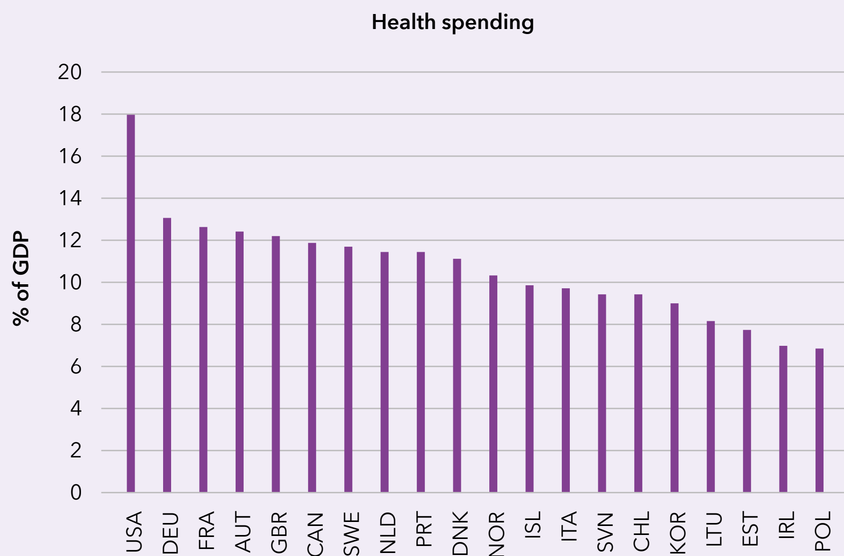
"The problem… is that you eventually run out of other people's money"

Inevitably the discussion turns to the UK's annual spending burden. Over the next fiscal year, the UK Government projects to spend £141 billion more than is raised through broad taxation. This spending deficit will have reduced only £10 billion since the last fiscal year. Government remains addicted to spending considerably more than is received by the exchequer. Like other countries, the UK faces fiscal pressures associated with ageing populations, higher stocks of debt, higher interest rates, energy insecurity and climate change, and growing geopolitical threats. However, the UK has one of the highest burdens from spending on health and social care. Prior to 2023 the UK desired French levels of spending on healthcare, but not French levels of general taxation. All that changed with the recent corporation tax rise.

Of the five big departments in UK government, only the NHS has seen spending increases annually since 2010. Around £150 billion was spent on the NHS in 2010, rising to £180 billion over the last year. Our wider health service will soon require over £200 billion annually in an effort to maintain the current centralised model. Ex-COVID, Defence, Education, Social Protection and General Public Services have all experienced budget freezes over the same period, to the detriment of UK productivity.



Source: Federal Reserve Economic Data (FRED), 31 March 2023.



Source: Federal Reserve Economic Data (FRED), 31 March 2023.

"It is your tax which pays for public spending. The government have no money of their own. There is only taxpayers' money."

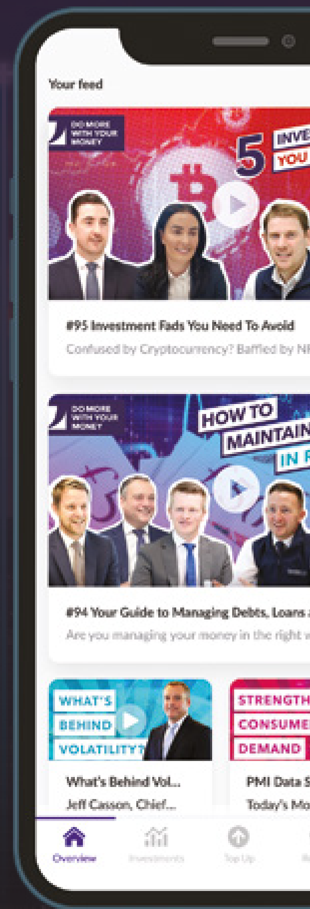
Following the budget, the Office for Budget Responsibility now expects the UK economy to grow a bit faster in the short term and a little slower in the medium term. However, the economy is expected to be only 0.6% larger in real terms by 2028. If we are even just to maintain existing standards of living, then future governments likely face difficult choices on public spending. With the tax burden already at record highs then perhaps Margaret Thatcher was right when she pointed out the perils of uncontrolled public spending, almost 40 years ago.

The faster, easier way to manage your money.

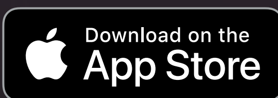
Say hello to your new True Potential app.

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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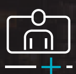


Get in touch with our dedicated customer care team via phone, email, live chat or video call.

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

Earn cashback rewards on your everyday online shopping.

Portfolio changes: Q1 2023

Our underlying fund manager partners have been active over the quarter. Several managers, particularly Growth Aligned, Allianz and UBS increased exposure to Emerging Market and European equities based on attractive valuations, earnings support and potential stimulus from China's reopening. 7IM initiated a position in Global Mining in January, a sector that they believe has potential tailwinds stemming from a structural supply demand imbalance and favourable valuations. Pictet added Premium Brands in response to short term tailwinds for the luxury goods sector arising from China's reopening but also longer term opportunities within the digital space.

Within fixed income, several managers began building government bond exposure towards the end of 2022 and this theme continued into 2023. The key manager here was Close Brothers who increased exposure to US Treasuries across the non-income fund range, in order to hedge against a more negative economic scenario. Schroders also added to US Treasuries. More recently, in March, Growth Aligned, Waverton and Pictet added to index-linked bonds, bonds whose value is linked to inflation. Growth Aligned and Waverton added through US Treasury Inflation Protected Securities (TIPS) whilst Pictet added through a mix of US TIPS and UK index-linked gilts. Other managers including Allianz, Goldman Sachs Balanced, and UBS added to Emerging Market Debt given the historically attractive valuations.

Within alternatives, several managers including Pictet, Schroders and Growth Aligned added to gold.

True Potential Portfolio Asset Allocation changes

Changes made by the managers over the quarter have aligned the Portfolios strongly to our key themes and asset class views. Broadly over the quarter, equity weights have come down at the margin while bond exposure has increased. Equity exposure has ticked down as reductions to US, Japanese and UK equity outweighed increases to Emerging Market, European, and Asia Pacific ex-Japan equities. Bond exposure has expanded driven largely by increases to Global Sovereign Bonds, both nominal and index-linked, and Emerging Market Debt.

True Potential Portfolio Manager Allocation changes

Changes to manager allocations over the quarter by the True Potential Portfolio Management team were minimal as the changes made by the underlying managers broadly aligned with our key themes and asset class views.

Changes were made in January to the True Potential Defensive and True Potential Cautious + Portfolios. In the Defensive Portfolio, UBS was reduced by 1% with the proceeds going into Growth Aligned. This switch increased exposure to global sovereign bonds. In Cautious +, 1% was taken out of Goldman Sachs Balanced with the proceeds split equally between 7IM Defensive and Pictet Balanced.

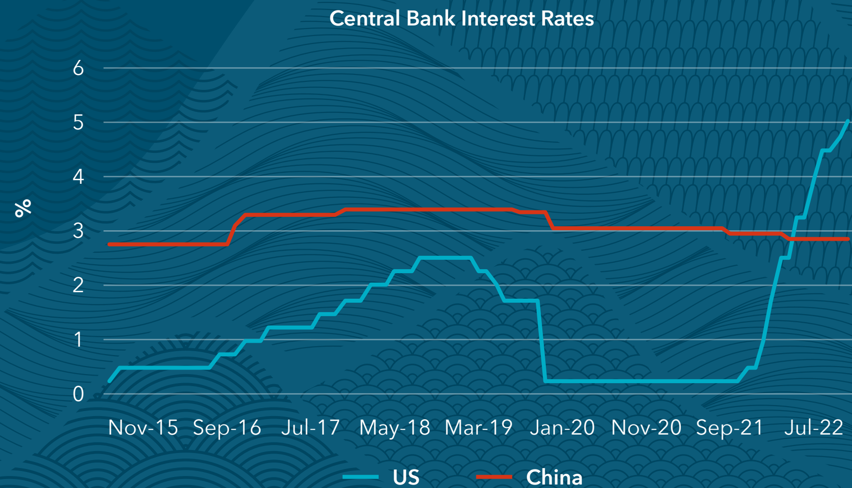
Oceans apart.

+ If the last thirty years has been about the world increasingly coming together, the next era may be defined by it moving apart. Globalisation is giving way to insularity, cooperation to independence.

China's President Xi is eyeing his place in history in a way that western leaders rarely do. Not subject to limited terms of office or the briars of political opposition, Xi is effectively President for life. He is able to take the long view and pursue his ambition to restore China to its preeminent position in the global hierarchy. But as China has become increasingly bellicose, it has become more insulated.

Xi's clear ambition is for China to become a respected, dominant global power. But, before 'Pax Sinica' China has first had to confront a more acute and familiar challenge, one requiring a different medicine to the post-Covid fiscal and monetary policies seen across the Western world.

Following the global financial crisis US households de-levered substantially, reducing their debt-to-GDP by over 25%-points. Over the same period total debt within the Chinese economy doubled, to over 300% of GDP. So concerned was Xi's government by property-fueled credit growth that time was called on the domestic economic model in 2020. And the adjustment has been painful.

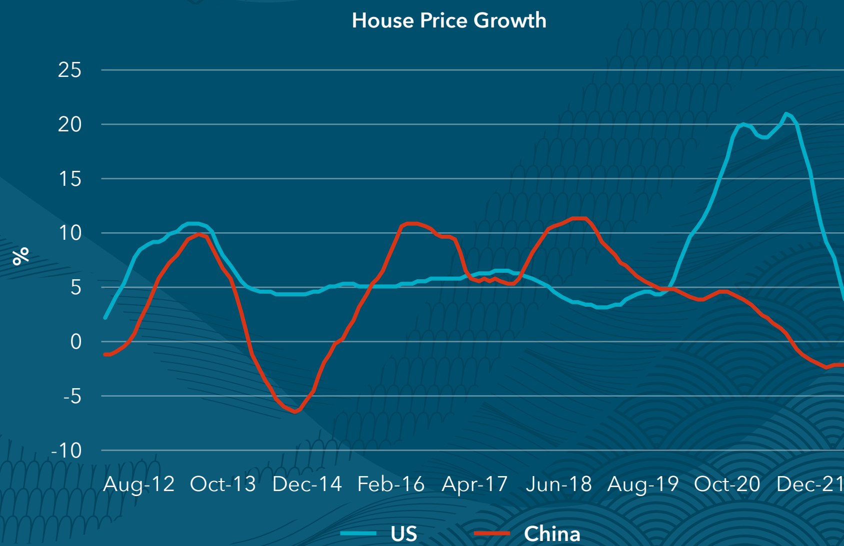


Source: Federal Reserve Economic Data (FRED), 31 March 2023.

Property investment across mainland China depends on sources of credit that are typically less sensitive to the level of official interest rates. Where the Federal Reserve was able to cut interest rates substantially following the initial Covid shock, the PBOC (the central bank of China) remained largely inactive. Interest rates remain an effective monetary policy tool in the US but are less effective within China given the nature of credit supply there.

The reasons for PBOC inertia were justified. Prior to Covid China's largest property developers had accrued trillions of dollars in debt, causing alarm amongst officials over fears of financial stability. Average house prices had doubled in the 10 years prior. The "three red lines" (TRL) policy was thus enacted, aiming to curb borrowing by major property developers. The policy ensured a dramatic turning point in both domestic credit growth and property prices. Following TRL, property price growth quickly slowed to zero and prices have been contracting for over 12 months. In contrast, zero interest rates from the US Federal Reserve over the same period (policy anathema to Chinese officials) appeared to be an essential policy response to the Covid shock. The inevitable consequence within the US was a boom in domestic property prices.

Both the US Federal Reserve and the PBOC are still fighting the legacy of their actions from 2020. The PBOC enacted far tighter official monetary policy relative to the US, ensuring much lower inflation across China. In fact, the struggle within China since has been to avoid persistent deflation following Covid, a far cry from the inflation battles in the US. But China remains unable (or just unwilling) to ease policy, monetary or otherwise.



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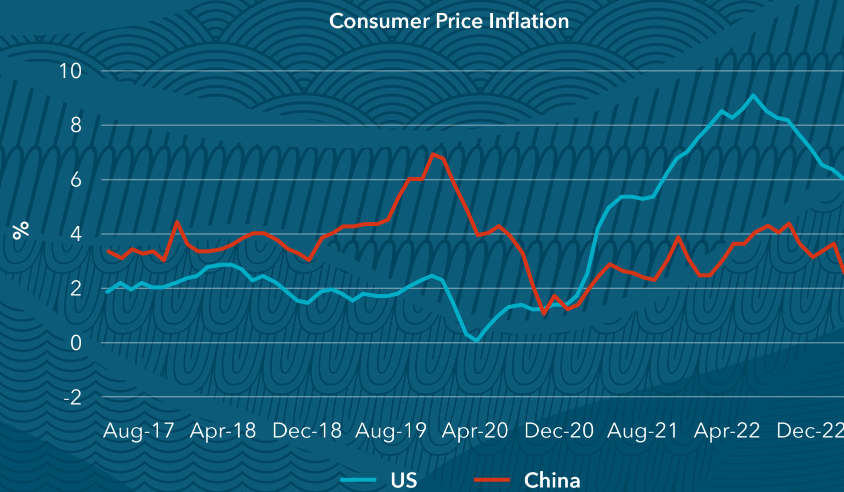

Source: Federal Reserve Economic Data (FRED), 31 March 2023.

Harsh lockdowns, mass testing, as well as initially encouraging consumers to delay purchases, have all contributed to languid price pressures over the last 2 years.

China maintains an official exchange rate regime, referencing the US dollar. Domestic inflation must remain low to cap the volatility of capital flows, otherwise balance of payments pressures would follow. This official currency regime limits the ability of government to intervene directly in the event of an economic shock. But the shock delivered to the domestic credit supply since late 2020 is entirely necessary if China wishes to reduce private sector debt substantially. There are already signs of some success: Total debt-to-GDP has fallen 30%-points.

The rapid reopening within China since late 2022, combined with a subtle shift in the government's approach to growth targets, may counter further threats of deflation. It is important to acknowledge that the policies that led to the credit contraction within the domestic property market were not an arbitrary choice. Rather, it is clear that the government saw runaway debt as an existential risk to the economy and has been willing to induce material pain for developers and homeowners alike. China may desire the political influence of the US on the global stage, but the domestic economy is likely to remain the focus for President Xi for some years to come.

Pension mistakes to avoid.

✚ When is the appropriate time to withdraw from your pension? As you approach retirement, you may be starting to think about how withdrawing some of your pension could assist with paying off your mortgage, buying a new home or passing on a legacy to your children.

There are many reasons why you might consider withdrawing, but there are also good reasons to leave your pension fund invested.

In a recent episode of True Potential's Do More With Your Money show, our team of experts discussed a number of options as well as common mistakes and misconceptions.

Just because you can access your money from age 55, it isn't necessarily the wisest decision to withdraw your investment. Even if you're much older, there are many reasons to keep your pension invested, including potential growth and tax efficiency.

Is it a good idea to pay off my mortgage from my pension?

One of the things investors often consider after 55 is taking some of their pension to pay off their mortgage.

Though it may not feel like it, interest rates for mortgages are still relatively low, and a pension offers the potential for greater growth over the long term. It may be the case that the most cost-efficient thing to do is to continue paying your mortgage, with the aim of leaving your money invested to grow into a greater sum.

Will the interest savings on your mortgage outweigh staying invested? Ultimately it will be unique to your circumstances, mortgage rate and investment performance, so it's best to speak with a financial adviser who can assess your situation and the range of potential outcomes.

Should I buy a new home with my pension?

A common question clients ask when they get to retirement is whether to buy a new home or second property with some of their pension money.

This investment in a new property could be a holiday home, a flat for your child while they study at university, or a property to rent out.

The logic is that a new home is an investment, with the property being an asset that could potentially grow over time and generate income through rent.

However, with property values high and the added cost of maintaining property, it may be a wiser decision to leave your money invested in a pension.

Returns over the long term and the straightforward nature of a pension and its tax advantages could be a better way to grow your wealth.

If you do want to buy a second property, then a mortgage may still be the best route, depending on interest rate levels and your personal circumstances. As mentioned earlier, long term growth in an investment could outweigh any savings made in interest rate payments in a mortgage.

Should I use my pension for home improvements?

Staying with the theme of property, another popular reason for withdrawals is home improvements. This may be for a house extension or a conversion project, and the justification can often be that you'll at least get the spend back in terms of adding value to your property.

However, any withdrawals you make now from your pension will impact the long term value and potential growth within your retirement pot. You may also be taxed on your withdrawal, depending on your circumstances.

Moving money from a diversified Portfolio to property may not be the best decision as it can reduce the diversification of your money and leave you open to the rises and falls of the property market – rather than a wider range of asset types.

Again, everyone is unique and personal circumstances are all different. If you really want to improve your home, consider if you'd be better off with another way of funding it rather than taking from your pension fund.

Should I be giving gifts to family from my pension?

If you are looking to pass on wealth to your family, then withdrawing from your pension as a gift often isn't the most effective way of doing this.

A more effective way to use your pension to pass on wealth to your family could be to name a beneficiary.

One of the key tax advantages of your pension is that by naming a beneficiary, you are able to pass on your pension as an inheritance outside of your estate.

This is significant when you consider that the standard Inheritance Tax rate is 40%. This is charged on the part of your estate that's above the threshold, which varies between £325,000 and £500,000 depending on your circumstances. Leaving money through your pension means it won't be liable to Inheritance Tax.

Should I take my 25% tax-free cash?

From age 55, you're able to take 25% of your pension tax free (subject to limits), and the temptation can be to take that as a 25% tax free lump sum at the first opportunity.

However, what you may not realise, is that you have flexibility in terms of how you take that 25% sum. You don't need to take it all in one go, and it may make more sense to leave it invested for potential growth.

The 25% is a maximum, not a requirement – you can take as much or as little as you choose from age 55, including using it over time to reduce your overall income tax. Speak to an adviser about a plan that makes the most of the opportunity.

How to make decisions around your pension.

Ultimately, the best way to decide on how and when to take your pension, is to speak with a financial adviser.

Your circumstances will be unique to you, and there'll be complex aspects that an adviser will be better informed on.

You can learn more about withdrawing your Pension by watching our Pension Withdrawal special on the Do More With Your Money show.

Scan to watch our Pension Withdrawal special on YouTube.

An island race.

✚ **When Mark Carney was Governor of the Bank of England he described the UK as being "Reliant upon the kindness of strangers" to fund its current account deficit. We import more than we export in goods and services and must borrow to make up the difference.**

If the economy is to grow, our standard of living to improve, our taxes to fall and our currency to rise we need to export more.

Britain has always been a trading nation and the open borders policy has permitted our global titans to acquire foreign companies in return for extending the same courtesy to overseas predators.

There is a feeling now though that this relationship has become unbalanced. There is a sense that Britain, in focussing on the established FTSE giants in the resources sector has missed out on the rapid growth in the tech sector.

There is an impression that everything is for sale in the UK, including some of our best companies and that while world beating technologies are first developed at our universities, they are too often commercialised abroad. ARM, a product of Cambridge University, responsible for designing the most advanced chips used in Apple products, has opted for a quote in New York rather than London citing the greater support and larger investor base in the US relative to the UK.

And it's true. America's tech industry is the biggest in the world and, following the recent Inflation Reduction Act, is due to receive billions of dollars of support in fields related to climate change and energy infrastructure. As well as the money, the regulatory framework, tax regime and real estate infrastructure are all designed to encourage what is recognised globally as the next critical element of economic advancement.

The UK, for its own part, has long espoused its aspiration of becoming a high skilled, high growth, low tax economy. It has some way to go, paying off the after effects of Covid, before it can lower taxes materially. However, nascent ambitions to reposition the economy are already evident.

In Jeremy Hunt's first budget as Chancellor there were several initiatives designed to boost the workforce ranging from improved provision for childcare, measures to deter long term welfare dependency and incentives to retain and entice some "over 50's" back to work. There were also plans for the launch of 12 new low tax zones to reduce regional disparities and the promise of funding for quantum technologies.

Quantum technologies are complex but, put simply, massively increase the speed of computing and, together with advances in Artificial Intelligence (AI), are seen as comprising the DNA of the next generation of computer technology. If AI can mimic the intuitive flair of the human brain, quantum computing will allow us to process an almost infinite number of solutions at once. And Britain has a head start.

It's an area that several countries are working on but the UK began its Quantum Technologies Programme in 2013. The recently announced strategy will provide £2.5 billion over the next ten years to ensure that the UK remains one of the top three countries in this cutting-edge area of technology.

The measures are designed to make the UK the "go to place for quantum business", a preferred location for investors and a magnet for global talent. The aim is to increase the pace of progress towards commercialisation of quantum technologies and turn the UK into a science superpower. The regulatory framework is likely to include restrictions on the export and foreign use of British developed quantum technology outside of partnered countries.

> "The measures are designed to make the UK the 'go to place for quantum business'."

These are lofty ambitions, but they signify both long term vision and real intent at Government and industry level. In the global competition not only to generate and invest in the best ideas but commercialise and capitalise on them, to retain the talent and harness our intellectual resources to indeed become a high skilled, low tax economy, the notion of an island race is not so much something we are. It is something we are in.

Five year performance.

Portfolios	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	31 Mar 2022 to 31 Mar 2023	Since launch annualised (1 Oct 2015)
Defensive	+1.69%	-2.06%	+8.37%	+0.80%	-4.28%	+2.01%
Cautious	+2.85%	-5.09%	+16.44%	+1.95%	-4.47%	+3.42%
Cautious +	+3.15%	-5.61%	+16.89%	+2.91%	-4.98%	+3.50%
Cautious Income	+5.05%	-8.88%	+20.58%	+5.48%	-5.29%	+4.05%
Balanced	+3.35%	-7.74%	+22.59%	+3.89%	-5.15%	+4.74%
Balanced +	+4.33%	-6.90%	+22.30%	+4.62%	-4.96%	+5.28%
Balanced Income	+5.09%	-10.06%	+22.77%	+5.11%	-4.70%	+4.52%
Growth	+4.36%	-8.57%	+27.41%	+5.94%	-4.65%	+6.41%
Growth +	+4.62%	-9.87%	+28.40%	+6.28%	-5.16%	+6.31%
Aggressive	+3.81%	-11.02%	+32.79%	+7.72%	-4.57%	+7.42%

Source: True Potential Investments, data as of 31 March 2023.
Figures shown after fees have been deducted.

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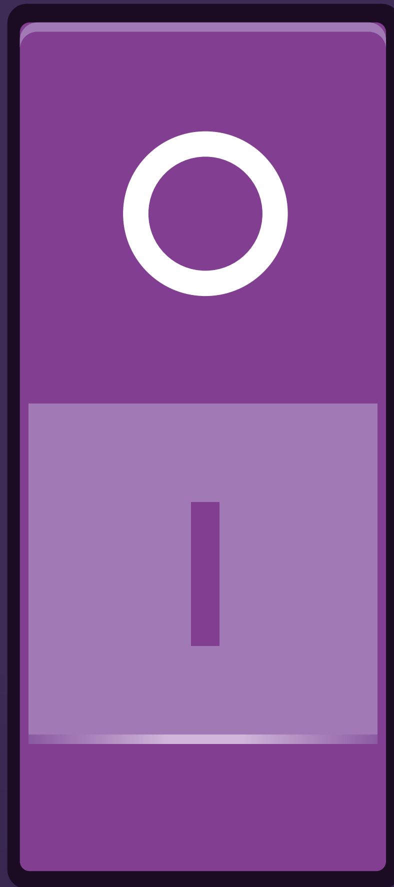

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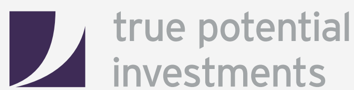

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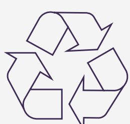

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