

# True Potential Cautious Portfolio

## Portfolio Objective

The objective of the True Potential Cautious Portfolio is to provide investors with a way to achieve their investment goals. The Portfolio offers full exposure to different manager styles within the Cautious risk profile. We review the Portfolio monthly and, if necessary, rebalance to the allocation of styles that we believe offers the best opportunity for growth within the Cautious risk profile. The Portfolio aims to produce a higher risk-adjusted outcome at a lower average cost, compared to an equally-weighted model of Cautious funds.

## Risk Profile: Cautious

The Cautious Investor may be sensitive to short-term losses. A Cautious Investor's potential aversion to losses could compel them to shift into a more stable investment if significant short-term losses occur. Analysing the risk-return choices available, a Cautious Investor is usually willing to accept somewhat lower returns in order to assure greater safety of his or her investment.

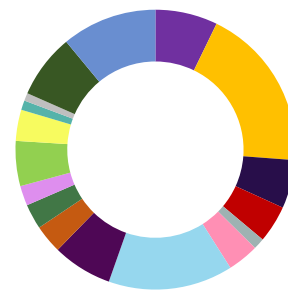
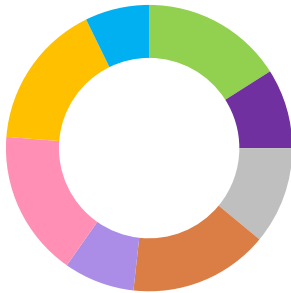
**Ongoing Charge Figure (OCF)\*:** 0.78%

There are no entry or exit charges.

**Launch Date:** 1st October 2015

**AuA:**  
Portfolio Size: £2,170m

## Portfolio Diversification



## Strategy Allocation

● Manager of Managers - True Potential SEI Cautious	16.00%
● Actively Passive - True Potential 7IM Cautious	9.00%
● Directly Invested - True Potential Close Brothers Cautious	11.00%
● Risk-Based - True Potential Allianz Cautious	15.75%
● Fund of Funds - True Potential Schroder Cautious	8.00%
● Adaptive Investment - True Potential UBS Cautious	16.50%
● Positive Alignment - True Potential Growth-Aligned Cautious	16.50%
● Thematic Investing - True Potential Pictet Cautious	7.25%

## Asset Allocation

● UK Stocks	7.2%
● US Stocks	19.0%
● European Stocks ex UK	5.6%
● Japanese Stocks	4.3%
● Asia Pacific Stocks ex Japan	1.3%
● Emerging Market Stocks	3.6%
● Global Treasury Bonds	14.4%
● Global Corporate Bonds	6.9%
● Global Inflation Linked Bonds	3.3%
● Emerging Market Bonds	2.9%
● Global High Yield Bonds	2.3%
● UK Government Bonds	5.2%
● UK Corporate Bonds	3.6%
● Global REITS / Property	1.1%
● Gold	0.9%
● Alternatives	7.4%
● Cash and Cash Equivalents	11.0%

Strategy and Asset Allocation are subject to change at any time without notice, are for information purposes only and should not be construed as investment recommendations.

The True Potential Growth-Aligned Fund may be subject to a Share of Growth fee.

Please refer to the Fund Prospectus and Key Investor Information Document (KIID) for more information.

\*OCF payable can fluctuate over time as the underlying investments are variable and can change.

## Investment Commentary

The True Potential Cautious Portfolio returned -1.60% in October 2023, net of portfolio OCF.

October was a month of negative returns for global equities, sovereign, and corporate bonds. The brunt of volatility was experienced within the bond market, particularly for longer maturity bonds. The key dynamics driving upward pressure on bond yields include robust US economic growth, Q3 GDP growth was +4.9%, payroll data reflecting a resilient labour market and a modest uptick in monthly Core PCE inflation data driving an expectation the US government can afford to hold interest rates higher for longer to tackle inflation without concern of a significant easing of economic growth. In addition, we had the US treasury reaffirming plans for increased government spending, requiring increased issuance of bonds. All of this driving prices lower, yields higher and on a trade weighted basis, US dollar strength. In contrast, the UK and Europe demonstrated weaker economic growth dynamics and a slowdown in the rate of inflation, therefore outperformed US treasuries. The more challenged components of the equity market were those areas seeing weaker earnings growth expectations on a forward-looking basis, notably industrials and energy vs information technology and communications services. Despite geopolitical escalation, energy markets remained relatively contained.

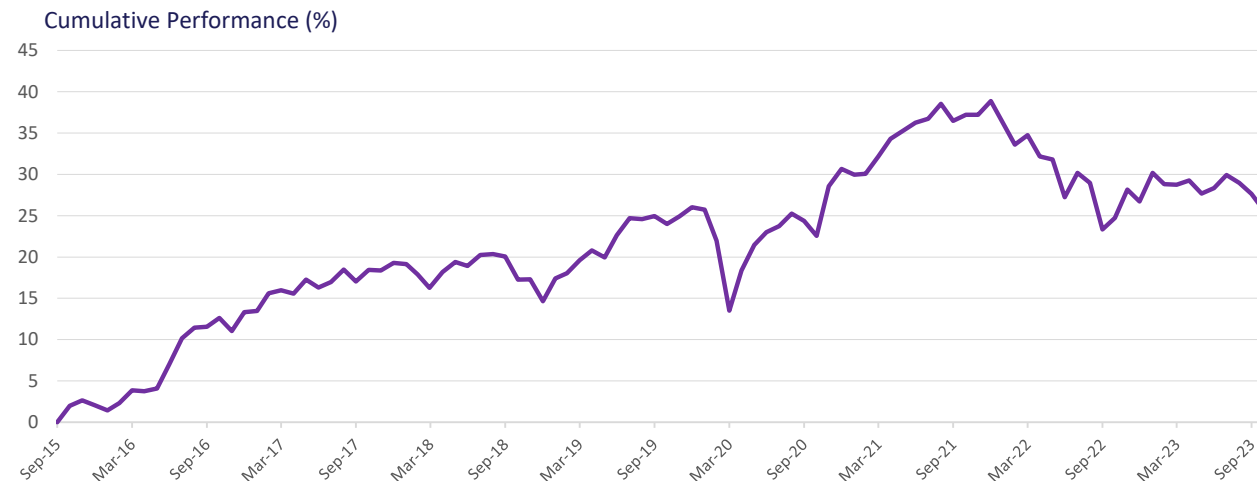
Within the Cautious portfolio, stronger performing funds included True Potential Schroders, Close Brothers and Allianz Cautious. These are all managers who are generally more concerned around economic growth, initially in the UK and Europe but also over the medium term within the US. Schroders have been expressing this view through an underweight allocation to bonds, those which they do hold are primarily UK Gilts, an overweight to alternatives offering diversification to the challenges in equities and bonds and exposure to gold. Close Brothers benefitting from their lower equity exposure, their selection of companies they view as higher quality in respect of free-cash flow generation, gold and a preference for UK Gilts within sovereign bonds. Finally Allianz, who have a quality tilt in respect of their equity style and a preference for Gilts within the global sovereign exposure.

Over the period, no changes were made to the Portfolio manager allocations after agreement that the allocations are optimally positioned in line with our longer-term market outlook. Changes have been made at the underlying fund level. Examples include managers moderating exposure to smaller cap businesses in the US, who were seeing lower momentum in respect of earnings growth vs larger businesses, examples of managers making this change include UBS and True Potential Growth-Aligned. Exposures to UK Gilts were also increased from US treasuries, examples include Schroders, Close Brothers, True Potential Growth Aligned.

For further information, please subscribe to our daily Morning Markets videos and Weekly Round Up. This can be found on the following link <http://www.youtube.com/user/TruePotentialLLP>.

Performance (As of 31/10/2023)							
	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	Since Launch
True Potential Cautious Portfolio	-1.6%	-3.3%	-3.0%	0.7%	2.5%	7.1%	25.6%

Annual Percentage Growth						
	Oct 17 - Oct 18	Oct 18 - Oct 19	Oct 19 - Oct 20	Oct 20 - Oct 21	Oct 21 - Oct 22	Oct 22 - Oct 23
True Potential Cautious Portfolio	-1.0%	5.7%	-1.1%	11.9%	-9.1%	0.7%



Source: True Potential Investments, based on net asset value (as of 31/10/2023).

Performance is calculated on a Total Return basis and is net of Portfolio OCF.

### Important Information

A Fund Prospectus and Key Investor Information Document (KIID) for each of the underlying investments listed above are available from [www.truepotential.co.uk/fund-administration/#fund-documents](http://www.truepotential.co.uk/fund-administration/#fund-documents) or by email to [investmentmanagement@tpllp.com](mailto:investmentmanagement@tpllp.com).

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

Head Office: Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX

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