



Thinking Ahead Institute

An innovation network founded by WTW

The TPA Journey

A practical guide to implementing
total portfolio approach

Introduction

In our accompanying paper on total portfolio approach (TPA), *The TPA Story*, we explored why TPA is increasingly viewed as the optimal investment methodology and framework for today's complex world.

Here at Thinking Ahead, we have been working with institutional investors for over two decades to help them transition toward and benefit from TPA, partnering with some of the world's leading funds to refine and embed this approach in practice.

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In this practical guide, we explore how funds of different sizes and complexities can benefit from implementing a total portfolio approach, where to begin the transition and how to make TPA work in practice.

Find out more about Risk 2.0 in our '[The Wrong Type of Snow](#)' paper.

Before we dive in, we answer some of the typical questions we receive about TPA working in practice.

What are the top three benefits to adopting the TPA?

1. **Goal-driven**: a continuous focus in portfolio construction on achieving the fund's investment goals.
2. **Best-idea selection**: all investment opportunities compete at the total fund level and only the best ideas are considered.
3. **Dynamism**: the portfolio is managed in real time and decisions respond to markets, and to the fund's goals as they evolve.

How long does it take to transition to TPA?

There's no single timeline. Transitions are phased, often starting with mindset shifts and evolving into integrated governance, systems and cultural change over time.

Is TPA only for large, complex funds?

Not at all. TPA principles can be adapted for funds of different size or sophistication, with models ranging from mindset TPA to fully delegated one-fund TPA. In this paper, we outline how these different models work in practice.

TPA is not a single destination, but a spectrum

The total portfolio approach is not an all-or-nothing shift. It exists along a continuum, with different expressions depending on each organisation's context, capability and ambition.

Whereas a traditional strategic asset allocation (SAA) creates a policy benchmark and allocates to asset class portfolios sized to that benchmark, TPA aims to build the best possible portfolio for those goals using a best-ideas, dynamic and holistic approach. Some funds apply a TPA mindset within existing SAA structures, while others operate fully integrated one-fund models.

The chart below illustrates this spectrum. It shows how practices evolve across five key dimensions:

- People
- Investment
- Risk
- Governance
- Sustainability

And with 16 markers, there are a lot of elements. The matrix below can make a number of contributions. It can help you understand your organisational 'self' and reflect on its suitability. It can be a diagnostic tool with targets to be met. In planning, it provides data for decisions and introduces a cost benefit equation into the evaluation.

The progression from X to Y on the matrix illustrates the smaller steps that are common with plans. The full progression from SAA to TPA across the whole spectrum requires not only technical adjustments but also deeper shifts in culture, decision-making and organisational design.

Hence the interest to transition in stages over certain distinct phases.

Our Thinking Ahead paper [It's About Time](#) offers a comprehensive view of the total portfolio approach, framing it as a timely and transformative response to today's investing challenges.

As you review this matrix, consider where your organisation currently sits and what the next stage of progress could look like. We can work with you to assess your current position and explore what would be the desired position for your organisation.

	16 Markers	SAA	0	1	2	3	4	5	TPA
People Model	Intrinsic drivers like mindset	Siloed, sectional or self-centred mindset Sector/specialist skills. Sector outcomes		X	→	Y			Team number one mindset Broader/T-shaped skills. TP outcomes
	Extrinsic drivers like incentives	Incentives align to asset class outcomes Thinking is narrowly configured							Incentives align to total fund outcomes Thinking is hyper-connected & systemic
Investment Model	Performance assessed vs.	SAA framework benchmarks							Fund goals using RP risk framework
	Performance success measured by:	Relative value added							Total fund return
	Investment opportunities from:	Asset classes							Contribution to total portfolio outcome
	Diversification principally via:	Asset classes							Risk factors
Governance Model	Capital allocation framework	Risk return trade-off							Use of portfolio quality scorecard
	Strategic allocation ownership	Board-centric process							CIO-centric process
	Frequency of change:	Infrequent, calendar meeting based							Monitoring & changes in real time
	Portfolio implemented by:	Multiple teams competing for capital							One team collaborating together
Risk Model	Risk measurement focused on	Volatility & tracking error in SAA framework							VaR and mission impairment in RP framework
	Risk-through-time focused on	Incorporated in IID framework. TWRs							Risk term structure. Lifecycle. MWRs
	Illiquidity risk	Basic consideration of illiquidity							Full integration of liquidity / illiquidity
	Systemic risk treatment	Included in systematic risk							Included in consideration of tail risks
Sustainability Model	Core sustainability arrangements	Sustainability siloed and specialist Bottom-up only							Sustainability in all thinking & decisions Top down & Bottom up
	3D investing and net zero	Separate TD & BU processes Short time horizon for impact goals							Top-down and bottom-up integrated Long horizon for impact goals

TPA transitions move through four levels of adoption

Within this spectrum, we typically see four broad levels of adoption, these levels reflect increasing integration and each stage brings greater alignment between purpose, capital and governance.

#1 Mindset TPA

This stage reflects a cultural and conceptual shift. Teams adopt whole-of-fund thinking, reframing success around total portfolio outcomes rather than siloed benchmarks. Performance objectives and incentives start to align with fund-wide goals. While the underlying SAA remains intact, decision-making is viewed through a broader lens in which the benefits of diversification across managers is a central factor.

Key feature: Thinking and incentives are aligned with total-fund objectives, supported by a multi-lens view of portfolio quality (e.g. use of dashboards), even if structures remain largely unchanged.

What's the benefit?

Improves alignment in your organisation to meet its goals.

#2 Top-down TPA

At this level, the CIO or investment strategy team takes an active role in dynamic allocation across asset classes, often through overlays or completion portfolios. The Board plays a full part in deciding the risk preferences through a Reference Portfolio. This begins to blur the boundaries of traditional SAA, using available tools to implement total-fund priorities without fully restructuring governance. It can enable larger allocations to alternatives and private markets, helping to improve diversification and portfolio robustness.

Key feature: Dynamic allocation at the top level, with the CIO or strategy team influencing how asset-class mandates are structured to support total-fund priorities.

What's the benefit?

Introduces flexibility without dismantling existing mandates.

#3 Joined-up TPA

Here, the organisation moves beyond portfolio siloes. Internal and external managers collaborate and coordinate to meet whole-of-fund objectives. Governance and risk functions are integrated, and real-time data is vital to inform the dynamic decisions that are a feature of this stage. This joined-up model unlocks extra value through smarter use of mandates, partnerships and diversification levers.

What's the benefit?

Unlocks considerable value through smarter mandates, partnerships and collaboration.

Key feature: Cross-functional collaboration and integrated decision-making based on total portfolio needs, with greater flexibility in how economic exposures are accessed, improving efficiency across implementation channels.

#4 One-fund TPA

This is the most advanced stage, where the fund operates as a single, unified system and siloes are diminished as far as is possible. Capital competes on equal terms across all opportunities, and governance, risk and sustainability are fully embedded at the total portfolio level. This model can deliver maximum flexibility, responsiveness and mission alignment but this does rely on the organisation all committing to the one-fund philosophy.

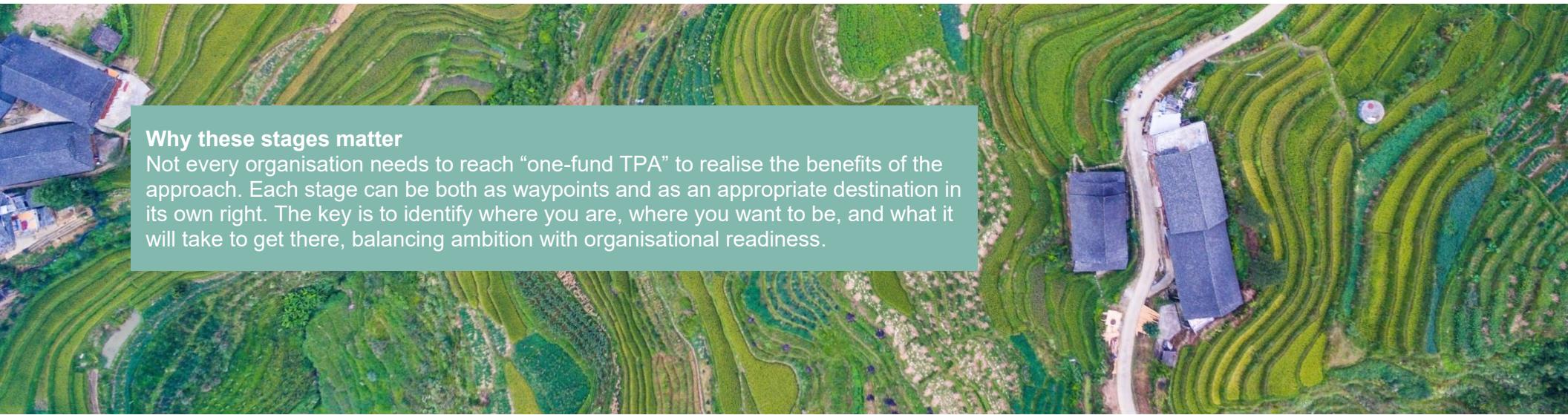
What's the benefit?

Maximum flexibility, responsiveness and alignment with purpose.

Key feature: Fully integrated capital, governance and purpose with total-fund performance at the centre.

Why these stages matter

Not every organisation needs to reach “one-fund TPA” to realise the benefits of the approach. Each stage can be both as waypoints and as an appropriate destination in its own right. The key is to identify where you are, where you want to be, and what it will take to get there, balancing ambition with organisational readiness.



Case studies

WTW's journey from SAA to TPA – evolving the investment model

Input: Starting with a traditional SAA planning cycle, the process shifted toward a TPA mind-set with a 5-step investment framework developed following an organisation-wide investment beliefs programme. This incorporated risk factor thinking and better recognised the interconnectedness of asset classes and the importance of reflecting the implementation approach and opportunity set when setting top-down allocations.

Outcome: This evolved into a streamlined 3-step TPA model, replacing rigid SAA benchmarks with strategic parameters, a multi-lens assessment of portfolio quality and portfolio design built around competition for capital between best ideas. By applying TPA internally, WTW not only improved portfolio agility and alignment with long-term objectives but also enhanced its ability to advise clients. [WTW's own transition from SAA to TPA](#) illustrates how organisations can evolve their investment model in stages.

NZ Super - strengthening TPA through organisational design

Fund: This large sovereign wealth fund is widely recognised as one of the world's leading examples of organisational excellence among asset owners. Its long-term outperformance is grounded not only in investment insight, but in the strength of its governance, leadership and organisational design.

Input: As part of its independent review cycle, the fund was assessed using our organisational alpha framework¹.

Outcome: The review confirmed its leading position on TPA, 3D investing and alignment between purpose, people and process. Four strengths stood out: a clear governance model, a deeply embedded TPA framework, progress on 3D investing, and a culture that enables joined-up decision-making. Looking forward, it is focused on deepening its application of TPA, especially by evolving its approach to risk and further aligning sustainability, net zero goals and investment outcomes.

A European pension fund – TPA and 3D investing integration

Fund: \$300 billion European pension fund

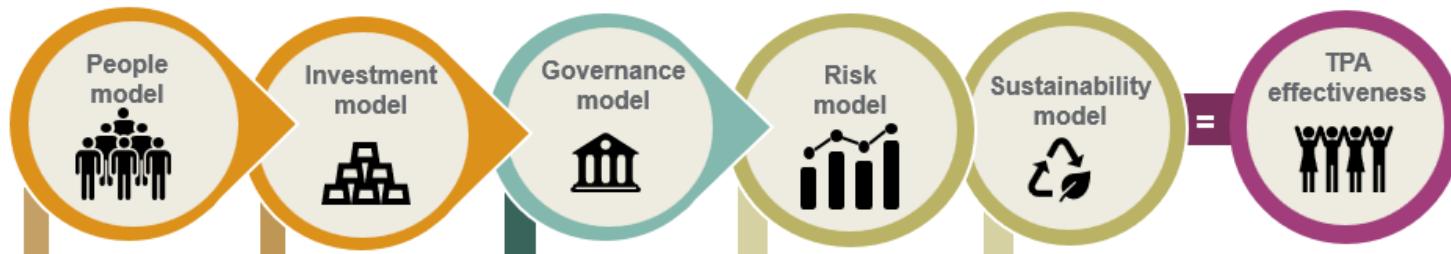
Input: Using Thinking Ahead's TPA shift chart, the fund assessed its progress across 16 areas, including ESG, stewardship and alignment with net zero goals. The project also involved updating the risk model to reflect long-term sustainability risks and aligning internal structures to support more joined-up decision-making.

Outcome: While highly complex, the project gained strong support from the fund and made significant progress toward a partial TPA state, without disrupting business-as-usual. The fund is now positioned to continue its transition from total portfolio thinking to a fully embedded TPA model.

Putting TPA into practice

Implementing TPA is a multi-stage journey. Success depends on pairing technical redesign with cultural change. Organisations evolve through different phases as capabilities and mindsets mature and the key is to find a path that fits the organisation's context while building confidence along the way.

This illustration highlights the key steps in transitioning to TPA. These changes need to be intentional, sequenced and tailored to your organisation's starting point. Progressing along the TPA spectrum requires coordinated shifts across several interdependent domains.



Join peers on the pathway to TPA

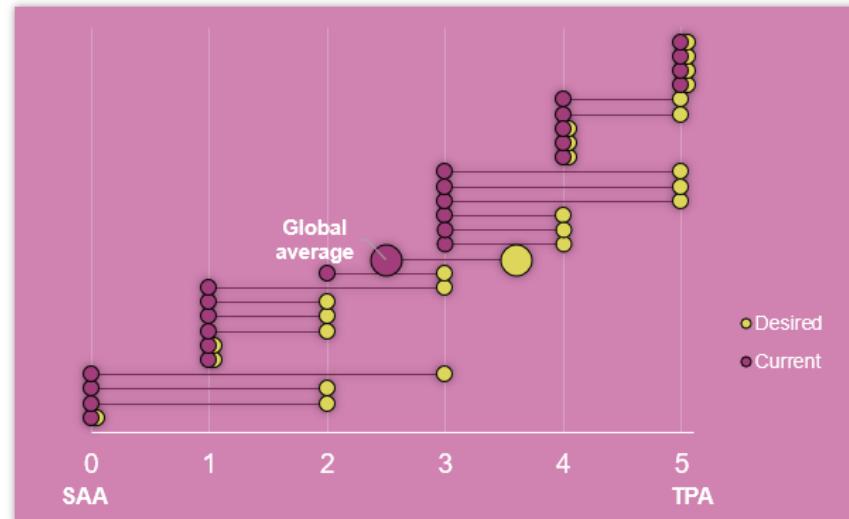
The journey may differ, but it is increasingly necessary

In 2024, we conducted a Global Asset Owner Peer Study in partnership with the Future Fund. The study revealed that funds rate themselves, on average, at 2.5 out of 5 on the TPA spectrum, with many funds aiming to reach a score closer to 4 within five years¹. These scores reflect how far TPA thinking has already penetrated organisations, and how much further many still want to go.

“Institutional investors of different sizes, mandates and complexities are finding ways to adopt TPA principles to sharpen capital allocation, improve organisational agility and embed sustainability at the core of decision-making.”

Findings from our Global Asset Owner Peer Study 2024

- Each dot-to-dot plot is one peer fund plotted from its current TPA score to its desired future score in the next five years
- The group average is currently at 2.5 and has a desired position of 3.6
- Each of the 16 funds desiring a move has a transformational change program to consider.
- No fast fixes though



Thinking Ahead has worked with many asset owners to help make the transition to total portfolio thinking a reality. Institutional investors of all sizes, mandates and complexities are finding ways to adopt TPA principles in ways that sharpen capital allocation, improve organisational agility and embed sustainability at the core of decision-making.

Taking the next step

TPA is no longer a niche idea or theoretical model. It has become the way leading institutional investors look to navigate complexity, build resilience and remain aligned with long-term purpose.

As more institutional investors turn their attention to this approach, it is important to recognise that TPA is not a rigid methodology or one-size-fits-all solution. It is better understood as a way of thinking, a mindset that shapes how goals, risk and capital are aligned across the whole fund; and a way of working, a methodology that is shaped to make the best thinking emerge.

There is no single way to pursue TPA. Its design and implementation must reflect the organisation's purpose, governance, people and readiness for change. In a world that demands more from capital and institutional investors, including greater resilience, stronger purpose and increased adaptability, TPA offers a way to respond to rising complexity and expectations by providing a clear, integrated and forward-looking way of working.

For further details or inquiries, contact:
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“TPA offers a way to respond to rising complexity and expectations by providing clear, integrated and forward-looking way of working.”

Take a look at our [glossary](#)



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This document has been written by members of the Thinking Ahead Group. Their role is to identify and develop new investment thinking and opportunities not naturally covered under mainstream research. They seek to encourage new ways of seeing the investment environment in ways that add value to our clients.

The contents of individual documents are therefore more likely to be the opinions of the respective authors rather than representing the formal view of the firm.

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The Thinking Ahead Institute brings together major investment organisations to advance its mission: develop bold, innovative investment solutions that create long-term value. Established in January 2015, we're a global not-for-profit network comprising asset owners, investment managers and service providers.

Arising out of WTW's Thinking Ahead Group, formed in 2002, our investment specialists bring over 150 years of combined experience from leading organisations. We currently have over 50 members with combined responsibility for over US\$16 trillion.

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