



Quarterly Investment Update

Q2 | 2019



Executive Summary

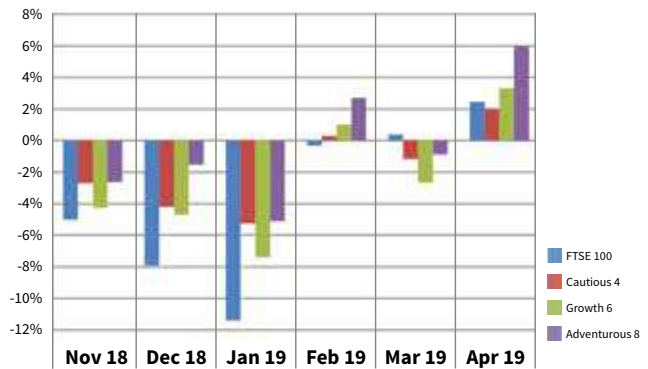
Market Summary

- The FTSE 100 has been extremely volatile over the last 12 months to 13th April 2019, with a low of 6,584.70 and a high of 7877.50. Over this period the Dow Jones Index has gone up 7.48%.
- Over the period of 14th January 2019 – 13th April 2019, the FTSE 100 was up 8.02%.

Investment Portfolios

- All of our portfolios have outperformed the FTSE 100 over the past 24 months, with the FTSE 100 going up 1.49% whereas; all of our portfolios have seen a positive return over 3.03% net after charges.
- Over the 12 months our portfolios performance ranged from 1.29% to 5.95% net after charges.
- Income portfolios continue to hit targets for yield and performance.

12 Month Rolling Performance



How we work

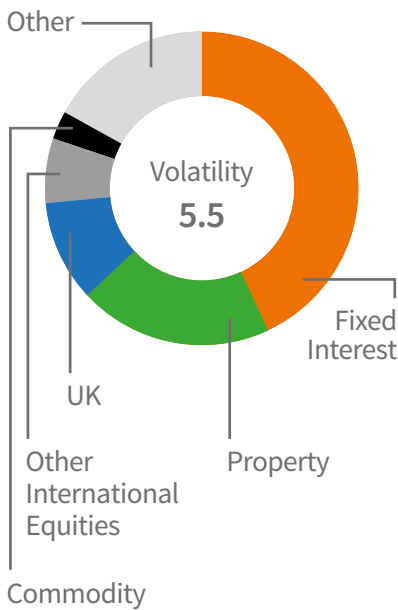
- Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset classes we feel should be considered over the coming 12 months and longer.
- Our strategic plan is largely decided by our informed view on the economies of the world and individual sectors. We obtain our information by meeting with fund managers and reviewing economic publications.
- By meeting and listening to investment companies, we are able to have constructive conversations on the committee. The committee will take a collective view rather than any individual view.

Aisa's Investment Portfolios

The graphs below show typical holdings in our following risk portfolios. They are not designed to represent the day to day current holdings which may change due to volatility in markets and the investment team quarterly reviews. Potential gain/loss on a portfolio over any short period 3 months, 6 months, 1 year is demonstrated by volatility listed inside the portfolio and shows how much you could lose or gain by being invested typically. However, actual gains or losses can be higher than this and there is no guarantee on performance. They are designed to demonstrate the concept of loss and risk and returns linked to different risk portfolios. The committee will take a collective view rather than any individual view.

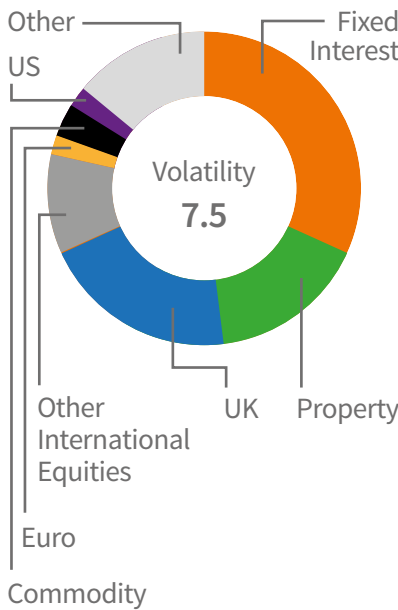
Defensive 3

Target Return
4.00%



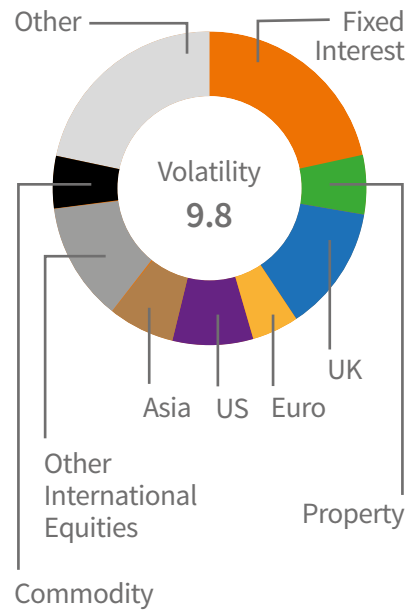
Cautious 4

Target Return
5.50%



Balanced 5

Target Return
6.50%



- Fixed Interest 41.03%
- Property 15.81%
- UK Equities 8.07%
- Euro Equities 0%
- US Equities 0%
- Asia Equities 0%
- Other Int. Equities 7.35%
- Japan Equities 0%
- Commodity 13.50%
- Other 14.24%

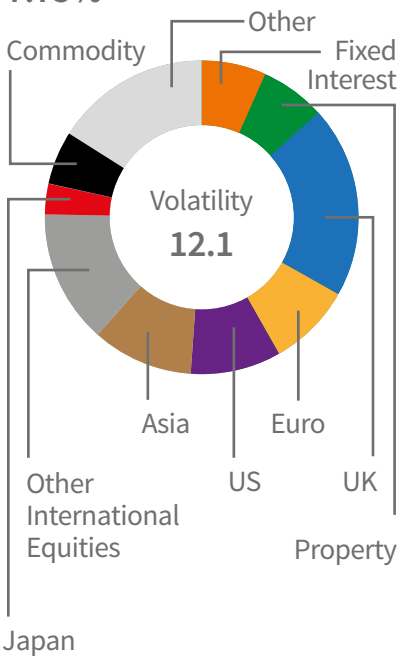
- Fixed Interest 26.80%
- Property 14.01%
- UK Equities 15.57%
- Euro Equities 2.14%
- US Equities 2.05%
- Asia Equities 0%
- Other Int. Equities 12.76%
- Japan Equities 0%
- Commodity 15.8%
- Other 10.87%

- Fixed Interest 20.14%
- Property 7.50%
- UK Equities 12.79%
- Euro Equities 6.99%
- US Equities 8.71%
- Asia Equities 6.29%
- Other Int. Equities 10.76%
- Japan Equities 0%
- Commodity 6.61%
- Other 20.21%

Volatility: Refers to the amount of uncertainty or risk about the size of changes in a security's value. A higher volatility means that a security's value can potentially be spread out over a larger range of values. This means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate dramatically, but changes in value at a steady pace over a period of time.

Growth 6

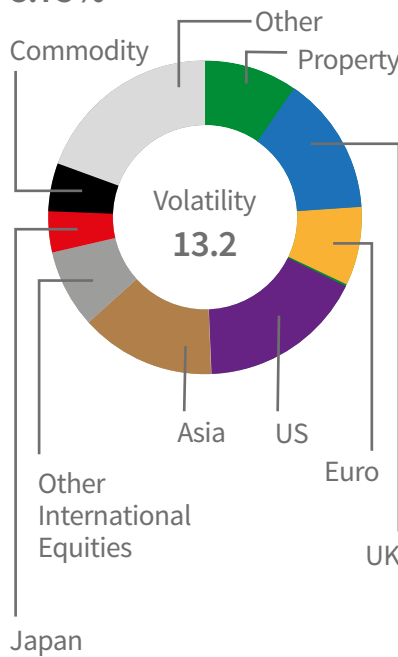
Target Return
7.75%



- Fixed Interest 6.19%
- Property 7.00%
- UK Equities 21.17%
- Euro Equities 7.79%
- US Equities 7.77%
- Asia Equities 8.04%
- Other Int. Equities 13.50%
- Japan Equities 4.13%
- Commodity 6.47%
- Other 17.94%

Speculative 7

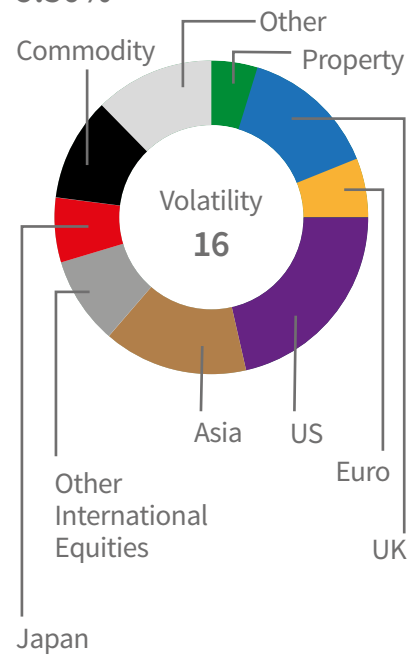
Target Return
8.75%



- Fixed Interest 0%
- Property 8.00%
- UK Equities 15.02%
- Euro Equities 8.31%
- US Equities 17.00%
- Asia Equities 12.97%
- Other Int. Equities 8.95%
- Japan Equities 5.03%
- Commodity 7.01%
- Other 17.71%

Adventurous 8

Target Return
9.50%



- Fixed Interest 0%
- Property 5.50%
- UK Equities 11.55%
- Euro Equities 8.72%
- US Equities 20.91%
- Asia Equities 14.88%
- Other Int. Equities 10.00%
- Japan Equities 7.77%
- Commodity 9.83%
- Other 10.84%

Aisa Team (AIT) Committee Meeting

Dated: 29th April 2019

Attendees: John Reid (Chairman)
James Percy-Caldwell (Member of Board and Compliance Representative)
Geordie Bulmer (Member of Board)
Darryl Brock (Non-Voting Member of Committee)
Lee Hinton (Guest)
Ailsa McFadyen (Guest)

Secretary: James Dunford (Secretary)

1 Review of previous minutes and sign off

After agreement, the minutes of 23rd January 2019 were signed as correct by the Chair.

Actions outstanding at previous meeting, and outcomes:

- contacted clients who were affected by the fund change(s) in their portfolio(s)

2 General strategy *(internal eyes only - not for publication)*

3) Presentation(s)

a) Aisa Comment

Each quarter we write our own comments on significant issues of interest for investors. Invariably over the last few years these have focused on the issues of global debt, opportunities or matters closer to home such as Brexit.

This quarter we thought we should focus on informing you how we actually do the work behind the scenes in running your portfolios.

For a start, we have been doing this for over 10 years now (as some of you will be aware) and that leads to an accumulation of knowledge and information. We operate through a governance procedure which is over a 100 pages long, and full of useful pointers to ourselves meaning that it is regularly read, and regularly reviewed.

For example, even after all this time, the method of assessing how we do our job can be updated through a new experience or because of events that may not have happened before (or in our lifetimes!).

From this governance we run procedures, and it is those procedures that are adhered to provide the performance that you have all enjoyed. For example, we split the decision making of where we should invest geographically or sectorial, with actually the fund choices required to meet those decisions. Therefore, the committee is conviction led – where we think we should be investing, or more critically, where we think we should be avoiding putting your money. In the past we described this as tactical allocation and this would still be an accurate description as we will allocate your funds where we believe there is lower risk but the best returns.

However, by splitting out the choice of which investment managers to use to meet these objectives, or whether to use passive or active management means that we are taking away the emotion! One of the biggest problems in investing is that we become emotionally driven, sometimes leading to us retaining a fund for the wrong reasons, or buying when we should be selling or vice versa. However, we split the decision making out meaning that one party decides where to invest and another makes the decision who or what to invest.

We believe that this one fundamental process means that we can operate differently from any single adviser who simply cannot split two emotions, or be emotionless unless using an algorithm or computer model.

That moves me neatly onto why we do not use algorithms; we have had many very clever people usually with amazing degrees who have shown us the latest hedge or algorithm. They usually show it to you just as they have made a huge profit, and it has often been in existence less than 3 years. Our conclusion is that some do work moving forward although the percentage would be very small, and the others literally crash and burn, with the funds disappearing – only to re-invent themselves soon afterwards in another named form. The higher the leverage on these funds the greater the risks and returns, and losses! The key point is that as we review the meetings we had with these people from around 2007-2010 there is not a single one left running that we met.

Therefore, and this is key, we have always set ourselves up as long only investors – we are looking to hold anything that we invest in for the foreseeable future until we change our minds or a fundamental changes like risk or outlook. We buy nothing for the short term.

Finally, we do not tie ourselves to a mantle and remain flexible. We are not “passive only”, “active only”, thematic driven, momentum driven or sector focused. We are flexible to try and take advantage of where we believe future investment returns will be derived from. If something sounds too good to be true, it has pretty much in the last 10 years always proved to be the case.

Next quarter we will return to comments on the latest debt crisis, euroland woes, recoveries and possible bright lights.

b) Invesco Perpetual Global Economic Outlook

Quantitative Easing and conventional monetary policy was used to combat the financial crisis of 2008. However this increased global debt and debt becomes a problem when you get a downturn in the economic cycle. Most consumer debt is linked to mortgages so this is secured against a property. With individual country debts for developed countries the central banks will buy out the debt, however for developing countries this will be an issue.

If Italy decides to follow in the UK’s footsteps and leave the EU, this will have a detrimental effect on the Euro.

When the cycle turns this is when all the issues arise and it is then when asset allocation is extremely important.

The UK economy has been negatively impacted by Brexit with analysts reporting roughly 2% less growth. However real wage growth has picked up and consumer confidence is still relatively high, valuations of UK companies are currently low. The uncertainty of Brexit though is still an issue with many outcomes still possible. Companies all across the UK are taking actions to try and Brexit proof themselves, Brexit is forcing companies to restructure and run more efficiently. However companies are likely to be more cautious with where and how they are spending money and possibly pushing expansions down the line.

Many global investors are likely to ignore the UK equities until they see some certainty with Brexit as there are opportunities elsewhere and they don’t need to take the risk with UK equities. There are opportunities in the UK, however you have to be selective and valuations are never enough, the company will also need to have good fundamental. The UK marketplace does allow for companies to run smoothly and successfully, which will make it hard for companies to ignore the UK even if a hard Brexit. What happens with the £ will have a big impact on the UK following Brexit, in regards to whether people will want to import and export to and from the UK.

The European economy is leveraged to the global economy, if the global economy is improving the European economy will benefit. If you look at the PMI’s (The Purchasing Managers’ Index (PMI), which is an index of the prevailing direction of economic trends in the manufacturing and service sectors) for Europe, you can see Europe has its attractions.

The US/China trade war will not help Trump when it comes to re-elections; historically the US economy has to be in a good state for a President to be re-elected.

c) Mill Trust, Emerging Markets Proposition

Mill Trust are specialists in the Emerging Markets Sector. The Emerging Markets Portfolio was launched in 2012 and consists of 9 specialist investment teams based in;

- Sao Paolo
- Hong Kong
- Shanghai
- Singapore
- Mumbai
- Dubai
- Seoul
- Moscow
- Johannesburg

The portfolio is long only and consists of the best ideas of the specialist teams based on fundamental research by the local teams. Focus on high quality/high growth stocks at reasonable valuations with low stock turnover and currently consists of around 400 stocks. The portfolio tends to find more opportunities in the small to mid-cap region and holding them until they move towards large-cap.

The portfolio is currently running at 5% alpha and has a downside capture of 70%.

Mill Trust use their own local specialists because even though there is a vast amount of companies, there isn't that many analysts covering the emerging markets sector.

The portfolio is currently overweight and underweight in the following;

Underweight	Neutral	Overweight
Financials	Materials	Consumer Discretionary
Communication Services		Consumer Staples
IT		Industrials
Energy		Real Estate
Utilities		Health Care

In regards to allocation, the countries get scored based on a system that compares the countries. The following factors are analysed;

- Valuation, where they look for lower forecasted Price to Earnings and higher Dividend Yield
- Momentum, where they look for positive year-on-year change in local equity and currency
- Growth, where they look for positive change in forecasted GDP Growth
- Policy, where they look for loose monetary policy
- External, where they look for positive change in terms of trade and undervalued currencies
- Risk, where they look for declining excess credit growth

The portfolio is rebalanced quarterly and has constraints on the country allocation. The below constraints are in place to lower the volatility.

For countries that have an MSCI EM Index weight of	Approximate max/min over/under – index weight in portfolio
Greater than 8%	+/- 5%
Between 8% and 2%	+/- 4%
Less than 2%	+/- 3%

Country top 3 overweight/underweight

Underweight	Overweight
Taiwan	China
Malaysia	Russia
Poland	South Korea

In 2018 Emerging Markets had some strong headwinds with a hawkish FED, Strong US Dollar, US/China Trade war and deleveraging in Chinese Economy. These have eased off leaving a more positive outlook for Emerging Markets.

Emerging Markets tend to follow a 5-7 year cycle, with 5 years negative and then 7 years positive. We have just had a 5 year negative slope.

4a) Geographical & Sector Outlook



























The FTSE 100 has been extremely volatile over the last 12 months, with a low of 6,584.70 and a high of 7877.50. Over the 12 months, the FTSE 100 was up 2.37%. Our growth portfolios 5 and above have outperformed the FTSE 100 over the same period. Over the 12 months our portfolios performance ranged from 1.29% to 5.95% net after charges. Over the period of 14th January 2019 – 13th April 2019, the FTSE 100 was up 8.02%.



The US market has also been extremely volatile over the last 12 months. Over this period the Dow Jones Index has gone up 7.48%.



4b) Committee Asset Allocation Views

Views		Outlook	
Negative	Neutral	Positive	
			  
Equity Europe			
Equity UK			
Equity US			
Equity Japan			
Asia			
Emerging Markets			
Emerging Markets Debt			
Government Bonds			
Investment Grade			
High Yield			
Commodities	We retain an active interest in some commodities and have client money invested in Gold as a currency hedge.		
Currency	We have no specific new views on the main currencies of USD, GBP, EUR, JPY, CHF, AUD or CAD.		
Investment Trusts	A briefing paper on Investment Trusts was received and as a result the committee has elected to invest into Blackrock Energy & Resources Income Trust.		
General	There were no Sector specific or Geographic comments in this quarters review that changed investment strategy. However, the committee has taken a decision to take risk off both our Balanced and Growth portfolios altering investment strategy. Affected clients have been notified.		

4c) Plus Service (only applies to those clients signed up)

No additional change for our plus clients – retain same fund strategy as main portfolios.

5a) Fund review for all portfolios *Actual Performance of our clients colour co-ordinated as follows:*

Growth Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio	Risk Grade	3 mths	12 mths	24 mths	36 mths	48 mths	60 mths
Defensive (27)	3	3.60%	2.85%	6.32%	15.60%	13.66%	23.36%
		3.35%	1.29%	3.04%	10.13%	6.68%	13.66%
Cautious (44)	4	4.37%	3.57%	6.92%	18.03%	15.00%	31.26%
		4.12%	1.99%	3.61%	12.51%	8.06%	20.90%
Balanced (80)	5	6.29%	6.19%	11.72%	28.66%	26.88%	44.04%
		6.04%	4.60%	8.32%	22.56%	19.27%	32.85%
Growth (82)	6	6.19%	5.26%	12.78%	31.09%	28.35%	52.65%
		5.94%	3.30%	8.90%	24.33%	20.07%	39.71%
Speculative (89)	7	6.39%	6.03%	14.18%	32.27%	29.85%	57.83%
		6.14%	4.43%	10.68%	26.00%	22.05%	45.38%
Aggressive (104)	8	7.05%	7.42%	13.92%	33.45%	26.40%	53.49%
		6.83%	5.95%	10.72%	27.29%	19.38%	42.19%

Important Note

Our portfolio past performance is linked to actual clients who hold these portfolios. For this quarterly review we have decided to include past performance for 60 months.

We have included the portfolios past performance for 60 months because we now have that information for the majority of our portfolios.

Please note that clients may receive slightly different performance to this as the charges taken into account within the portfolios are based on the value of two clients averaged. As charges vary linked to the value of investment held then, the charges and fees you pay will determine the actual return you obtain.

Aggregate costs and Cumulative effect on of costs on returns

The total costs and charges for your investment are made up of a mixture of our charges, the platform or product and investment funds and services. The table above shows how the total costs are allocated over the different time periods by measuring the difference between the gross returns (black) and the net returns (orange).

The total charge deducted for each investment or product will have an impact on the investment return you might receive. Using the tables above you can calculate that impact. For example, if you were a Balanced Investor with 300,000 invested then over the last 12 months the total charges applied were (black minus orange) 1.59%. For 300,000 your charges were therefore $300,000 \times 1.59\% = 4,770$. If there were no charges this is how much more your fund would have grown by.

You can therefore do this calculation over any time period up to 5 years for all our portfolios. Past performance should not be used as a guide to future returns.

Income Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio	Risk Grade	Yield	3 mths	12 mths	24 mths	36 mths	48 mths	60 mths
Cautious (43)	4	4.39%	4.87% 4.66%	3.11% 1.73%	7.99% 5.00%	19.64% 14.55%	16.28% 9.96%	N/A
Balanced (66)	5	4.18%	4.52% 4.27%	2.82% 1.27%	6.75% 3.52%	22.11% 16.52%	18.07% 11.33%	32.10% 22.58%
Growth (74)	6	4.22%	6.13% 5.88%	4.63% 3.07%	7.43% 4.22%	24.14% 18.51%	21.41% 14.60%	32.13% 22.74%

It has been agreed by the committee that all the income portfolios must produce a yield of more than the average standard daily saving rate (annualised) plus 1%. Current yields are all higher than 4.1%.

5b) 12-Month Rolling Performance

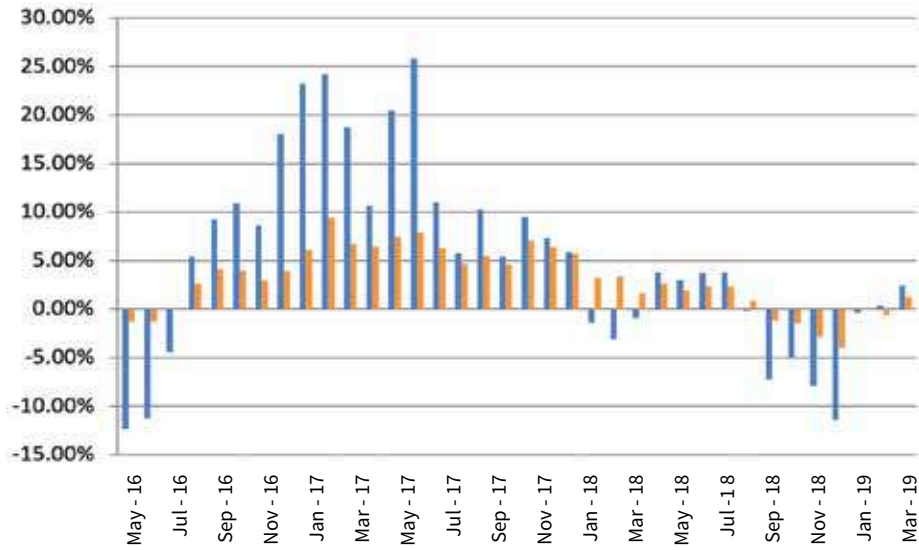
We have analysed the actual performance of our model portfolios over the last two years, on a rolling 12-month basis. In the table below, next to each month, we have shown the performance for the last 12 months, i.e. January 2018 to January 2019, February 2018 to February 2019 and so on.

For the 12 month period to February 19 all our portfolios saw a positive return whilst a FTSE 100 Tracker saw a loss of 0.33%. For the 12 month period to April portfolio 8 more than doubled the performance of a FTSE 100 tracker.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
May-16	-12.33%	-1.29%	-2.29%	-0.70%	0.55%	-1.47%	-3.80%
Jun-16	-11.23%	-1.23%	-2.29%	0.50%	0.66%	0.56%	-1.09%
Jul-16	-4.43%	0.05%	0.88%	6.80%	7.61%	8.14%	9.15%
Aug-16	5.41%	2.64%	4.41%	10.86%	11.67%	12.43%	14.30%
Sep-16	9.26%	4.11%	6.19%	11.58%	12.90%	13.22%	16.09%
Oct-16	10.96%	3.99%	6.21%	12.73%	15.02%	16.22%	18.53%
Nov-16	8.66%	2.97%	4.10%	8.49%	10.40%	10.50%	15.31%
Dec-16	18.07%	3.95%	5.40%	10.71%	11.40%	11.90%	16.18%
Jan-17	23.27%	6.14%	8.10%	15.15%	15.93%	16.50%	21.14%
Feb-17	24.23%	9.42%	13.40%	23.13%	24.12%	25.37%	30.31%
Mar-17	18.73%	6.72%	9.50%	16.07%	17.17%	17.83%	19.99%
Apr-17	10.65%	6.48%	8.40%	13.09%	13.90%	13.90%	15.67%
May-17	20.49%	7.45%	10.12%	15.58%	17.38%	17.69%	19.73%
Jun-17	25.82%	7.93%	10.95%	16.77%	17.83%	18.51%	21.25%
Jul-17	11.06%	6.28%	7.80%	10.01%	11.01%	11.42%	8.33%
Aug-17	5.77%	4.68%	5.39%	6.90%	7.62%	7.56%	4.68%
Sep-17	10.27%	5.44%	6.94%	11.11%	11.74%	12.97%	10.73%
Oct-17	5.40%	4.63%	5.36%	7.77%	8.19%	8.72%	6.21%
Nov-17	9.51%	7.07%	9.80%	15.00%	14.65%	16.95%	13.19%
Dec-17	7.35%	6.42%	8.73%	13.61%	13.97%	16.27%	12.67%
Jan-18	5.83%	5.75%	7.11%	11.17%	11.13%	13.53%	10.82%
Feb-18	-1.42%	3.23%	3.42%	5.98%	6.96%	8.74%	5.78%
Mar-18	-3.07%	3.38%	3.72%	7.68%	8.21%	10.74%	9.09%
Apr-18	-0.89%	1.66%	1.53%	3.68%	4.86%	6.05%	4.44%
May-18	3.77%	2.65%	2.97%	6.93%	7.68%	9.16%	9.94%
Jun-18	2.98%	1.91%	2.26%	6.09%	6.89%	7.91%	8.86%
Jul-18	3.73%	2.31%	2.80%	6.21%	6.80%	7.61%	8.92%
Aug-18	3.81%	2.32%	3.13%	7.32%	7.65%	8.86%	10.52%
Sep-18	-0.20%	0.89%	1.03%	3.63%	3.92%	4.46%	5.24%
Oct-18	-7.27%	-1.19%	-2.67%	-2.91%	-2.32%	-2.48%	-1.91%
Nov-18	-5.01%	-1.45%	-2.71%	-3.09%	-4.26%	-2.79%	-2.62%
Dec-18	-7.89%	-2.86%	-4.21%	-3.42%	-4.72%	-2.49%	-1.52%
Jan-19	-11.39%	-4.00%	-5.26%	-5.89%	-7.39%	-5.59%	-5.09%
Feb-19	-0.33%	0.01%	0.28%	1.42%	1.03%	1.48%	2.70%
Mar-19	0.38%	-0.62%	-1.16%	-1.27%	-2.68%	-1.95%	-0.88%
Apr-19	2.45%	1.29%	1.99%	4.60%	3.30%	4.43%	5.95%

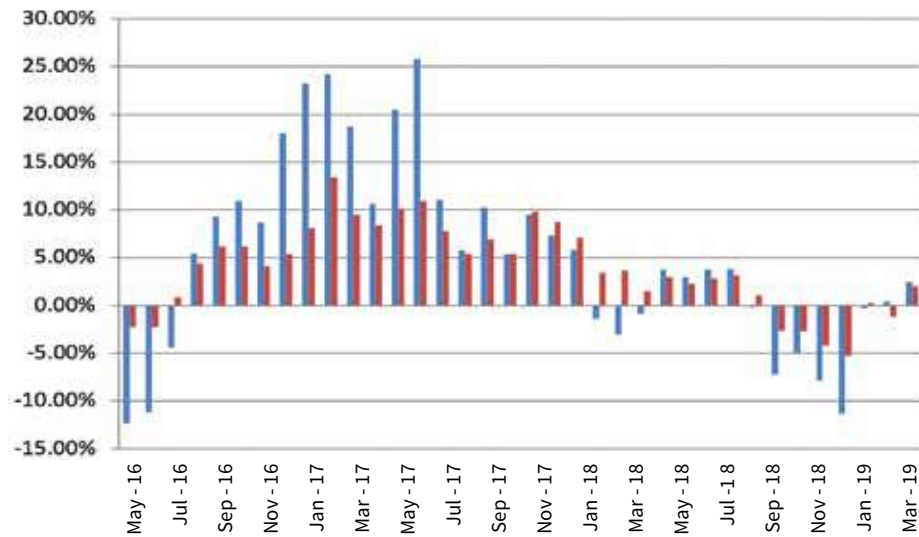
Aisa Defensive 3

- FTSE 100
- Aisa Defensive 3



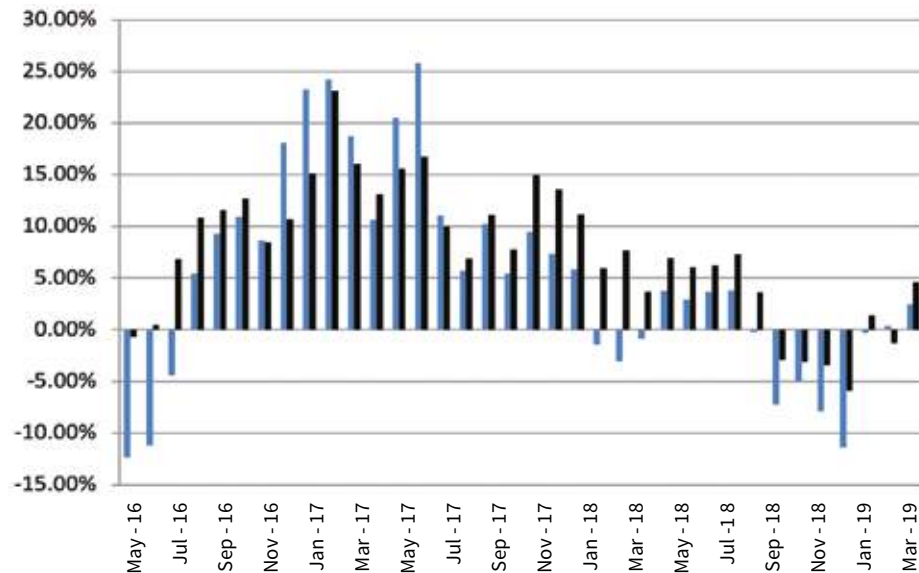
Aisa Cautious 4

- FTSE 100
- Aisa Cautious 4



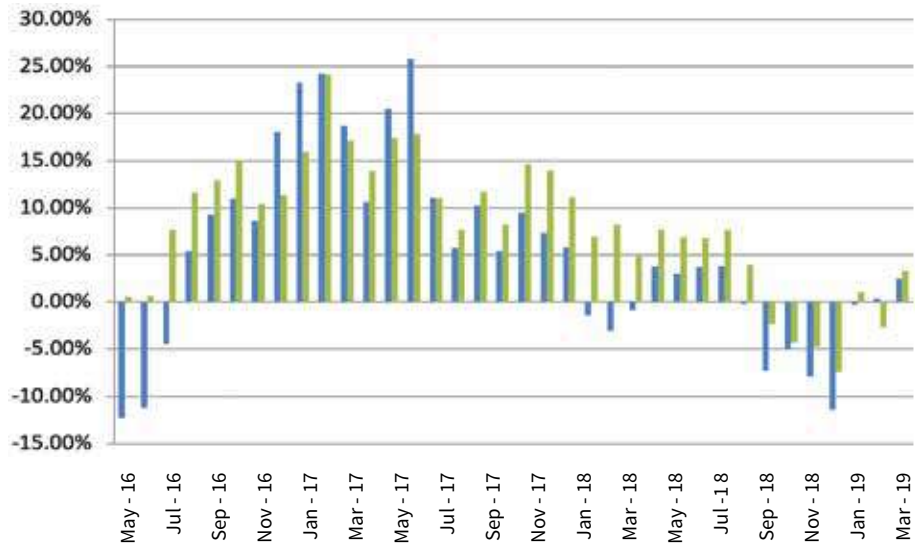
Aisa Balanced 5

- FTSE 100
- Aisa Balanced 5



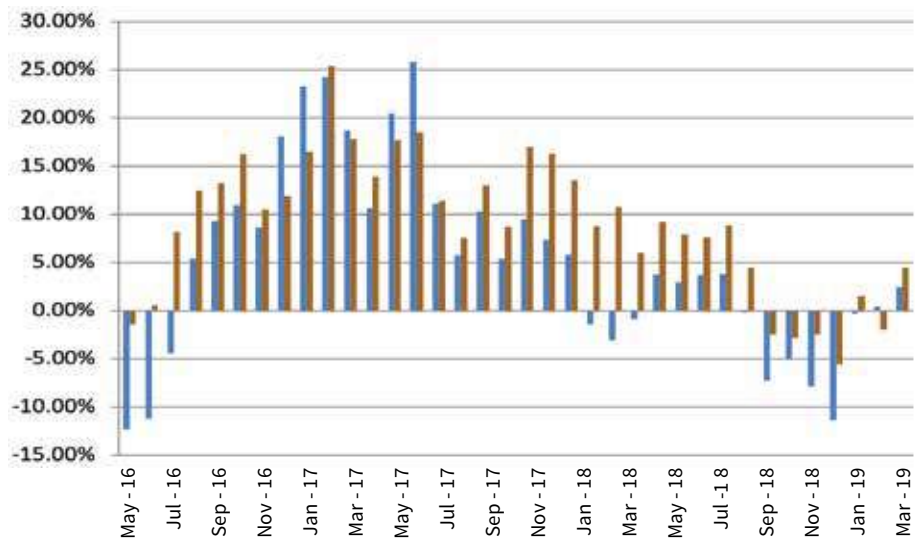
Aisa Growth 6

- FTSE 100
- Aisa Growth 6



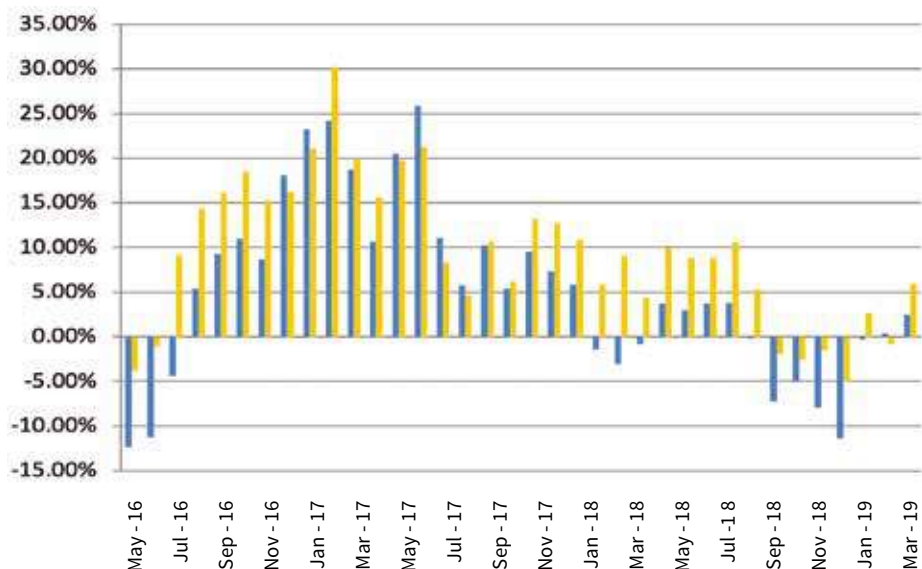
Aisa Speculative 7

- FTSE 100
- Aisa Speculative 7



Aisa Adventurous 8

- FTSE 100
- Aisa Adventurous 8



8) Quarterly timetabled asset/product discussions

The product discussions for this quarter were SIPP's, Wrap and Corporate Pensions. SIPP's were updated by John Reid, Wrap was updated by James Percy-Caldwell and Corporate Pensions by Geordie Bulmer. All information is to be updated into our Governance document centrally held at our main office.

9) AOB

Reference Material utilised in this meeting:

Analytics – review of funds.
Aisa Performance data.
Aisa Governance Document.
Ascentric presentations.

10) Next Meeting

Next meeting will be held at JP Morgan on 24th July 2019.

11) Actions Outstanding

Action: Contact clients who are affected by any fund change(s) in their portfolio(s).

Action: James to update the Governance Document with quarterly research.

Review: Those funds on quarterly watch.

Review: Monitor funds in growth portfolios.

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Signed by Chairman





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