



Quarterly Investment Update

Q1 | 2016



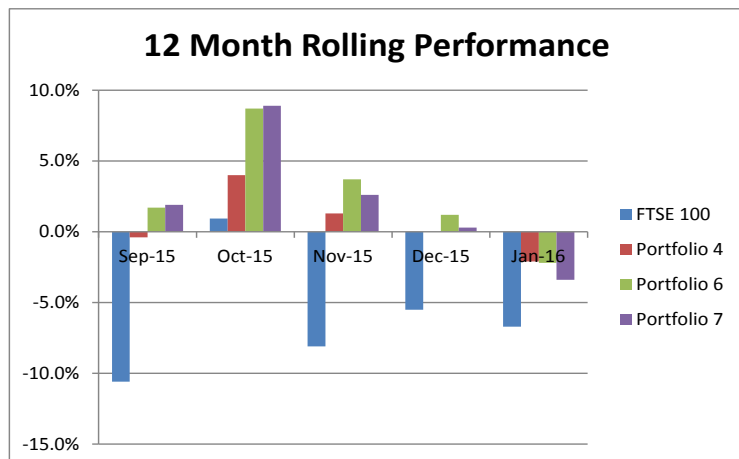
Executive Summary

Market Summary

- The FTSE 100 has had an extremely volatile last 12 months, with a low of 5874 and a high of 7104. Over the period of 5th January 2015 – 4h January 2016, the FTSE 100 was down 5%.
- Overall, when considering the risk of our portfolios it is great to see nearly all of our growth and income portfolios have outperformed the FTSE100 consistently over rolling 12 month periods (Details inside)
- At the time of our meeting in January it was just after an announcement from RBS that, summarised, was to “sell” everything; this kind of statement strikes fear into consumers, and provokes a response
- Subsequently, there has been a market sell off purely due to sentiment as very little new has been announced or changed in the last 2 months

Investment Portfolios

- We believe that although Japan continues to underperform it offers opportunity; the structural reforms announced have been slow to be implemented and there are further delays in implementing some parts until 2017
- There is a rate rising cycle in the USA with perhaps the UK to follow this year. Therefore, this keeps fixed interest subdued and we want to be underweight which we already are.
- We have been negative on China and Emerging Markets since end 2014, but neutral towards South East Asia and other Emerging Markets and our positioning has not changed
- We are aiming to rebalance our property portfolio away from the UK in 2016 and towards global property, REITs are suitable for short term hedging against the equity market



How we work

Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset c/asses 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.

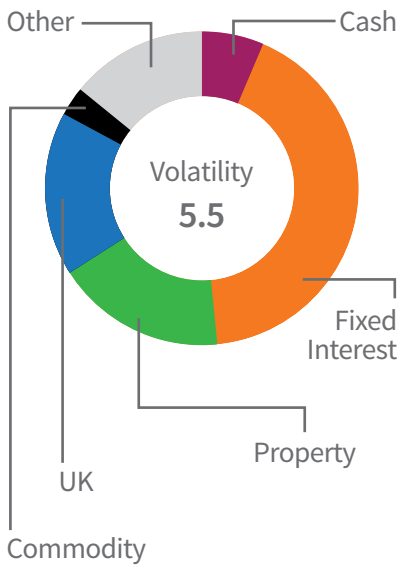
By meeting and listening to investment companies, we are able to have constructive conversations on the committee. The committee will take a collective view rather than any individual view.

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.

Portfolio 3

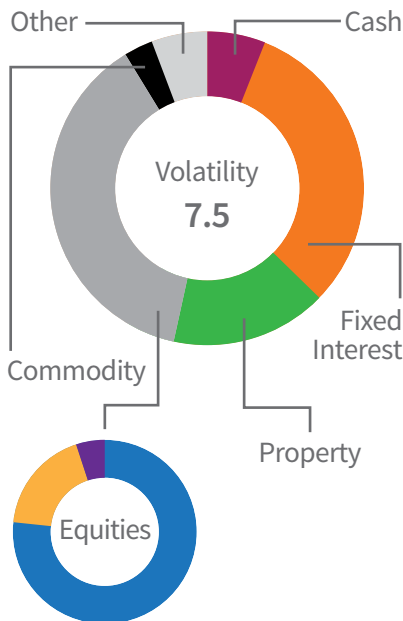
Target Return
4.6%



- Cash 6.5%
- Fixed Interest 41.9%
- Property 17.8%
- UK Equities 16.9%
- Euro Equities 0%
- US Equities 0%
- Asia Equities 0%
- Emerging Markets 0%
- Japan Equities 0%
- Commodity 3.0%
- Other 13.9%

Portfolio 4

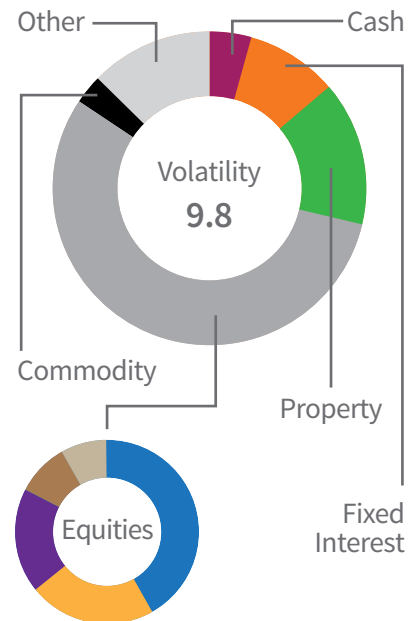
Target Return
5.7%



- Cash 6.0%
- Fixed Interest 31.3%
- Property 16.1%
- UK Equities 29.4%
- Euro Equities 7.1%
- US Equities 1.5%
- Asia Equities 0%
- Emerging Markets 0%
- Japan Equities 0%
- Commodity 3.0%
- Other 5.6%

Portfolio 5

Target Return
6.7%

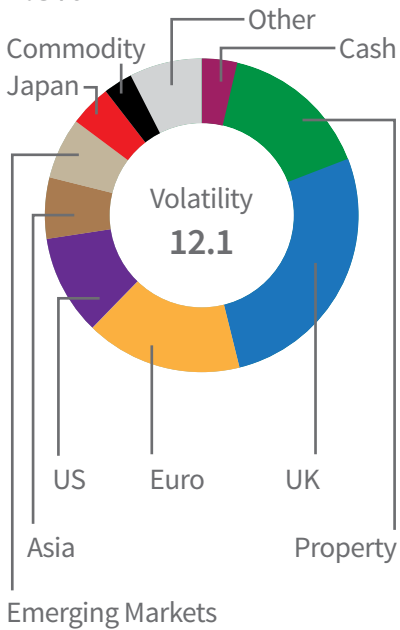


- Cash 4.3%
- Fixed Interest 9.4%
- Property 15.2%
- UK Equities 23.0%
- Euro Equities 12.5%
- US Equities 10.1%
- Asia Equities 5.2%
- Emerging Markets 5.0%
- Japan Equities 0%
- Commodity 3.0%
- Other 12.3%

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.

Portfolio 6

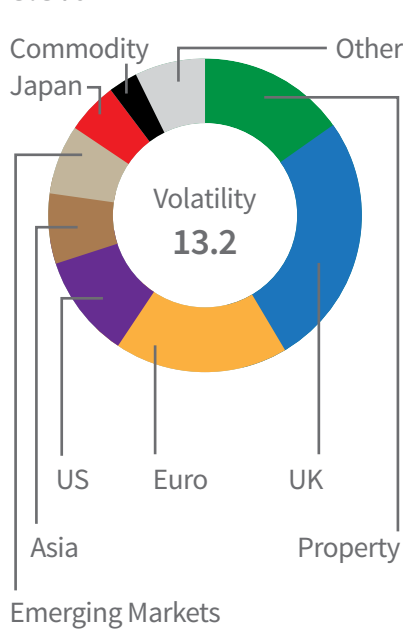
Target Return
7.8%



- Cash 3.6%
- Fixed Interest 0%
- Property 15.4%
- UK Equities 27.1%
- Euro Equities 16.3%
- US Equities 10.4%
- Asia Equities 6.3%
- Emerging Markets 6.3%
- Japan Equities 4.3%
- Commodity 3.0%
- Other 7.3%

Portfolio 7

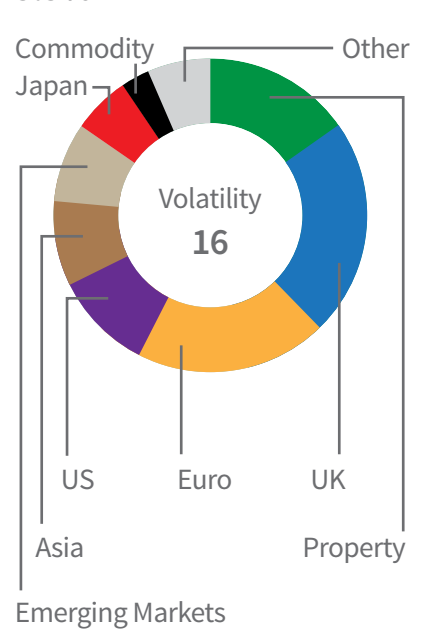
Target Return
8.8%



- Cash 0%
- Fixed Interest 0%
- Property 15.2%
- UK Equities 26.2%
- Euro Equities 17.9%
- US Equities 10.7%
- Asia Equities 7.3%
- Emerging Markets 7.3%
- Japan Equities 5.1%
- Commodity 3.0%
- Other 7.3%

Portfolio 8

Target Return
9.9%



- Cash 0%
- Fixed Interest 0%
- Property 15.4%
- UK Equities 22.3%
- Euro Equities 19.8%
- US Equities 10.2%
- Asia Equities 8.9%
- Emerging Markets 8.1%
- Japan Equities 6.0%
- Commodity 3.0%
- Other 6.3%

Aisa Team (AIT) Committee Meeting

Dated: 13th January 2016

Attendees: James Percy-Caldwell (Chairman and Compliance)
John Reid (Member of Board)

Secretary: Rob James (Secretary)

Absent: Georgie Bulmer (Member of Board)

1 Review of previous minutes and sign off

After agreement, the minutes of October 2015 were signed as correct by the Chair.

Actions outstanding at previous meeting, and outcomes:

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

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

3 Presentations

Standard Life

Michael Dinwoodie from Standard Life made a presentation about market principles in general and their property funds in particular. He covered the issue of REITS- whilst they will follow the long term trend of property values because they are liquid, and traded as shares, it means that they follow short term equity volatility. If markets go up or down then REITS tend to follow them and then correct over the longer term in line with property prices.

We received a brief about the new manager of the SLI property fund, George Shaw and his Ignis fund. The two funds are being merged and George Shaw will take over overall managerial responsibility. Performance on the SLI has been poor and performance has dragged. It was explained that this is largely down to the large cash positions held (27% on the 30th September 2015) which means the fund has not been fully invested. However, the property market in the UK may be saturated and commercial property is at a premium so investing now may not be great in the short term.

We also received a presentation from Ascentric on the new platform arrangements. It will not impact on clients, although we highlighted our concerns about removing the separate cash fund element from a client's handling perspective.

4a Geographical & Sector Outlook

At the time of our meeting in January it was just after an announcement from RBS that, summarised, was to “sell” everything; this kind of statement strikes fear into consumers, and provokes a response. Subsequently, there has been a market sell off purely due to sentiment as very little new has been announced or changed in the last 2 months. From Aisa’s perspective, we are doing exactly what we have promised you, our clients. Our portfolios continue to outperform the main mature market indices at a time when indices are down as much as -14% recently and are almost 20% off the highs, thus leading to an official bear market in the US and the UK possibly. We anticipated this though and planned accordingly as early as 12 months ago.

As a client of ours paying us for managing your money you know that you will experience some downs as well as ups. You know that volatility is part and parcel of obtaining returns in the long term. So whilst the indices are down as far as they are, the portfolios covering 95% of our client base are outperforming. The actual figures for 3 of our portfolios are highlighted later in this document. We are not recommending any further sell off of equities.

The next problem the committee has to understand is that we may have done a good job over the last few years, but where should we invest in 2016. This took up much of our time and we had a good discussion. The key problem is that at times of market volatility there is normally assets you can go to other than cash. However, a lot of the asset classes have potential issues and, therefore, later in this report we discuss them in detail

The FTSE 100 has had an extremely volatile last 12 months, with a low of 5874 and a high of 7104. Over the period of 5th January 2015 – 4h January 2016, the FTSE 100 was down 5%. All of our growth and income portfolios have outperformed the FTSE 100 over the same period, ranging from -0.8% to a positive 3.2% net after charges.



The US market has also seen some volatility especially in the September and October last year. Over the last year the Dow Jones Index has gone down 2% from 5th January 2015 – 4th January 2015.



Important Note

When considering a portfolio of Passive Tracking ETF's versus active management often the argument is that it is a cost effective strategy with performance a vital factor. Now that the AISA Investment Committee has over 5 years of past performance history we can compare the use of pure index trackers to our own portfolios which are a mixture of managed passive and active fund managers.

When considering part of our benchmark, the FTSE 100, all of our growth portfolios from 3 to 8 have outperformed a FTSE 100 UK Tracker over a 5 year term up to December 2015. Even with the recent stock market sell off all portfolios 3 to 6 continue to outperform and all our portfolios are positioned to take advantage of any recovery.

If we look at other passive tracker index, and as an example compare where many clients are invested, our Risk Grade 6 portfolio, to the US S&P 500 and German DAX then again the active management shows better past performance over 5 years. We therefore believe in active portfolio management over pure passive tracker performance.

Past performance graphs kept on file.

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

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

4c The Current Aisa View

Medium Term Stance		Tactical Funds	
Property Equities	Very Heavy	UK Real Estate (Commercial)	UK Equities
Equities Property	Heavy	European Equities	US Real Estate (Commercial)
Equities Property	Neutral	High Yield Corporate Bonds	European Real Estate US Equities
Equities Commodities	Light	UK Gilts Global Commodities Japanese Equities	Asian Equities Emerging Market Equities
Cash Government Bonds	Very Light	US Treasuries Investment Grade Corporate Bonds	European Bonds Japanese Bonds Emerging Market \$ Debt

- Equity** We are positive on Europe, neutral in UK and US. There is a rate rising cycle in the USA with perhaps the UK to follow this year. Therefore, this keeps fixed interest subdued and we want to be underweight which we already are. We are positive towards Japan though it continues to underperform as the structural reforms announced have been slow to be implemented and there are further delays in implementing some parts until 2017. We remain negative on China and Emerging Markets connected with China, but neutral towards South East Asia and other Emerging Markets and believe that we should allocate some funds into those areas.
- Equity Income** Positive on UK and US.
- Property (UK Residential)** Neutral. We are expecting increases in the interest rates over the next 12 months. There has also been a recent decline in house prices.
- Property (UK Commercial)** Neutral as long as stock is held in “bricks and mortar”. However, we are concerned about the liquidity of these funds which leads us to want to reduce our exposure. Whilst, it is an asset allocation class that hedges equities and can provide yield in the absence of bond

returns, we have taken the decision to reduce our holdings and ensure that they are spread between fund managers. We have decided to be neutral from positive and started dis-investing in October 2015. We are aiming to rebalance our portfolio away from the UK in 2016 and towards global property, REITS are unsuitable for short term hedging against the equity market as explained earlier.

- Bonds (Gilts)** Negative except for strategic bonds, which can be utilised in asset allocation where risk mitigation is required. Strategic bonds are more likely to take account of inflation and their long term values will not be as affected as fixed gilts
- Bonds (Corporate)** Negative, although some may have to be used as part of an asset allocation strategy; where necessary to utilise then Investment Grade only
- Cash** Negative, although some National Savings products could be considered.
- Commodities / currency concerns** We are negative about Iron Ore and other major commodities, though are now neutral on gold. Oil prices have fallen to \$30 a barrel and will remain low.

5a Growth Portfolio Actual Performance* of our clients colour co-ordinated as follows:

Growth Portfolios

■ Including Charges ■ After Charges

		3 months	12 months	18 months	24 months
UK Index (52)		-0.4%	3.1%	2.2%	3.9%
Word Index (72)		-0.1%	0.7%	2.9%	5.5%
B of E 1 yr Fixed Rate Bond (2)		0.2%	1.2%	1.8%	2.5%
FTSE 100		-3.3%	-5.0%	-10.7%	-9.6%
MSCI All World		2.7%	1.4%	8.3%	12.7%

Aisa Portfolio

	Risk Grade	3 months	12 months	18 months	24 months
Defensive (20)	3	0.9% (0.5%)	1.4% (-0.2%)	3.7% (1.2%)	7.3% (3.9%)
Cautious (35)	4	1.7% (1.3%)	2.2% (0.5%)	4.7% (2.1%)	8.2% (4.7%)
Balanced (51)	5	3.6% (-2.2%)	3.8% (3.2%)	6.9% (3.8%)	10.3% (6.1%)
Growth (58)	6	4.6% (4.2%)	4.0% (3.1%)	10.9% (8.3%)	14.6% (11.1%)
Speculative (64)	7	4.3% (3.9%)	4.1% (2.3%)	10.8% (7.9%)	14.2% (10.4%)
Aggressive (71)	8	4.5% (4.1%)	0.7% (-0.8%)	5.7% (3.2%)	11.9% (8.5%)

*Period used 5th January 2015 - 4th January 2016.

Growth+ Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio	Risk Grade	3 months	12 months	18 months	24 months
Cautious	4	1.7% (1.3%)	1.8% (0.3%)	4.1% (1.7%)	7.2% (4.3%)
Balanced	5	3.5% (3.1%)	3.3% (1.8%)	7.1% (4.7%)	10.3% (7.1%)
Growth	6	4.0% (3.6%)	4.0% (2.3%)	9.2% (6.5%)	14.9% (11.0%)
Speculative	7	4.7% (4.3%)	4.4% (2.7%)	10.3% (7.7%)	14.6% (11.2%)

Income Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio (risk)	Risk Grade	3 months	12 months	18 months	24 months
Cautious (32)	4	1.5% (-2.2%)	3.1% (1.6%)	4.5% (2.2%)	8.3% (5.2%)
Balanced (46)	5	1.4% (1.1%)	1.1% (-0.4%)	3.1% (0.8%)	6.1% (3.1%)
Growth (57)	6	2.0% (1.6%)	2.9% (1.3%)	9.3% (6.8%)	13.1% (9.9%)

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 higher than 3%.

We must warn you that because investments can fall as well as rise, you may not get back the full amount invested or achieve the projected growth. Past performance is not necessarily a guide to future performance, and any comment about performance mentioned in this document either as comparisons or as historical fact should not be used as an indicator that Aisa believe that this is necessarily a good or true guide to future performance.

5b 12-Month Rolling Performance

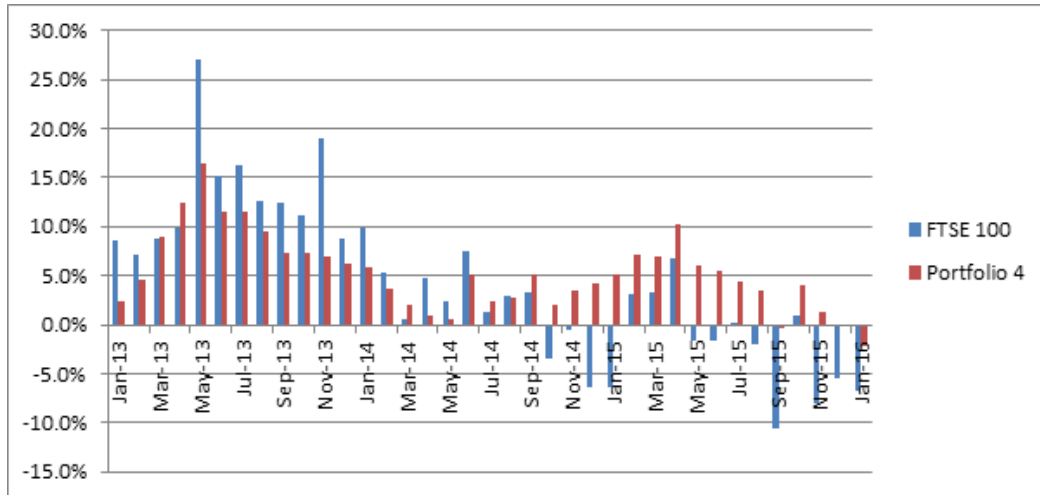
We have analysed the actual performance of three of our portfolios on a rolling 12-month basis as shown below. The performance shown next to each month is calculated on a 12 month period from 14th of the month last year to 13th of the month this year, i.e. June 2014 - June 2015, July 2014 - July 2015 and so on.

Since September 2014 our portfolios have consistently outperformed the FTSE 100, and our model portfolio 7 has outperformed the FTSE 100 every month except one which was May 2013.

Month	FTSE 100	Portfolio 4	Portfolio 6	Portfolio 7
May 2013	27.1%	16.5%	11.3%	21.1%
June 2013	15.1%	11.6%	13.7%	18.2%
July 2013	16.2%	11.6%	21.50%	20.4%
August 2013	12.6%	9.6%	16.5%	17.1%
September 2013	12.5%	7.4%	12.9%	15.3%
October 2013	11.1%	7.4%	13.3%	13.7%
November 2013	18.9%	7.0%	15.5%	17.0%
December 2013	8.8%	6.2%	11.5%	14.0%
Jan 2014	10.0%	5.9%	11.7%	13.2%
Feb 2014	5.3%	3.7%	7.1%	9.0%
March 2014	0.6%	2.1%	3.3%	4.4%
April 2014	4.7%	0.9%	1.4%	2.8%
May 2014	2.3%	0.6%	-0.5%	1.4%
June 2014	7.4%	5.2%	6.1%	10.4%
July 2014	1.2%	2.4%	1.5%	3.6%
August 2014	2.9%	2.7%	2.0%	3.6%
September 2014	3.4%	5.1%	6.1%	8.1%
October 2014	-3.5%	2.1%	1.6%	4.2%
November 2014	-0.5%	3.5%	6.0%	8.7%
December 2014	-6.4%	4.3%	8.1%	10.3%
Jan 2015	-6.5%	5.1%	9.4%	11.6%
Feb 2015	3.1%	7.1%	10.5%	12.7%
March 2015	3.3%	7.0%	11.6%	13.8%
April 2015	6.8%	10.3%	17.6%	20.0%
May 2015	-1.7%	6.0%	11.6%	12.8%
June 2015	-1.7%	5.4%	11.0%	11.2%
July 2015	0.1%	4.4%	8.8%	9.3%
August 2015	-2.1%	3.4%	7.9%	8.6%
September 2015	-10.6%	-0.4%	1.7%	1.9%
October 2015	0.9%	4.0%	8.7%	8.9%
November 2015	-8.1%	1.3%	3.7%	2.6%
December 2015	-5.5%	0.0%	1.2%	0.3%
January 2016	-6.7%	-2.1%	-2.2%	-3.4%

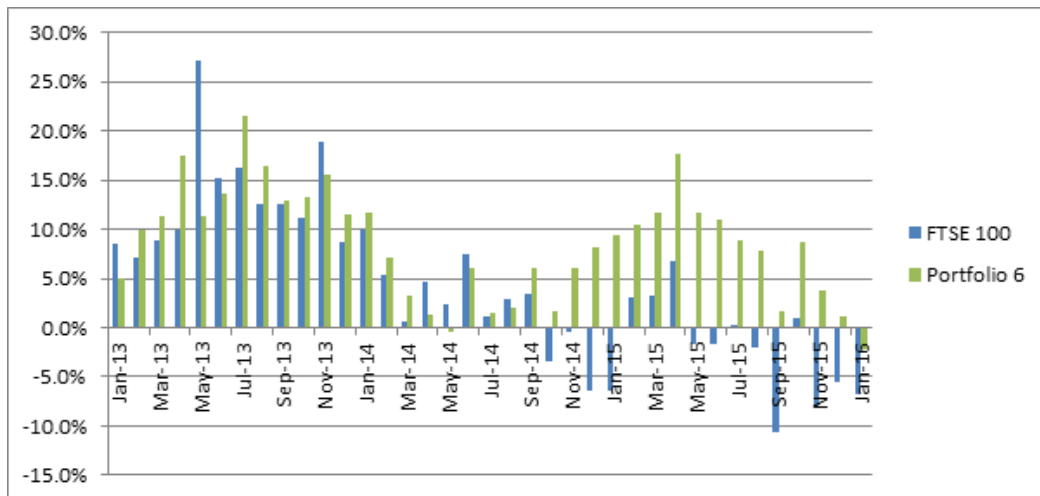
Aisa Portfolio 4

■ FTSE 100 ■ Aisa Portfolio 4



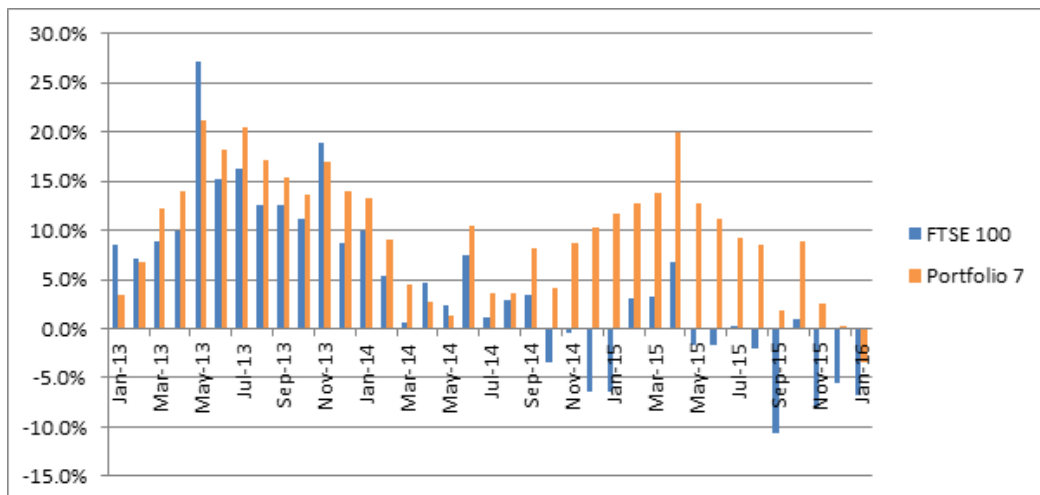
Aisa Portfolio 6

■ FTSE 100 ■ Aisa Portfolio 6



Aisa Portfolio 8

■ FTSE 100 ■ Aisa Portfolio 8



6 Quarterly timetabled asset/product discussions:

The product discussions for this quarter were UCIS Funds, Exchange Traded Products (ETP) often known as ETF's, and Offshore Bonds. All information is to be updated into our Governance document centrally held at our main office.

7 AOB

None.

Reference Material utilised in this meeting

Analytics – review of funds

Aisa Performance data

Aisa Governance Document

Ascentric presentations

8 Next Meeting

Will be held in London at a venue to be decided on 21st April 2016

9 Actions outstanding

Action: Rob to 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 - Rob

Review: Monitor funds in growth portfolios - Rob

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Signed by Chairman





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