



Quarterly Investment Update

Q2 | 2020



Executive Summary

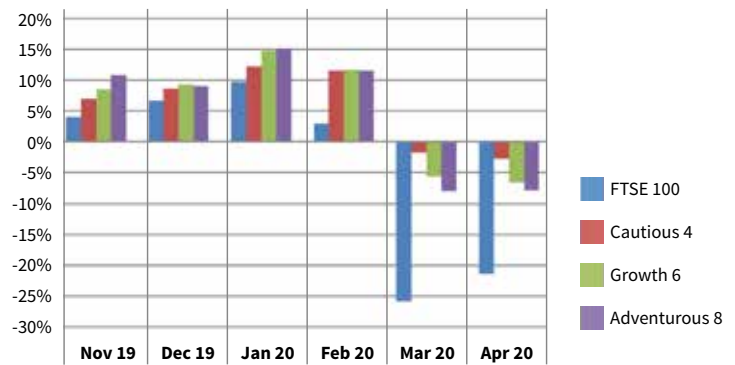
Market Summary

- The FTSE 100 suffered a significant loss over the last 2 months due to the worldwide pandemic, coronavirus. This has led to an overall downward performance over 12 months, with a low of 4898.80 and a high of 7674.60. Over the period of 14th April 2019 – 13th April 2020, the FTSE 100 was down -20.76%.
- Over the three-month period of 14th January 2020– 13th April 2020, the FTSE 100 was down -22.69%.

Investment Portfolios

- All our growth portfolios have outperformed the FTSE 100 over 12 months, with our portfolios ranging from -2.66% to -7.83% net after charges.
- Income portfolios continue to hit targets for yield but this is unlikely to continue as dividend payments are being withdrawn. The portfolios have also performed significantly worse as income orientated shares drop in value.

12 Month Rolling Performance



How we work

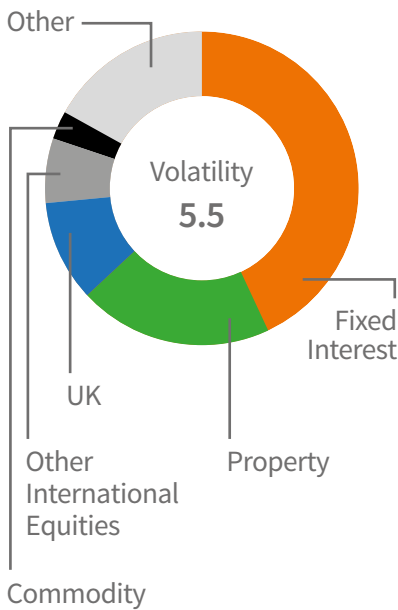
- Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset classes we feel should be considered over the coming 12 months and longer.
- Our strategic plan is largely decided by our informed view on the economies of the world and individual 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

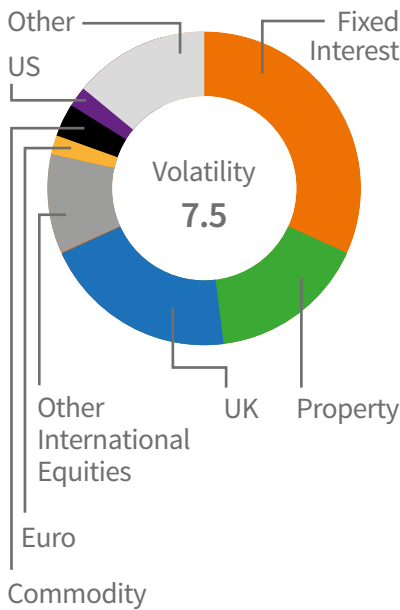
Target Return
4.00%



- 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%

Cautious 4

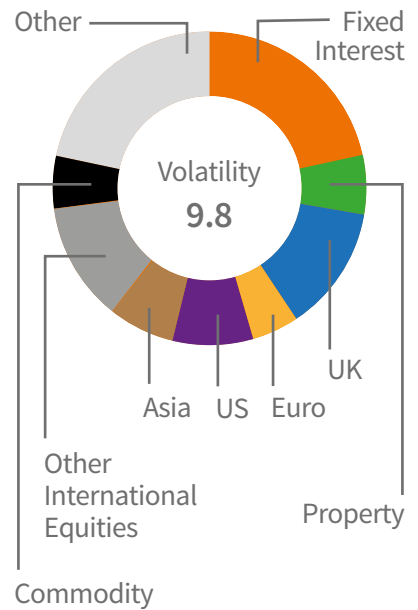
Target Return
5.50%



- 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%

Balanced 5

Target Return
6.50%

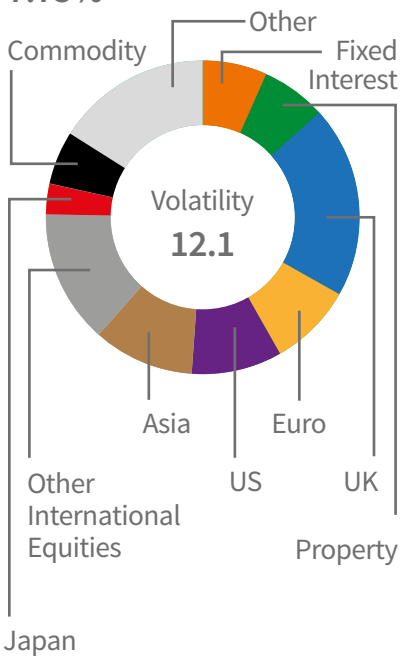


- Fixed Interest 20.14%
- Property 7.50%
- UK Equities 12.79%
- Euro Equities 6.99%
- US Equities 8.71%
- Asia Equities 6.29%
- Other Int. Equities 10.76%
- Japan Equities 0%
- Commodity 6.61%
- Other 20.21%

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

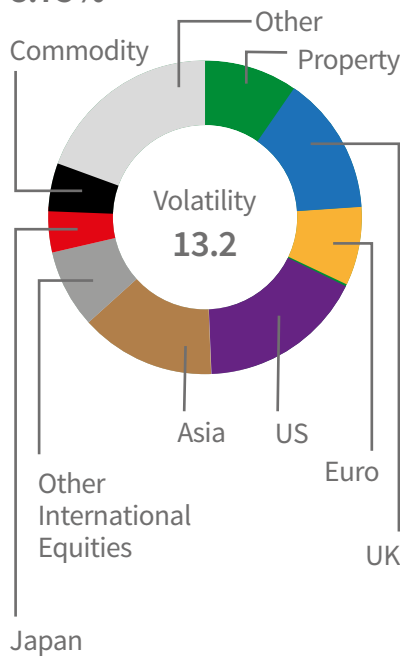
Target Return
7.75%



- 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

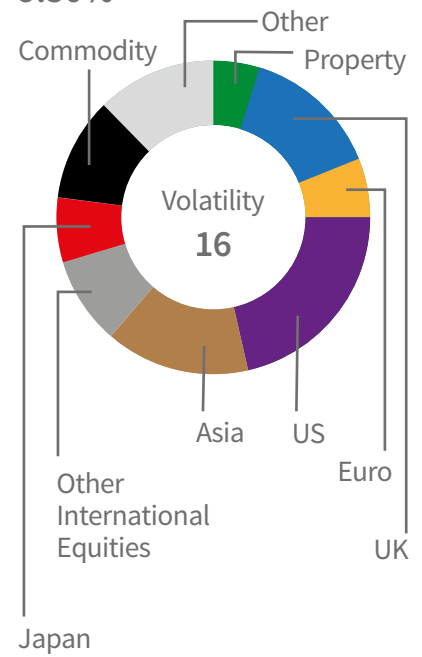
Target Return
8.75%



- 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: 16th April 2020

Attendees: John Reid (Chairman)
James Percy-Caldwell (Member of Board and Compliance)
Geordie Bulmer (Member of Committee)
Max Durrant (Non-Voting Member of Committee)

Secretary: Danny Setters (Secretary)

1 Review of previous minutes and sign off

After agreement, the minutes of 15th January 2020 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

2020 – A bad year?

Those of you who regularly read our investment thoughts will recognise that the heading is the polar opposite of what we wrote in January!

We wrote out to all our clients on the 25th March 2020 explaining our long-term outlook. I do not intend to repeat that here other than I will highlight:

- The systematic shutdown of travel mainly across Europe and the USA, **will not be easy** to reverse.
- Countries succeeding in suppressing Covid19 **have no exit strategy**.
- Finding a scientific solution in order to speedily identify who is contagious **is essential**.
- Most countries have provided **insufficient** state support for private business. Therefore, **perfectly viable private businesses** in many countries, and debt laden private businesses in certain sectors, **are unlikely to survive through to the end of 2020**.
- **Normality is unlikely to return in 2020**.
- **Property and associated business** are likely to be badly affected for some time; companies such as Airbnb, reality / estate agents, developers and landlords should all anticipate severe downturns.
- This will not be limited to a single country, and we would anticipate that the areas affected will be **across sectors in multiple countries**.
- Within our planning, we consider that the current stock market volatility is unlikely to rebote in the shorter term with positive and negative swings in markets as new, previously unthought-of consequences and outcomes emerge. **We anticipate waves of concerns rising within different sectors and countries as the full impact feeds through. We are only in the first wave**.
- Whereas the immediate concern is our health, we believe that the focus will switch soon onto companies and countries ability to finance themselves.
- Drops forecast in GDP published since the 25th March, if anywhere near accurate, would be **devastating to many indebted economies**.
- Whereas normally the more powerful Eurozone countries would be expected to provide support, the limitation is that **countries with large manufacturing bases will likely be badly impacted** by the closed borders and lack of consumer demand.
- This is likely to be a greater financial crisis than 2008, and there has been a **far more nationalistic approach** initially, with little cross border assistance or co-operation unlike in 2008-2010.
- This will eventually put a strain on banks, and also currencies; eventually **the Euro could find itself under pressure**.
- We are **concerned by events in the US**, the approach being taken and the idea that this is a short-term blip.

Looking forward

There are no doubts of the sectors that are going to fair badly in the next 6 months. Travel, leisure and energy are all going to be hammered.

Some sectors such as education, manufacturing (general industrial), shops and consumer staples will depend on outcomes yet to be determined.

Some such as real estate, both commercial and residential, were already at highs and were likely to be affected even before the coronavirus, and so this will act as a catalyst but will impact further than originally thought and now hit estate agents / realtors and mortgages and debt far wider than originally predicted.

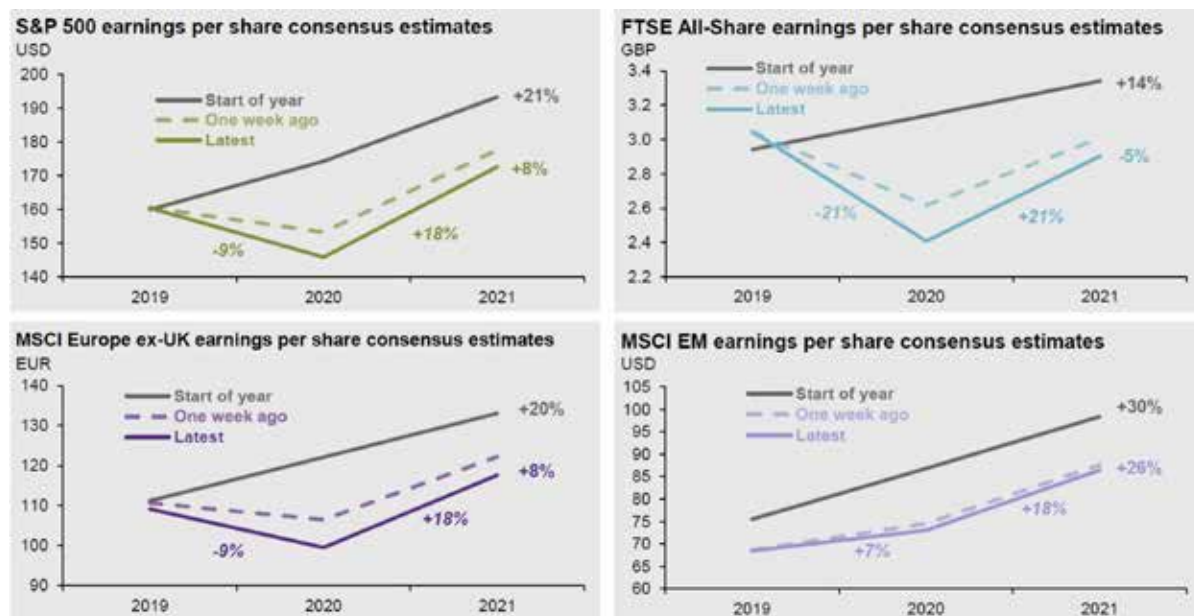
There are winners though. Some financial sector, IT sector and service companies, as well as food distributors and food shops are likely to do very well. Then there is health care!

As a hedge there is gold against currency volatility or uncertainty and there are some very good bond products available.

The investment decisions we have already made on your behalf have been based around the principles listed. This is a key time for active picking rather than passive investment strategies which will have largely failed in 2020 to date.

The problem with Income portfolios and dividends

As banks, insurance companies, energy companies have either voluntarily pulled distributions (or been told to by regulators) to preserve balance sheets, this has had a massive downward effect on income targeted portfolios.

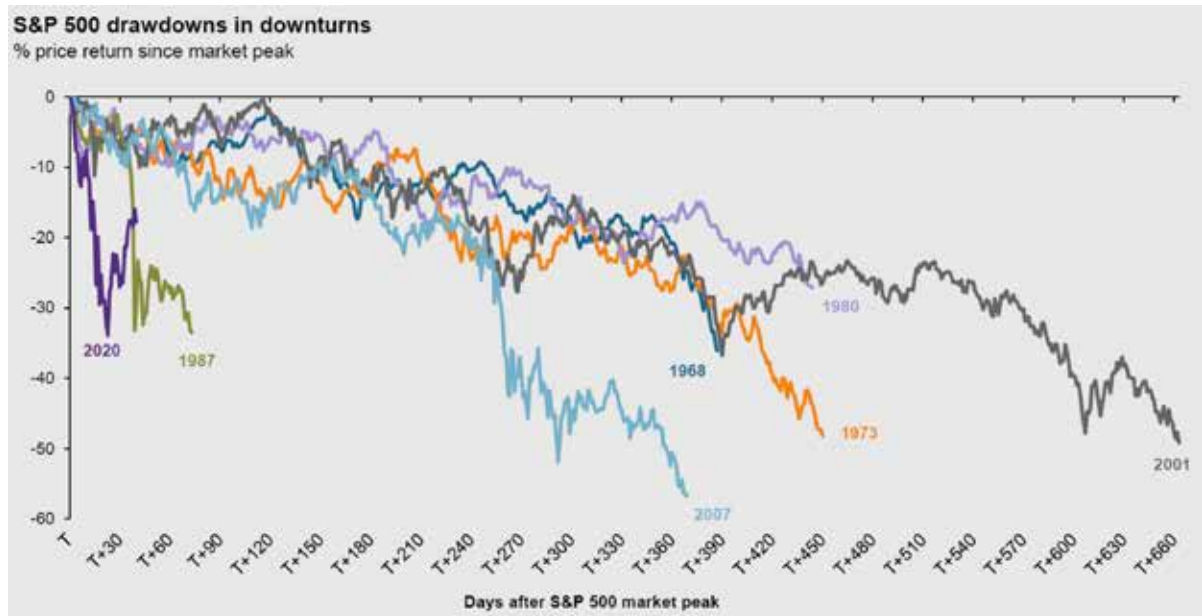


Source: FTSE, IBES, MSCI, Refinitiv Datastream, Standard & Poor's, J. P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. Data as of 14 April 2020.

We have examined alternatives and our conclusion is that those seeking income are going to have to wait for a period until dividends are switched back on. We also expect those shares that have been hardest hit are likely to recover the best over the next 18 months where they have strong balance sheets and are able to return to work.

How long will markets remain as bear markets?

Below is a diagram showing previous market peaks and troughs, how long and how deep.



Source: Standard & Poor's, J. P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. Data as of 15 April 2020.

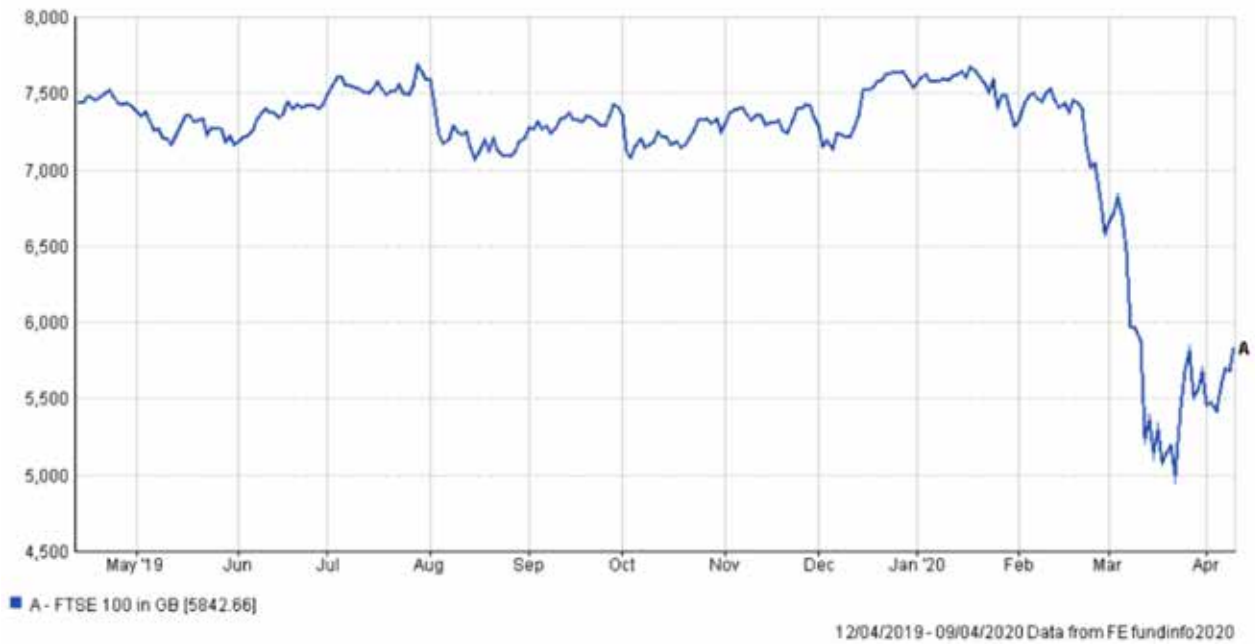
Commentators are likening the 2020 peak and trough to 1987, but they are not allowing for the ongoing impact of the issues that will result ultimately in financial implications. What is true is that the speed of the trough is one of the fastest in history, but that does not mean that the final depth of the trough has already been seen. Most other bear markets take a year to hit their low points, and all the others show that after an initial downturn there is often a recovery only to be followed by a further downturn or more. The most acute show that this happened severely in both 2007, 1968, 1973 and several times after 2001. The exception was 1987 where there was indeed just one step trough.

b) Presentation

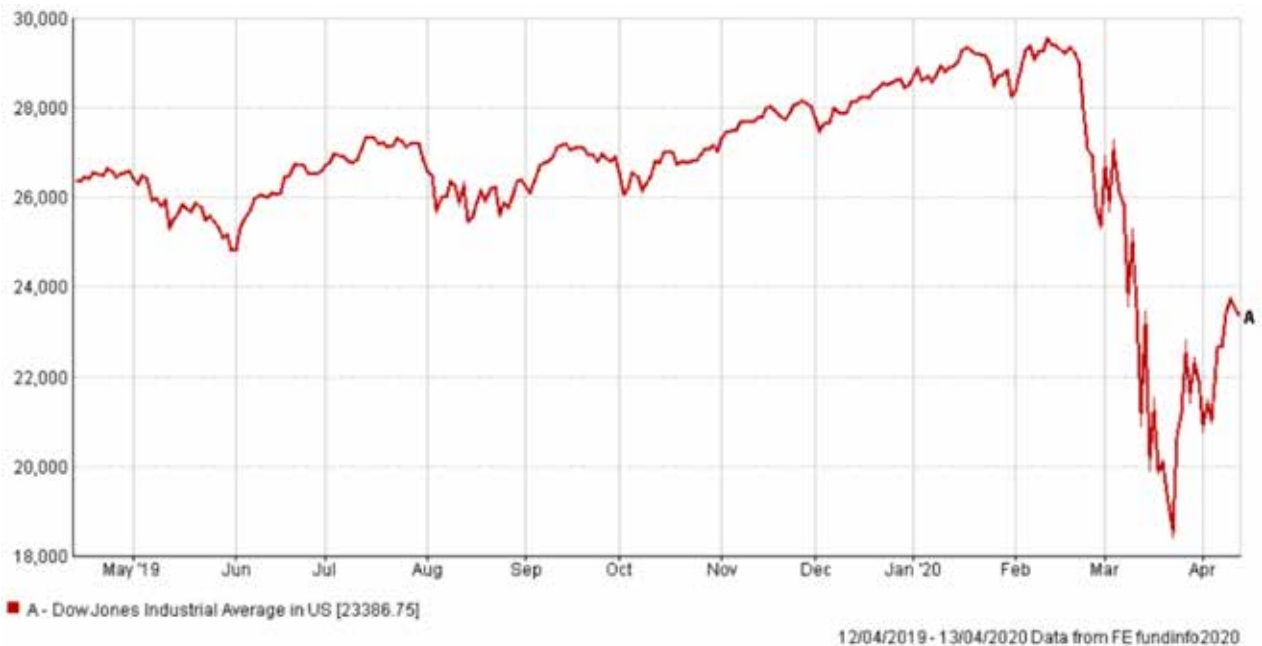
No external presentation was held at this meeting due to the lockdown.

4a) Geographical & Sector Outlook































Over the past 3 months markets all over the world have dropped significantly as a result of the spread of the coronavirus. Over the period of 14th April 2019 – 13th April 2020, the FTSE 100 dropped by 20.76%, hitting a low point of 4993.89 which is a level we have not seen for nearly 10 years. Over the same period however, our growth portfolios have taken a much smaller loss at between -1.04% and -6.28%.



The US market has also seen a significant decline over the same period, dropping by 11.42%. Allowing for dollar/pound exchange rate, the Dow Jones has lost -7.21%.



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		
Commercial Property		
Residential Property		
Commodities	Gold and silver are up. Whilst Gold is at a high point and may drop again soon, it is preferable to hold on for medium term as it could be a safe haven during recovery, as it was in 2008. Due to supply chains some goods will become sparse and will lead to an increase in their futures at some point.	
Currency	Pound too low at moment, concerned about the euro going forward, dollar has potential to be very strong in the future.	
Investment Trusts	No comments except keep an eye on NAV against price to see split.	
General	Hard to be positive currently or know the next direction. We are pricing in the possibility that markets could drop again before hitting a base and then rise when virus situation is controlled. In the meantime we may see many companies collapse and GDP drop by almost double digits across many countries in periods throughout 2020.	

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 (47)	3	-7.77% -8.16%	-1.04% -2.80%	2.07% -0.57%	5.67% 0.54%	15.37% 7.76%	13.27% 4.24%
Cautious (52)	4	-9.66% -10.04%	-1.04% -2.66%	2.54% -0.85%	5.48% 0.80%	15.33% 8.98%	13.33% 6.18%
Balanced (55)	5	-13.98% -14.31%	-5.40% -6.98%	0.82% -2.52%	6.30% 1.05%	23.83% 15.33%	21.53% 11.63%
Growth (59)	6	-13.45% -13.82%	-5.15% -6.66%	0.44% -2.89%	7.69% 2.33%	26.06% 17.27%	23.92% 13.65%
Speculative (58)	7	-14.02% -14.39%	-5.60% -7.16%	0.31% -2.61%	8.18% 2.77%	25.62% 17.00%	23.32% 13.37%
Aggressive (90)	8	-14.37% -14.73%	-6.28% -7.83%	1.33% -2.08%	8.58% 3.13%	27.06% 19.60%	22.06% 11.24%

Important Note

Past performance should not be a guide to future performance. Returns may vary due to currency variation and tax treatment. Tax is subject to individual circumstances and subject to change due to legislation. Clients retain responsibility for their tax affairs and should consult the relevant tax experts in the relevant jurisdictions.

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) 1.54%. For 300,000 your charges were therefore $300,000 \times 1.54\% = 4,620$. 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 (55)	4	4.05%	-16.55% -16.96%	-10.89% -12.43%	-7.62% -10.86%	-4.39% -9.47%	6.00% -1.64%	4.36% -4.64%
Balanced (68)	5	4.12%	-19.96% -20.30%	-14.95% -16.37%	-11.83% -14.82%	-7.32% -13.83%	4.04% -3.31%	1.80% -6.67%
Growth (69)	6	3.74%	-18.06% -19.06%	-12.44% -14.94%	-6.26% -11.47%	-2.77% -10.17%	15.53% 3.92%	12.88% 0.22%

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% although we expect the yield figures to have a delayed response to the coronavirus and decrease in 2020.

5b) 12-Month Rolling Performance

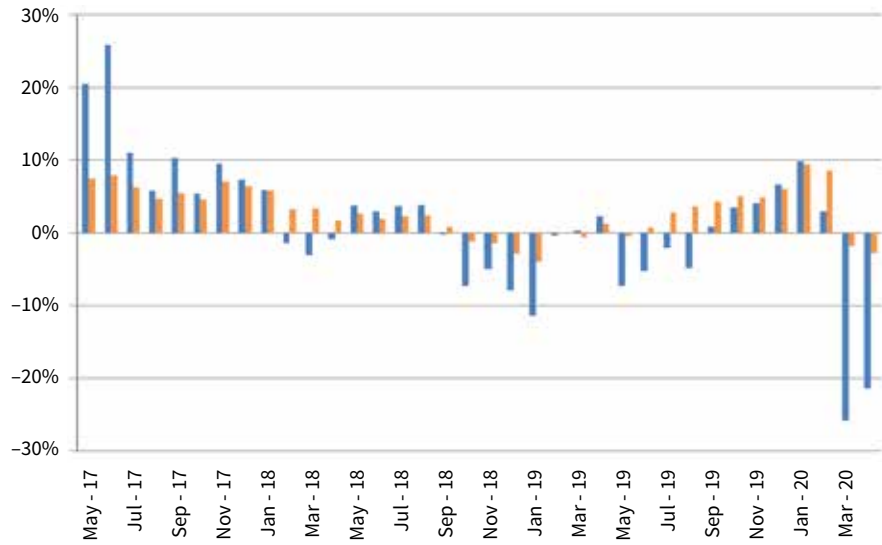
We have analysed the actual performance of our model portfolios over the last three years, on a rolling 12-month basis. In the table below, next to each month, we have shown the performance for the last 12 months (after charges), i.e. January 2019 to January 2020, February 2019 to February 2020 and so on.

While the negative figures across the board for the past two months may initially seem worrying, the significant difference in loss between the FTSE 100 and our portfolios speaks wonders about the benefits of having well managed portfolios over index trackers alone. Comparing the FTSE 100 against our highest risk level portfolio (Adventurous 8) between April 2019 and April 2020, we took a substantially lower loss outperforming the FTSE by 13.55%.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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	0.36%	-0.62%	-1.16%	-1.27%	-2.68%	-1.95%	-0.88%
Apr-19	2.30%	1.29%	1.99%	4.60%	3.30%	4.43%	5.95%
May-19	-7.31%	-0.48%	-1.04%	-0.73%	-1.69%	-1.17%	-1.99%
Jun-19	-5.27%	0.70%	0.40%	0.22%	-0.51%	-0.25%	-1.15%
Jul-19	-2.10%	2.85%	2.89%	3.13%	2.33%	2.79%	3.59%
Aug-19	-4.88%	3.63%	4.05%	2.40%	1.45%	1.96%	2.48%
Sep-19	0.84%	4.32%	5.41%	4.45%	3.67%	4.00%	4.80%
Oct-19	3.48%	5.01%	7.07%	8.55%	7.02%	7.77%	8.74%
Nov-19	4.10%	4.91%	7.01%	9.43%	8.48%	9.06%	10.79%
Dec-19	6.67%	6.02%	8.69%	9.97%	9.29%	9.03%	9.04%
Jan-20	9.81%	9.42%	12.24%	15.12%	14.70%	15.10%	15.21%
Feb-20	2.94%	8.63%	11.49%	12.37%	11.69%	11.54%	11.51%
Mar-20	-25.80%	-1.82%	-1.73%	-4.35%	-5.67%	-6.77%	-7.92%
Apr-20	-21.38%	-2.65%	-2.66%	-6.98%	-6.66%	-7.16%	-7.83%
Nov-19	4.10%	4.91%	7.01%	9.43%	8.48%	9.06%	15.11%
Dec-19	6.67%	6.02%	8.69%	9.97%	9.29%	9.03%	13.67%
Jan-20	9.81%	9.11%	11.73%	14.45%	13.99%	14.30%	14.39%
Feb-20	2.94%	8.63%	11.49%	12.37%	11.69%	11.54%	11.51%
Mar-20	-25.80%	-1.82%	-1.73%	-4.35%	-5.67%	-6.77%	-7.92%
Apr-20	-21.38%	-2.65%	-2.66%	-6.98%	-6.66%	-7.16%	-7.83%

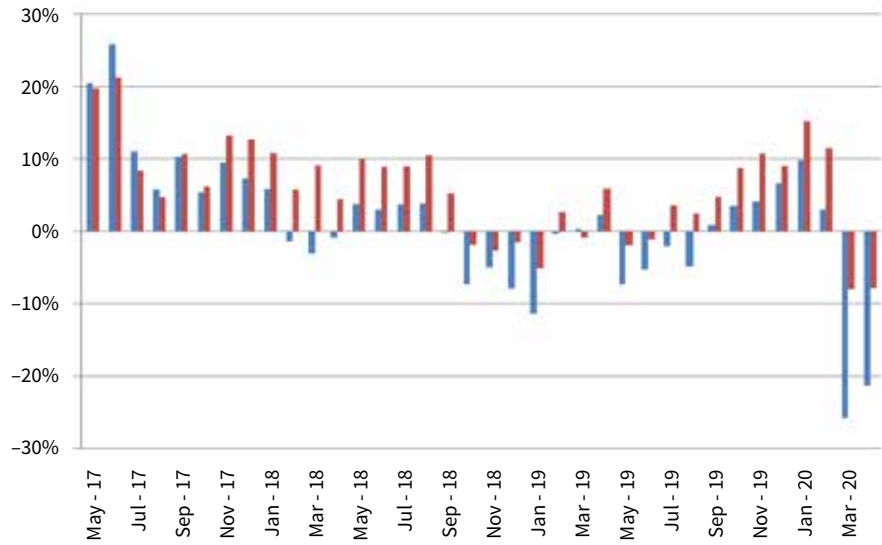
Aisa Defensive 3

- FTSE 100
- Aisa Defensive 3



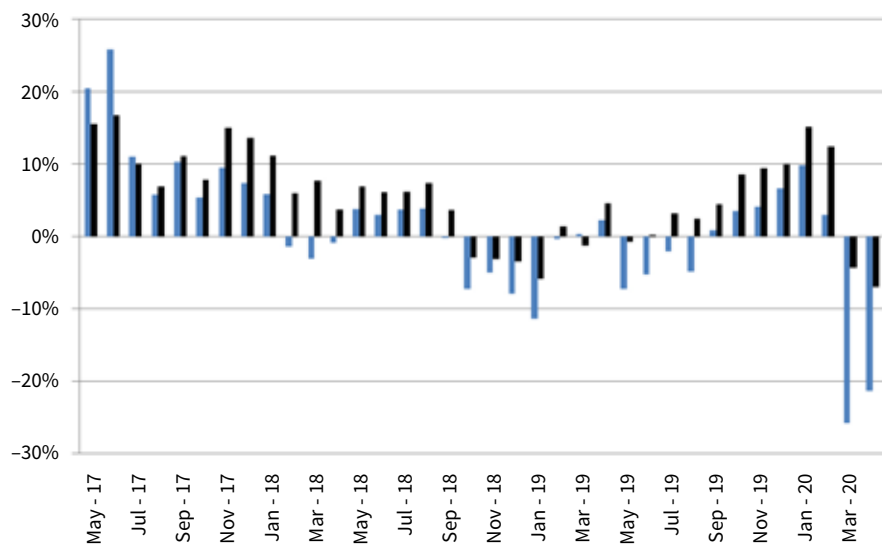
Aisa Cautious 4

- FTSE 100
- Aisa Cautious 4



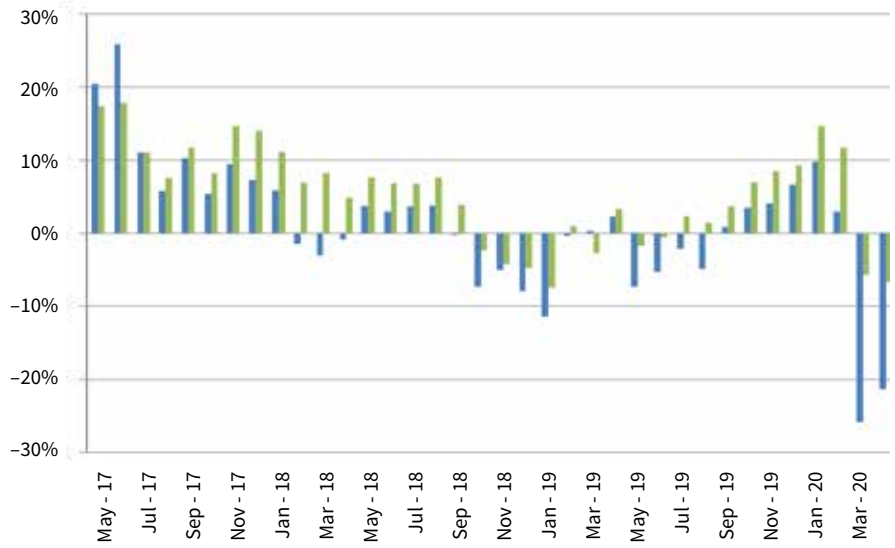
Aisa Balanced 5

- FTSE 100
- Aisa Balanced 5



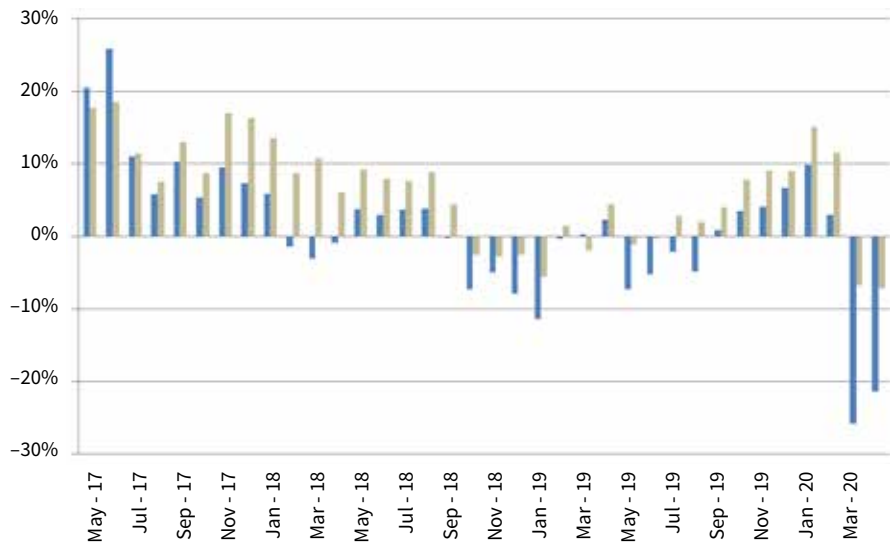
Aisa Growth 6

- FTSE 100
- Aisa Growth 6



Aisa Speculative 7

- FTSE 100
- Aisa Speculative 7



Aisa Adventurous 8

- FTSE 100
- Aisa Adventurous 8



6) Quarterly timetabled asset/product discussions

The product discussions for this quarter were SIPP's, WRAPs – Main investment platforms, and Group Pensions – Corporate & GPP Pensions. All information is to be updated into our Governance document centrally held at our main office.

7) AOB

Reference Material utilised in this meeting:

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

8) Next Meeting

Next meeting will be held on 16th July 2020 at a location yet to be decided.

9) Actions Outstanding

- Action:** Contact clients who are affected by any fund change(s) in their portfolio(s).
- Action:** Arrange location for next meeting (dependent on lockdown situation).
- Action:** Governance document to be updated with quarterly research.
- Action:** Monitor all funds.
- Action:** Monitor Income portfolio yields.

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Signed by Chairman



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