



Quarterly Investment Update

Q3 | 2020



Executive Summary

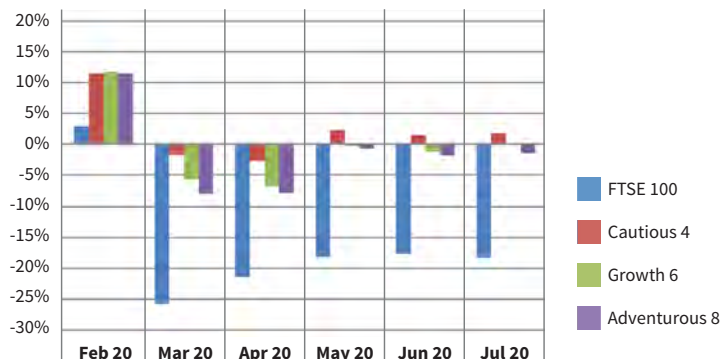
Market Summary

- The FTSE 100 has been very volatile and overall has dropped over the last 12 months, with a low of 4,898.80 and a high of 7,727.50.
- Over the period of 14th July 2019 – 13th July 2020, the FTSE 100 is down 18.25%.

Investment Portfolios

- All our growth portfolios have outperformed the FTSE 100 over the same period, ranging from a positive 1.72% to a negative -1.49% net after charges.
- Our Income portfolios continue to hit targets for yield and have outperformed the FTSE 100 over the period.

12 Month Rolling Performance



How we work

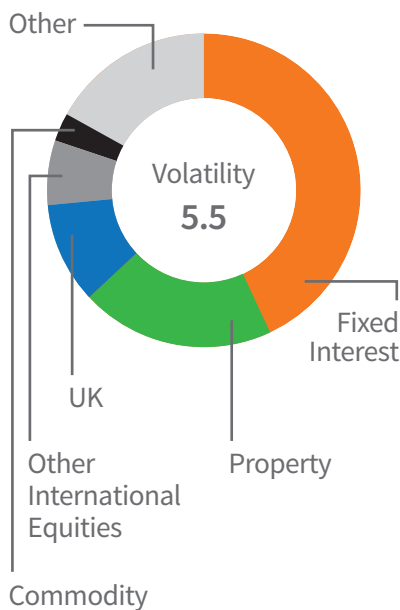
- Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset classes we feel should be considered over the coming 12 months and longer.
- Our strategic plan is largely decided by our informed view on the economies of the world and individual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

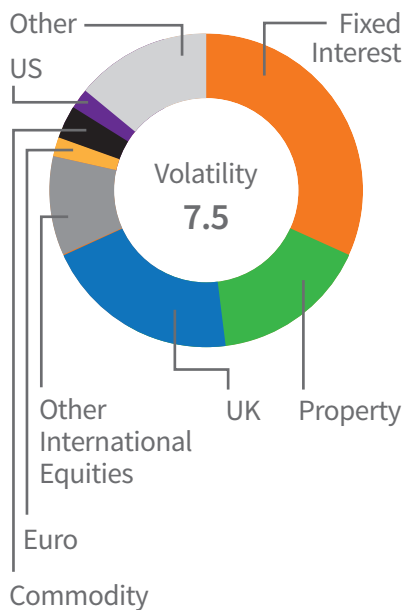
Target Return
4.00%



- 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

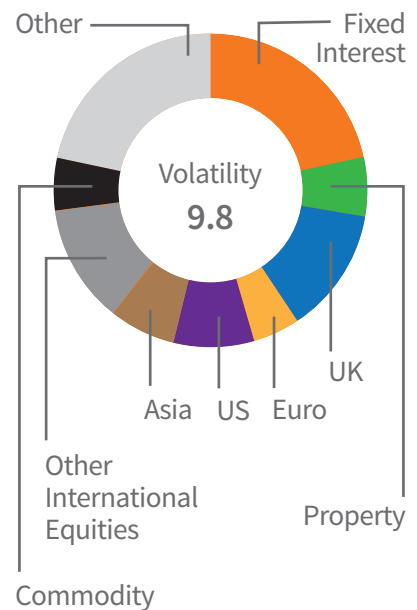
Target Return
5.50%



- 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%

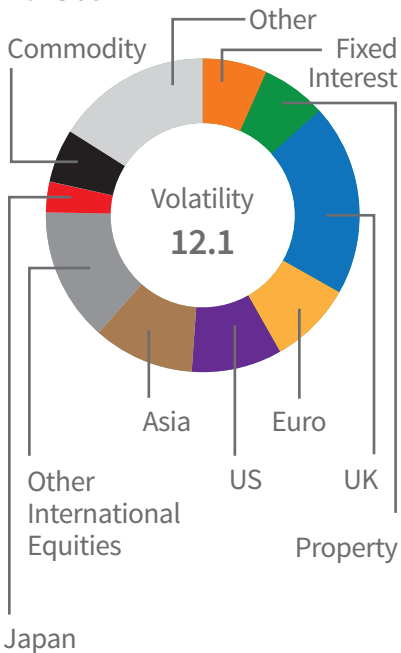


- Fixed Interest 20.14%
- Property 7.50%
- UK Equities 12.79%
- Euro Equities 6.99%
- US Equities 8.71%
- Asia Equities 6.29%
- Other Int. Equities 10.76%
- Japan Equities 0%
- Commodity 6.61%
- Other 20.21%

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

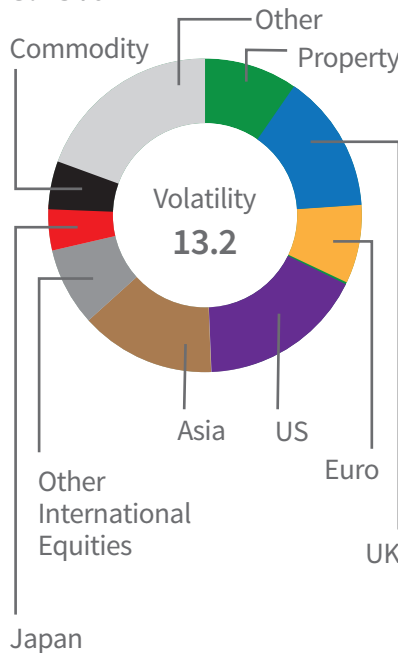
Target Return
7.75%



- 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

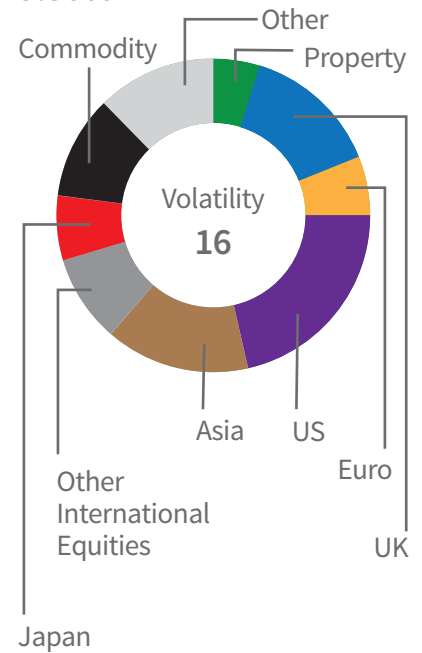
Target Return
8.75%



- 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 Investment Team (AIT) Committee Meeting

Dated: 16th July 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)
Marius Hampden (Guest)
Bonamy Martel (Guest)

Secretary: Danny Setters (Secretary)

1 Review of previous minutes and sign off

After agreement, the minutes of 16th April 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

AISA Model Portfolio performance review

Have we got it right for you over the Coronavirus initial period?

Back in April I wrote an article about the performance of passive v active investing strategies (published in Citywire NMA May edition 678). At the time financial markets had dropped significantly with the FTSE 100 falling 34% over 2 months and we were unsure whether it was going to drop further. The article highlighted the fact that using a passive investment strategy, where the majority of funds are index trackers, does not sufficiently protect you from a fall in markets. You may achieve competent returns when markets are growing but during a 'market collapse' you will usually see a sharp fall in your investment value.

The other issue as highlighted in a previous quarter is the concentration of an index in just a few shares. The US index tracker has 20%+ in just a few US tech companies and it is prone to a correction when sentiment changes or regulation bites. As such, the AISA Investment Team use only a small percentage of passive tracking index funds, which we believe is the right strategy.

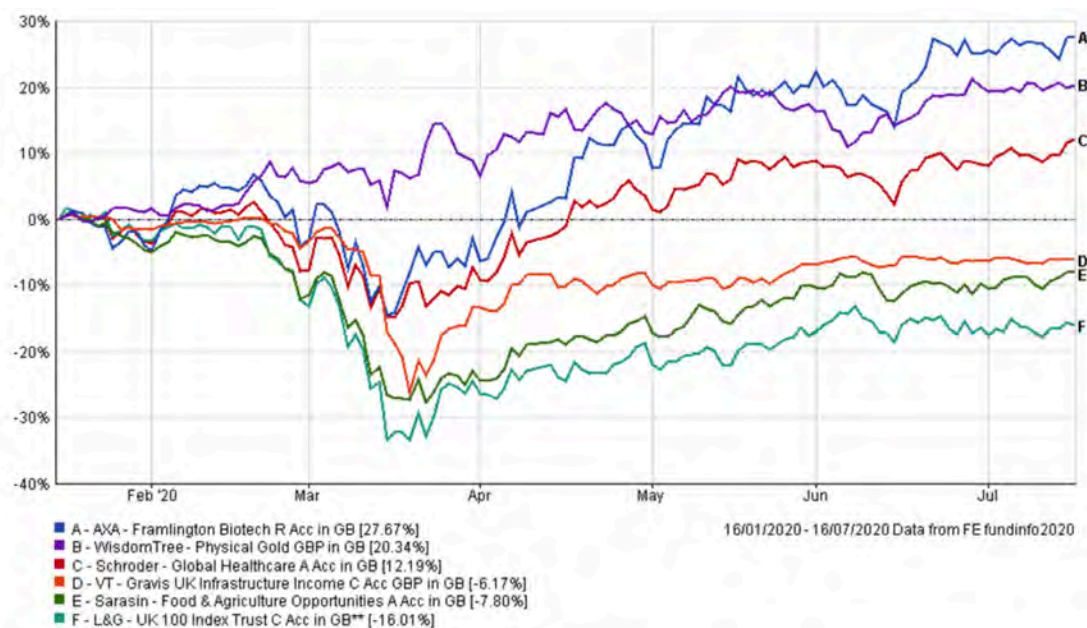
When reviewing the situation in April it was evident that our clients were in a considerably better situation. Comparing the loss of our growth portfolios to be an average of 12% down compared to competitors using 25% to 35% in passive tracking funds at their worst point.

While some wealth managers were advising clients to hold existing investments, our Investment Committee decided to make active decisions. We held an emergency meeting to discuss the ongoing pandemic and assess how we see the situation unfolding. The general agreement was that the world was not going to go back to normal anytime soon and we needed to make active changes to our portfolios in an attempt to obtain returns over the next 6 to 12 months, or at least to mitigate potential further losses.

We documented our decision to reduce exposure to airlines, tourism and similar hospitality sectors. We decided to increase allocation to areas such as food and agriculture (both are requirements even during downturns), healthcare (for obvious reasons), biotech (as it was these companies who could discover and manufacture a vaccine), infrastructure (as governments would complete existing construction contracts, especially when it's time to get the economy going again) and finally a higher allocation to Physical Gold (which would continue to be a good hedge against further market falls).

Over the next couple of months markets recovered well, partly due to actions taken by governments to increase cash flow in economies and assist companies where possible. Therefore, the bottom of this market was mid-March and from this point many funds recovered well. When we look at the specific performance of the 4 new funds that the AISA Investment Team recommended we can see how good these decisions were, especially compared to a FTSE 100 index tracker:

Fund	Increase over 4 months March to July
AXA Framlington Biotech Acc	37%
Schroder Global Healthcare Acc	31%
Sarasin Food & Agriculture Acc	23%
VT Gravis Infrastructure Income Acc	27%
WisdomTree Physical Gold	17% (note below)
UK FTSE 100 index tracker	16% (note below)



Note: While the above figure shows Gold providing a return close to the FTSE 100 trackers, it is important to note that Gold had not dropped before this rise. Therefore, if we said the FTSE 100 dropped by 30% in the previous month followed by a 17% rise, (a net 18% drop), It means over the 5-month period Gold outperformed the index by almost 35%. As you were already invested in gold this is the true comparison!

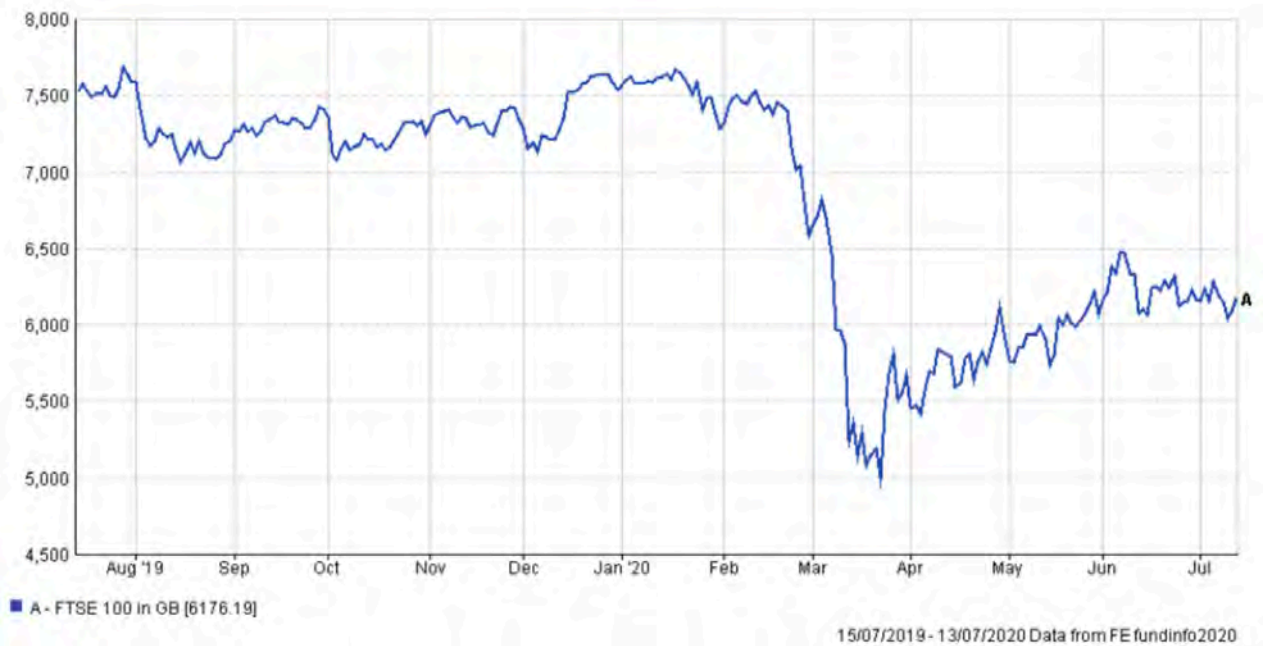
We rarely praise ourselves, and you should understand that past performance cannot be used as any form of guarantee to future performance. However, in rolling 12 month figures our portfolios above risk level 5 have outperformed the FTSE 100 index tracker around 85% of the time (Figures compared over last 5 years and published quarterly in our reports).

So, whilst you will be happy with us, as the above figures look like impressive returns, we know markets can change very quickly. We continue to work hard for you, and we have just had our July meeting with some further recommendations and changes. Our ongoing portfolio management process will continue to make active investment decisions where necessary in an attempt to protect our clients from future falls and obtain growth in difficult market situations.

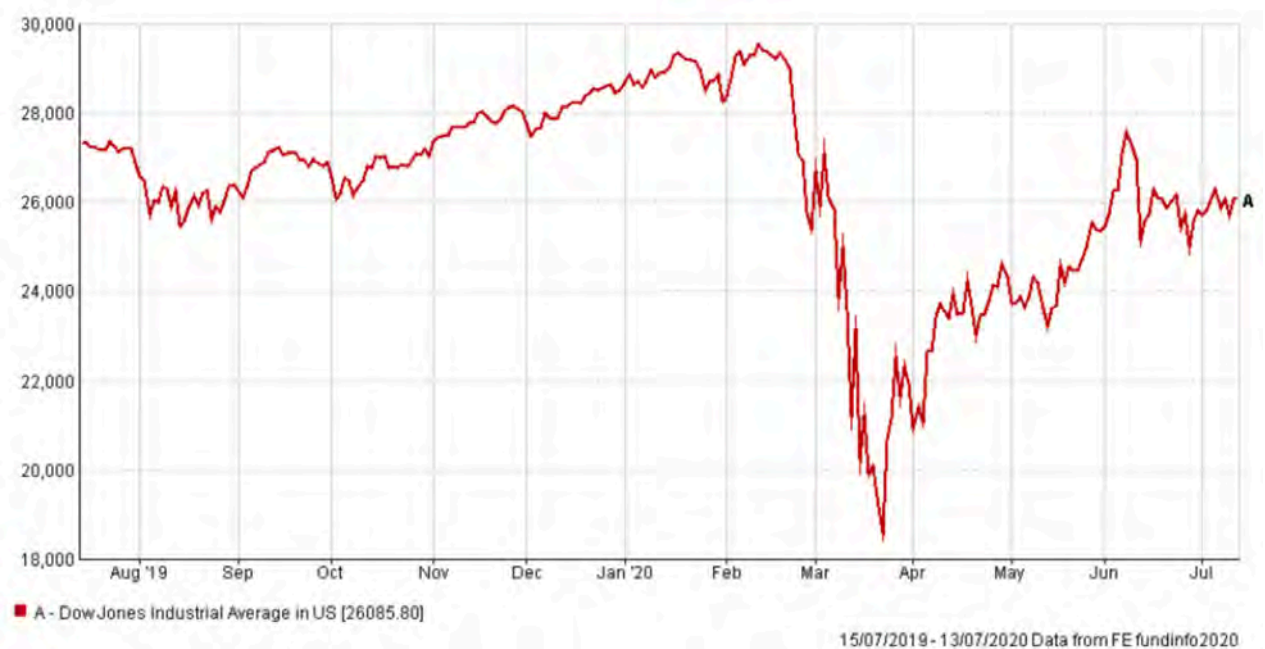
To answer the question poised at the beginning; did we get it right for you? Yes.

4a) Geographical & Sector Outlook

The FTSE 100 has been very volatile and overall has dropped over the last 12 months, with a low of 4,898.80 and a high of 7,727.50. Over the period of 14th July 2019 – 13th July 2020, the FTSE 100 is down 18.25%. All our growth and income portfolios have outperformed the FTSE 100 over the same period, with our growth portfolios in particular ranging from a positive 1.72% to a negative -1.49% net after charges.



The US market has also been volatile over the last year with the Dow Jones Index dropping down 4.67% from 14th July 2019 – 13th July 2020.



4b) Committee Asset Allocation Views

Views

Negative



Neutral



Positive



Outlook



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 very high currently, we plan on reducing our exposure to gold in phases. First phase will involve moving some holding in our lower risk portfolios into High Yield and Mining focused funds.

Currency

Sterling and Euro looking negative, US Dollar still strong.

Investment Trusts

No comments.

General

We are expecting lots of volatility going forward as countries move out of lockdown in differing ways but generally the outlook is more positive than last quarter.

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 (42)	3	8.68% 8.29%	2.95% 1.28%	7.77% 4.11%	12.75% 7.02%	23.01% 14.52%	24.84% 14.34%
Cautious (48)	4	9.66% 9.24%	3.29% 1.72%	8.12% 4.74%	13.40% 8.42%	23.68% 16.99%	27.07% 19.12%
Balanced (52)	5	11.21% 10.74%	0.02% -1.49%	4.88% 1.64%	14.35% 9.00%	29.01% 20.67%	40.29% 28.95%
Growth (56)	6	11.72% 11.30%	1.39% -0.13%	5.41% 2.24%	15.80% 10.42%	32.06% 23.92%	44.42% 32.54%
Speculative (56)	7	12.01% 11.59%	0.65% -0.86%	5.14% 1.90%	17.68% 12.21%	32.37% 23.89%	44.84% 33.31%
Aggressive (58)	8	12.82% 12.40%	0.03% -1.45%	5.43% 2.20%	18.45% 12.89%	33.36% 23.44%	48.68% 35.34%

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.

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

Income Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio	Risk Grade	Yield	3 mths	12 mths	24 mths	36 mths	48 mths	60 mths
Cautious (59)	4	4.88%	4.33% 3.95%	-9.12% -10.43%	-5.93% -8.73%	-1.13% -5.55%	12.31% 5.40%	12.50% 4.15%
Balanced (73)	5	4.98%	6.12% 5.72%	-11.63% -12.98%	-10.59% -13.46%	-6.12% -10.88%	6.93% -0.62%	9.45% 0.08%
Growth (76)	6	4.89%	7.41% 7.00%	-10.70% -12.08%	-8.17% -11.15%	-2.20% -6.97%	-0.54% -9.15%	-0.67% -11.45%

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 may temporarily dip due to coronavirus ongoing issues.

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 2019 to January 2020, February 2019 to February 2020 and so on.

In the twelve-month rolling performances to May 2020 the FTSE 100 saw a negative performance of 18.11% whereas all of the Aisa Growth portfolios saw returns ranging from negative 1.22% to positive 2.25%. A similar picture was witnessed in June and July, with the July 12 month rolling figure for the FTSE being negative 18.25% and Aisa Growth model performances ranging from -1.49 to 1.72%.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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%	-2.80%	-2.66%	-6.98%	-6.66%	-7.16%	-7.83%
May-20	-18.11%	1.61%	2.25%	-1.22%	-0.40%	-0.81%	-0.70%
Jun-20	-17.66%	1.40%	1.59%	-2.06%	-1.24%	-1.74%	-1.83%
Jul-20	-18.25%	1.28%	1.72%	-1.49%	-0.13%	-0.86%	-1.45%

Aisa Defensive 3

■ FTSE 100
■ Aisa Defensive 3



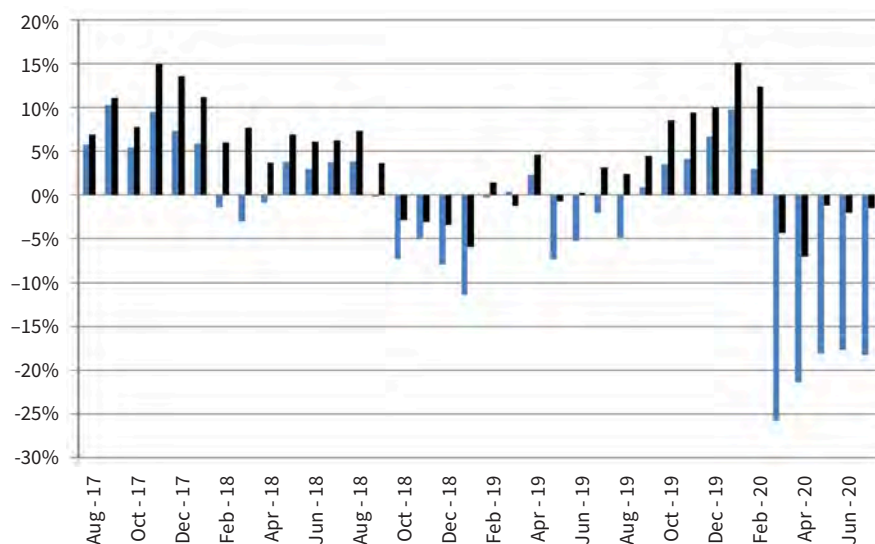
Aisa Cautious 4

■ FTSE 100
■ Aisa Cautious 4



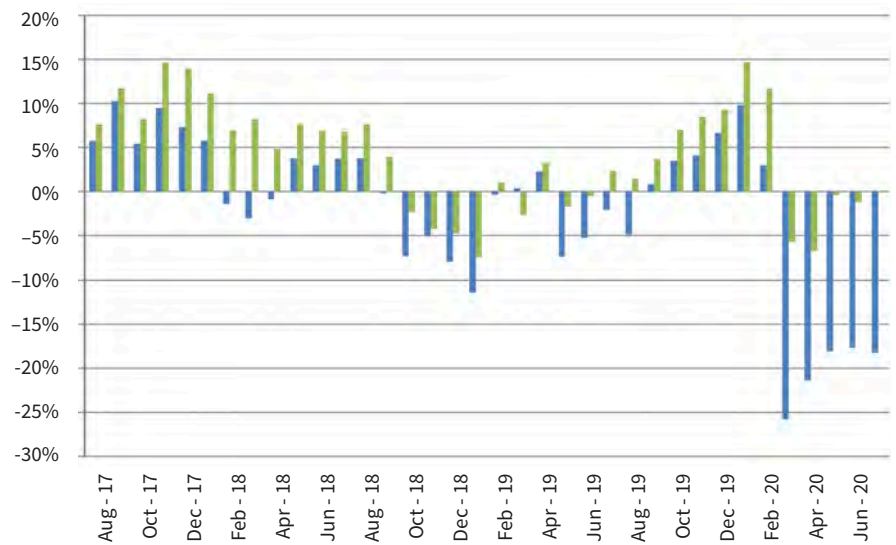
Aisa Balanced 5

■ FTSE 100
■ Aisa Balanced 5



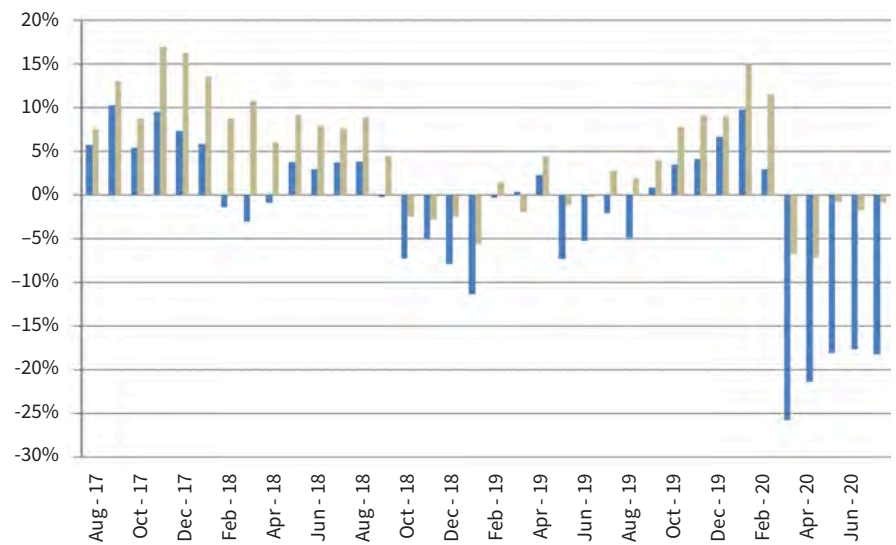
Aisa Growth 6

■ 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 'Enterprise Investment Schemes, Venture Capital Trusts' reviewed by John Reid, and 'Discretionary Fund Management' reviewed by Georgie Bulmer. 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

Venue (to be arranged) on 15th October 2020.

9) Actions Outstanding

- Action:** Contact clients who are affected by any fund change(s) in their portfolio(s).
- Action:** Update the Governance document with quarterly research.
- Action:** Monitor all funds.
- Action:** Monitor Income portfolio yields.

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Signed by Chairman





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