



Quarterly Investment Update

Q4 | 2020



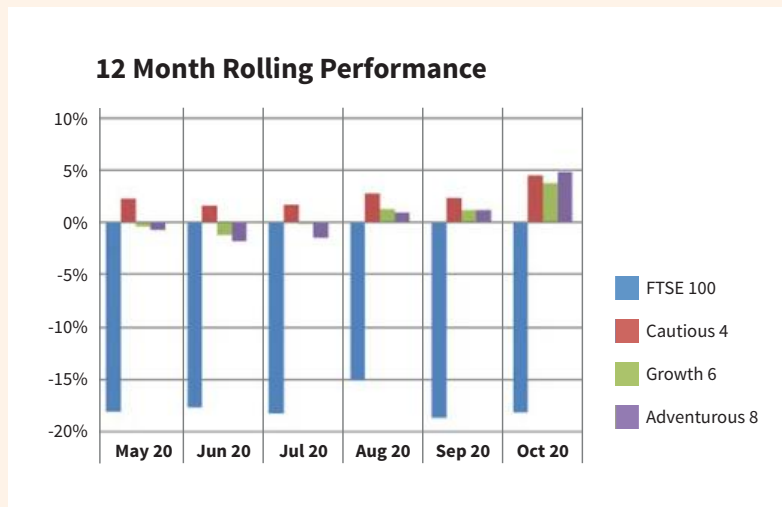
Executive Summary

Market Summary

- The FTSE 100 has performed poorly and overall has dropped over the last 12 months, with a low of 5190.78 and a high of 7,674.56.
- Over the period of 14th October 2019 – 13th October 2020, the FTSE 100 is down 17.24%.

Investment Portfolios

- All our growth portfolios have achieved positive returns, significantly outperforming the FTSE 100 over the same period, ranging from a positive 2.82% to 5.13% net after charges.
- Our Income portfolios continue to hit targets for yield and have outperformed the FTSE 100 over the period.



How we work

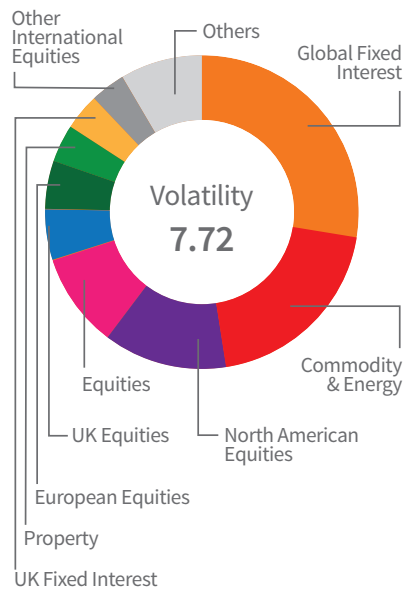
- Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset classes we feel should be considered over the coming 12 months and longer.
- Our strategic plan is largely decided by our informed view on the economies of the world and individual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

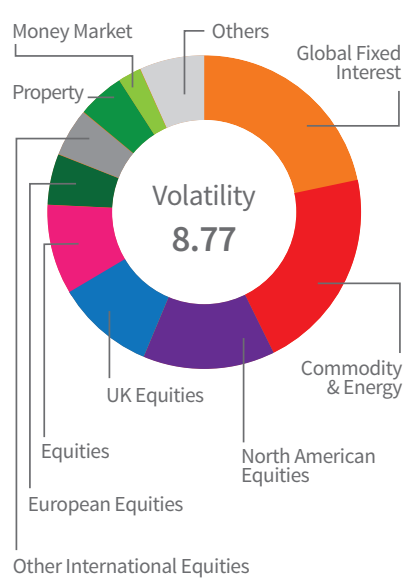
Target Return
4%



- Global Fixed Int. 27.47%
- Commodity & Energy 15.81%
- N. American Equities 12.87%
- Equities 9.79%
- UK Equities 5.43%
- European Equities 4.94%
- Property 3.83%
- UK Fixed Interest 3.72%
- Oth. Intl. Equities 3.28%
- Others 8.64%

Cautious 4

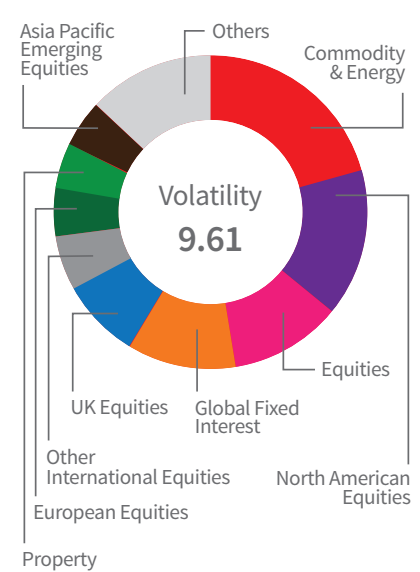
Target Return
5.5%



- Global Fixed Int. 21.65%
- Commodity & Energy 20.69%
- N. American Equities 13.59%
- Equities 9.64%
- UK Equities 9.75%
- European Equities 5.23%
- Property 4.17%
- Money Market 2.42%
- Others 8.09%

Balanced 5

Target Return
6.5%

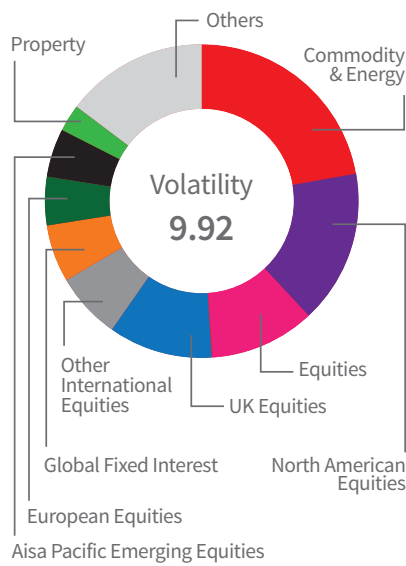


- Commodity & Energy 20.44%
- N. American Equities 15.17%
- Equities 11.74%
- Global Fixed Int. 11.36%
- UK Equities 8.72%
- Oth. Intl. Equities 5.74%
- European Equities 4.88%
- Property 4.42%
- Asia Pacific Em. Eq. 4.34%
- Others 13.64%

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

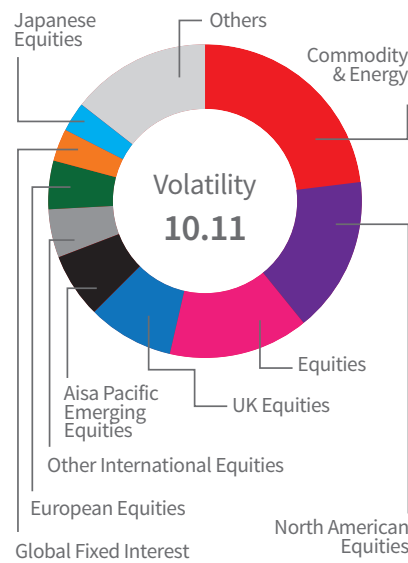
Target Return
7.75%



- Commodity & Energy 22.26%
- N. American Equities 16.01%
- Equities 11.97%
- UK Equities 11.72%
- Oth. Intl. Equities 7.17%
- Global Fixed Int. 6.02%
- European Equities 4.97%
- Asia Pacific Em. Eq. 4.38%
- Property 2.74%
- Others 12.76%

Speculative 7

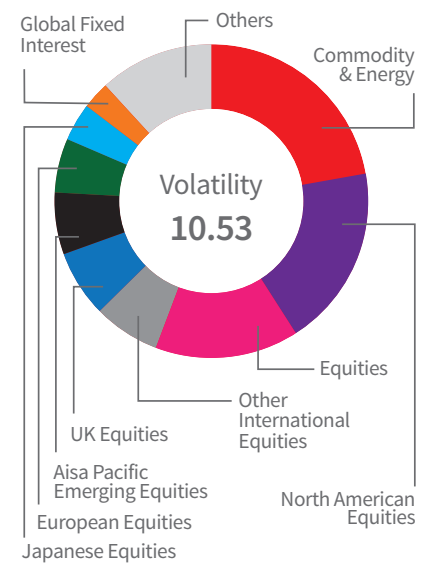
Target Return
8.75%



- Commodity & Energy 22.89%
- N. American Equities 18.39%
- Equities 14.59%
- UK Equities 8.84%
- Asia Pacific Em. Eq. 6.64%
- Oth. Intl. Equities 4.85%
- European Equities 4.78%
- Global Fixed Int. 3.33%
- Japanese Equities 2.91%
- Others 12.78%

Adventurous 8

Target Return
9.5%



- Commodity & Energy 21.99%
- N. American Equities 18.87%
- Equities 15.18%
- Oth. Intl. Equities 7.01%
- UK Equities 6.91%
- Asia Pacific Em. Eq. 6.33%
- European Equities 5.57%
- Japanese Equities 4.22%
- Global Fixed Int. 3.07%
- Others 10.86%

Aisa Investment Team (AIT) Committee Meeting

Dated: 15th October 2020

Attendees: John Reid (Chairman)
James Pearcy-Caldwell (Member of Board and Compliance)
Geordie Bulmer (Member of Committee)
Max Durrant (Non-Voting Member of Committee)
Tom Goold (Guest – OpesFidelio)
Adam Smith (Guest – OpesFidelio)
Ailsa McFadyen (Guest – AFP)

Secretary: Danny Setters (Secretary)

1 Review of previous minutes and sign off

After agreement, the minutes of 16th July 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

The neat V versus K

The neat V-shaped recovery is not going to happen in many countries as we lock down for a second time across Europe. Whilst some countries have an economic plan, many countries have nothing. Some scientists recommend a “circuit-breaker”, but this should only be interpreted as an ongoing requirement leading to a series of “circuit-breakers” perhaps going on indefinitely.

Most recessions affect most people, but this is not a normal recession. This one has led to the destruction of some sectors and industries, but simultaneously turbo-charged other sectors and industries to the point that we believe in the concept of a K-shaped recovery. Follow the top arc, and the people on this arc become wealthier. The bottom arc, well, you do not want to be on the bottom arc! Circuit-breakers would further compound this.

Put another way, the recovery will be split between those who have maintained their jobs and saved money during 2020, against those who have lost jobs, taken pay cuts, or were furloughed with uncertainty or worse in the end. The suggestion from some is continue pay for people not being able to work, again, perhaps indefinitely with no defined outcome.

Government protection schemes and splurges will have to be paid for. Quite rightly it will be business, higher earners and the wealthy.

Targets for tax will be anything easy such as houses, inheritance, and investments. For example, in the UK, Capital Gains tax on second homes being bought in line with income rates?

It is estimated in the UK that around 5 million people were on Furlough in July, and between 20-40% of those will not have the same job by the end of 2020. Unemployment is estimated to rise from 4% to 7.5% by January 2021 by the Bank of England. There is no way the economy can recover to February 2020 levels by February 2021.

However, as of late September 2020, there is a disconnect between economic data, stock markets, and robust housing market figures.

Economic data from every western country is dire, whilst house prices went up 3.4% (Office for National Statistics house price index) to end of June 2020. Shares in various parts of the world have rebounded 10-30%.

Do not kid yourself, the 3 are inextricably linked. Brexit alone could crush business confidence in Europe, whilst Covid could destroy consumer confidence. The IMLA (43 Banks and Building Societies) expect up to 5% of all borrowers to go into arrears. Historically there has never been a recession without a fall in house prices in the following immediate years.

So why are house prices and shares going up?

For house prices there was a mortgage payment deferral scheme in the UK, although this soon comes to an end. The real position of the UK has been hidden by the Furlough scheme, whilst pent up demand for the “lost” 4 months combined with stamp duty holiday to a surge in house prices in the summer. To a greater or lesser extent this is also happening in other countries, along with a push for people previously living in flats in cities to now want to re-engage with rural life.

However, unemployment rises, average household incomes fall, people struggling to repay, debt burdens for some, repossessions or forced sellers can lead to discounts, as can increased death rates and inheritance. Therefore, once demand has been satisfied there is little reason for seeing there a possibility for ongoing growth.

More people selling, with less people being able to buy, means price falls. An index of realtors and estate agents in certain areas of the USA and the UK are beginning to see house asking prices being reduced. Once price falls set in, the experience of the 1970’s and 1980’s could easily be repeated.

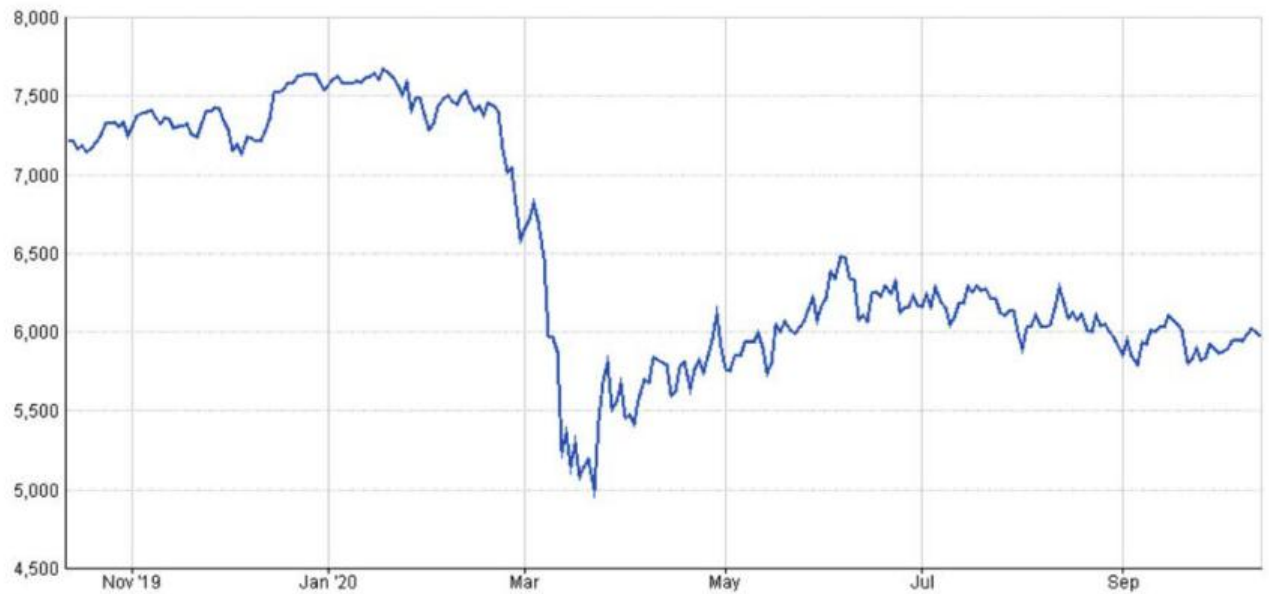
Deposit money utilised now could just be chalked up as a loss within two years. So, lenders increase the amount that has to be deposited. If this happens, you know what lenders are thinking!

However, there is one big difference this time, and that is unquestioning confidence in property and low interest rates. Can these two things alone sustain house prices through 2023? Or will it be the story of how those on top arc of the K recovery are about to benefit again from a correction in house prices?

Shares are a slightly different story, and we will write and post an article online with regard to shares and the potential tech bubble building.

4a) Geographical & Sector Outlook

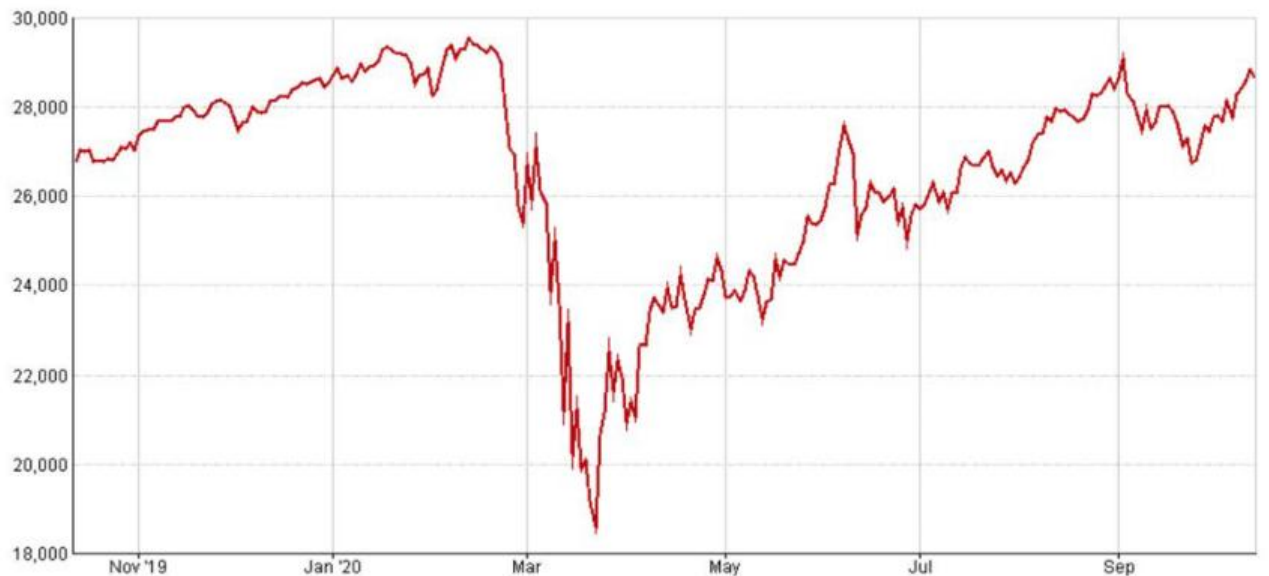
The FTSE 100 has performed poorly over the last 12 months, with a low of £5190.78 and a high of £7674.56. While it has recovered slightly since the drop in March, there is still a long way to go before it gets back to pre-lockdown levels. Over the period of 14th October 2019 – 13th October 2020, the FTSE 100 has dropped 17.24% before charges. All of our growth portfolios have outperformed the FTSE 100 over the same period, ranging from a positive 2.82% to 5.13% net after charges.



■ FTSE 100 in GB [5969.71]

14/10/2019 - 13/10/2020 Data from FE fundinfo2020











































The US market has performed significantly better than the FTSE in 2020. Over the last year the Dow Jones Index has gone up 7.06% gross (please note no charges applied) from 14th Oct 2019 – 13th Oct 2020.



■ Dow Jones Industrial Average in US [28679.81]

14/10/2019 - 13/10/2020 Data from FE fundinfo2020

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	We are maintaining our gold holding in the portfolios due to the belief that the current level of global debt and the lack of solutions to it, could have a further positive impact on Gold.		
Currency	We are currently concerned about GBP and USD due to excessive borrowing in the US and Brexit trade deal worries. The outlook for the new year whatever the outcome of Brexit, could be very positive.		
Investment Trusts	Investment Trusts with positive NAV's are worth keeping an eye on.		
General	UK markets have been suppressed by Brexit/Covid concerns. The consensus is that if a trade deal is agreed UK Markets will stand to benefit. If there is no trade deal, the markets could suffer further for a short period, with a bounce once we are established and other trade deals conclude. US election also has potential for unrest after result, both results offer areas for concern. We are cautiously optimistic about Asia.		

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 (44)	3	2.59% 2.19%	5.77% 4.17%	12.78% 9.23%	12.76% 7.62%	20.44% 13.10%	26.60% 17.11%
Cautious (50)	4	3.04% 2.65%	6.12% 4.52%	15.56% 11.90%	13.84% 8.63%	23.42% 15.85%	32.68% 22.44%
Balanced (52)	5	3.64% 3.29%	4.37% 2.82%	15.46% 11.85%	13.52% 8.41%	27.17% 19.24%	46.85% 34.97%
Growth (55)	6	3.23% 2.87%	5.25% 3.79%	15.06% 10.57%	13.05% 8.00%	25.85% 18.18%	45.73% 34.42%
Speculative (55)	7	3.90% 3.51%	6.72% 5.13%	17.00% 13.30%	15.75% 10.50%	30.28% 22.19%	54.34% 41.88%
Aggressive (57)	8	3.76% 3.37%	6.383% 4.81%	18.12% 14.39%	17.30% 11.96%	31.14% 22.99%	62.23% 47.14%

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 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) 1.55%. For 300,000 your charges were therefore 300,000 x 1.55% = 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 (56)	4	4.23%	0.44% -0.07%	-10.16% -11.84%	-3.39% -6.87%	-4.33% -9.37%	4.83% -2.65%	11.56% 1.69%
Balanced (70)	5	4.39%	0.22% -0.17%	-9.83% -11.21%	-6.04% -8.49%	-7.59% -10.80%	-0.043% 2.43%	7.65% 1.79%
Growth (73)	6	4.24%	0.69% 0.30%	-8.24% -9.64%	-2.43% -5.64%	-3.97% -8.58%	0.22% -8.23%	0.27% -10.30%

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

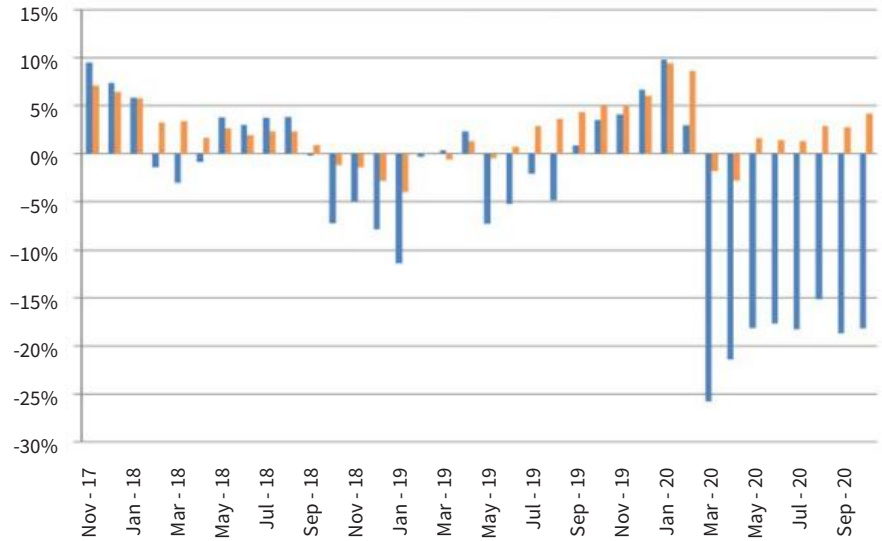
We have analysed the actual performance of our model portfolios over the last two years, compared with a net-adjusted FTSE 100 on a rolling 12-month basis. In the table below, next to each month, we have shown the performance for the last 12 months, i.e. January 2019 to January 2020, February 2019 to February 2020 and so on.

In the twelve-month rolling performance for August 2020 all of Aisa's growth portfolios returned positive figures for the first time since February 2020, with figures ranging between 0.36% and 2.86%. This continues to be true for September and October with net returns reaching a high of 5.13% in our Speculative portfolio. Meanwhile the FTSE 100 continues to struggle with returns lingering around -18%.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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%
Aug-20	-15.13%	2.86%	2.76%	0.36%	1.29%	1.52%	0.93%
Sep-20	-18.67%	2.74%	2.34%	1.60%	1.17%	1.60%	1.20%
Oct-20	-18.15%	4.17%	4.52%	2.82%	3.79%	5.13%	4.81%

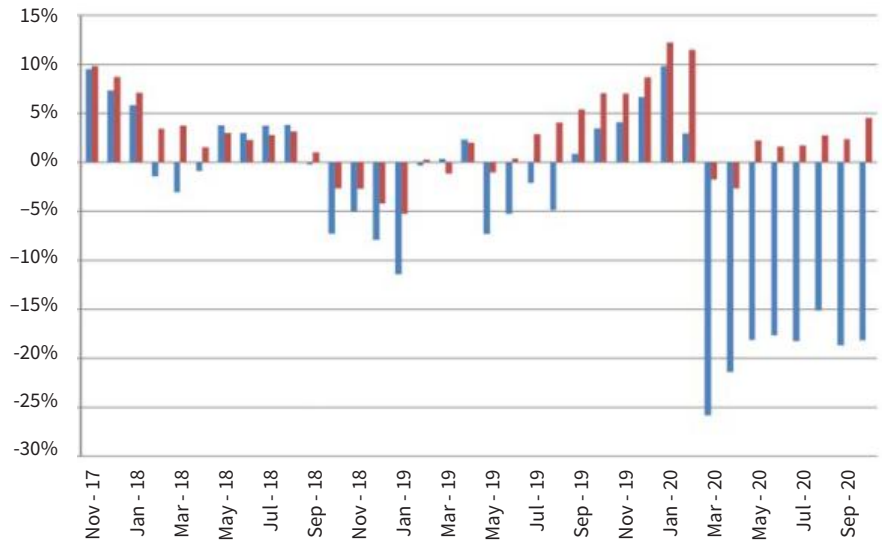
Aisa Defensive 3

- FTSE 100
- Aisa Defensive 3



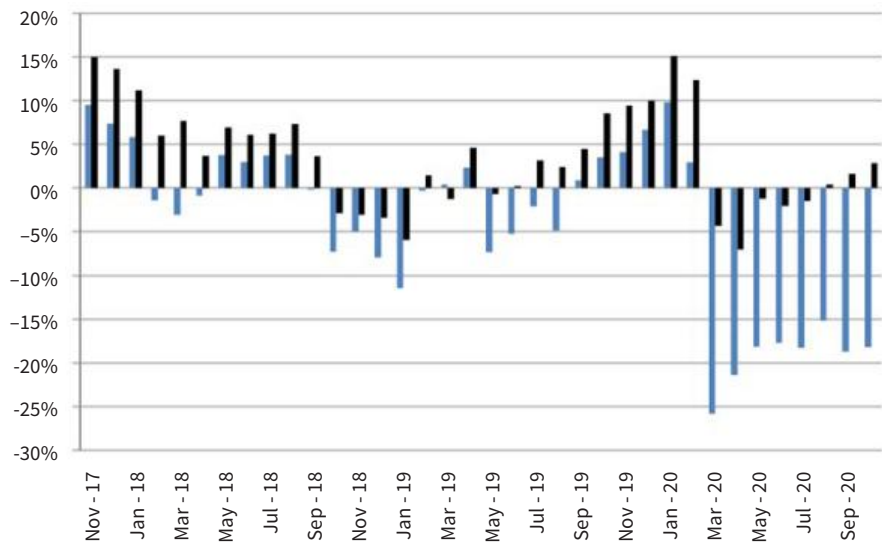
Aisa Cautious 4

- FTSE 100
- Aisa Cautious 4



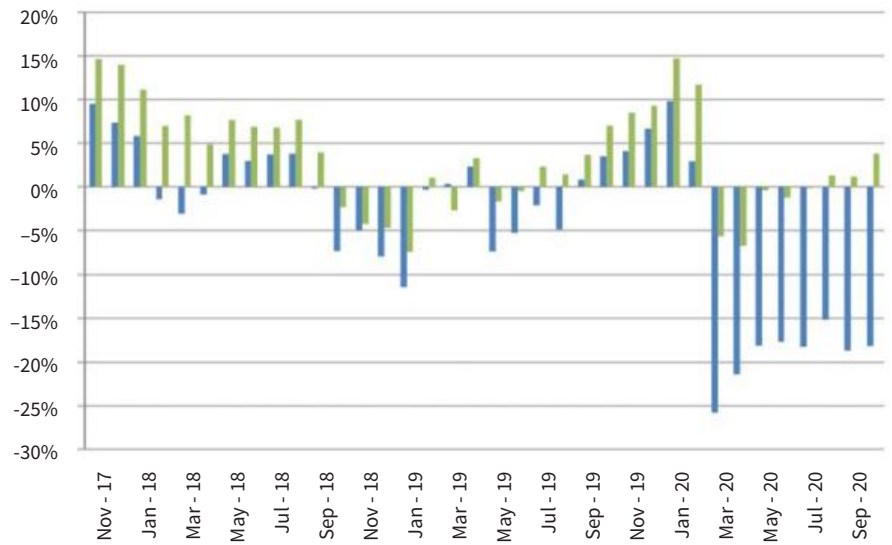
Aisa Balanced 5

- FTSE 100
- Aisa Balanced 5



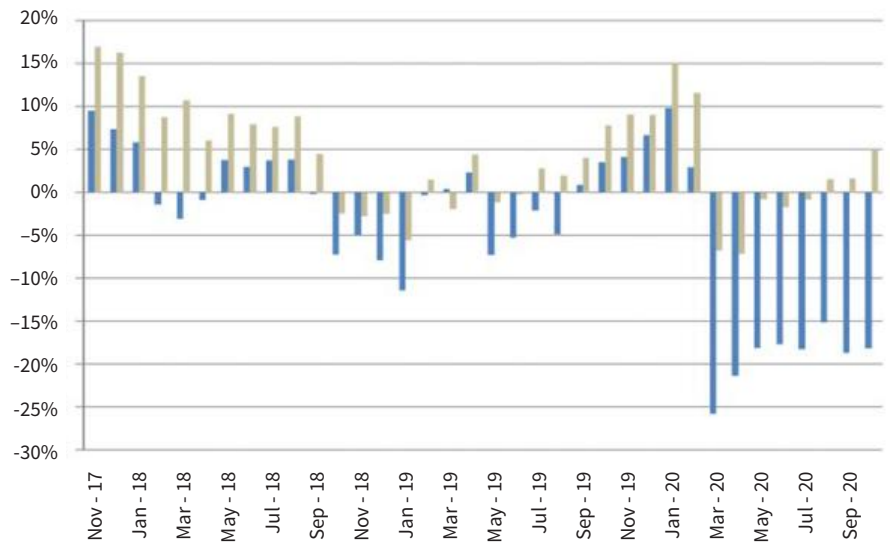
Aisa Growth 6

- FTSE 100
- Aisa Growth 6



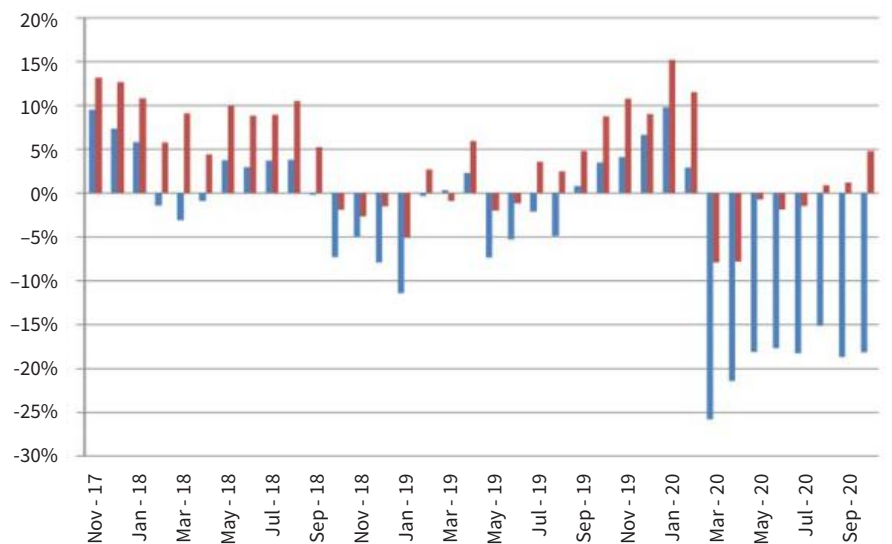
Aisa Speculative 7

- 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 ‘Offshore Pensions – SIPP/QROPS Providers’ reviewed by John Reid, ‘Asset Allocation and Risk’ reviewed by James Percy Caldwell, and ‘Structured Products’ 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 19th January 2021.

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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