



# Quarterly Investment Update

Q1 | 2022





## Executive Summary

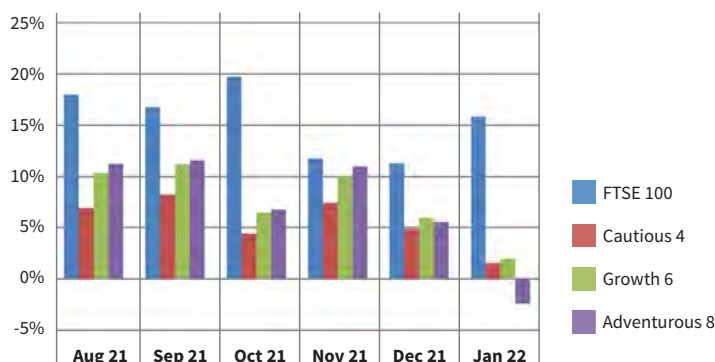
### Market Summary

- The FTSE 100 has seen an impressive recovery since the initial fall in March 2020, which has continued over the last 12 months seeing a low of 6407.45 and a high of 7563.85.
- Over the period of 14th January 2021 – 13th January 2022, the FTSE 100 is up 11.20% (gross), outperforming many other global markets

### Investment Portfolios

- The returns on our Growth portfolios range from -2.42% to 3.51% (net) over the same period, with the discrepancy when compared to the FTSE 100 caused by exposure to various sectors, e.g. Asia, that have performed poorly in recent months.
- Our Income portfolios also achieved positive returns and continue to hit targets for yield, with returns ranging from 6.79% to 9.97% net after charges.

**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.

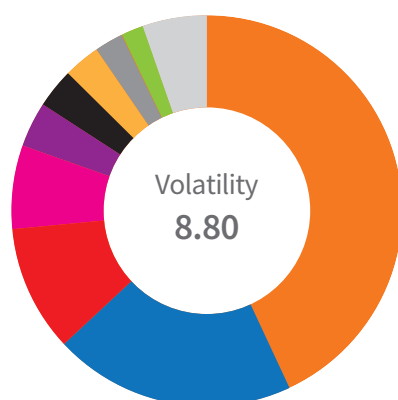


## Aisa's Investment Portfolios

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

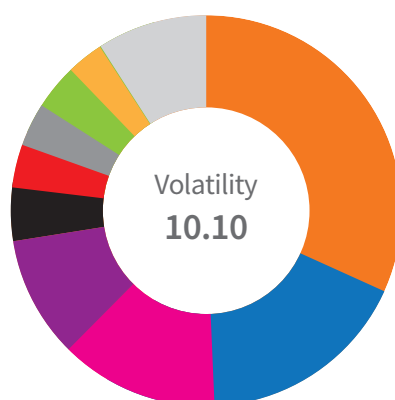
Target Return  
4%



Global Fixed Int.	36.19%
UK Equities	16.75%
UK Fixed Interest	10.65%
Oth. Intl. Equities	8.02%
N. American Equities	6.00%
Commodity & Energy	5.00%
Money Market	4.19%
Asia Pacific Em. Eq.	3.98%
European Equities	2.60%
Others	6.49%

### Cautious 4

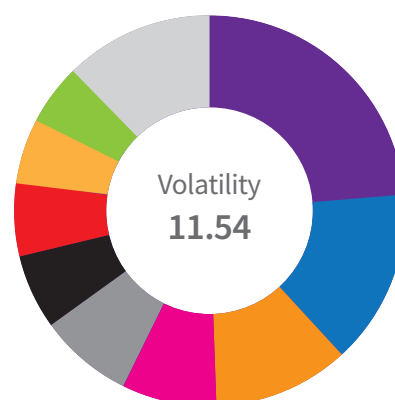
Target Return  
5.5%



Global Fixed Int.	30.09%
UK Equities	18.48%
Oth. Intl. Equities	10.09%
N. American Equities	8.67%
Commodity & Energy	7.35%
UK Fixed Interest	5.59%
Asia Pacific Em. Eq.	5.08%
European Equities	3.15%
Money Market	2.75%
Others	8.61%

### Balanced 5

Target Return  
6.5%

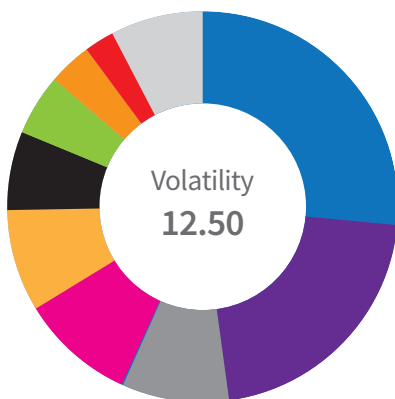


N. American Equities	21.16%
UK Equities	18.92%
Global Fixed Int.	12.50%
Oth. Intl. Equities	8.83%
Asia Pacific Em. Eq.	8.11%
Commodity & Energy	5.79%
UK Fixed Interest	4.72%
Undisclosed	4.15%
European Equities	3.80%
Others	12.00%

**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

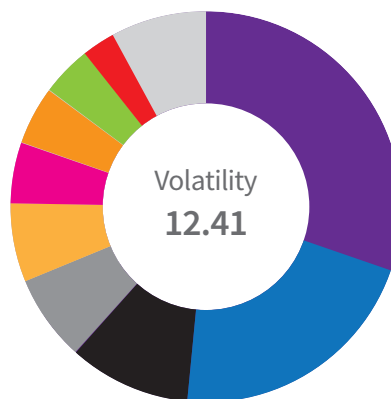
Target Return  
7.75%



UK Equities	25.05%
N. American Equities	23.81%
Asia Pacific Em. Eq.	10.76%
Oth. Intl. Equities	10.12%
Undisclosed	8.82%
Commodity & Energy	5.64%
European Equities	3.05%
Asia Pacific Equities	2.43%
Convertibles	1.85%
Others	8.45%

### Speculative 7

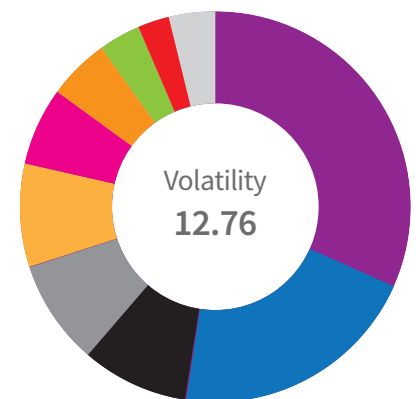
Target Return  
8.75%



N. American Equities	30.45%
UK Equities	22.25%
Commodity & Energy	10.78%
Asia Pacific Em. Eq.	9.05%
Undisclosed	5.52%
Oth. Intl. Equities	5.31%
Japanese Equities	3.51%
European Equities	3.21%
Convertibles	1.95%
Others	7.97%

### Adventurous 8

Target Return  
9.5%



N. American Equities	31.27%
UK Equities	20.08%
Commodity & Energy	9.30%
Asia Pacific Em. Eq.	8.86%
Undisclosed	8.28%
Oth. Intl. Equities	7.45%
Japanese Equities	5.82%
European Equities	2.69%
Money Market	1.67%
Others	4.59%

# Aisa Investment Team (AIT) Committee Meeting

Dated: 19th January 2022

**Attendees:** John Reid (Chairman)  
James Percy-Caldwell (Member of Board and Compliance Representation)  
Geordie Bulmer (Member of Committee)  
Max Durrant (Non-Voting Member of Committee)  
Christopher Lean (Aisa International)  
Lee Hinton (Aisa International)  
Josef Myslivec (Aisa International)

**Secretary:** Danny Setters (Secretary)

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## 1 Review of previous minutes and sign off

After agreement, the minutes of 21st October 2021 were approved and signed by the Chair.

Actions outstanding at previous meeting, and outcomes:

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

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

### 3) Presentation(s)

#### a) Aisa Comment

When seeking a commentary this quarter my immediate thought was to write about inflation. However, after reviewing the inflation comment in our July bulletin, there was nothing really to add.

My next thought was to talk about our performance and our thoughts for the future, but again this was covered in the last quarter's bulletin. The only change is that we have moved to a positive stance on China after being negative for the last year. Our negative position was correct and our exposure to the problems in China were less than our normal geographical spread; this quarter we are altering our exposure upwards, and our clients will be contacted about fund choices. We are positive on the overall UK market place as it is undervalued, especially if inflation becomes longer term, due to the type of asset vehicles in the UK.

#### SPACS and Digital Currency (Crypto Currency) comment

So, this quarter I am going to write about our position on "chasing the growth or returns". We, as a group, have had many questions in the last 18 months about SPACS (Special purpose acquisition companies) and digital currency, such as Bitcoin, and we are often asked why we refuse to invest in them. Even a member of my family was encouraging me to consider them. However, Aisa has been consistently reticent in being a member of the herd or following the 'trend' to invest in these assets, and essentially for the same reasons.

These vehicles are either lightly regulated or not regulated at all. They are almost entirely speculative and represent a very small market, whilst barrier to entry is low which means they are largely traded by DIY investors, which leaves them open to abuse and they are extremely volatile.

**Cryptocurrency:** I have merely selected Bitcoin as an example due to it being well known but what follows is largely replicated across the group. As an example, take the price of Bitcoin as of 24th January 2022, compared to the price back on the 8th November 2021.

*8th November 2021 value*  
**£49,813.44**

*24th January 2022 value*  
**£27,174.64**

This represents a drop of nearly 50% in less than 3 months. One year performance is just over 10% but nearly every trading day Bitcoin swings by more than 3% on average, so the volatility falls far outside of our desired levels. Devotees simply say this is a buying opportunity; I guess they would if they want to encourage more people in the market to drive up demand and therefore prices, so they can sell out!

SPACS are essentially shell companies which raise money through an initial public offering for the purpose of acquiring existing companies. The companies they buy are then listed on the stock market, via shares in the SPAC. SPACS are far more common in America than in Britain due to less stringent regulatory requirements, and it has led to start-ups in the EU and UK seeking to float through an American SPAC rather than through traditional IPO, in an attempt to make more money.

However, investors who have bought shares in many (if not most) SPACs have lost money (as of the 21st January 2022). Firms that floated via SPAC are down 55pc from the high point in June 2021, according to the De-SPAC index of 25 firms. However, the 55% is an average with some firms down over 60% or even 70+%.

Warren Buffett's pithy observation that 'speculation is at its most dangerous when it looks easiest', can be applied to SPACS and Crypto currency and yet, if you go online, devotees will tell you that this is merely a glitch. For example, they say in amongst these SPACS is the next Amazon. However, the clever money waits until the next Amazon shows itself from all the duds; if you invest in a dud, then you end up with little or nothing!

SPACS have a habit of raising funds with no link to current profitability, cash flow or value. Rising interest rates will not support speculative company start-ups that require a lot of capital and project profits far into the future; in fact the profits are likely to have just got further away if debt rates rise! It would be fair to say that the majority are highly speculative investment that could lose their value in the future.

Past performance is not a guide to future performance whether it be up or down, and the views expressed in this piece are not a recommendation to invest, or not invest your own money into the investments discussed. Please seek professional investment advice before making any decisions.

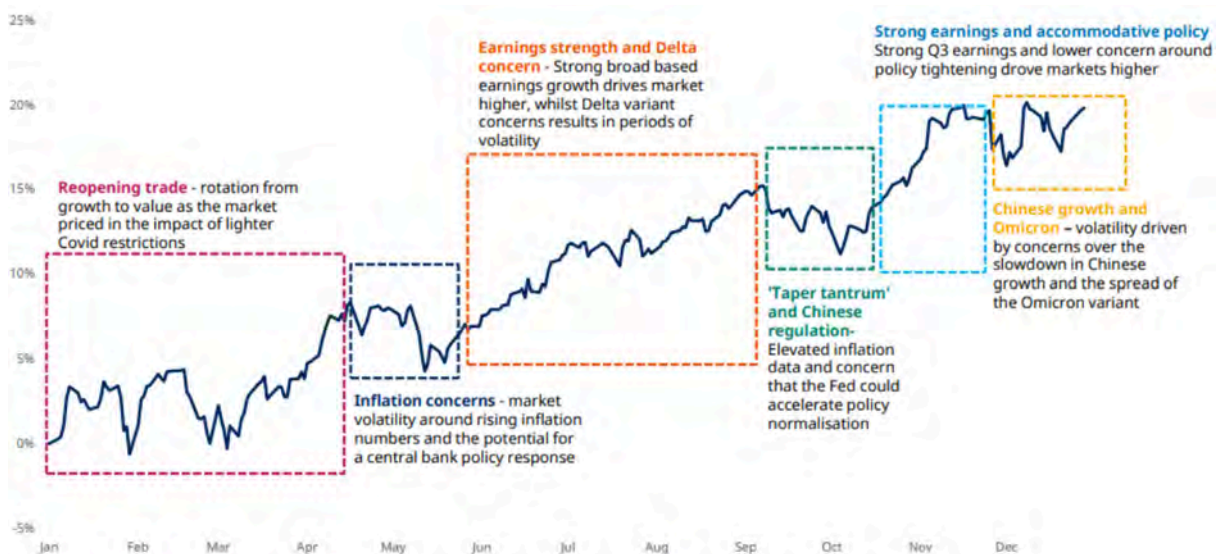
So, who does make money out of vehicles such as SPACS? Well, the company founders, insiders, and bankers have made a lot of money at the expense of DIY investors according to John Rekenthaler, of Morningstar. Whether he is right or wrong, we will not be recommending either SPACS, or Cryptocurrency, within our own portfolios at this time.

## b) Presentation: Cazenove – Schroders Wealth Management

Presenting for us this quarter on behalf of Schroders Wealth Management, was James Hall from Cazenove Capital. Cazenove work with Schroder on a range of DFM portfolios, specialising in bespoke portfolios with complex needs.

James presented us with a brief overview of the previous year, as well as their outlook for the future.

### MSCI ACWI Total Return (GBP)



i - 2021 Total Return Graph for the MSCI ACWI, with descriptors

#### In summary:

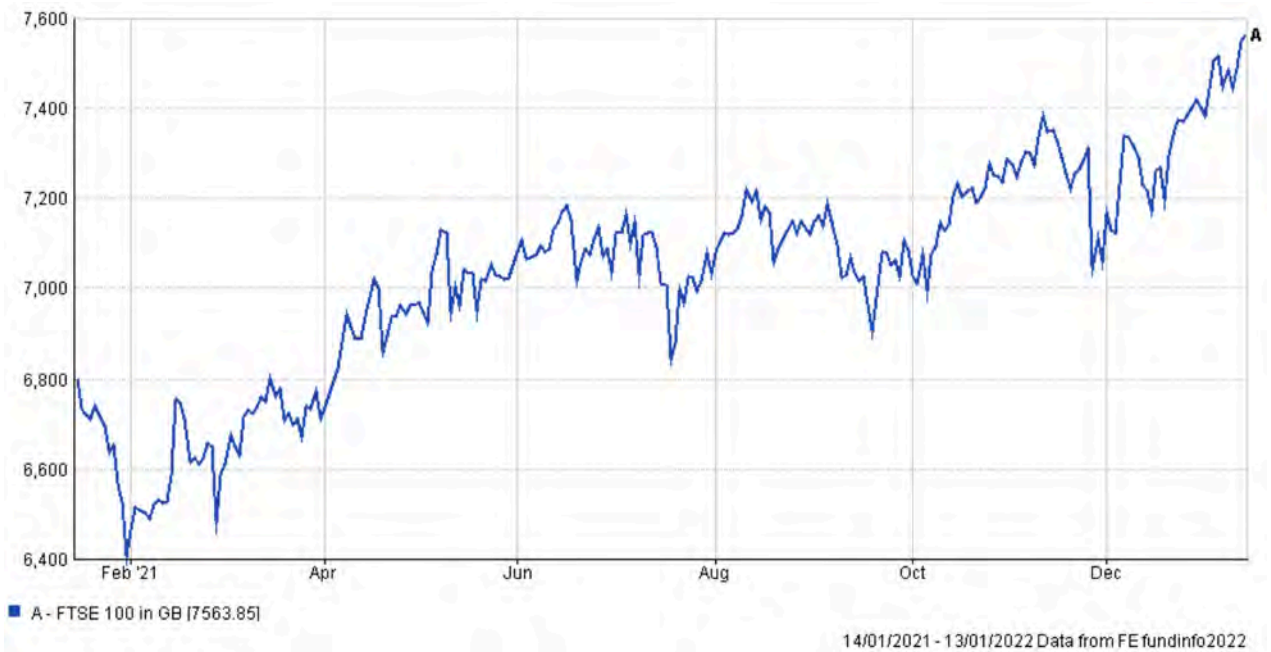
- YTD performances in most sectors already showing a clear improvement compared to Q4 2021, with the US leading the pack and Asia/Emerging Markets falling behind.
- Inflation linked bonds are the stand-out performer compared to other bond types and should remain strong for the near future.
- Despite a visible slowing of growth, China and Emerging Markets are expected to be big earners in the coming months, especially following their recent slump.
- Multiple markets showing a high risk of stagflation (poor economy growth despite rising inflation), which historically tends to lead to high returns from Gold & other commodities, as well as from REITs.

Please note the views of Cazenove and Schroders may not reflect the views of Aisa.

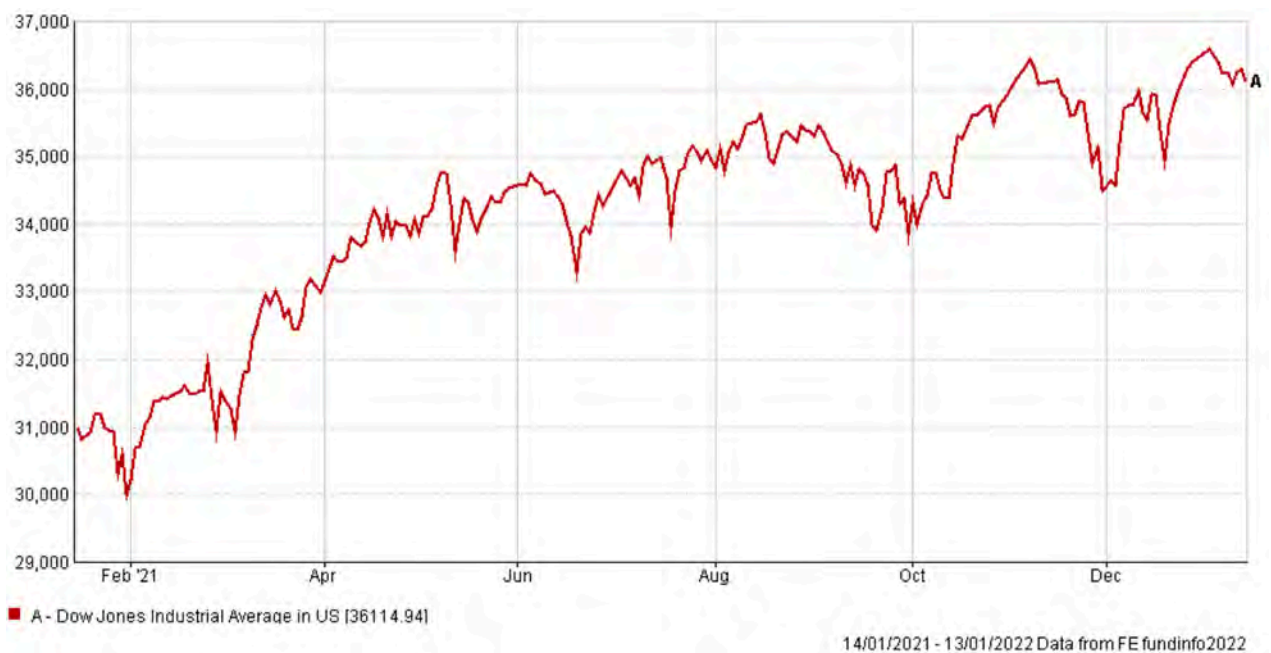


#### 4a) Geographical & Sector Outlook

The FTSE 100 has seen a large rise over the last 12 months, with a low of 6407.45 and a current high of 7563.85. Over the period of 14th January 2021 to 13th January 2022, the FTSE 100 was up 11.20% gross (no charges applied), outperforming many other market indices over the same period.



The US market has also seen a large rise over the last year, with the Dow Jones Index increasing by 16.53% over the period of 14th January 2021 to 13th January 2022, ending the period on a decline at a price of 36,114.94.



## 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

We continue to maintain the current Gold and Lithium exposure.

Currency

We have no specific new views on any currencies.

Investment Trusts

No comments on Investment Trusts.

General

The coming months will be crucial for the global economy, with the possibility of rising inflation potentially influencing investment decisions.

## 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 (45)	3	-0.45% -0.84%	1.64% 0.06%	7.03% 3.73%	20.74% 15.06%	16.18% 9.60%	24.92% 16.50%
Cautious (55)	4	-0.29% -0.64%	2.98% 1.54%	7.61% 4.64%	22.57% 17.37%	18.88% 12.07%	30.82% 20.94%
Balanced (57)	5	0.01% -0.39%	5.13% 3.51%	8.24% 5.04%	26.96% 21.10%	20.83% 13.66%	37.27% 26.65%
Growth (67)	6	-0.56% -0.95%	3.61% 2.00%	7.64% 4.42%	25.62% 19.80%	20.48% 13.01%	35.33% 24.57%
Speculative (75)	7	-2.25% -2.63%	2.00% 0.41%	6.70% 3.50%	24.94% 19.10%	19.63% 12.46%	38.49% 27.63%
Aggressive (84)	8	-2.42% -2.83%	1.02% -0.60%	6.69% 3.40%	25.91% 19.89%	25.74% 13.78%	38.54% 22.73%

### 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	3.25%	2.27% 1.89%	8.40% 6.79%	3.71% 0.81%	15.41% 10.48%	9.83% 3.67%	21.66% 21.87%
Balanced (74)	5	2.90%	3.21% 2.82%	11.63% 9.97%	6.75% 3.83%	20.91% 15.72%	15.55% 9.10%	28.94% 19.71%
Growth (78)	6	2.94%	3.66% 3.24%	11.38% 9.61%	7.56% 4.41%	21.92% 16.38%	15.06% 8.17%	24.24% 12.60%

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 above 2.9%.

### 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). Please note that gross returns are net of the underlying fund management charges, which typically range between 0.2% and 0.9%. (A typical portfolio average would be 0.75%). 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) 1.62%. For 300,000 your charges were therefore  $300,000 \times 1.62\% = 4,860$ . 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.



## 5b) 12-Month Rolling Performance

We have analysed the actual performance of our model portfolios over the last three 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 each growth portfolio over the previous 12 months, i.e. December 2020 to December 2021, January 2021 to January 2022 and so on.

In the twelve-month rolling performance for November 2021 – January 2022, growth in our portfolios ranged between 4.83% to 11.02% in the November 2020 – 2021 period, while the FTSE 100 rose by 11.77%. This performance decreased by the January 2021 – 2022 period, with performances ranging from -2.42% to 3.51%, as our portfolios remain exposed to global assets and shares which have largely gone down over the last 4-5 months. The FTSE has been one of the stronger performers although it has remained more volatile and has greater risk in isolation compared with our portfolios. Our higher risk portfolios continue to outperform the FTSE 100 on a rolling 12-month period around two-thirds of the time over the last 3 years.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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%
Nov-20	-13.79%	5.23%	5.00%	2.67%	4.46%	5.01%	5.35%
Dec-20	-11.30%	6.41%	5.97%	4.45%	5.74%	6.73%	7.97%
Jan-21	-11.85%	3.55%	3.05%	1.45%	2.38%	3.07%	4.02%
Feb-21	-11.39%	2.62%	1.88%	2.10%	3.15%	4.39%	4.45%
Mar-21	25.22%	10.66%	12.77%	16.43%	18.03%	20.62%	22.84%
Apr-21	18.41%	12.43%	14.52%	19.71%	20.68%	20.97%	21.55%
May-21	20.64%	6.39%	7.90%	12.05%	11.34%	12.91%	11.59%
Jun-21	16.35%	8.01%	10.30%	14.45%	13.99%	14.92%	14.57%
Jul-21	14.83%	6.44%	8.52%	12.07%	11.50%	12.48%	11.77%
Aug-21	17.98%	5.57%	6.92%	11.26%	10.33%	11.40%	11.27%
Sep-21	16.78%	5.72%	8.24%	12.08%	11.17%	12.40%	11.57%
Oct-21	19.72%	2.77%	4.43%	7.68%	6.50%	7.44%	6.76%
Nov-21	15.84%	4.83%	7.42%	11.16%	9.97%	11.02%	11.01%
Dec-21	10.39%	2.62%	4.91%	7.25%	5.91%	5.79%	5.53%
Jan-22	10.87%	0.06%	1.54%	3.51%	2.00%	0.41%	-2.42%

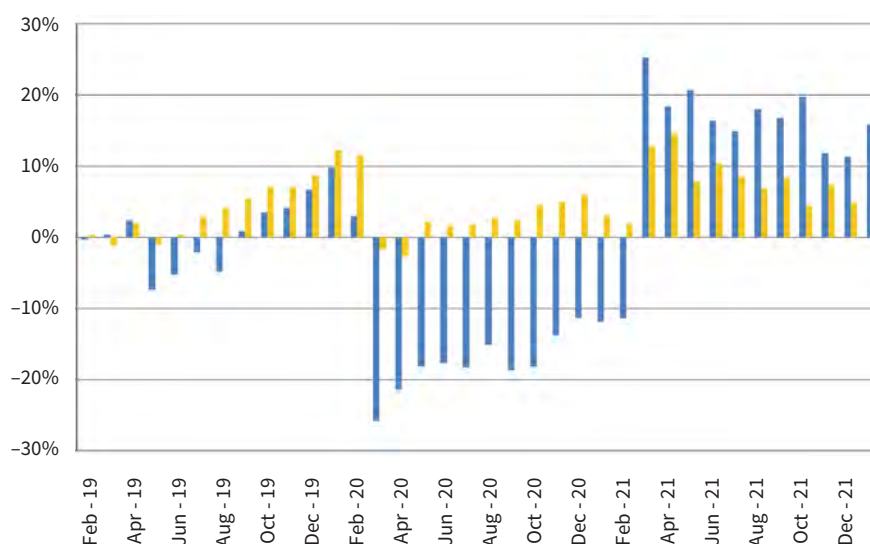
### Aisa Defensive 3

■ FTSE 100  
■ Aisa Defensive 3



### Aisa Cautious 4

■ FTSE 100  
■ Aisa Cautious 4



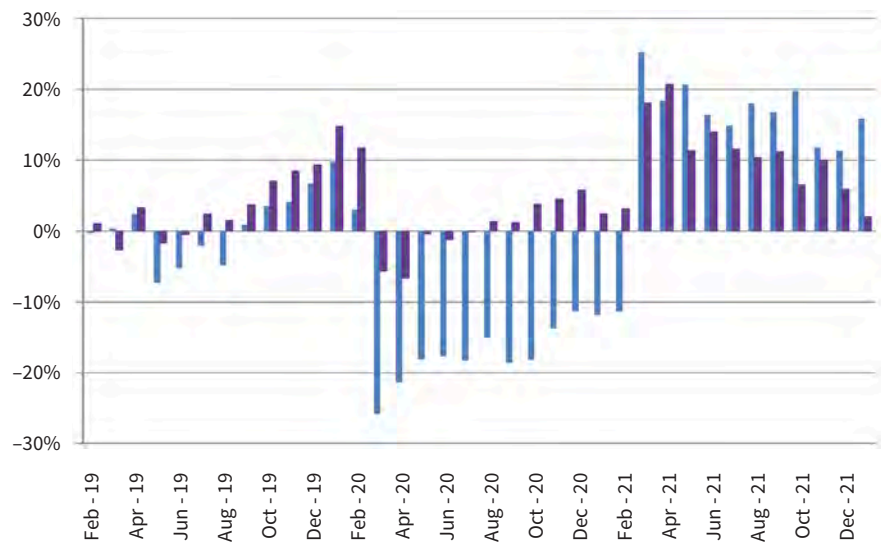
### Aisa Balanced 5

■ FTSE 100  
■ Aisa Balanced 5



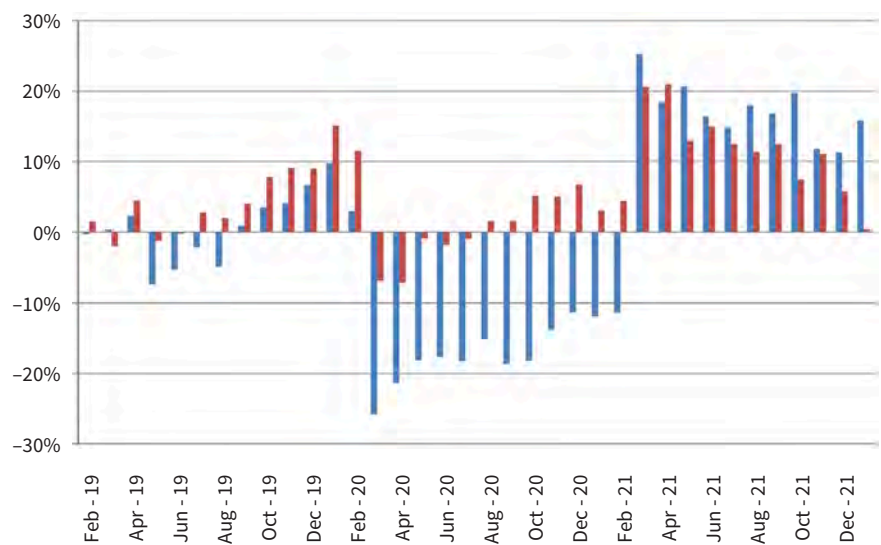
### Aisa Growth 6

■ FTSE 100  
■ Aisa Growth 6



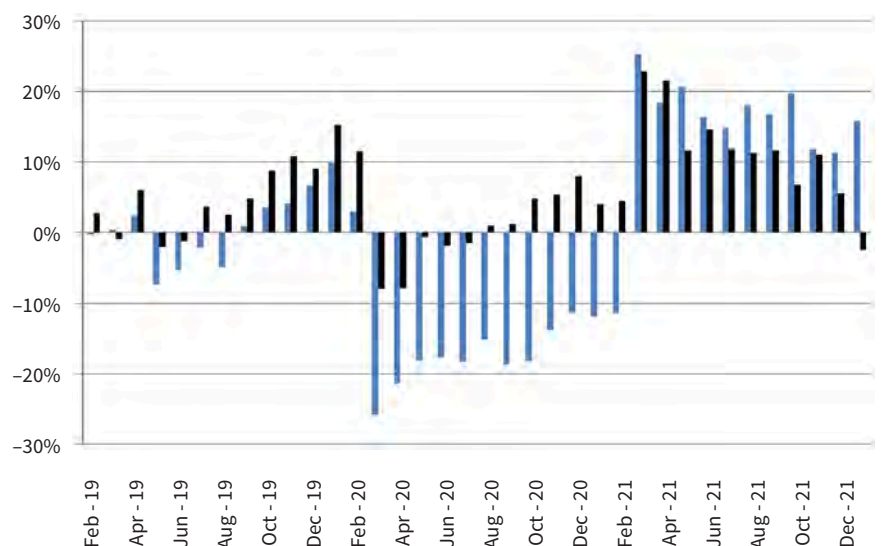
### Aisa Speculative 7

■ FTSE 100  
■ Aisa Speculative 7



### Aisa Adventurous 8

■ FTSE 100  
■ Aisa Adventurous 8



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## 6) Quarterly timetabled asset/product discussions

The product discussions for this quarter were 'UCIS Funds – UCIS Methodology', reviewed by John Reid, 'ETP – Passive Tracking' reviewed by James Percy-Caldwell, and 'Offshore Bonds' reviewed by Geordie Bulmer. All information is to be updated into our Governance document held centrally at our main office.

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## 7) AOB

### Reference Material utilised in this meeting:

Analytics – Review of funds.  
Aisa Performance data – Obtained from Ascentric.  
Aisa Governance Document.  
Ascentric Presentations.

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## 8) Next Meeting

Next meeting will be held on the 26th April 2022 at a location TBD.

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## 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 those funds on quarterly watch.
- Action:** Monitor fund management fees.

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Signed by Chairman







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The guidance contained within this publication is targeted at those people who live in the UK.