



Quarterly Investment Update

Q3 | 2022



Executive Summary

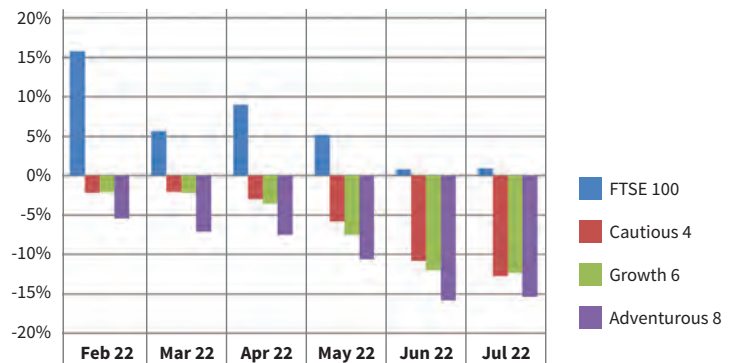
Market Summary

- The FTSE 100 has seen a small but volatile rise over the last 12 months, having fared very well despite recent global market falls.
- Over the period of 14th July 2021 – 13th July 2022, the FTSE 100 is up 0.92% gross, outperforming most other global markets. For comparison over the same period the Dow Jones Index is down 11.91% gross over the same period.
- June 2022 concluded the worst first half return for US equities (-20%) since 1962, US 10-year Treasuries (-10.8%) since the 1970s, and High Yield (-10.2%) since 1989. During the last quarter, all major equity markets fell.

Investment Portfolios

- The returns on our Growth portfolios range from -9.98% to -14.02% over the period 14th July 2021 – 13th July 2022, with performance matching the MSCI World Index (-16.80% from July 2021-2022) more closely than with the FTSE 100.
- Our Income portfolios achieved better returns and continue to hit targets for yield, with returns ranging from -2.91% to 5.73% gross over the same period.

12 Month Rolling Performance



How we work

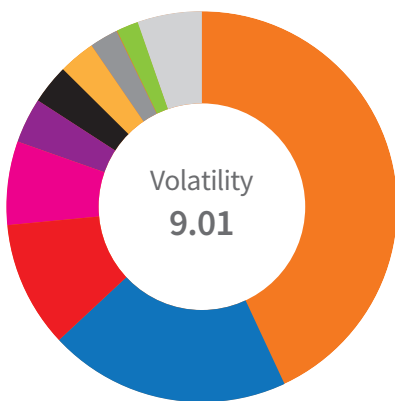
- Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset classes we feel should be considered over the coming 12 months and longer.
- Our strategic plan is largely decided by our informed view on the economies of the world and individual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

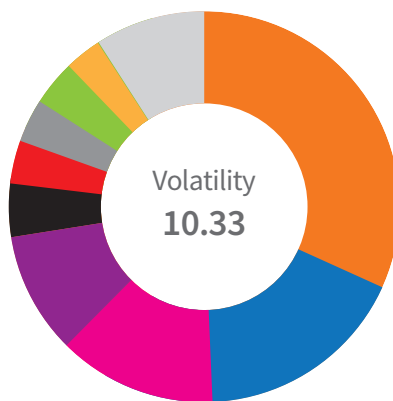
Target Return
4%



Global Fixed Int.	36.93%
UK Equities	17.32%
UK Fixed Interest	11.48%
N. American Equities	6.47%
Commodity & Energy	5.39%
Oth. Intl. Equities	4.99%
Asia Pacific Em. Eq.	4.09%
Money Market	3.58%
European Equities	2.84%
Others	7.07%

Cautious 4

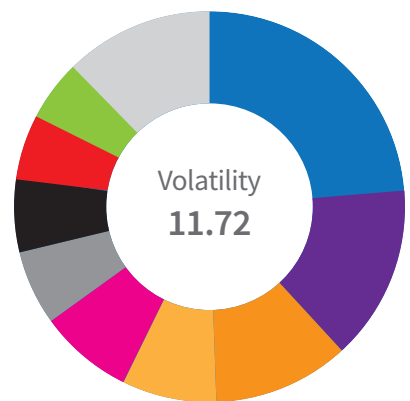
Target Return
5.5%



Global Fixed Int.	30.79%
UK Equities	18.34%
Oth. Intl. Equities	10.22%
N. American Equities	8.92%
Commodity & Energy	7.49%
UK Fixed Interest	5.82%
Asia Pacific Em. Eq.	5.23%
European Equities	2.81%
Money Market	2.55%
Others	8.01%

Balanced 5

Target Return
6.5%

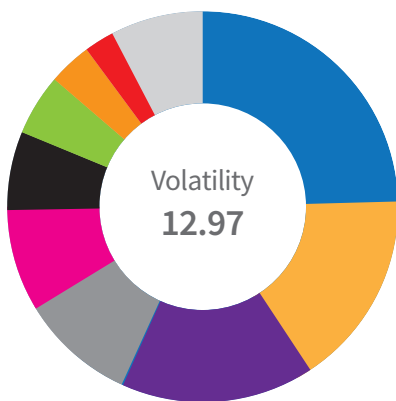


UK Equities	18.96%
N. American Equities	14.96%
Global Fixed Int.	13.44%
Undisclosed	13.15%
Oth. Intl. Equities	8.85%
Asia Pacific Em. Eq.	8.26%
Commodity & Energy	5.96%
UK Fixed Interest	4.87%
European Equities	2.36%
Others	9.80%

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

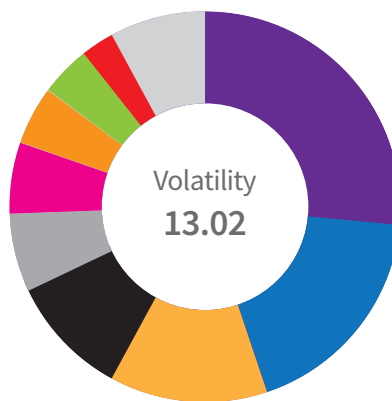
Target Return
7.75%



UK Equities	24.47%
Undisclosed	17.82%
N. American Equities	17.60%
Asia Pacific Em. Eq.	10.75%
Oth. Intl. Equities	10.18%
Commodity & Energy	5.79%
Global Fixed Interest	2.33%
Asia Pacific Equities	2.25%
Convertibles	1.87%
Others	6.94%

Speculative 7

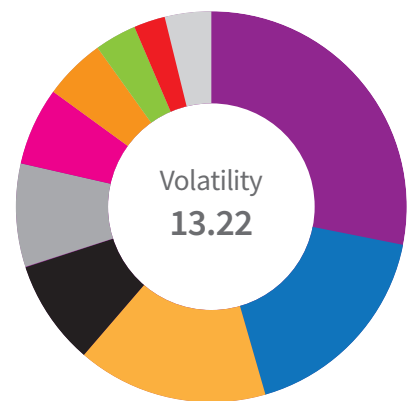
Target Return
8.75%



N. American Equities	26.37%
UK Equities	21.92%
Undisclosed	11.52%
Commodity & Energy	10.94%
Asia Pacific Em. Eq.	9.34%
Oth. Intl. Equities	5.20%
Japanese Equities	3.05%
European Equities	2.22%
Convertibles	1.97%
Others	7.49%

Adventurous 8

Target Return
9.5%



N. American Equities	28.53%
UK Equities	16.86%
Undisclosed	15.28%
Commodity & Energy	9.38%
Asia Pacific Em. Eq.	9.14%
Oth. Intl. Equities	7.34%
Japanese Equities	5.49%
European Equities	2.00%
Money Market	1.63%
Others	4.35%

Aisa Investment Team (AIT) Committee Meeting

Dated: 19th July 2022

Attendees: John Reid (Chairman)
James Pearcy-Caldwell (Member of Committee and Compliance Representation)
Geordie Bulmer (Member of Committee)
Max Durrant (Non-Voting Member of Committee)
Alex Pearcy-Caldwell (Guest)
Lee Hinton (Guest)
Christopher Lean (Aisa International)

Secretary: Danny Setters (Secretary)

1 Review of previous minutes and sign off

After agreement, the minutes of 26th April 2022 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

It is unlikely that anyone has escaped noticing that equities have gone down considerably recently. What might not be so obvious is that, with the exception of some commodities, other asset classes have also fallen in value.

June 2022 concluded the worst first half return for US equities (-20%) since 1962, US 10-year Treasuries (-10.8%) since the 1970s, and High Yield (-10.2%) since 1989. During the last quarter, all major equity markets fell.

Whilst we do invest some of our portfolios in commodities, this is often as a hedge and commodities historically are high risk volatile investments – they go down as quickly as up and with large price swings.

One key issue for more cautious investments is the impact of recent unexpected rapid interest rate rises. This damages the capital value of bonds and Gilts – for every 1% increase there can be a 30% capital value reduction for longer term yield-based products (more than 10 years). Clearly this impacts the lower risk element of portfolios.

We highlighted our concerns in our quarterly bulletin, starting with inflation in July 2021 – we gave a clear description of the way company profits would be impacted by inflation. Then in October 2021 we explained PE ratios of companies and how the valuations of companies, especially in the US, were too high and the length of time it would take to obtain original capital back on investment would be stretched further by inflation and interest rate rises

In October 2021 we suggested the plan of counter-cyclical investment and thematic style stock picking that would not be subject to sell-offs and hopefully benefit from inflation. We invested in gold at a maximum holding of 15% for example, in the second half of 2021 and right through to after the Ukraine war commenced and this was a net growth vehicle.

Therefore, we were not largely invested in higher risk future companies, nor unprofitable ones, whilst on the other hand we did have exposure to both gold and lithium which proved to be sound investments.

Reducing exposure to some markets

We are now looking to re-invest back into solid companies with profit streams that will benefit from inflation in energy sectors or small companies linked to thematic sector appeal. We are also focusing our investment attention on Asia which has begun to recover following recent covid lockdowns.

The Bank of England (BoE) and other economic bodies have until recently been pricing in inflation as short term and have admitted their interest rate hikes could be perceived as having previously misled markets with their intentions. This means we could not predict the recent bond sell off linked to interest rate hikes but will now be able to take action over the coming weeks.

Meeting outcomes?

We recently held an Investment Committee meeting in June where we discussed exposure to UK smaller companies, and whether we should reduce it, further focusing on Asia and large cap stocks. In our July 2022 meeting we elected to take action on our bond holdings as well by reducing your exposure to any debt instruments that have been, and will continue to, be affected by interest rate rises. We have considered Absolute Return funds and REITs as alternatives, alongside some powerful Investment Trust strategies.

However, we retain equities, and whilst that is the case, we cannot avoid the drops in markets that we have seen. In the short term your portfolio may show a negative performance, but this cannot be avoided if you wish to also benefit from any recovery as we cannot time the markets; your portfolios will benefit from any recovery.

The wrong place to be invested when you have high inflation is cash. All you do is guarantee that the value of your investment is going down, currently at 10% per annum if inflation is that high. One needs to consider market recovery as the primary option.

Missing the post-fall bounce that will always happen, even missing one day where markets go back up, will have a serious long-term impact on performance. Remaining invested in a diverse portfolio in these markets is the correct position even though we cannot guarantee that there may be market declines and losses still to come. The whole point is that we cannot time it and we do not know exactly when markets go down, and when they go back up.

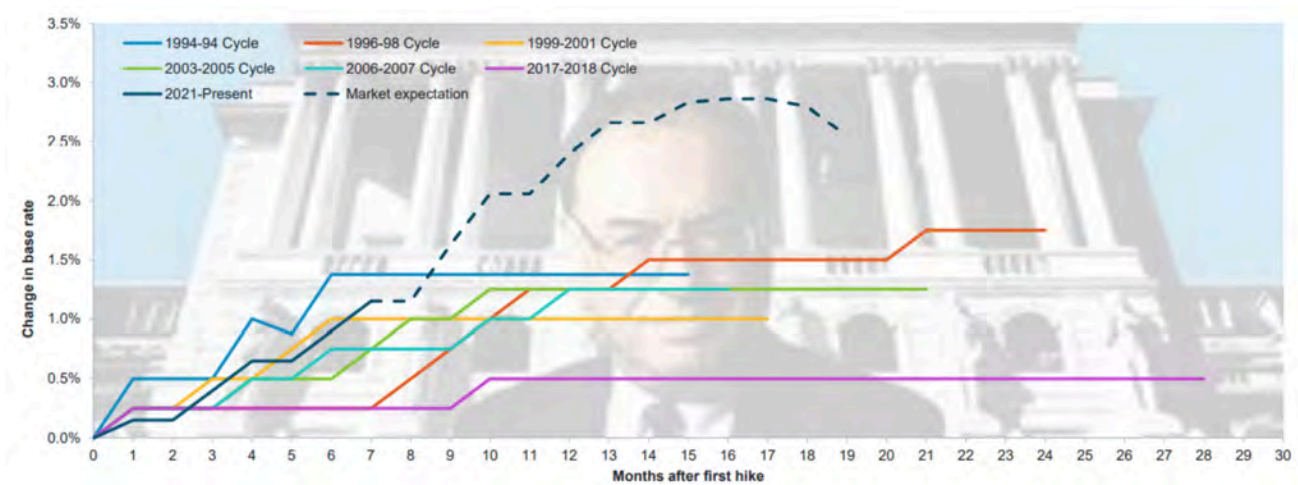
b) Fidelity International

Joining us this quarter were representatives from Fidelity International, speaking to us about their economic outlook and some of their strategies.

Economic Outlook

- Financial markets have had a rough first half of 2022, with nearly all sectors showing sharp negative returns YTD.
- While inflation is likely to be near its high point and should start to settle, growth however will only continue to worsen.
- Worrying signs of a central bank withdrawal, as markets price in one of the most aggressive rate hiking cycles in 30 years. Looking back at past rate hiking cycles, 10 of the 13 last cycles result in recession.
- UK Consumer confidence at its lowest point ever recorded, with prior recessions also being preceded by levels similar to today.

Comparing Bank of England rate hiking trajectories

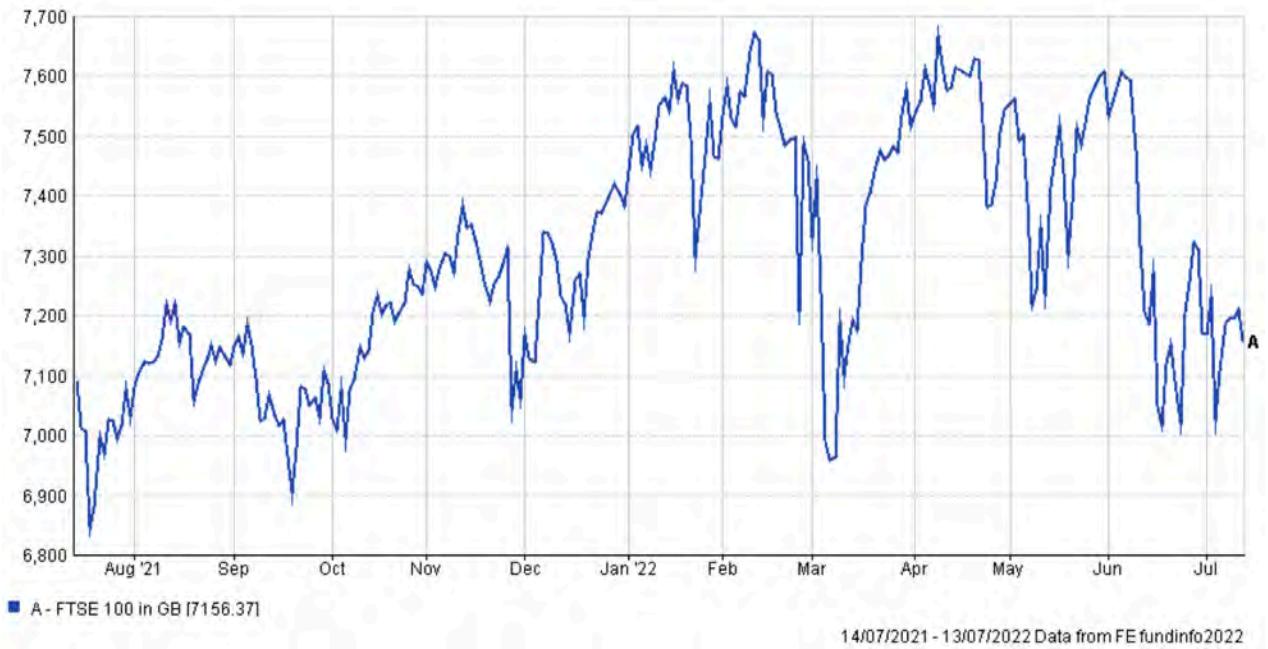


Source: Fidelity International, Bloomberg, 01 July 2022.

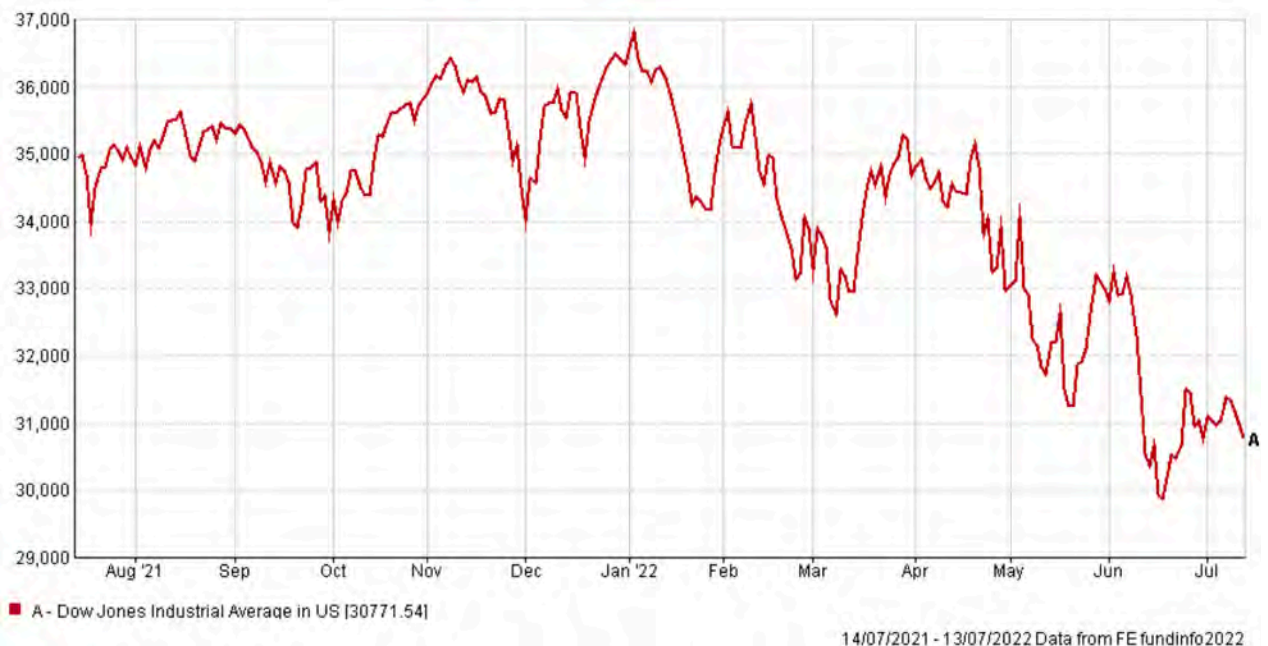
Please note the views of Fidelity may not reflect the views of Aisa.

4a) Geographical & Sector Outlook























































The FTSE 100 has seen a small but volatile rise over the last 12 months, ending at a value of 7156.37. Over the period of 14th July 2021 to 13th July 2022, the FTSE 100 was up 0.92% gross (no charges applied), outperforming many other market indices over the same period.



The US market on the other hand has fallen over the past year, with the Dow Jones Index decreasing by 11.91% over the period of 14th July 2021 to 13th July 2022, ending the period at a price of 30,771.54.



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	No change to views on metals. Prices of Gas/Oil and Food are being affected by Ukraine crisis, the effects of this will continue for the foreseeable future.		
Currency	No real safe haven from inflation as all major currencies take a hit.		
Investment Trusts	No new views on Investment Trusts.		
General	A very pessimistic view on global markets this quarter, with inflation impacting economies worldwide there are few safe havens for investing.		

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	-6.73% -7.09%	-11.69% -13.09%	-3.56% -6.75%	0.61% -4.23%	5.73% -0.97%	10.79% 2.72%
Cautious (55)	4	-6.55% -6.88%	-11.38% -12.71%	-2.91% -5.89%	0.95% -3.64%	5.53% -0.95%	10.36% 1.87%
Balanced (66)	5	-6.28% -6.63%	-9.98% -11.39%	2.89% -0.45%	2.85% -1.95%	7.99% 1.23%	18.08% 8.73%
Growth (73)	6	-4.91% -5.26%	-10.99% -12.37%	0.70% -2.54%	1.97% -2.81%	6.14% -0.52%	16.03% 6.80%
Speculative (82)	7	-7.16% -7.51%	-13.76% -15.12%	-1.30% -4.52%	-0.63% -5.34%	3.89% -2.71%	15.02% 5.76%
Aggressive (86)	8	-5.137% -5.48%	-14.02% -15.38%	-2.18% -5.43%	-1.54% -6.27%	8.02% -2.33%	16.27% 6.72%

Income Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio	Risk Grade	Yield	3 mths	12 mths	24 mths	36 mths	48 mths	60 mths
Cautious (53)	4	3.53%	-4.75% -5.08%	-5.73% -7.13%	9.35% 5.98%	-1.39% -5.65%	2.04% -3.92%	7.30% -0.57%
Balanced (70)	5	3.13%	-4.61% -4.95%	-3.07% -4.50%	16.90% 13.27%	3.53% -0.91%	6.46% 0.27%	14.00% 5.56%
Growth (72)	6	3.24%	-4.54% -4.90%	-2.91% -4.44%	18.17% 14.26%	4.69% -0.07%	7.60% 0.90%	14.53% 5.59%

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 3.00%.

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) 1.41%. For 300,000 your charges were therefore $300,000 \times 1.41\% = 4,230$. 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. June 2021 to June 2022, July 2021 to July 2022 and so on.

In the twelve-month rolling performance for May – July 2022, growth in our portfolios ranged between -5.40% to -10.60% in the May 2021 - 2022 period, showing a significant drop in value which is not reflected in the FTSE 100 performance of 5.16%. This negative performance continued into the June and July periods, with performance in our growth portfolios being more in line with the MSCI World index (-16.80% from July 2021 – July 2022) than the FTSE 100.

The reason for the sudden drop off in performance, which is the first time this has happened in our 12-year history, is not simply equities have gone down. It is because bonds and gilts, normally reliably used to offset risk, have increased in volatility and negative returns. Therefore, this has impacted on all portfolios and especially the lower risk portfolios. This quarter action will be taken to alleviate this moving forward.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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%
Feb-22	15.77%	-3.04%	-2.18%	-0.46%	-2.11%	-4.21%	-5.45%
Mar-22	5.65%	-2.49%	-2.09%	-0.73%	-2.19%	-4.99%	-7.13%
Apr-22	8.96%	-3.49%	-2.97%	-1.55%	-3.57%	-4.78%	-7.55%
May-22	5.16%	-6.08%	-5.82%	-5.40%	-7.53%	-9.42%	-10.60%
Jun-22	0.80%	-11.05%	-10.84%	-10.22%	-11.98%	-14.69%	-15.83%
Jul-22	0.89%	-13.09%	-12.71%	-11.39%	-12.37%	-15.12%	-15.38%

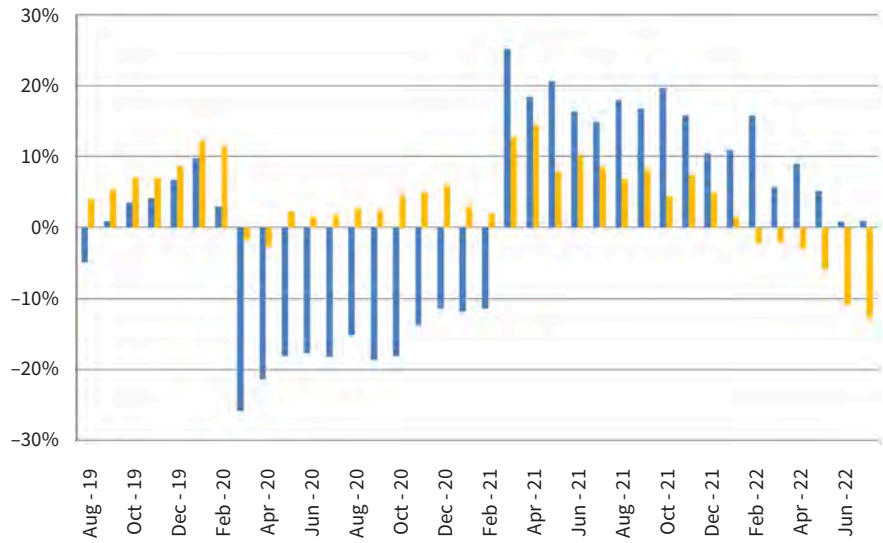
Aisa Defensive 3

- FTSE 100
- Aisa Defensive 3



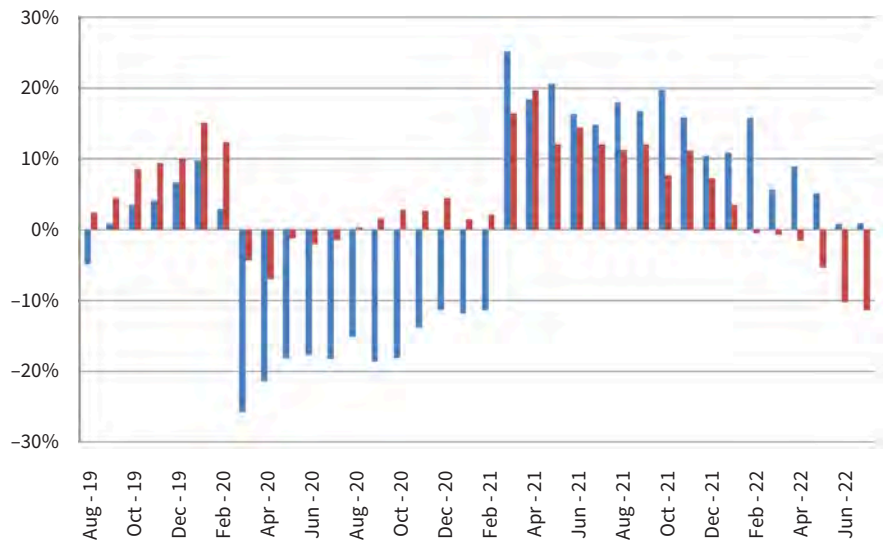
Aisa Cautious 4

- FTSE 100
- Aisa Cautious 4



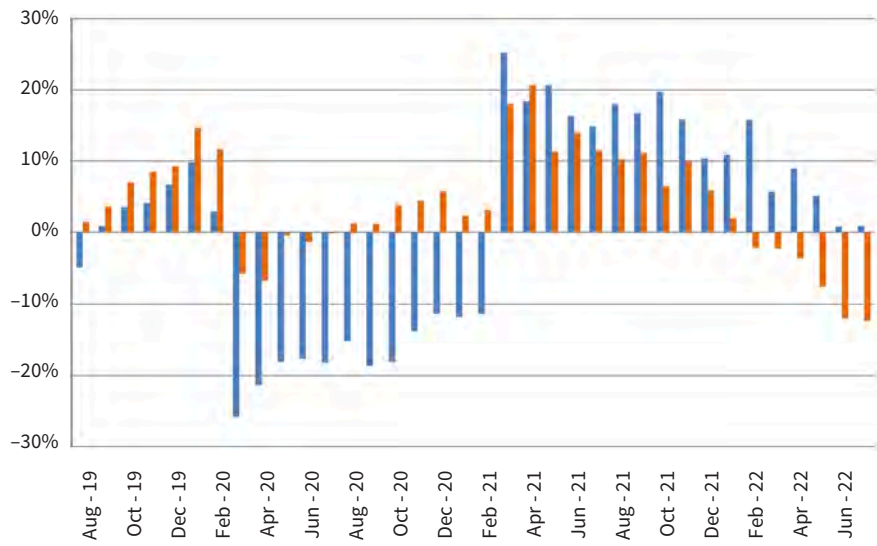
Aisa Balanced 5

- FTSE 100
- Aisa Balanced 5



Aisa Growth 6

- FTSE 100
- Aisa Growth 6



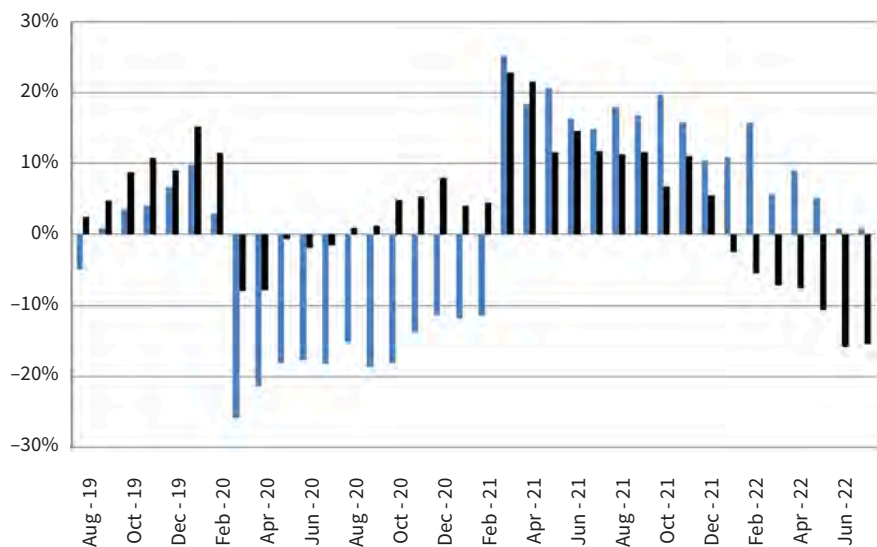
Aisa Speculative 7

- 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 'VCT & EIS', reviewed by John Reid, 'Investment Trusts' reviewed by James Percy-Caldwell, and 'Discretionary Management – DFM Processes' reviewed by Geordie Bulmer. All information is to be updated into our Governance document held centrally at our main office.





Phone: +44 (0)1672 569 111

Email: info@aisagroup.org

Website: www.aisagroup.org

UK Address: 10 Prince Maurice Court, Devizes, Wiltshire SN10 2RT

AisaProfessional is a trading style of Aisa Financial Planning Ltd, an Independent Financial Adviser authorised and regulated by the Financial Conduct Authority (FCA). 10 Prince Maurice Court, Devizes, Wiltshire SN10 2RT | Registered in England: 3621676.

Our FCA registration number is 189652 which can be checked at www.fca.org.uk | The Financial Ombudsman Service (FOS) is an agency for arbitrating on unresolved complaints between regulated firms and their clients. Full details of the FOS can be found on its website at www.financial-ombudsman.org.uk

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