Aisa Financial Planning

Quarterly Investment Update

Q4 2022

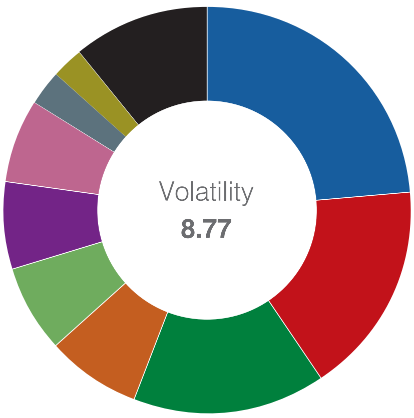

76%

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

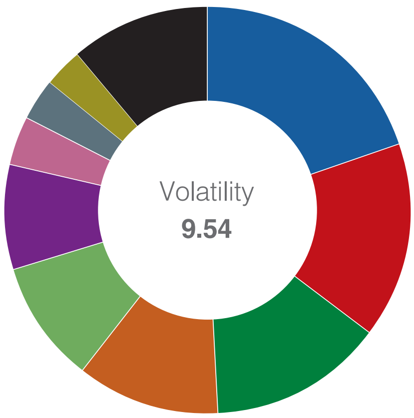
Target Return **4%**



Global Fixed Interest	23.92
UK Equities	16.87
Undisclosed	15.35
Other International Equities	7.45
North American Equities	6.99
UK Fixed Interest	6.98
Commodity & Energy	6.65
European Equities	2.91
Asia Pacific Equities	2.58
Others	10.67

Cautious 4

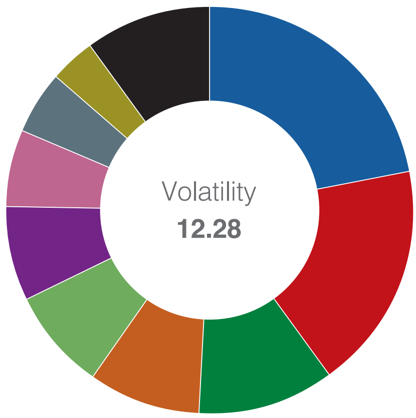
Target Return **5.5%**



Undisclosed	19.96
Global Fixed Interest	15.67
UK Equities	13.96
Other International Equities	11.33
North American Equities	9.82
Commodity & Energy	8.39
UK Fixed Interest	3.89
Asia Pacific Equities	3.24
European Equities	3.13
Others	10.97

Balanced 5

Target Return **6.5%**

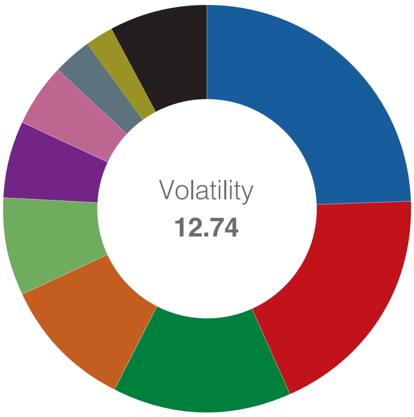


North American Equities	22.06
UK Equities	18.12
Global Fixed Interest	11.09
Other International Equities	8.97
Asia Pacific Equities	8.11
Undisclosed	7.31
Commodity & Energy	6.29
UK Fixed Interest	5.05
European Equities	3.62
Others	9.83

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

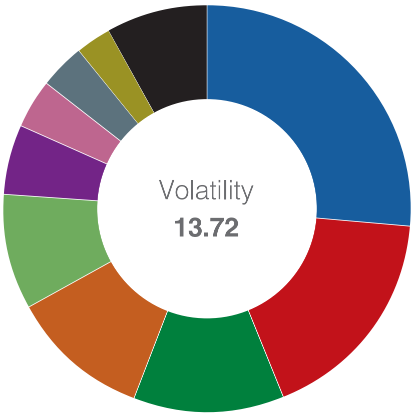
Target Return **7.75%**



North American Equities	24.61
UK Equities	18.93
Undisclosed	14.32
Other International Equities	10.53
Asia Pacific Emerging Equities	7.89
Commodity & Energy	6.11
Asia Pacific Equities	5.07
European Equities	2.97
Global Fixed Interest	2.33
Others	7.64

Speculative 7

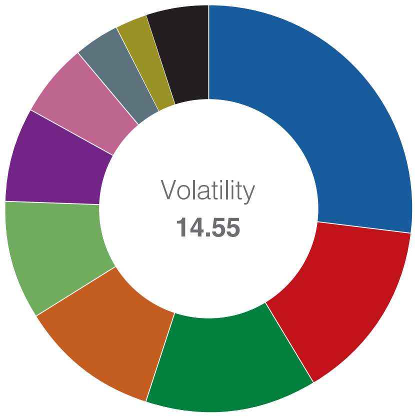
Target Return **8.75%**



North American Equities	26.63
Undisclosed	17.46
UK Equities	12.00
Commodity & Energy	11.28
Asia Pacific Emerging Equities	9.23
Other International Equities	5.37
Asia Pacific Equities	4.11
Japanese Equities	3.42
European Equities	2.90
Others	7.93

Adventurous 8

Target Return **9.5%**



North American Equities	27.28
Undisclosed	14.28
UK Equities	13.72
Asia Pacific Emerging Equities	11.13
Commodity & Energy	9.54
Other International Equities	7.52
Japanese Equities	5.76
Asia Pacific Equities	3.71
European Equities	2.43
Others	4.90

Attendees:

James Pearcy-Caldwell (Member of Committee & Compliance Representation) (Stand-In Chairman)

Geordie Bulmer (Member of Committee)

Max Durrant (Non-voting member of Committee)

Christopher Lean (Aisa International) (Skype)

Nam Hoang (Aisa International) (Skype)

Secretary:

Alex Pearcy-Caldwell (Stand-In Secretary)

1) Review of previous minutes and sign off

After agreement, the minutes of 19th July 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

Circumstances have not really changed since our last bulletin, although political turmoil in the UK appears to reach new heights (Kwasi Kwarteng's resignation from the Treasury hit the news midway through our investment committee meeting). Things are not smooth in the US either with Joe Biden becoming more and more unpopular and it will be interesting to see what will happen in the mid-terms.

As we wrote in the last bulletin, and we think it is worth repeating, 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 this year, all major equity markets fell.

However, in the last quarter, Aisa made a series of good investment decisions on our client's behalf which we wrote to you about.

We reduced exposure to UK smaller companies and focused on Asia and large cap stocks. We elected to completely remove almost all bond holdings, in turn reducing your exposure to any debt instruments that have been, and will continue to, be affected by interest rate rises. Absolute Return was considered as a low risk alternative at this point.

We felt 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.

We stopped the rot connected with more cautious investments that happened as a result of recent unexpected rapid interest rate rises. With political turmoil and bond and gilt prices dipping by over 10% in October, clients were spared of much of this loss due to the reduction in these assets in their portfolios.

To remind you investment markets do not like instability, nor interest rate rises. We had both in September and October 2022. For every 1% increase in rates there can be a 30% capital value reduction for longer term yield-based products (more than 10 years duration). Clearly this impacts the lower risk element of portfolios, and this led to a decline in our cautious portfolios the likes of which we have not witnessed before.

However, while in the short term your portfolio may still show a negative performance like with many markets, our investment decisions mean that the loss has been considerably softened.

We retain equities, and whilst that is the case, we cannot avoid the drops in markets that we have seen recently but, as we wrote in the last quarter this is necessary if you wish to also benefit from any recovery as we cannot time the markets. Your portfolios are well poised to take advantage of any recovery in the next 12 months. We remind all clients that 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.

We are not resting though, and we had 2 briefs recently on economic matters; one from Jupiter Asset management (separately detailed in this update) and one from LGT Wealth Management. In essence we are starting to see that the US treasury who have been extremely hawkish are looking towards a point where they feel they have done enough. It is this that we should be watching as markets will react positively the moment they feel that the top of the interest cycle is with us.

The UK remains significant as well, and so the political turmoil combined with US interest rates increasing far more rapidly and higher than the UK (which has not happened for decades) has led to a weaker pound. In fact, it is more the case of a strong dollar and this has an impact on many countries, especially in Euroland.

Euroland? Well, apart from considering solid companies both traditional and tech based, the countries signed up to the Euro certainly have an impending problem. This bulletin is not large enough to cover this in detail here and so that is something we can write about in the future. Suffice to say, this winter is going to be tough and it is too early to say how and when Euroland can turn things around. This might also be true of the US to a lesser extent, and the UK needs stability in governance. However, in both the US and the UK, you can see how they can change things around. The countries holding the Euro in particular are simply more difficult to see how they can change the narrative and obtain growth.

We should not ignore debt and property markets. With the increase in interest rates, it hardly needs pointing out that debt becomes less affordable. With a reduction in the capacity to borrow then the most obvious area affected outside companies, is property. The frenzy of easy money over the last 20 years has meant that people have forgotten what happens when interest rates go up. Perhaps a short look at history would be a good indicator of what is likely to happen next.

The final point is how the easy money generated by governments over the last 13 years is going to be repaid. The UK was a great example of this in October, which was put purely down to political incompetence. See it more as an example of things to come! Major western economies have got high on an experiment of printing money and buying their own debts through central banks. The day when these debts must be wound down has come. The UK merely served as an example of what happens when markets think there is no plan in place to wind down the debt when interest rates are higher and the idea of borrowing more to get out of the latest problem is no longer acceptable. The UK is not the only western economy facing that particular problem, and contrary to what you may read in the press, is also not in any way the worst in Europe and actually has a degree of flexibility and reform capabilities that other countries either do not have or have no interest in using.

b) Jupiter Asset Management

Speaking with us this quarter from Jupiter Asset Management, were Alastair Irvine (Jupiter Merlin), Valerio Angioni (Fixed Income), and Phil Macartney (European Equities).

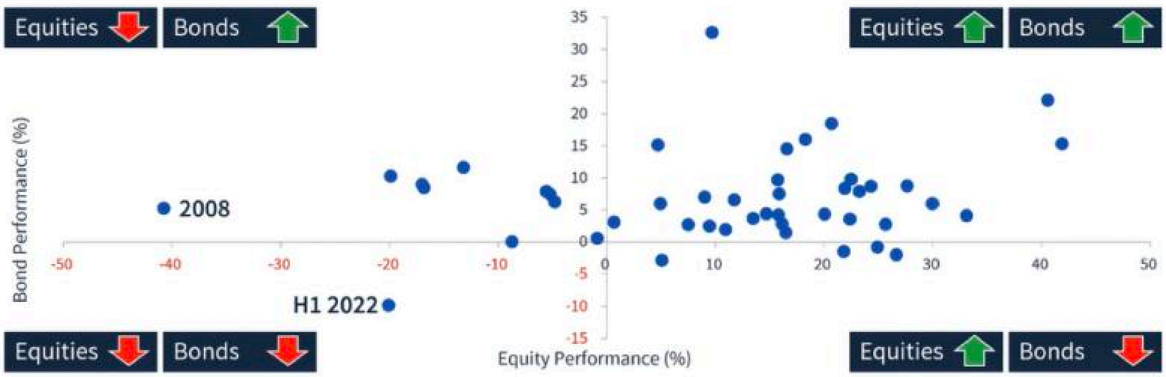
Macro-Economic Outlook

Alastair presented us with Jupiter's insights on the global economy as it stands in October.

In summary:

- Current inflationary levels are more than enough to drive us into a recession based on levels from previous recessions.
- Post-lockdown recovery period appears to be slowing drastically.
- Market turmoil is not specific to the UK, with Europe and the US also facing risk of recession, and fears that China is already experiencing one.
- Bond markets playing large role in recession fears, with US yield curve tilting towards strong signs of recessionary risk.
- Bond markets not providing the diversification benefits that they previously have done after equity sell-off.

Equity and bond market performance over last 45 years



i Source Bloomberg, 30.06.22. Equities here represented by the MSCI World Index in USD and Bonds by the Bloomberg Barclays US Aggregate Index in USD.

US market performance

Global markets are trading at low-to-moderate levels compared to the last decade

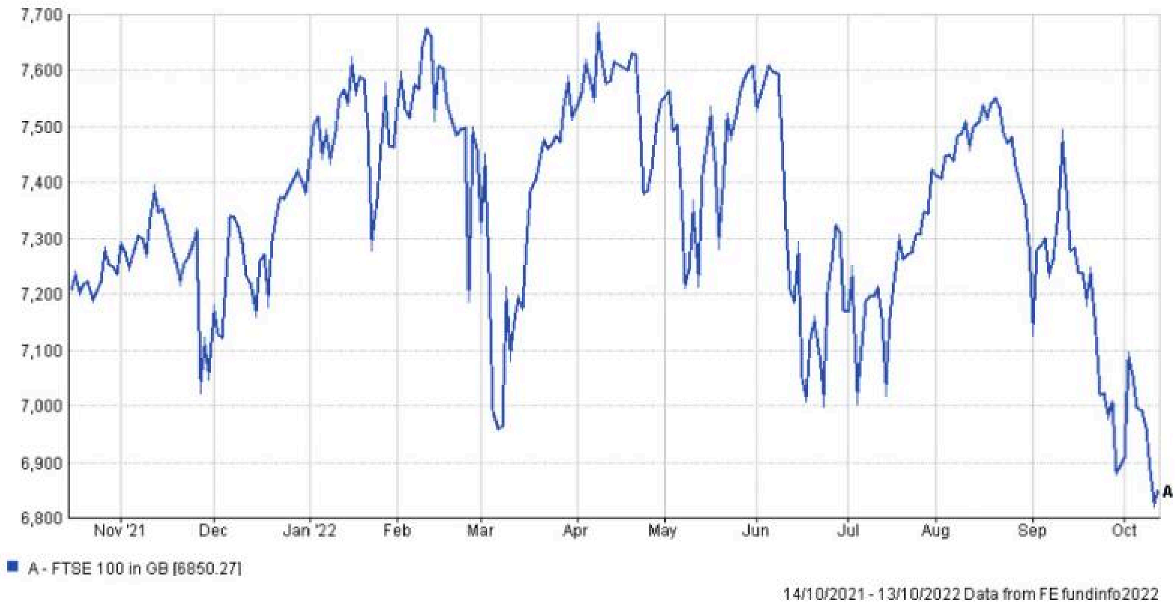
ii Source Bloomberg, as at 30.06.22

Above graphs courtesy of Jupiter Asset Management.

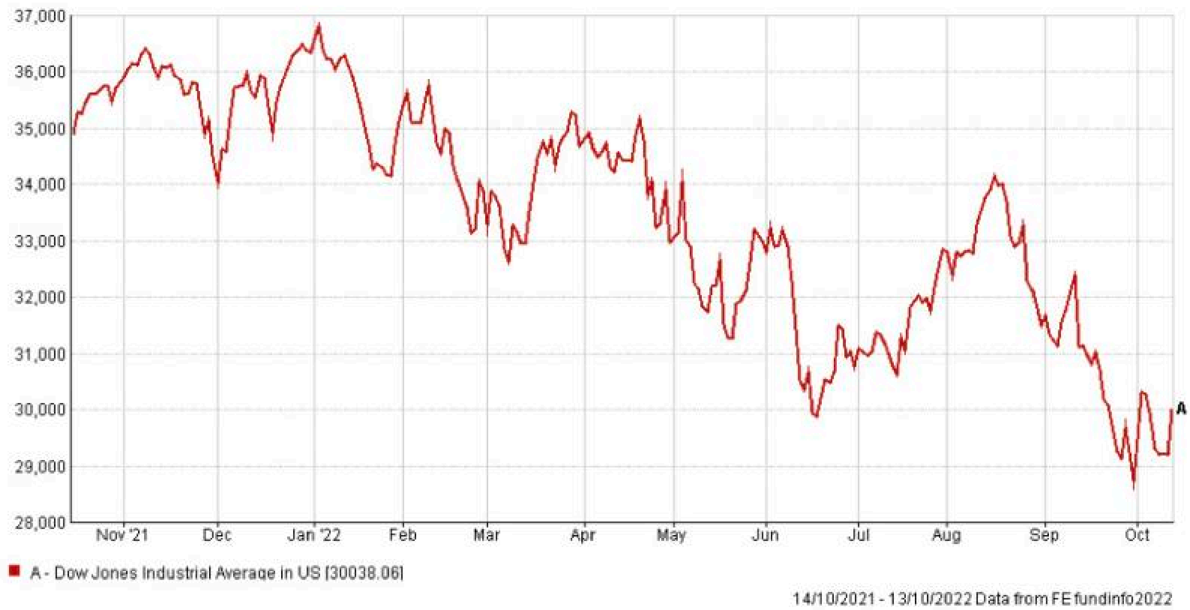
Please note the views of Jupiter Asset Management may not reflect the views of Aisa.

4) Geographical & Sector Outlook

The FTSE 100 has seen extremely volatile change over the last 12 months, ending at a value of 6850.27. Over the period of 14th October 2021 to 13th October 2022, the FTSE 100 fell 4.96% gross (no charges applied), outperforming many other market indices over the same period despite a sharp recent fall.



The US market on the other hand has fallen over the past year, with the Dow Jones Index decreasing by 13.96% over the period of 14th October 2021 to 13th October 2022, ending the period at a price of 30,038.06.



4 b) Committee Asset Allocation Views

Views				Outlook
Negative 🟥 Neutral 🟦 Positive 🟩				⬇ ➡ ⬆
Equity Europe	🟥	🟥	🟥	⬇
Equity UK	🟦	🟩	🟦	➡
Equity US	🟦	🟩	🟦	➡
Equity Japan	🟥	🟦	🟦	➡
Asia	🟦	🟩	🟩	⬆
China	🟩	🟦	🟩	⬆
Emerging Markets	🟩	🟩	🟦	⬆
Emerging Markets Debt	🟥	🟥	🟥	⬇
Government Bonds	🟥	🟥	🟥	⬇
Investment Grade	🟥	🟥	🟦	⬇
High Yield	🟥	🟥	🟥	⬇
Commercial Property	🟦	🟥	🟥	⬇
Residential Property	🟥	🟦	🟥	⬇
Commodities	Commodities have been considered by the committee as an alternative investment during a volatile market, but no new purchases will be made at this point.			
Currency	GBP going through turbulent phase while USD very strong, could be overpriced.			
Investment Trusts	No new views on Investment trusts.			
General	High inflation and interest rates remain the key areas of concern this quarter, maintaining our generally pessimistic outlook on most areas of investment. Previous quarter's decision to sell all bond funds proved to be a smart decision following recent gilt market drops.			

5a) Growth Portfolios

Actual Performance of our clients colour co-ordinated as follows:

Growth Portfolios

Include charges / After charges

Aisa Portfolio	RISK GRADE	3 mths	12	24	36	48	60
Defensive (50)	3	-5.01% -5.43%	-15.44% -16.82%	-10.75% -13.75%	-4.59% -9.30%	4.27% -2.65%	3.54% -4.31%
Cautious (54)	4	-4.03% -4.44%	-14.32% -15.64%	-9.42% -12.25%	-3.49% -8.00%	4.71% -2.00%	3.42% -4.66%
Balanced (71)	5	-5.20% -5.58%	-14.40% -15.75%	-5.97% -9.08%	-1.51% -6.29%	9.40% 2.13%	7.61% -0.97%
Growth (77)	6	-5.09% -5.48%	-14.71% -16.05%	-7.79% -10.80%	-1.85% -6.61%	6.70% -0.41%	5.86% -2.69%
Speculative (76)	7	-4.20% -4.61%	-16.82% -18.14%	-9.04% -12.05%	-2.70% -7.49%	6.91% -0.30%	5.83% -2.77%
Aggressive (81)	8	-3.61% -3.99%	-16.44% -17.75%	-9.19% -12.19%	-2.59% -7.41%	7.89% 0.69%	8.55% 0.02%

Income Portfolios

Include charges / After charges

Aisa Portfolio	RISK GRADE	Yield	3 mths	12	24	36	48	60
Cautious (59)	4	3.95%	-4.93% -5.30%	-10.40% -11.76%	3.71% 0.32%	-4.80% -9.06%	0.78% -5.35%	0.42% -7.05%
Balanced (78)	5	3.43%	-5.86% -6.21%	-9.28% -10.65%	9.92% 6.36%	-0.77% -5.20%	5.62% -0.87%	4.05% -3.80%
Growth (80)	6	3.46%	-5.38% -5.57%	-7.93% -9.42%	11.36% 7.52%	1.67% -3.16%	8.17% 1.15%	6.28% -2.15%

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 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 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) 1.35%. For 300,000 your charges were therefore 300,000 x 1.35% = 4,050. 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.

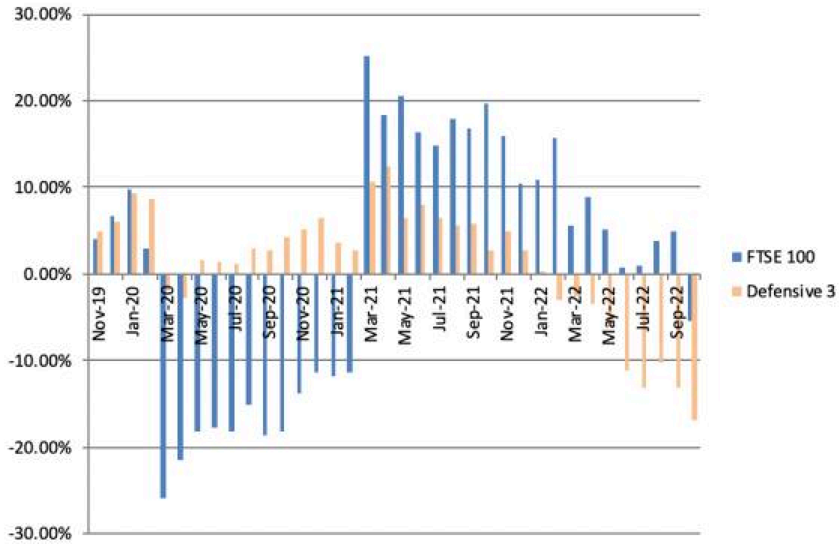
5b) 12-Month Rolling Performance

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. September 2021 to September 2022, October 2021 to October 2022 and so on.

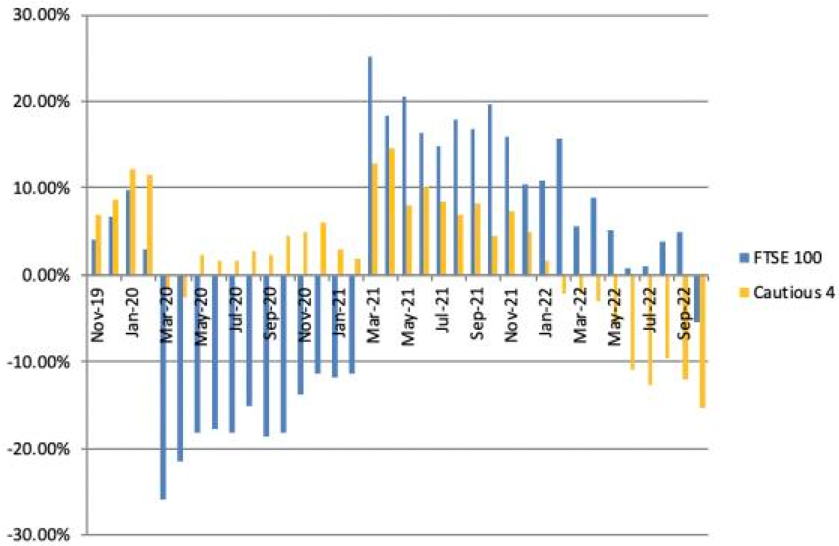
In the twelve month rolling performance for August 2022, growth in the model portfolios ranged between -8.18% and -11.18%. While in the October 2021-2022 period, our portfolios returned between -15.64% and -18.14%, compared with a -5.11% drop from the FTSE 100. Over the same period the MSCI World index is down -21.81% gross.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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%
Aug-22	3.79%	-10.31%	-9.68%	-8.18%	-9.11%	-11.01%	-11.18%
Sep-22	4.85%	-13.21%	-11.99%	-10.54%	-11.27%	-13.58%	-13.14%
Oct-22	-5.11%	-16.82%	-15.64%	-15.75%	-16.05%	-18.14%	-17.75%

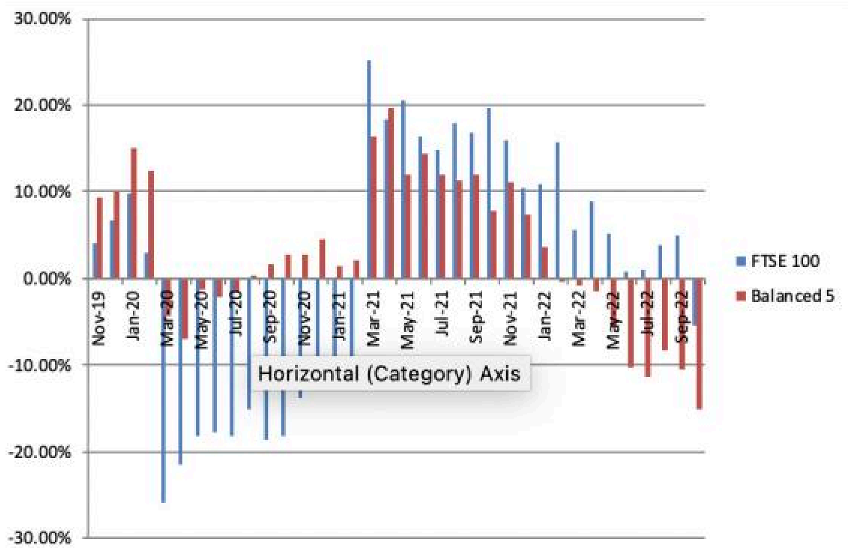
Aisa Defensive 3



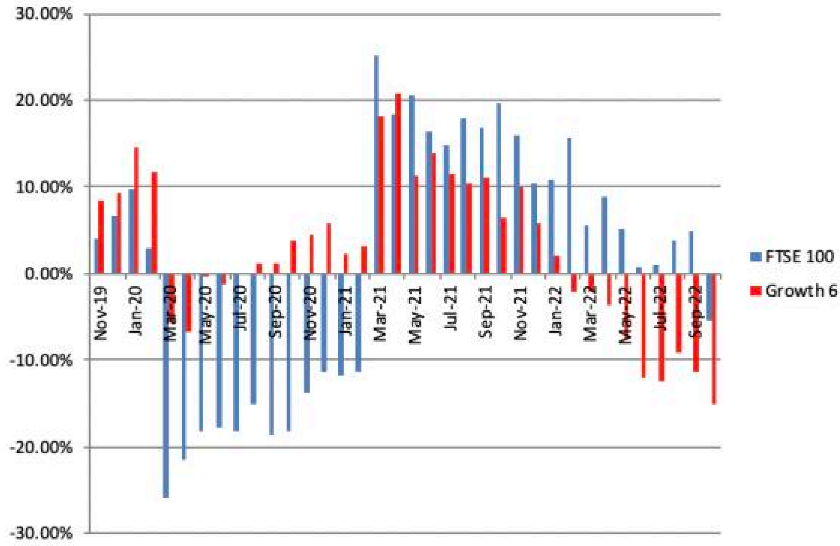
Aisa Cautious 4



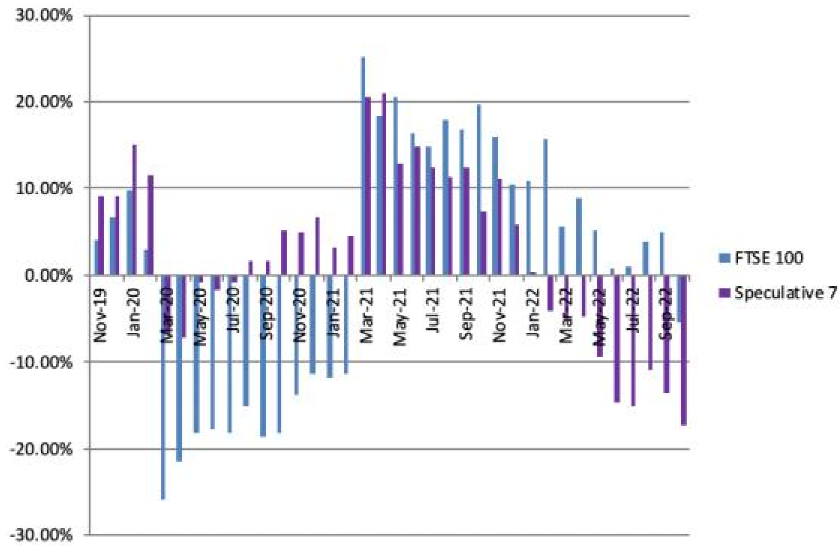
Aisa Balanced 5



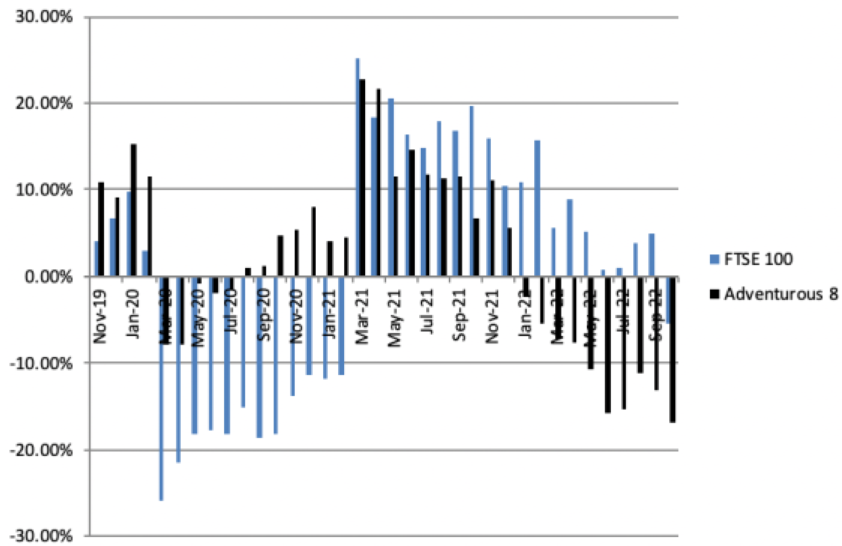
Aisa Growth 6



Aisa Speculative 7



Aisa Adventurous 8



7) 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 Pearcy-Caldwell’, and ‘Structured Products’ reviewed by Geordie Bulmer. All information is to be updated into our Governance document held centrally at our main office.

Reference Material utilised in this meeting

FEAnalytics – Review of funds
Aisa Performance data – Obtained from Ascentric/FE
Aisa Governance Document
Jupiter Presentations

8) Next Meeting

- will be held on 17th January at Guinness Global Investors.


75%
59%

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