Aisa Financial Planning

Quarterly Investment Update

Q1 2023

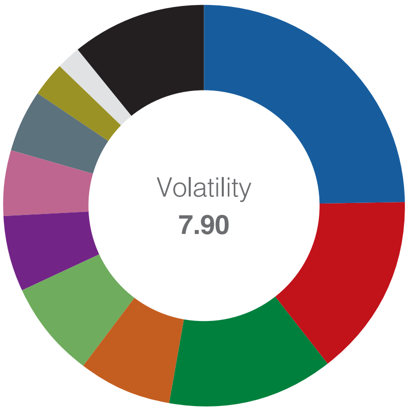

76%

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

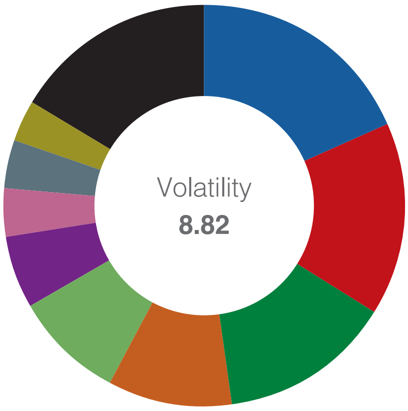
Target Return **4%**



Global Fixed Interest	28.62
UK Equities	16.96
Undisclosed	15.35
Other International Equities	8.92
Undisclosed	8.85
UK Fixed Interest	6.93
North American Equities	6.22
UK Corporate Fixed Interest	5.75
European Equities	3.06
Asia Pacific Equities	2.44
Others	12.25

Cautious 4

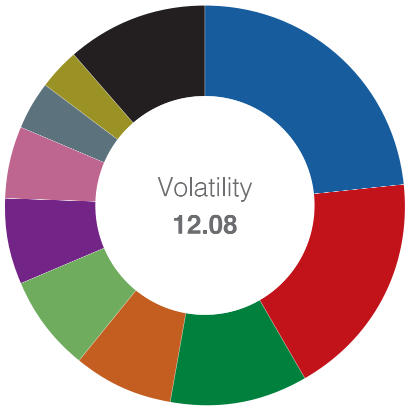
Target Return **5.5%**



Global Fixed Interest	18.59
UK Equities	15.32
Undisclosed	14.00
North American Equities	9.98
Other International Equities	8.90
UK Corporate Fixed Interest	5.88
UK Fixed Interest	3.87
European Equities	3.83
Commodity & Energy	3.43
Others	16.20

Balanced 5

Target Return **6.5%**

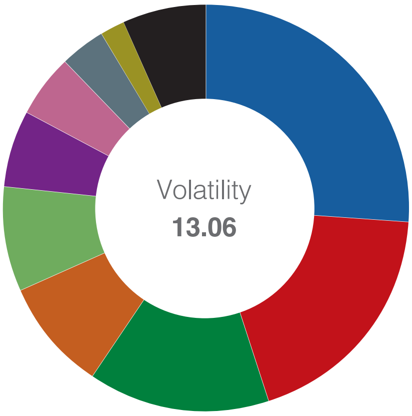


North American Equities	23.46
UK Equities	18.31
Global Fixed Interest	11.12
Asia Pacific Emerging Equities	8.17
Other International Equities	7.62
Undisclosed	7.15
UK Fixed Interest	5.65
European Equities	4.07
Commodity & Energy	3.34
Others	11.12

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

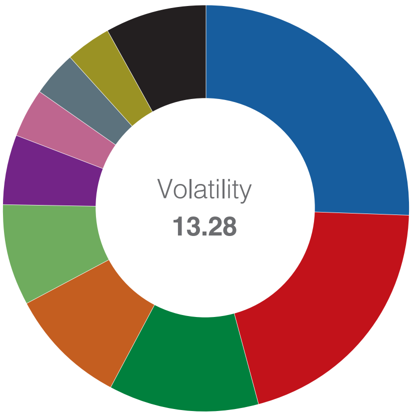
Target Return **7.75%**



North American Equities	26.22
UK Equities	18.98
Undisclosed	14.32
Other International Equities	9.08
Asia Pacific Emerging Equities	8.21
Commodity & Energy	6.16
Asia Pacific Equities	5.10
European Equities	3.45
Convertibles	1.91
Others	6.59

Speculative 7

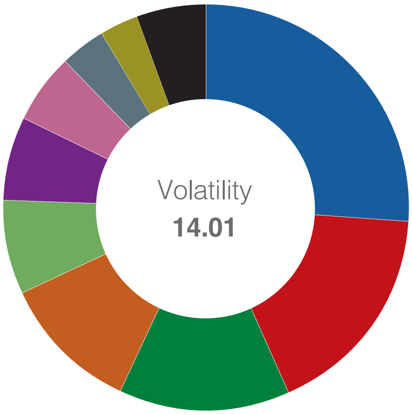
Target Return **8.75%**



North American Equities	25.61
Undisclosed	20.46
UK Equities	11.88
Asia Pacific Emerging Equities	9.30
Commodity & Energy	8.32
Other International Equities	5.38
Asia Pacific Equities	3.93
European Equities	3.69
Japanese Equities	3.45
Others	8.00

Adventurous 8

Target Return **9.5%**



North American Equities	26.19
Undisclosed	17.28
UK Equities	13.59
Asia Pacific Emerging Equities	11.07
Other International Equities	7.55
Commodity & Energy	6.56
Japanese Equities	5.74
Asia Pacific Equities	3.53
European Equities	3.22
Others	5.28

Committee Meeting
Dated: 17th January 2023

Attendees:

John Reid (Chairman)

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

Geordie Bulmer (Member of Committee)

Max Durrant (Non-voting member of Committee)

Christopher Lean (Aisa International) (Skype)

Alex Pearcy-Caldwell (Guest)

Secretary:

Danny Setters (Secretary)

1) Review of previous minutes and sign off

After agreement, the minutes of 14th October 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)*

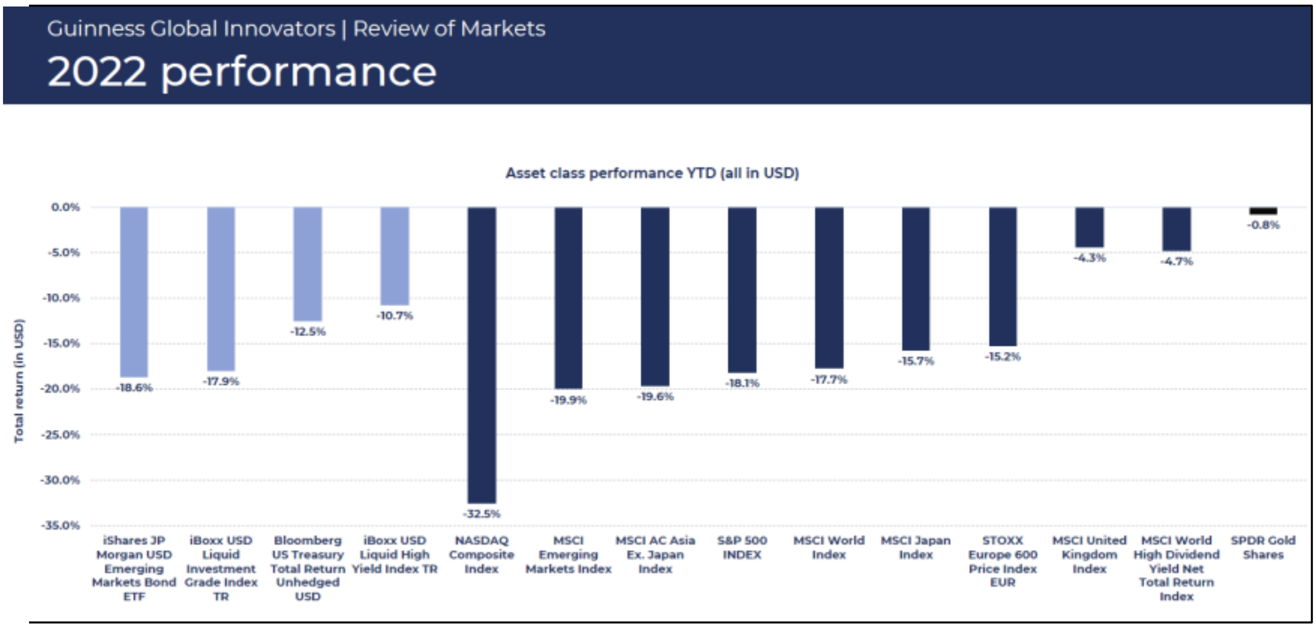
3) Presentation(s)

a) Aisa Comment

What happened last year?

2022 was a year dominated by the 3 "I's". Invasion, Inflation, and Interest rates. The invasion of Ukraine by Russia led to a supply shock in the world market for commodities like oil and natural gas. Cost inflation of products and services due to expensive transport, electricity, and heating. Finally interest rates rose to combat inflation leading to a reduction in the flow of capital as loans became expensive and saving money in interest saving accounts became more appealing.

This combination culminated in the worst performance of assets collectively since 1929, but not just risky assets but also cautious type investment strategies based on government or rated bonds, indicated in the graph below.



i Source: Guinness Global Investors, Bloomberg (data as at 31.12.22)

However, since our last meeting in October, the economic forecast has become more positive. With investments recovering some of their value during December and the first half of January 2023, this has led to a bounce in returns of 6% or more.

The best performing sector was energy. With the sector accounting for 60% of global returns during the period 31.12.21 – 31.12.22. However as with all sectors the energy sector did not see any expansion, meaning these returns are not stable and will decline over a period. In fact, most markets if energy sector is taken out shows terrible returns. However, despite energy sector being a small percentage it has made a massive impact on market returns for 2022.

UK Economy and Markets

One of the best performing markets and countries in the world, contrary to news headlines, was the UK; GDP grew slightly during the 4th Quarter of 2022 for the UK economy, keeping economic recession at bay until 2023. The UK is doing relatively well debt-wise compared with the G7 and main European economies. The UK's current debt sits at around 85% of GDP, which whilst historically high, is put into perspective when comparing to the likes of France, being around 108% of debt to GDP.

However, rising interest rates making this debt more expensive than before, thus penalising economies such as France or Italy (and others), will impact on their spending in coming years.

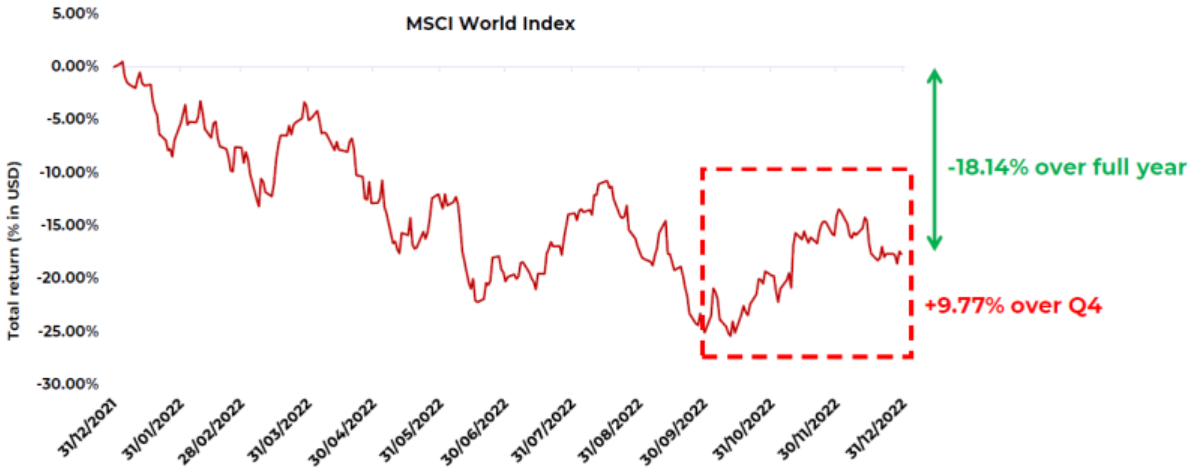
At times it appears only the UK is taking action against debt by raising taxes. The UK's current official inflation rate is 10.5% with most believing it has now peaked. UK interest rates are currently around 3.5%, predicted to peak at around 5% mid-2023, while inflation rates begin to fall back in 2023 and the BOE targeting a return to normality for 2024.

During the small month of turmoil caused by Liz Truss's mini budget, the Bank of England had to purchase Government bonds to stop a collapse in their value. It was mainly thought this would lead to a loss of money by the Bank of England. However, they have just revealed in January that they have made an actual profit of £4bn.

During the same period, we also witnessed the growth of the in-person retail as consumer figures recover from the effects of the pandemic lockdowns. However, online retail has seen diminished returns this year, with Amazon share price plummeting 51% over the year, making it the stock's worst performing year since 2000.

Global Economies and Markets

The MSCI world index which represents large and mid-cap equity performance across all 23 developed markets countries, had a strong finish to what was otherwise an extremely negative year. The index bounced 9.77% in the 4th Quarter of 2022, rounding off the year with a change in value of -18.14%.



ii. Source: Guinness Global Investors, Bloomberg (data as of 31.12.22)

Currently there are fears of a potential black swan event in Japan regarding its economic strategy. Japan is currently sitting in debt equivalent to 200% of its GDP, and for the first time in years is considering raising its interest rates to help combat inflation. However, this combined with its high debt, is going to lead to Japan needing to raise cash to help afford the increased interest on their debt.

Therefore, it is believed that Japan will sell some of their bonds to raise the capital for these interest payments. The concern from this is action is that Japan is one of the biggest bonds buying Governments in the world economy meaning it will reduce to its external buying and lead to change in the value of bonds which in turn will lead to a run-on Government bond by investors. The outcome would lead to a collapse in the bond and gilt markets worldwide. By its nature, a Black Swan event is unlikely to happen, but if it does it is usually serious.

The US economy which is sitting in 129% of GDP (£25tn) in debt, is about to hit its current debt ceiling. With there being no political agreement if this debt ceiling will be raised or if Government spending should be cut. The US has until June 2023 to solve this stalemate otherwise it will default on its debt.

If the US is to go down the route of raising the debt cap. Then it would risk raising inflation rates again and prolonging the high interest rates, stifling the recovery of the economy. It Is also important to remember, this will mean the US will be taking on more debt through spending at a deficit. With that same debt being more expensive than ever before, due to the high interest rates.

We continue to take these matters into account when investing your portfolios, although we can only consider a Black Swan event if it happens. On every other matter we have considered the most prudent investment options and this has led to our own portfolios yielding positive returns over both 3 and 6 months.

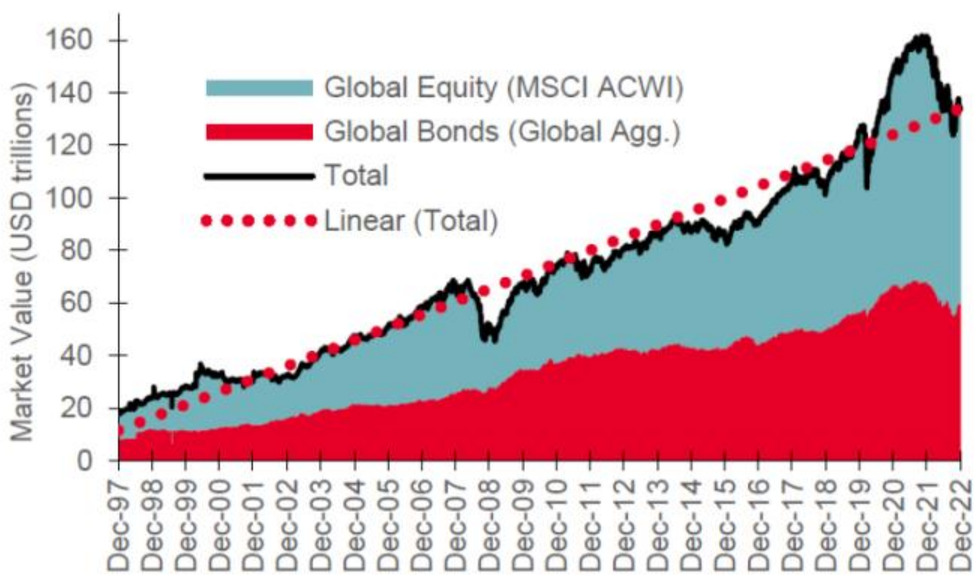
b) Guinness Global Investors

Joining us from Guinness and giving us an economic update was Dr Ian Mortimer, fund manager of the Guinness Global Innovators and Guinness Global Equity funds..

Economic Update

- 2022 saw negativity across most sectors worldwide, with more adventurous markets generally seeing the most impact, i.e. NASDAQ & Emerging Markets.
- The year ended on a high note with all regions returning positive Q4 results, this continues into the start of 2023.
- Global sector breakdowns show negative total return consistent across all major sectors bar Energy, which dramatically outperformed other markets following the sharp increase in oil & gas prices. This contrary performance is the leading cause for the stand out FTSE 100 returns when compared to other markets.

2022 was all about removing the market excesses of 2020/21 (total market capitalisation of global equities and bonds)



Source: SG Cross Asset Research/Equity Quant, Bloomberg

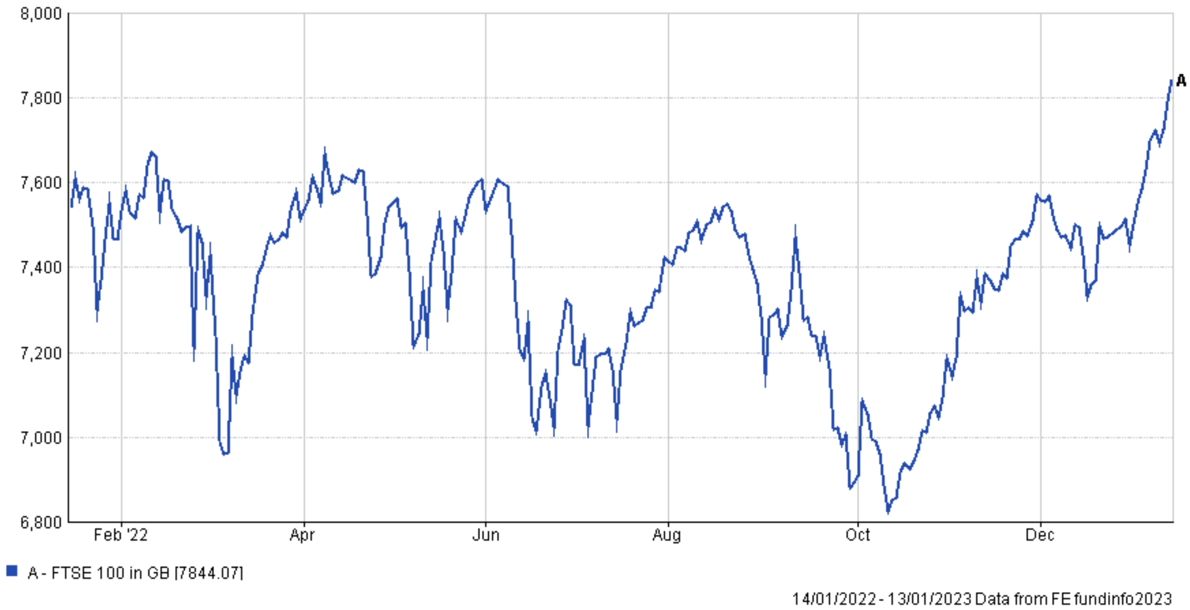
Outlook

- Inflation remains high globally but appears to be settling down, we should start to see the decline very soon.
- Central bank tightening is slowing, with a potential peak in 2023.
- 2023 is likely to be a lucrative year for high quality companies with steady demand, recurring revenues, pricing power and robust balance sheets, as recent market falls make valuations more attractive.

Please note the views of Guinness Global Investors may not represent the view of Aisa.

4) Geographical & Sector Outlook

The FTSE 100 has seen another extremely volatile 12 months, hitting a low point of 6,826.14, but still showing growth of 3.99% gross (no charges included), over the period of 14th January 2022 to 13th January 2023, still outperforming most other market indices over the same period like with previous quarters.



The US market on the other hand has fallen over the past year, with the Dow Jones Index decreasing by 4.48% over the period of 14th January 2022 to 13th January 2023, ending the year at a price of 34,302.81.

4 b) Committee Asset Allocation Views

Views	Negative (red) / Neutral (blue) / Positive (green)			Outlook ↓ → ↑
Equity Europe	Neutral	Negative	Negative	↓
Equity UK	Positive	Positive	Neutral	↑
Equity US	Neutral	Positive	Neutral	→
Equity Japan	Neutral	Neutral	Neutral	→
Asia	Positive	Positive	Positive	↑
China	Neutral	Neutral	Positive	→
Emerging Markets	Positive	Positive	Positive	↑
Emerging Markets Debt	Negative	Negative	Negative	↓
Government Bonds	Positive	Positive	Neutral	↑
Investment Grade	Positive	Neutral	Positive	↑
High Yield	Positive	Negative	Negative	↓
Commercial Property	Negative	Negative	Negative	↓
Residential Property	Negative	Negative	Negative	↓
Commodities	No new views on general metals, Lithium & Battery tech investments have performed poorly, will reconsider this exposure next quarter.			
Currency	Positive on USD and GBP, less optimistic for EUR.			
Investment Trusts	No new views on Investment trusts.			
General	Generally positive outlook for 2023 following a shocking year for global markets. High interest rates and inflation still a large factor in market trends, with the next year of investing looking to capitalise on returning growth.			

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	1 y	2 y	3 y	10 y	10 y annualised
Defensive (50)	3	7.43% 6.93%	-9.52% -10.89%	-6.22% -10.33%	-1.87% -6.52%	38.98% 21.38%	3.90% 2.14%
Cautious (53)	4	5.68% 5.31%	-9.27% -10.58%	-6.66% -9.43%	-1.79% -6.20%	44.12% 25.95%	4.41% 2.60%
Balanced (71)	5	9.33% 8.93%	-6.61% -7.96%	-1.55% -4.56%	1.50% -3.09%	64.46% 45.11%	6.45% 4.51%
Growth (77)	6	9.09% 8.68%	-6.05% -7.41%	-3.28% -6.21%	0.75% -3.82%	78.91% 57.15%	7.89% 5.72%
Speculative (76)	7	7.89% 7.50%	-8.71% -10.04%	-6.80% -9.66%	-3.64% -8.05%	82.83% 61.51%	8.28% 6.15%
Aggressive (80)	8	6.48% 6.09%	-8.89% -10.19%	-7.89% -10.73%	-2.61% -7.14%	83.13% 63.01%	8.31% 6.30%

Income Portfolios

Include charges | After charges

Aisa Portfolio	RISK GRADE	Yield	3 mths	1 y	2 y	3 y	10 y	10 y annualised
Cautious (60)	4	4.21%	9.85% 9.45%	-4.13% -5.45%	4.38% 1.32%	-0.15% -4.37%	34.16%* 18.62%*	3.80%* 2.07%*
Balanced (77)	5	3.59%	11.68% 11.29%	-2.03% -3.36%	9.66% 6.47%	4.83% 0.5%	50.87% 34.01%	5.09% 3.40%
Growth (80)	6	3.54%	13.06% 12.64%	-0.07% -1.51%	11.70% 8.25%	7.78% 3.06%	55.03% 37.47%	5.50% 3.75%

* 9 year and 9 year annualised figures are displayed for the Income 4 (Cautious) model due to lack of available performance data for a tenth year.

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.

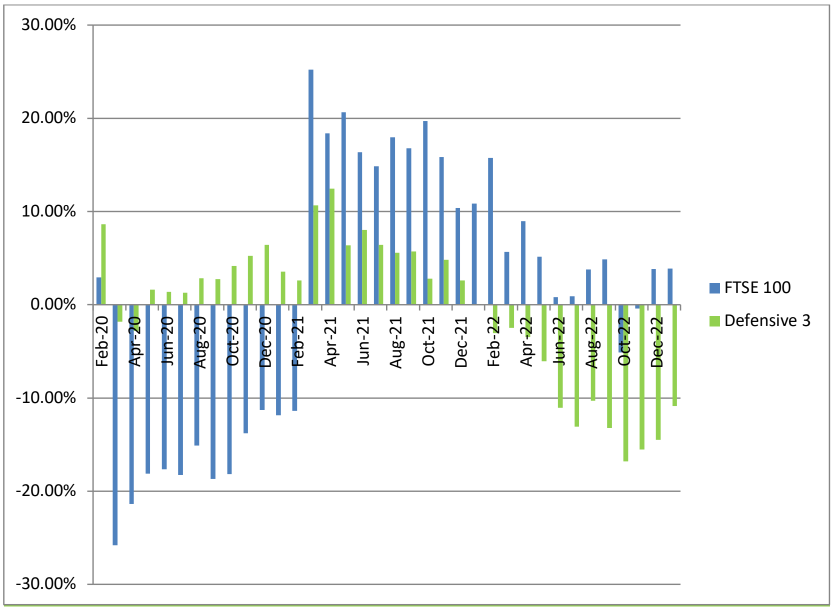
5b) 12-Month Rolling Performance

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. December 2021 to December 2022, January 2022 to January 2023 and so on.

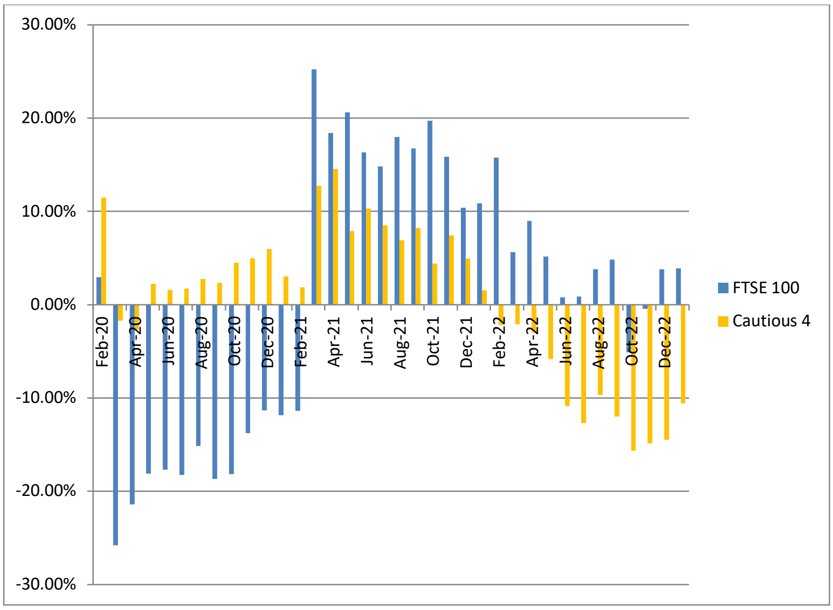
In the twelve month rolling performance for January 2023, growth in the model portfolios ranged between -7.41% and -10.89%, compared with a positive 3.87% growth seen in the FTSE 100. For comparison the MSCI World index is also down -11.87% gross, and the S&P 500 is down -14.24% gross over the same period.

Month	FTSE 100	Defensive 3	Cautious 4	Balanced 5	Growth 6	Speculative 7	Adventurous 8
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%	-8.17%	-9.11%	-11.01%	-11.18%
Sep-22	4.85%	-13.21%	-11.99%	-10.57%	-11.27%	-13.58%	-13.14%
Oct-22	-5.11%	-16.82%	-15.64%	-15.75%	-16.05%	-18.14%	-17.75%
Nov-22	-0.42%	-15.53%	-14.86%	-14.17%	-14.64%	-17.99%	-18.07%
Dec-22	3.82%	-14.48%	-14.47%	-12.76%	-13.17%	-16.10%	-16.92%
Jan-23	3.87%	-10.89%	-10.58%	-7.96%	-7.41%	-10.04%	-10.19%

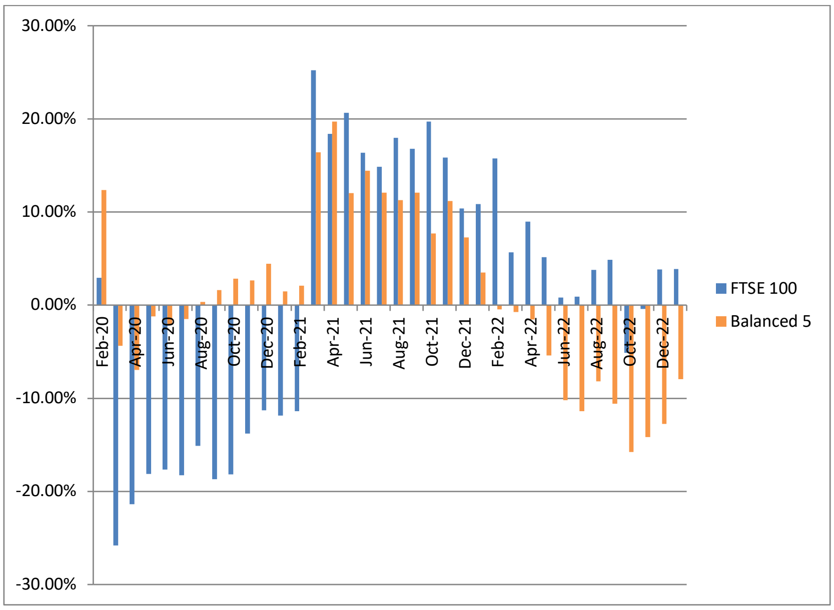
Aisa Defensive 3



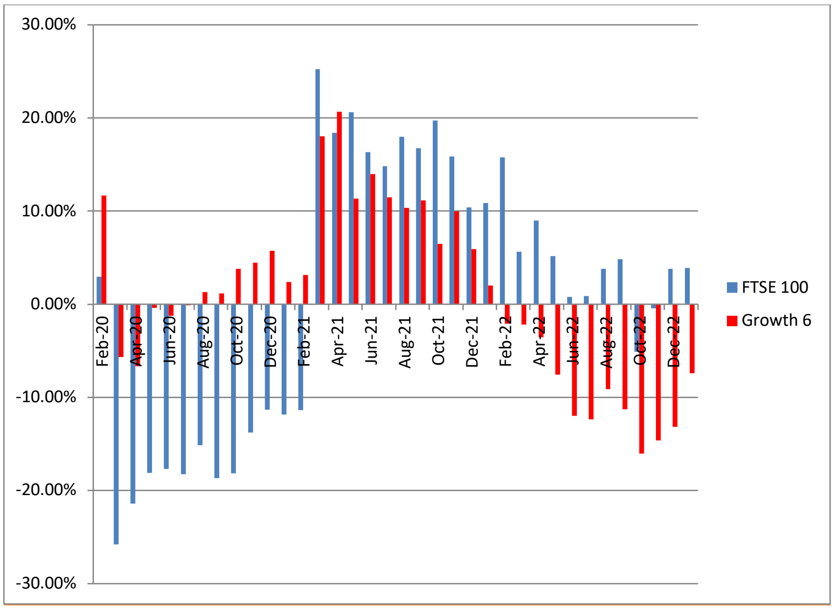
Aisa Cautious 4



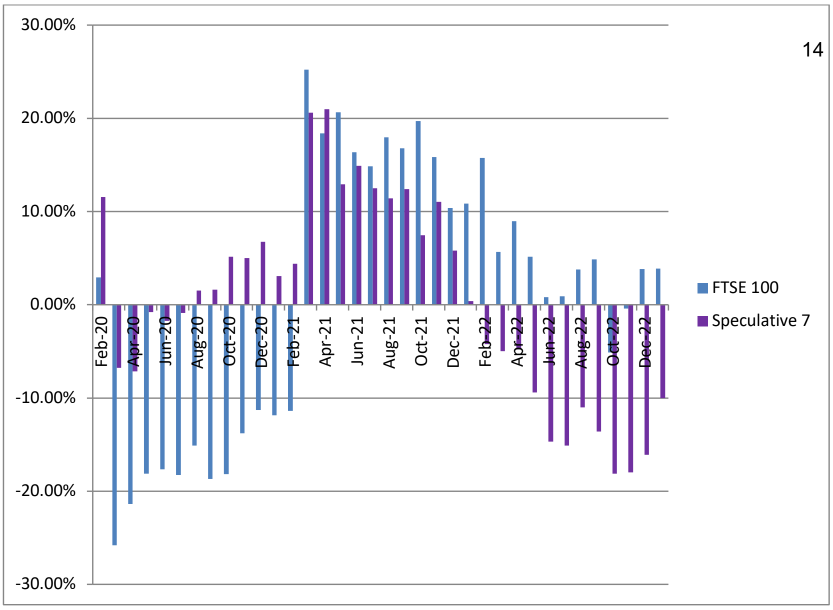
Aisa Balanced 5



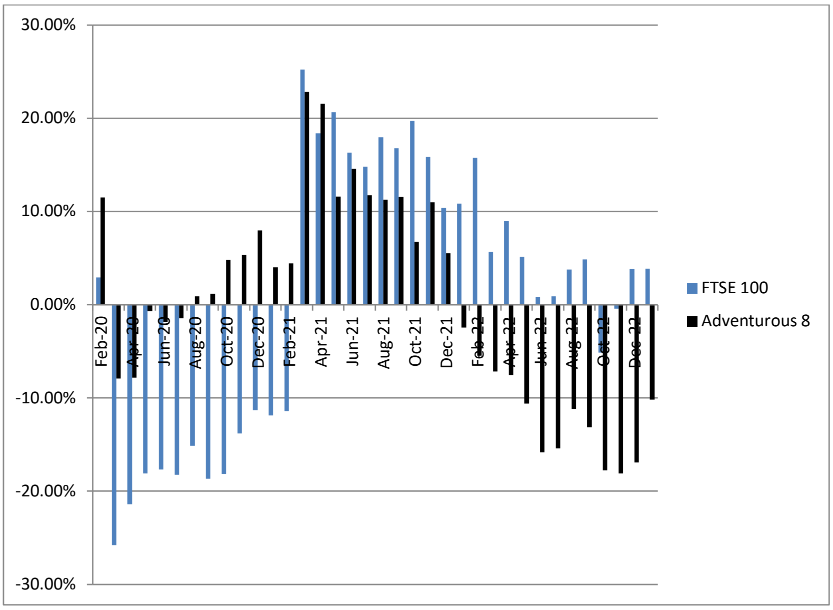
Aisa Growth 6



Aisa Speculative 7



Aisa Adventurous 8



6) Quarterly timetabled asset/product discussions:

The product discussions for this quarter were ‘UCIS Funds – UCIS Methodology, reviewed by John Reid, ‘ETPs – Passive Tracking’ reviewed by James Pearcy-Caldwell’, and ‘Offshore Bonds’ 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 M&G, FEAnalytics
Aisa Governance Document
Guinness Presentations

7) Next Meeting

- will be held on 19th April at a location TBD.


75%
59%

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