Aisa Financial Planning

Quarterly Investment Update

Q1 2024

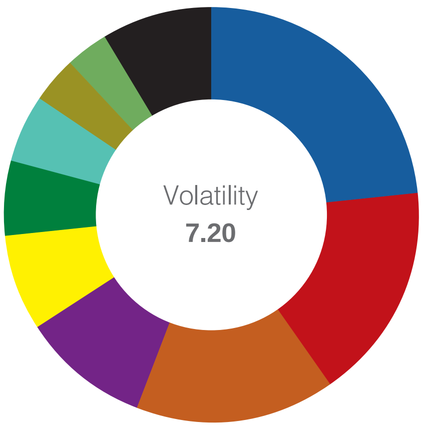

76%

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

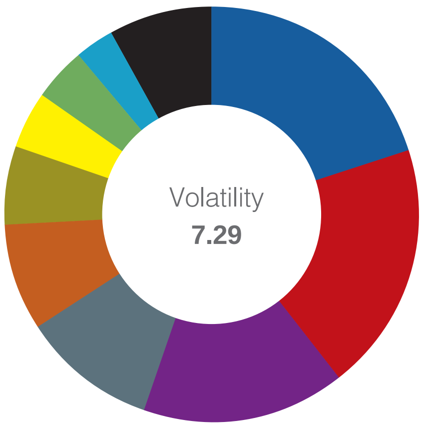
Target Return **4%**



Global Fixed Interest	23.24
UK Equities	16.80
Undisclosed	15.65
Other International Equities	9.85
North American Equities	7.50
UK Corporate Fixed Interest	5.63
UK Fixed Interest	5.33
Money Market	3.58
European Equities	3.29
Others	8.38

Cautious 4

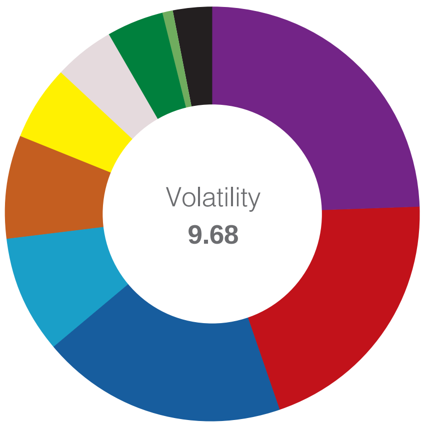
Target Return **5.5%**



Global Fixed Interest	20.10
Undisclosed	19.20
UK Equities	15.89
North American Equities	10.33
Other International Equities	8.27
UK Corporate Fixed Interest	6.10
European Equities	4.44
UK Fixed Interest	4.04
Asia Pacific Emerging Equities	3.16
Others	7.87

Balanced 5

Target Return **6.5%**

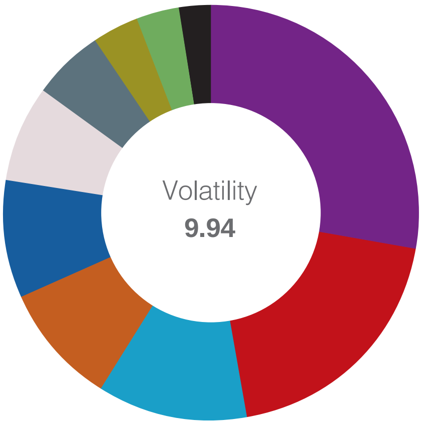


North American Equities	24.51
Global Fixed Interest	20.12
UK Equities	18.94
Asia Pacific Emerging Equities	9.20
Other International Equities	7.98
UK Fixed Interest	5.90
UK Gilts	4.66
European Equities	4.24
Japanese Equities	0.99
Others	2.86

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

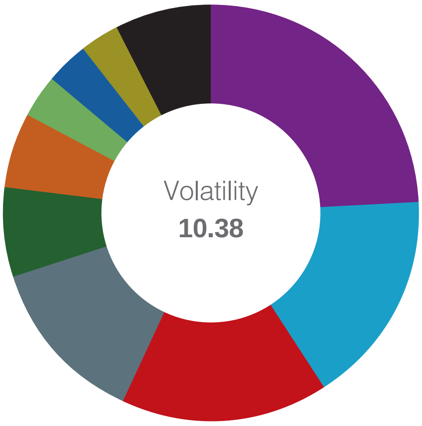
Target Return **7.75%**



North American Equities	27.75
UK Equities	19.43
Asia Pacific Emerging Equities	11.60
Other International Equities	9.23
Global Fixed Interest	9.08
UK Gilts	7.43
Undisclosed	5.70
European Equities	3.49
Asia Pacific Equities	3.28
Others	2.42

Speculative 7

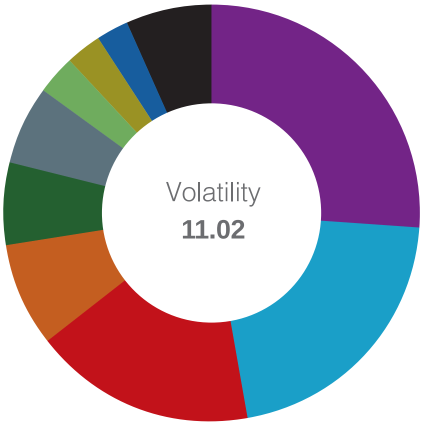
Target Return **8.75%**



North American Equities	24.33
Asia Pacific Emerging Equities	16.63
UK Equities	16.00
Undisclosed	13.30
Commodity & Energy	6.77
Other International Equities	5.84
Asia Pacific Equities	3.40
Global Fixed Interest	3.40
European Equities	3.00
Others	7.32

Adventurous 8

Target Return **9.5%**



North American Equities	26.16
Asia Pacific Emerging Equities	21.08
UK Equities	17.25
Other International Equities	8.12
Commodity & Energy	6.35
Undisclosed	6.30
Asia Pacific Equities	3.03
European Equities	2.76
Global Fixed Interest	2.46
Others	6.48

Aisa Investment Team (AIT) Committee Meeting
Dated: 23rd January 2024

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)

Lee Hinton (Aisa International)

Olga Kapralova (Aisa International)

Tom Goold (OpesFidelio)

Secretary:

Danny Setters (Secretary)

1) Review of previous minutes and sign off

After agreement, the minutes of 17th October 2023 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

On the face of it much of the work the committee did last year has paid off for you. With investment returns not only positive for the last few months, but also annual figures returning to positive, we are pleased that we have outperformed many of our immediate competitors.

However, we cannot take praise without recognising that we are beholden to the markets which continue to be volatile. Geopolitics in 2024 plays a larger role than at any time in history with around 65% of the world's population voting for leadership changes; a first in the history of democracy. The US, EU, UK and others all vote this year.

Then there is the debt level of countries linked to some of the highest debt to Gross Domestic Product (GDP) outside of wartime in the world's history.

In our own notes in this section, made from briefings from investment firms, we recognise all these problems alongside China continuing to be of great concern with its debt and housing bubble. In fact, debt is the 'elephant in the room'.

Across democracies and autocracies, high government debt poses a strategic challenge, while the tactical concern lies in servicing costs. As the New Year began, markets and central banks engaged in a standoff over monetary policy control. In mid-2021, investors drove bond yields up amid inflation fears, contrasting with today's scenario of falling inflation and decreasing yields. Central western banks advocate for prolonged high interest rates, while markets urge caution.

Only time will reveal if markets face disappointment anew, if central banks yield, or if a tense stalemate persists. The tension raises questions about future actions and ensuring that central banks, whilst addressing inflation, can also reliably avoid economic harm.

At the same time, we have enthusiastic investors embracing the IT and tech stocks based in the USA without fully acknowledging the dangers. Whilst they operate at PE ratios* of an average of 27-28, the rest of the US market operate at ratios of around 15, whilst London and other markets are closer to 10. Put simply, this either means that investors undervalue London and other markets, or overvalue the top 7 or 8 tech stocks. Bluntly, they appear to be in a bubble! For sure, there will be a rebalance but the question of when, is one we cannot answer.

*A PE ratio, or Price-to-Earnings ratio, is a financial metric used to evaluate a company's current market price relative to its earnings per share (EPS). It is calculated by dividing the market price per share of a company's stock by its earnings per share. The PE ratio is commonly used by investors to assess whether a stock is overvalued, undervalued, or fairly valued compared to its earnings potential. A higher PE ratio typically indicates that investors are willing to pay more for each unit of earnings, suggesting potentially higher growth expectations for the company. Conversely, a lower PE ratio may indicate that the stock is undervalued or that investors have lower growth expectations.

b) Jupiter Asset Management

Speaking with us this month and giving a global macro update on behalf of Jupiter was Alastair Irvine, which is summarised below:

Markets vs Central Banks

For the last 2 years we have seen a major standoff between markets and central banks over who ultimately runs the economy. Examining the market volatility over recent years has shown that neither one Is completely in control.

October 2023: Markets priced in a drop in inflation + interest rates in what could be seen as an anti-central bank move. This showed some desire from investors to recoup large losses made in fixed income.

The constant large disparity between the view of markets and the central banks logically implies that one of them must be wrong, and if so then when will we see the correction?

2024 Rate cuts?

Over a decade of ultra-low interest rates has allowed consumers, companies, and governments to avoid hard choices by continually spending while the borrowing is so cheap. These underlying dynamics have been torn apart by unavoidable crises one after the other, with hard choices now catching up to those who are no longer able to borrow their way out of trouble.

While the ECB, the Fed, and in some part the BoE, are committing to rate cuts in various levels this year, it is extremely unlikely that we return to those levels we have been accustomed to for the past decade. Adjusting to the new normal level of interest will prove turbulent in the short term, with insolvency rates due to spike as businesses struggle. This, however, will prove to be a good sign for the economy going forward as historically, over-leveraged and badly run companies failing to operate is the sign of a good and healthy economy.

Forecasted rate cuts in the year ahead are all over the headlines but for the large part are unlikely to solve all our problems. In the US most mortgages are done via 30-year fixed rates, meaning amendments to interest rates will have little effect on a large portion of consumers.

Geopolitical Troubles

With the continuing middle east conflict, potential escalation in Ukraine, China on the verge of entering Taiwan, and Trump's return in the US election, 2024 clearly still has a huge amount of uncertainty on the table.

The US debt is currently sitting at a record debt level of $34 trillion, which is over 120% of the country's GDP. While this isn't brand new information, what most don't know Is that this is becoming a trend of major countries having debt levels exceeding that of their GDP. (Italy, Spain, France, Belgium, UK, Portugal, and Canada to name a few). However, debt in the US is not abating or slowing down and forecast to explode over the coming 5 years. Something has to give.

Taking a worst-case example, if the US were to default on their government debt the results would be catastrophic on a global scale as 25% of the world's GDP goes under. Assuming the same also happens for all those countries with debt over their total GDP we're looking at nearly 50% of the world's economy.

Future outlook

The next 2 decades are going to be completely dominated by 2 things: new energy, and data. After centuries of reliance on hydrocarbons, we find ourselves at a bottleneck period in the transition to a 'new world order' in which most of the big powers are likely to be new faces. Those countries who control the oil, will soon be second class to those who control the batteries and semiconductors.

Please note the views of Jupiter asset management may not represent the views of Aisa.

4 a) Geographical & Sector Outlook

The FTSE 100 has seen another consistently volatile 12 months, seeing a decline in price of -2.71% over the period of 14th January 2023 to 13th January 2024. Over the same period the FTSE 250 showed similar volatility and fell by -3.79%.

A - FTSE 100 in GB [7631.28]

13/01/2023 - 12/01/2024 Data from FE fundinfo2024

On the other hand the US market has seen large growth in recent months, with the Dow Jones Index increasing by 13.62% over the period of 14th January 2023 to 13th January 2024, ending the period at a price of 37499.37. Similarly the S&P 500 index is up 19.62% over the same timeframe.

A - Dow Jones Industrial Average in US [37498.37]

13/01/2023 - 12/01/2024 Data from FE fundinfo2024

4 b) Committee Asset Allocation Views

Views				Outlook
	Negative	Neutral	Positive	↓ → ↑
Equity Europe	Positive	Neutral	Neutral	→
Equity UK	Positive	Positive	Positive	↑
Equity US	Neutral	Neutral	Positive	→
Equity Japan	Positive	Positive	Neutral	↑
Asia	Positive	Positive	Neutral	↑
China	Neutral	Negative	Negative	↓
Emerging Markets	Positive	Positive	Neutral	↑
Emerging Markets Debt	Negative	Neutral	Neutral	→
Government Bonds	Positive	Positive	Positive	↑
Investment Grade	Positive	Positive	Positive	↑
High Yield	Neutral	Neutral	Neutral	→
Commercial Property	Negative	Negative	Negative	↓
Residential Property	Neutral	Negative	Negative	↓
Commodities	Remaining positive on Gold as a hedge against market turbulence caused by ongoing macro issues. No longer monitoring Palladium as a potential option as its declining use in catalytic convertors continues to lower the value.			
Currency	Any currency with above average yield and strength will fare well. Negative on USD due to ongoing speculation.			
Investment Trusts	No new views on investment trusts.			
General	2024 looks to be a positive year for businesses following 2 years of turbulence. Consumers however still set for a tough year with uncertainty on interest rates and inflation. Will need to monitor the US market closely as extreme debt levels could snowball and lead to the 'bursting' of the tech bubble.			

5 a) Portfolio Performance (Sterling)

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

Growth Portfolios

Include charges / After charges

Aisa Portfolio	RISK GRADE	3 mths	1 y	3 y	5 y	10 y	10 y annualised
G3 Defensive (54)	3	4.20% 3.81%	2.79% 1.27%	-5.46% -9.68%	15.04% 5.91%	35.93% 16.80%	3.59% 1.68%
G4 Cautious (55)	4	4.30% 3.94%	3.90% 2.46%	-3.09% -7.18%	15.49% 6.90%	42.48% 23.89%	4.25% 2.39%
G5 Balanced (70)	5	6.45% 6.06%	3.76% 2.27%	1.99% -2.49%	24.15% 14.58%	59.49% 39.92%	5.95% 3.99%
G6 Growth (75)	6	6.54% 6.15%	2.37% 0.91%	-0.37% -4.73%	19.52% 10.38%	62.48% 43.34%	6.25% 4.33%
G7 Speculative (80)	7	7.36% 6.97%	3.77% 2.26%	-3.20% -7.44%	19.16% 9.91%	63.51% 44.26%	6.35% 4.43%
G8 Aggressive (81)	8	7.35% 7.00%	6.99% 5.43%	-0.57% -4.65%	20.74% 12.10%	61.05% 42.41%	6.11% 4.24%

Income Portfolios

Include charges / After charges

Aisa Portfolio	RISK GRADE	Yield	3 mths	1 y	3 y	5 y	10 y	10 y annualised
I4 Cautious (61)	4	4.81%	4.22% 3.81%	2.26% 0.75%	6.75% 2.08%	14.14% 5.93%	38.67% 20.43%	3.87% 2.04%
I5 Balanced (81)	5	3.86%	3.11% 2.75%	0.53% -0.86%	10.31% 5.55%	19.50% 10.94%	44.92% 26.36%	4.49% 2.63%
I6 Growth (82)	6	3.59%	3.76% 3.38%	0.99% -0.49%	13.00% 7.83%	24.10% 14.68%	52.66% 33.24%	5.27% 3.32%

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%.

Please see "Important Note and Costs" on following pages

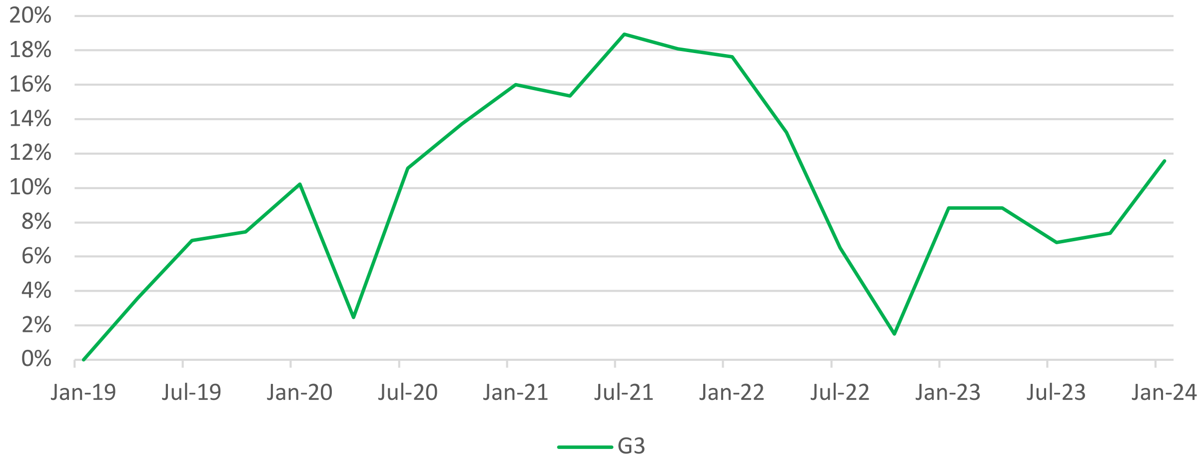
Important Note

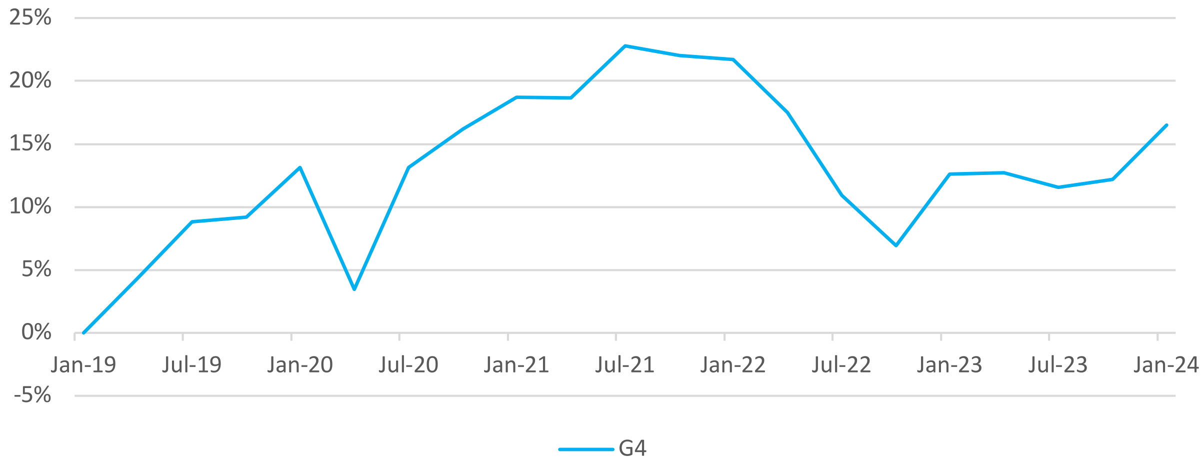
Past performance should not be a guide to future performance. Returns may vary due to currency variation and tax treatment. Tax is subject to individual circumstances and subject to change due to legislation. Clients retain responsibility for their tax affairs and should consult the relevant tax experts in the relevant jurisdictions.

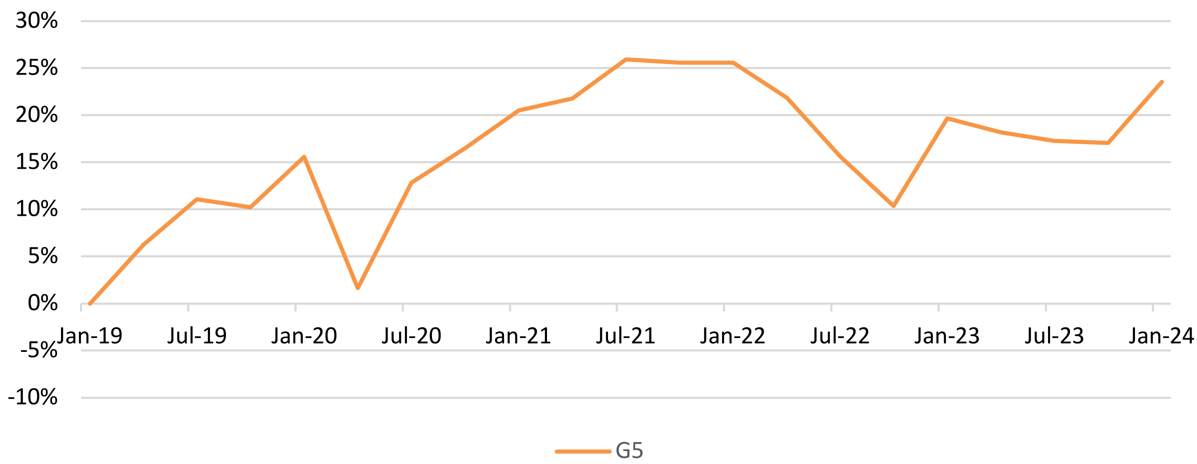
Aggregate Costs and Cumulative Effect of costs on returns

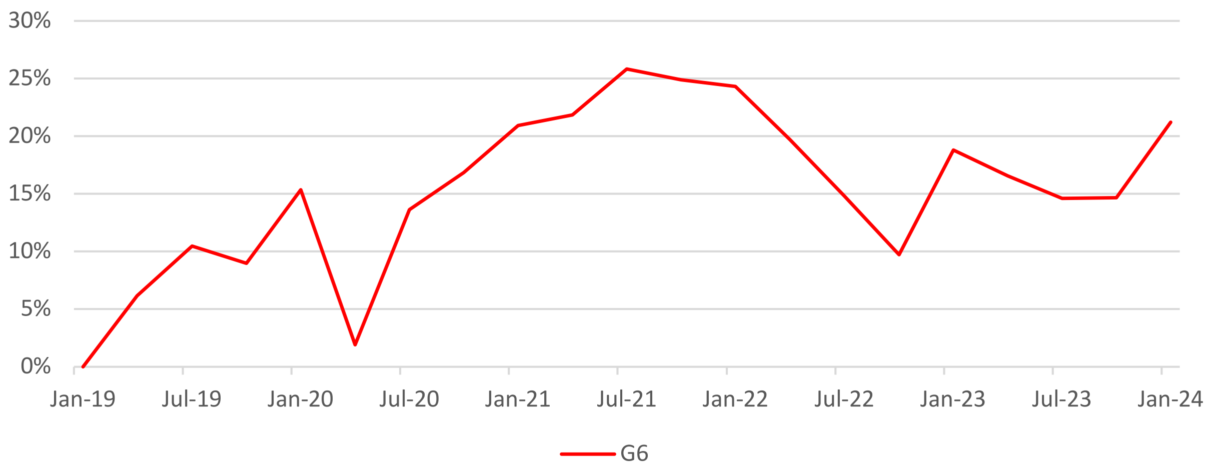
The total costs and charges for your investment are made up of a mixture of our charges, the platform or product and investment funds and services. The table above shows how the total costs are allocated over the different time periods by measuring the difference between the gross returns (black) and 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 (gross minus net) 1.49%. For 300,000 your charges were therefore 300,000 x 1.49% = 4,470. 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 10 years for all our portfolios.

5 b) Sterling Portfolio 5 Year Performance Graphs





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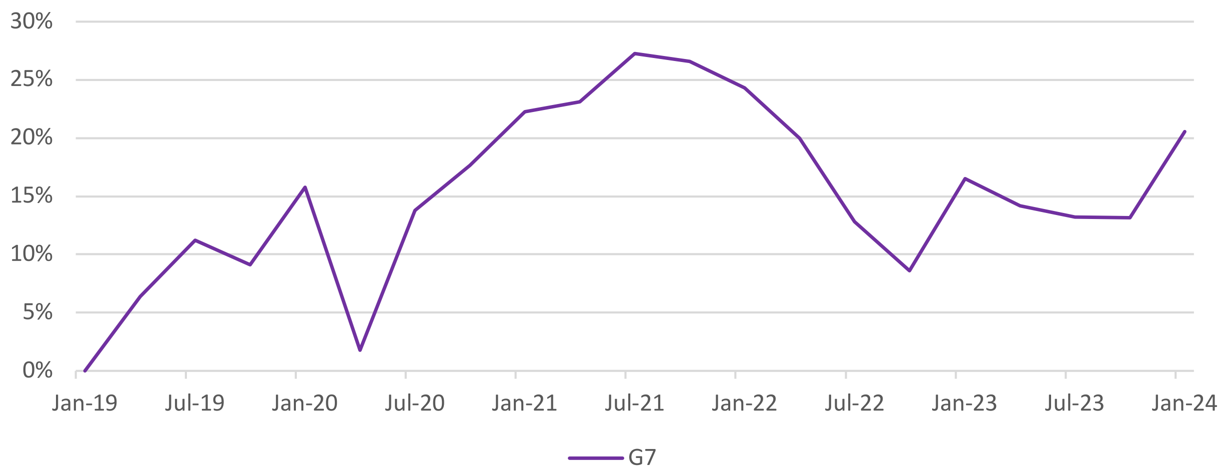
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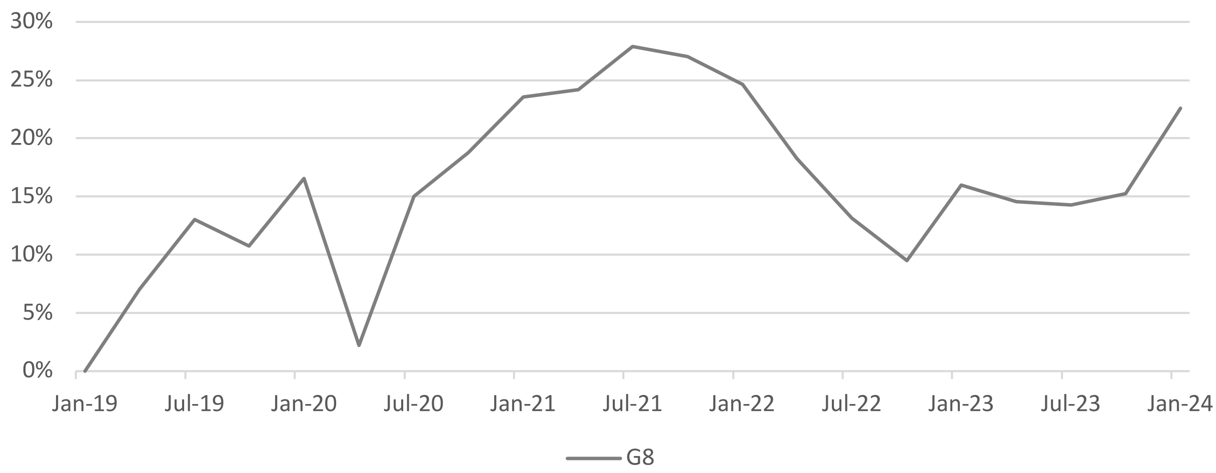
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6) 12-Month Rolling Performance

We have analysed the actual net (after all charges) performance of our model portfolios over the last three years 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 prior 12 months, i.e. January 2023 to January 2024, December 2022 to December 2023 and so on.

In the twelve-month rolling performance for January 2024, growth in the model portfolios ranged between 0.91% and 2.46%, with all portfolios now showing consistent growth and outperforming the FTSE, which decreased by -2.71% over the same period. Other global indices however still outperformed the portfolios, with the MSCI World growing 15.74% gross in the Jan 23 – 24 period.

Month	Aisa Defensive	Aisa Cautious	Aisa Balanced	Aisa Growth	Aisa Speculative	Aisa Adventurous
Jan-24	1.27%	2.46%	2.27%	0.91%	2.26%	5.43%
Dec-23	2.52%	3.31%	3.25%	2.47%	2.99%	5.95%
Nov-23	-0.14%	-0.23%	-0.85%	-2.07%	-2.50%	-0.49%
Oct-23	4.74%	3.84%	5.12%	2.98%	2.78%	3.85%
Sep-23	-2.31%	-2.68%	-2.33%	-4.29%	-3.46%	-2.68%
Aug-23	-4.41%	-4.06%	-3.79%	-5.31%	-4.90%	-4.21%
Jul-23	-1.48%	-1.06%	-0.25%	-2.27%	-1.61%	-0.61%
Jun-23	-1.68%	-0.99%	0.81%	0.45%	1.73%	3.55%
May-23	-3.04%	-2.51%	-0.56%	-0.61%	-0.73%	0.37%
Apr-23	-6.70%	-6.49%	-5.78%	-5.21%	-7.68%	-5.46%
Mar-23	-6.44%	-6.01%	-4.72%	-4.02%	-5.04%	-3.90%
Feb-23	-6.86%	-5.91%	-3.97%	-2.95%	-5.12%	-4.68%
Jan-23	-10.89%	-10.58%	-7.96%	-7.41%	-10.04%	-10.19%
Dec-22	-14.48%	-14.47%	-12.76%	-13.17%	-16.10%	-16.92%
Nov-22	-15.53%	-14.86%	-14.17%	-14.64%	-17.99%	-18.07%
Oct-22	-16.82%	-15.64%	-15.75%	-16.05%	-18.14%	-17.75%
Sep-22	-13.21%	-11.99%	-10.57%	-11.27%	-13.58%	-13.14%
Aug-22	-10.31%	-9.68%	-8.17%	-9.11%	-11.01%	-11.18%
Jul-22	-13.09%	-12.71%	-11.39%	-12.37%	-15.12%	-15.38%
Jun-22	-11.05%	-10.84%	-10.22%	-11.98%	-14.69%	-15.83%
May-22	-6.08%	-5.82%	-5.40%	-7.53%	-9.42%	-10.60%
Apr-22	-3.49%	-2.97%	-1.55%	-3.57%	-4.78%	-7.55%
Mar-22	-2.49%	-2.09%	-0.73%	-2.19%	-4.99%	-7.13%
Feb-22	-3.04%	-2.18%	-0.46%	-2.11%	-4.21%	-5.45%
Jan-22	0.06%	1.54%	3.51%	2.00%	0.41%	-2.42%
Dec-21	2.62%	4.91%	7.25%	5.91%	5.79%	5.53%
Nov-21	4.83%	7.42%	11.16%	9.97%	11.02%	11.01%
Oct-21	2.77%	4.43%	7.68%	6.50%	7.44%	6.76%
Sep-21	5.72%	8.24%	12.08%	11.17%	12.40%	11.57%
Aug-21	5.57%	6.92%	11.26%	10.33%	11.40%	11.27%
Jul-21	6.44%	8.52%	12.07%	11.50%	12.48%	11.77%
Jun-21	8.01%	10.30%	14.45%	13.99%	14.92%	14.57%
May-21	6.39%	7.90%	12.05%	11.34%	12.91%	11.59%
Apr-21	12.43%	14.52%	19.71%	20.68%	20.97%	21.55%
Mar-21	10.66%	12.77%	16.43%	18.03%	20.62%	22.84%
Feb-21	2.62%	1.88%	2.10%	3.15%	4.39%	4.45%

7) AOB

Reference Material utilised in this meeting

FEAnalytics – Review of funds
Aisa Performance data – Obtained from M&G Wealth, FEAnalytics
Aisa Governance Document
Jupiter Asset Management Presentations


59%

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