Aisa Financial Planning

Quarterly Investment Update

Q3 2024

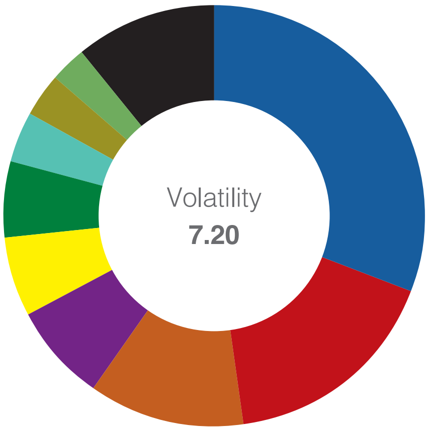

76%

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

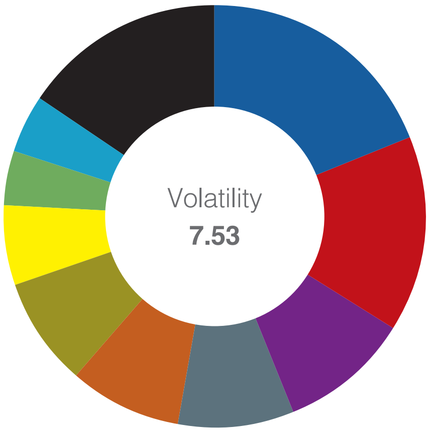
Target Return **4%**



Global Fixed Interest	30.94
UK Equities	16.92
Other International Equities	11.81
North American Equities	7.61
UK Fixed Interest	6.03
UK Corporate Fixed Interest	5.75
Undisclosed	3.85
European Equities	3.45
Money Market	2.76
Others	10.62

Cautious 4

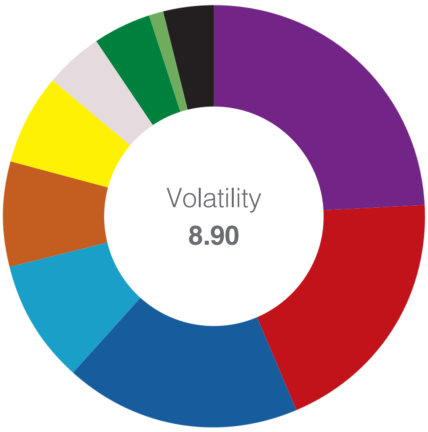
Target Return **5.5%**



Global Fixed Interest	19.05
UK Equities	15.07
North American Equities	9.85
Undisclosed	9.00
Other International Equities	8.50
Commodity & Energy	8.37
UK Corporate Fixed Interest	6.00
European Equities	4.43
UK Fixed Interest	4.33
Others	15.40

Balanced 5

Target Return **6.5%**

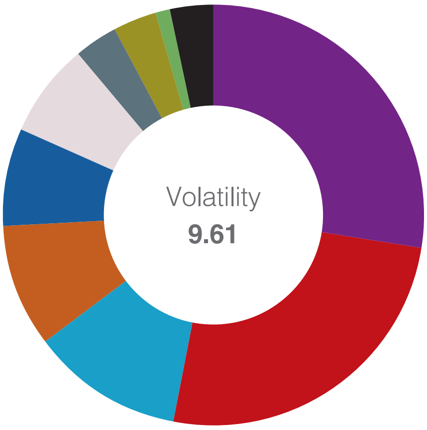


North American Equities	24.34
UK Equities	19.34
Global Fixed Interest	17.93
Asia Pacific Emerging Equities	9.41
Other International Equities	8.19
UK Fixed Interest	6.91
UK Gilts	4.46
European Equities	4.23
Money Market	1.35
Other	3.64

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

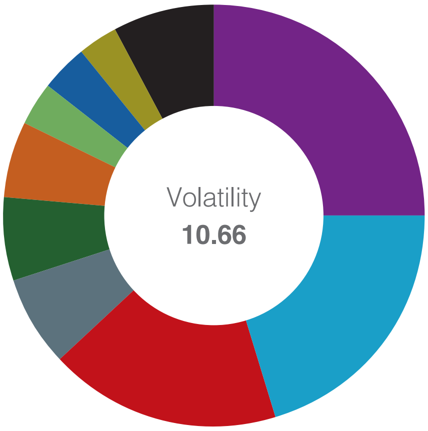
Target Return **7.75%**



North American Equities	27.55
UK Equities	25.43
Asia Pacific Emerging Equities	11.78
Other International Equities	9.50
UK Gilts	7.37
Global Fixed Interest	7.17
European Equities	3.49
Asia Pacific Equities	3.13
Money Market	1.19
Other	3.20

Speculative 7

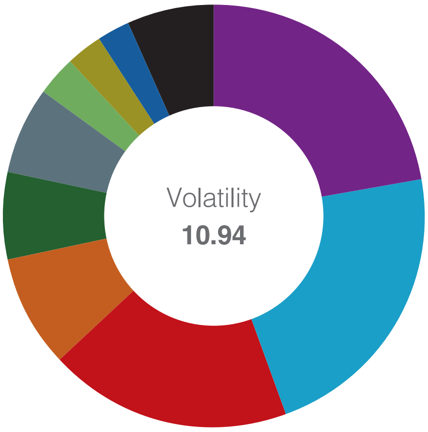
Target Return **8.75%**



UK Equities	25.11
North American Equities	20.44
Asia Pacific Emerging Equities	17.57
Commodity & Energy	7.06
Other International Equities	6.35
Undisclosed	5.83
Asia Pacific Equities	3.45
Global Fixed Interest	3.35
European Equities	3.24
Others	7.59

Adventurous 8

Target Return **9.5%**



North American Equities	22.30
Asia Pacific Emerging Equities	22.26
UK Equities	18.56
Other International Equities	8.71
Commodity & Energy	6.62
Undisclosed	6.57
Asia Pacific Equities	3.07
European Equities	2.97
Global Fixed Interest	2.41
Others	6.55

Committee Meeting
Dated: 3rd July 2024

Attendees:

John Reid (Chairman)

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

Geordie Bulmer (Member of Committee)

Christopher Lean (Aisa International)

John Croft (Aisa International)

Tom Goold (OpesFidelio) (Guest)

Secretary:

Danny Setters (Secretary)

1) Review of previous minutes and sign off

After agreement, the minutes of 23rd April 2024 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

The current global economic landscape presents both challenges and opportunities for investors. Political events in major economies are creating volatility, while emerging markets, particularly China, offer potential growth avenues. This commentary looks at the key factors affecting the investment climate, focusing on the UK, US, Europe and China, and shows our strategic considerations.

UK Economic Overview

Election and Economic Turmoil

The United Kingdom is experiencing significant economic uncertainty due to ongoing political instability. The recent election has resulted in a fragmented parliament, making it difficult to form a cohesive economic policy. Key economic indicators show:

- **Inflation:** Rising due to energy costs and supply chain disruptions.
- **GDP Growth:** Slowed down as business investments stall.
- **Currency Volatility:** The British pound is experiencing fluctuations against major currencies.
- **Unexpected Deficits:** The new Government seems to be surprised at the state of the UK economy, not quite as blunt as the famous "there is no money left" note but not far off it.

Investment Implications

Caution should be exercised when considering UK assets. The uncertainty might lead to short-term market volatility, presenting opportunities for value investors but posing risks for those seeking stable returns. We do feel however that in general the UK is undervalued and presents opportunities for medium to long term growth.

US Economic Overview

Election Dynamics

The upcoming US election features a contentious race between Vice President Kamala Harris and former President Donald Trump. This political battle is expected to create market volatility due to differing economic policies and uncertainties surrounding the election outcome. At the time of writing Vice President Harris seems to be making some serious inroads in the all important Swing States but it is still very early in this election cycle. There is an argument that the US economy is so large that it makes little economic difference which party is in charge. An examination of the S&P 500 performance shows little difference between Obama, Trump and Biden. Given that both parties have similar aims, growth and employment this might not come as a surprise.

Graph: S&P 500 Performance by President

Source: https://macrotrends.net/2482/sp500-performance-by-president

Economic Performance

The US economy is showing strong performance but is at risk of overheating. Key indicators include:

- **Unemployment:** At historic lows, contributing to wage inflation.
- **Inflation:** Persistent inflationary pressures due to robust consumer demand.
- **Federal Reserve Policy:** Likely to continue interest rate hikes to combat inflation.

Investment Implications

We shall continue to monitor the US market closely, particularly the Federal Reserve's actions. Rising interest rates could impact equity and bond markets. Diversifying into sectors less sensitive to interest rate hikes, such as technology and healthcare, could mitigate risks.

Risk of Overheating

The US economy's strong performance raises concerns about overheating, particularly with:

- **Continued Inflation:** Leading to potential stagflation.
- **Interest Rate Hikes:** Increasing borrowing costs and impacting corporate profits.
- **Market Valuations:** High valuations in certain sectors pose correction risks.

Investment Strategy

Investors should adopt a cautious approach, balancing portfolios with assets that can withstand inflation and interest rate volatility. Consider defensive stocks, commodities, and inflation-protected securities.

The fears of a US recession combined with concerns about an overpriced tech sector present a complex and potentially volatile economic landscape. Key indicators suggest a slowing economy, while speculative behaviours and inflated valuations in tech stocks mirror historical bubble patterns. Investors should remain vigilant, paying close attention to economic data, corporate earnings, and regulatory developments to navigate these challenges effectively. Balanced and diversified investment strategies may help mitigate risks associated with these economic uncertainties.

Opportunities in China

Economic Growth

China continues to be a focal point for investment opportunities due to its robust economic growth. Key factors include:

- GDP Growth: Projected to remain strong, driven by consumer spending and technological advancements.
- Government Policies: Supportive measures to boost economic stability and growth.
- Sector Opportunities: Technology, green energy, and consumer goods sectors are poised for significant growth.

Investment Implications

We have been avoiding China for some time but now we feel that it is time cautiously to dip our toe in the waters. China now presents a compelling case for diversification. Investors should consider increasing their exposure to Chinese equities and bonds, focusing on sectors aligned with government priorities and consumer trends.

Alternatives

Emerging Markets

Apart from China, other emerging markets like India and Southeast Asian countries offer growth potential. These economies are benefiting from structural reforms and increased foreign investments.

Commodities

Investing in commodities such as gold, silver, and oil can provide a hedge against inflation and currency devaluation.

Real Estate

Real estate, particularly in regions with strong economic fundamentals and population growth, can offer stable returns and capital appreciation.

Conclusion

The global investment landscape in 2024 is shaped by political uncertainties and economic dynamics in major economies. While the UK and US present challenges, opportunities in China and other emerging markets offer promising alternatives. A diversified investment strategy, with a focus on sectors and regions poised for growth, is essential to navigate this complex environment.

Aisa will remain vigilant, closely monitor economic indicators and policy changes, and be prepared to adjust the portfolios in response to evolving market conditions

b) Pacific Asset Management

Speaking with us at this quarter's investment meeting were Freddie Streeter and David Brooks of Pacific Asset Management. Their economic outlook is summarised below, please note the views of Pacific may not represent the views of Aisa.

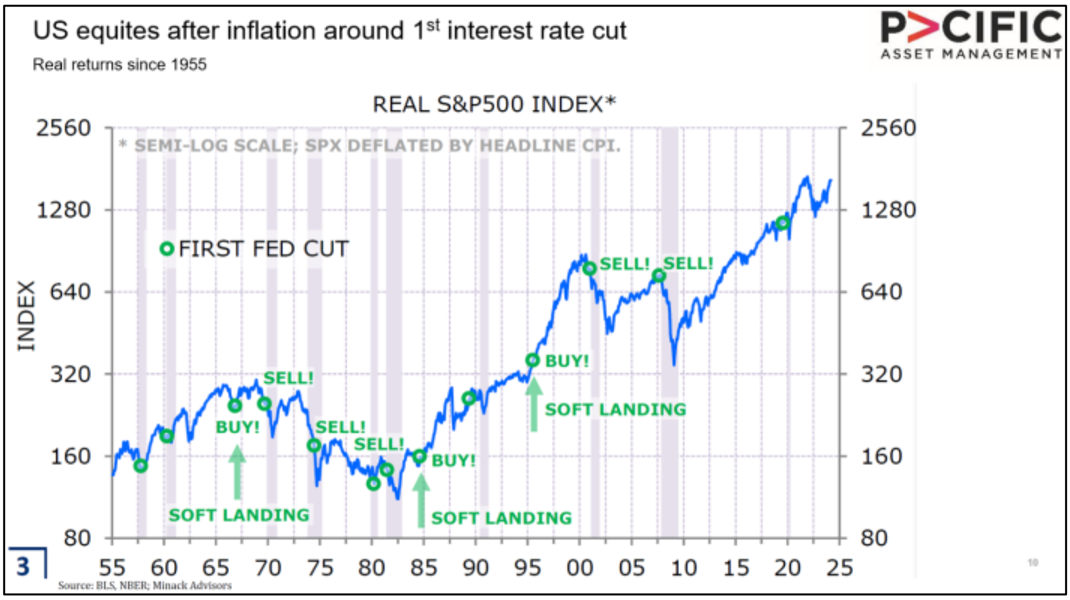
US Market

• The central bank's balancing act is currently priority number 1 with the end goal of a soft landing. Pivoting too early risks inflation resurgence and pivoting too late risks a recession, while a soft landing would cause inflation to come down and growth to stabilise without a recession. Current indicators are leading analysts to predict we are on course for a soft landing.

• One indicator for a soft landing comes from average excess savings in the US. This figure is still much higher than expected following the surge during covid lockdowns, which has managed to prop up many small businesses at risk of collapse from cost inflation.

• Wage inflation historically can be tied to job quit rate, which spiked from 2020-2022. This has since seen a large drop-off as people have put larger value on job security, and as a result has seen wage growth similarly fall.

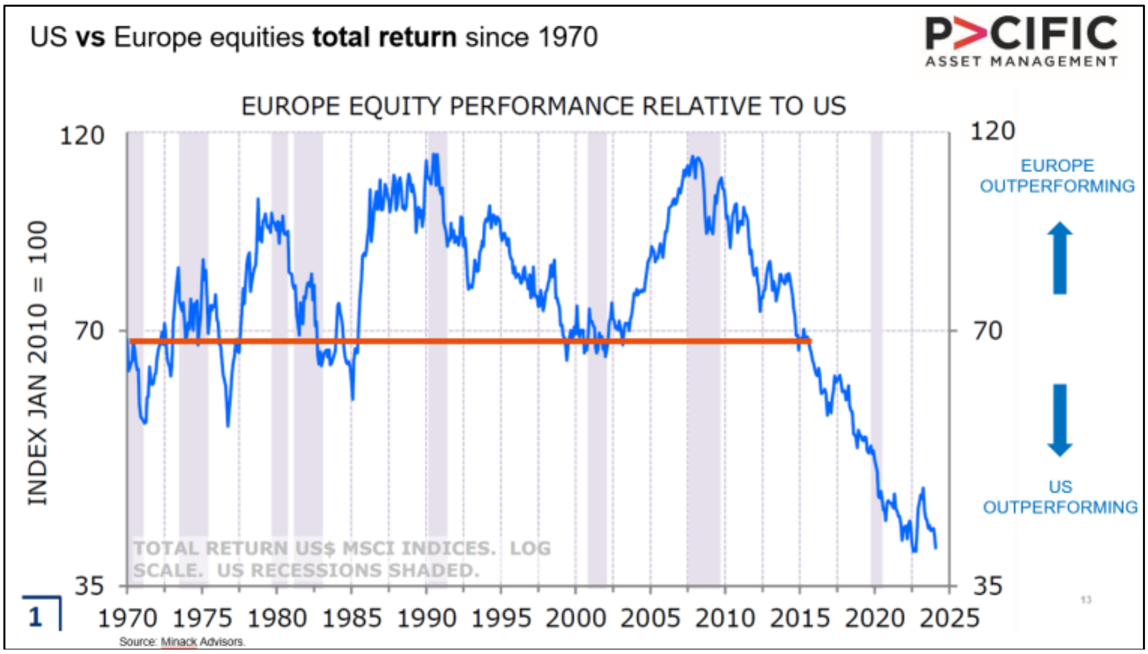
• All signs above show a much more resilient US economy than previously thought, so the forecasts are positive and a soft landing is likely. Historically soft landings after periods of inflation have preceded a bull market.



Global Equity Markets

• When looking at valuations the general consensus is that the US market is overvalued, and that UK + EU investments therefore look attractive. Since 2010 the US has consistently outperformed its competitors, so is it time for a correction? Not if you look at earnings as the US is still leading with no signs of slowing.

• But how sustainable is this? Considering the US market is a bubble is completely justified, but as of right now there are no immediate warning signs for a correction. So while the big 7 stocks are still maintaining these earnings and continuing growth then it's still favourable to choose the US over Europe.



China Recovery

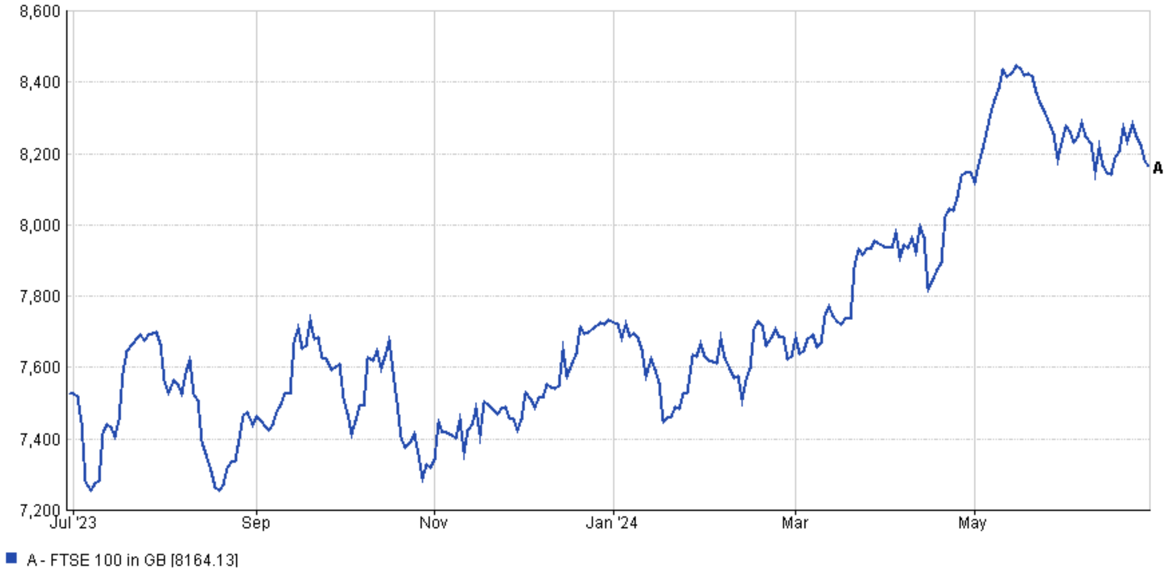
• While Chinese equity markets have taken a tumble, their earnings have not been far off the earnings of the All Companies ex US and S&P 493 markets since the start of 2023.

• The state is addressing the structural imbalances in their real estate sector to ensure support and liquidity where possible, and have issued local governments financing support for real estate projects.

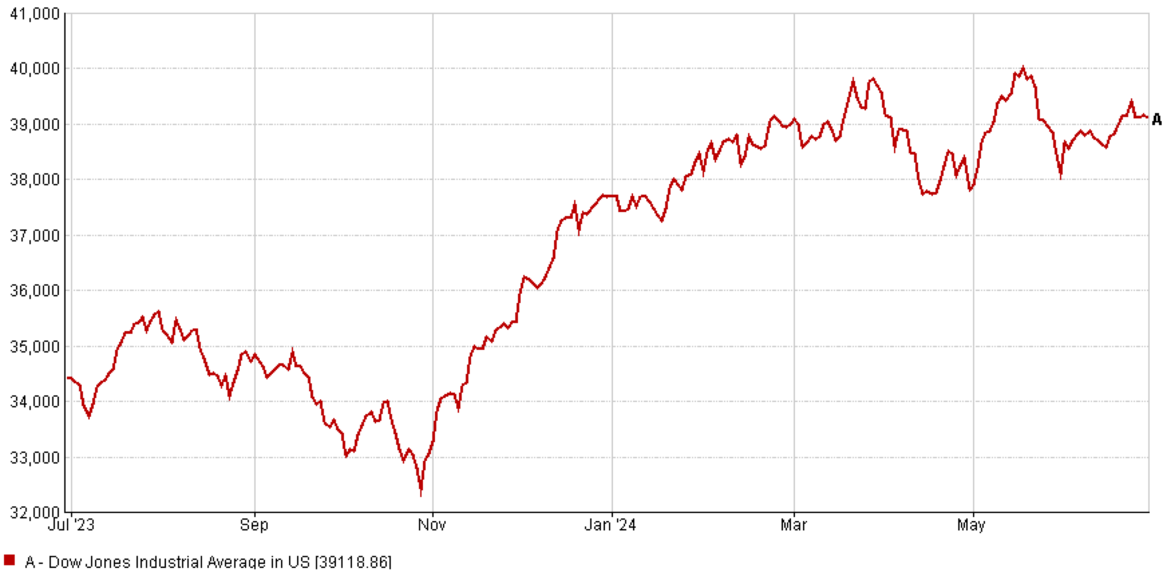
• Forecasts are showing that China seems to have hit the floor and has the catalysts needed for positive change. While it could be a slow recovery, now looks like the time to reconsider China.

4) Geographical & Sector Outlook

The FTSE 100 has seen another consistently volatile 12 months, seeing a rise in price of 8.40% over the period of 30th June 2023 to 30th June 2024. Over the same period the FTSE 250 and FTSE All Share showed similar volatility and rose by 10.15% and 8.68% respectively.



Meanwhile the US market has seen much larger growth in recent months, with the Dow Jones Index increasing by 13.69% over the period of 30th June 2023 to 30th June 2024, ending the period at a price of 39,118.86.



4 b) Committee Asset Allocation Views

Commodities	Gold sitting high but still believe it has room to grow. Copper has proven to be a good consideration as demand increases although there is some concerns about demand dropping in Asia.
Currency	Positive on Sterling post-Election.
Investment Trusts	No new views on investment trusts.
General	Generally confident in the equity and bond markets, growth looks good and cooling inflation should lead to rate cuts. Elections in UK, US and across Europe have the potential for geopolitical uncertainty.

5 a) Portfolio Performance (Sterling)

Actual Performance of our clients colour co-ordinated as follows: All figures net of underlying fund fees and gross of other charges unless stated. Data correct as of 30.06.2024.

As of January 2024 all performance data is no longer taken from the 13th of the month, and is from this point onward taken at the last working day of each month. (e.g. 31st January 2024, 29th February 2024, etc.). All performance data prior to this change has been retroactively collected in line with the new performance dates.

Growth Portfolios

Aisa Portfolio (Risk level)	6 month	1 year	2 year	5 year	10 year	1 year (net of typical fees*)
G3 Defensive (55)	5.20%	10.87%	11.98%	12.08%	37.76%	9.37%
G4 Cautious (59)	6.21%	11.60%	13.04%	16.02%	47.81%	10.10%
G5 Balanced (72)	8.22%	15.05%	17.61%	24.88%	73.67%	13.55%
G6 Growth (80)	9.41%	15.89%	18.18%	23.49%	80.23%	14.39%
G7 Speculative (87)	11.28%	18.97%	21.19%	23.66%	75.71%	17.47%
G8 Aggressive (89)	12.46%	20.72%	24.28%	26.36%	81.76%	19.22%

Income Portfolios

Aisa Portfolio (Risk level)	Yield	6 month	1 year	2 year	5 year	10 year	1 year (net of typical fees*)
I3 Defensive (50)	4.89%	3.42%	10.09%	12.08%	15.91%	39.10%	8.59%
I4 Cautious (61)	4.95%	5.87%	11.92%	15.15%	20.70%	49.04%	10.42%
I5 Balanced (79)	3.92%	8.03%	15.79%	18.75%	31.75%	63.18%	14.29%
I6 Growth (82)	3.75%	7.49%	14.62%	17.82%	31.45%	66.29%	13.12%

It has been agreed by the committee that all the income portfolios should produce a yield of more than the average standard daily saving rate (annualised) plus 1%. Current yields are all higher than 3.75%.

*Typical fees assumed to include an adviser fee and a platform charge, which average around 1.50% of your portfolio deducted per annum.

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 'G5 – Balanced' Investor with £300,000 invested then over the last 12 months the total charges applied were 1.50%. For £300,000 your charges were therefore £300,000 x 1.50% = £4,500. 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 for all our portfolios.

5 b) Sterling Portfolio 1 Year Performance Graphs

Defensive

A - AIT G3 Jan 24 (Current) 29/02/2024 TR in GB [11.34%]

Cautious

A - AIT G4 Jan 24 (Current) 29/02/2024 TR in GB [12.27%]

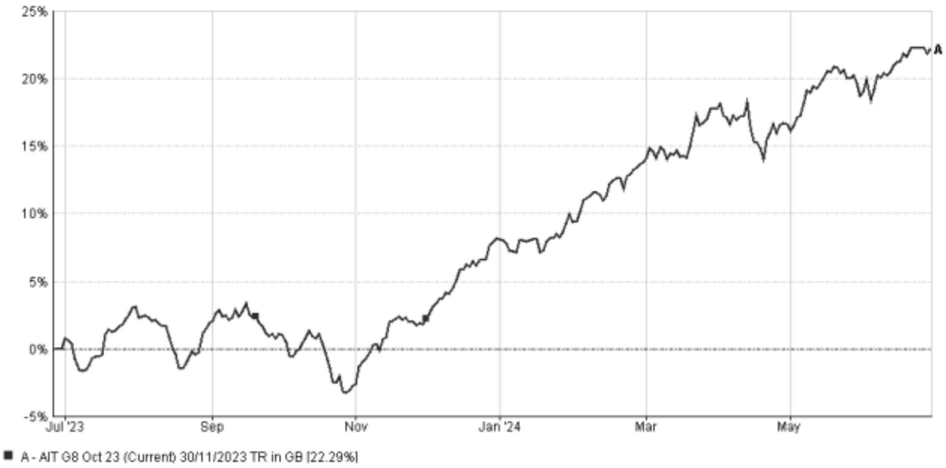
Balanced

A - AIT G5 Sep 23 (Current) 20/09/2023 TR in GB [16.05%]

Growth

Speculative

Adventurous



6) 12-Month Rolling Performance

We have analysed the actual gross 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. 31st January 2023 to 31st January 2024, 28th February 2023 to 29th February 2024 and so on.

In the twelve-month rolling performance to 30th June 2024, growth in the model portfolios ranged between 10.87% and 20.72% with all portfolios now showing consistent growth and achieving their target returns. Over this period all of the portfolios outperformed the FTSE 100 (8.40%) but mostly underperformed the MSCI World (19.48%).

Month	Aisa Defensive	Aisa Cautious	Aisa Balanced	Aisa Growth	Aisa Speculative	Aisa Adventurous
Jun-24	10.87%	11.60%	15.05%	15.89%	18.97%	20.72%
May-24	9.28%	10.00%	13.89%	14.52%	17.24%	18.57%
Apr-24	7.27%	8.64%	11.26%	11.06%	13.49%	16.32%
Mar-24	8.18%	9.19%	12.19%	11.50%	13.48%	16.52%
Feb-24	4.72%	5.00%	7.89%	7.30%	8.48%	12.74%
Jan-24	3.12%	3.19%	4.69%	4.10%	4.03%	7.41%
Dec-23	5.71%	5.50%	8.01%	7.41%	8.57%	11.40%
Nov-23	2.04%	1.77%	1.83%	0.90%	1.35%	3.95%
Oct-23	1.17%	0.93%	1.90%	2.37%	0.71%	2.45%
Sep-23	3.10%	2.14%	5.10%	4.89%	3.69%	4.34%
Aug-23	-1.27%	-2.09%	-0.07%	-0.83%	-1.57%	-0.36%
Jul-23	-1.34%	-1.69%	1.00%	1.16%	1.15%	2.37%
Jun-23	1.11%	1.43%	2.56%	2.29%	2.22%	3.57%
May-23	-3.83%	-3.34%	-2.10%	-1.48%	-1.46%	0.00%
Apr-23	-4.48%	-4.42%	-2.31%	-1.29%	-2.75%	-1.30%
Mar-23	-6.99%	-7.16%	-5.11%	-4.55%	-5.98%	-4.45%
Feb-23	-5.33%	-4.18%	-1.89%	-1.72%	-2.42%	-2.62%
Jan-23	-5.90%	-5.24%	-1.87%	-2.11%	-2.46%	-3.17%
Dec-22	-12.82%	-13.17%	-11.13%	-12.58%	-14.85%	-16.46%
Nov-22	-12.32%	-11.95%	-9.41%	-10.40%	-13.34%	-14.52%
Oct-22	-14.67%	-13.73%	-13.71%	-16.55%	-18.17%	-18.68%
Sep-22	-14.86%	-13.23%	-13.93%	-16.27%	-16.97%	-16.77%
Aug-22	-12.28%	-11.39%	-10.17%	-12.38%	-13.03%	-12.65%
Jul-22	-9.22%	-8.40%	-6.69%	-8.69%	-10.85%	-10.86%
Jun-22	-12.62%	-11.91%	-9.98%	-12.10%	-15.10%	-15.43%
May-22	-5.68%	-4.98%	-3.73%	-6.68%	-8.74%	-9.85%
Apr-22	-4.15%	-3.09%	-2.48%	-5.76%	-7.31%	-9.45%
Mar-22	1.33%	2.73%	4.35%	2.12%	0.92%	-0.90%
Feb-22	1.11%	2.04%	3.82%	2.16%	0.06%	-1.12%
Jan-22	-0.43%	0.89%	2.83%	1.18%	-1.11%	-1.91%
Dec-21	3.88%	6.26%	8.47%	7.56%	6.80%	6.69%
Nov-21	5.44%	7.58%	10.42%	9.42%	9.77%	9.71%
Oct-21	7.71%	10.18%	13.94%	13.10%	13.52%	13.80%
Sep-21	6.73%	8.74%	12.38%	11.87%	12.20%	12.17%
Aug-21	8.79%	11.16%	14.92%	14.53%	14.94%	14.53%
Jul-21	6.50%	8.59%	12.84%	12.31%	12.58%	12.55%

7) Quarterly timetabled asset/product discussions:

The product discussions for this quarter were ‘VCT & EIS’, reviewed by John Reid, ‘Investment Trusts’ reviewed by James Pearcy-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.

8) AOB

Reference Material utilised in this meeting
FEAnalytics – Review of funds
Aisa Performance data – Obtained from FEAnalytics
Aisa Governance Document
Pacific Presentations

9) Next Meeting

Will be held on 8th October in London


59%

Phone: +44 (0)1672 569 111

Email: info@aisagroup.org

Website: www.aisagroup.org

UK Address: Unit 5, The Grain Store, Manor Farm, Coate, Devizes, Wiltshire SN10 3LP