Aisa Financial Planning

Quarterly Investment Update

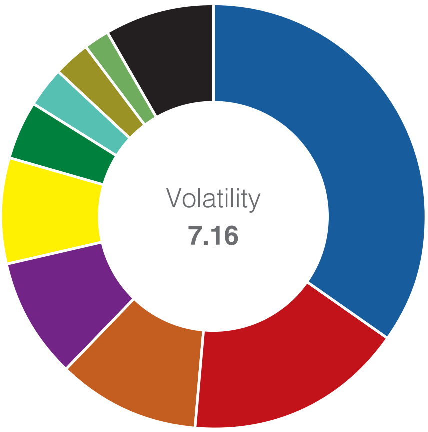
Q1 2025

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

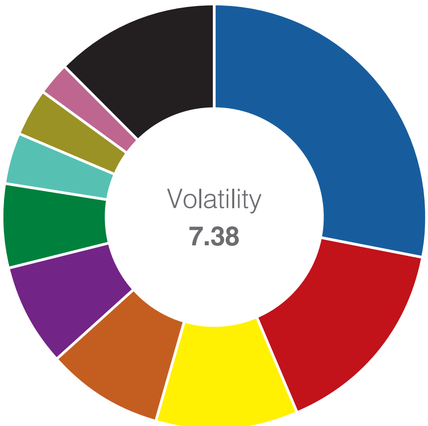
Target Return **4%**



Global Fixed Interest	34.93
UK Equities	16.70
Other International Equities	10.71
UK Fixed Interest	9.10
North American Equities	8.09
Money Market	4.50
European Equities	3.06
Asia Pacific Emerging Equities	2.61
Alternative Investment Strategies	2.04
Others	8.23

Cautious 4

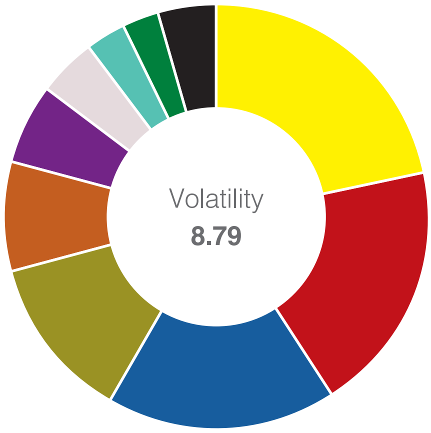
Target Return **5.5%**



Global Fixed Interest	28.22
UK Equities	15.42
North American Equities	11.03
Other International Equities	8.90
UK Fixed Interest	7.77
Money Market	6.16
European Equities	4.14
Asia Pacific Emerging Equities	3.50
Asia Pacific Equities	2.55
Others	12.28

Balanced 5

Target Return **6.5%**

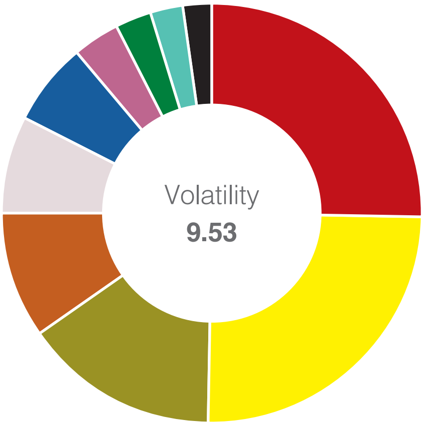


North American Equities	21.68
UK Equities	19.42
Global Fixed Interest	17.33
Asia Pacific Emerging Equities	12.57
Other International Equities	8.28
UK Fixed Interest	5.99
UK Gilts	4.50
European Equities	3.25
Money Market	2.70
Other	4.27

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

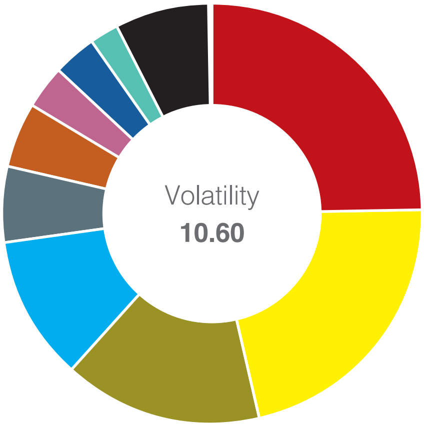
Target Return **7.75%**



UK Equities	25.48
North American Equities	24.80
Asia Pacific Emerging Equities	15.17
Other International Equities	9.58
UK Gilts	7.46
Global Fixed Interest	6.49
Asia Pacific Equities	3.73
Money Market	2.68
European Equities	2.64
Other	1.95

Speculative 7

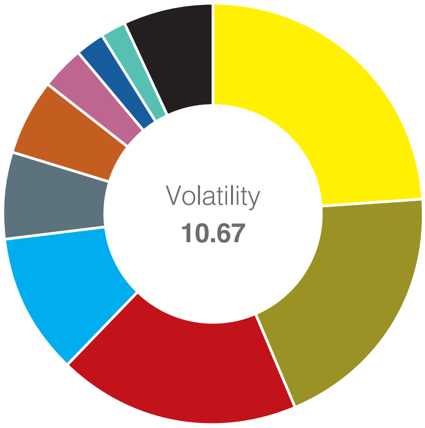
Target Return **8.75%**



UK Equities	24.85
North American Equities	21.72
Asia Pacific Emerging Equities	15.27
Commodity & Energy	11.13
Undisclosed	5.79
Other International Equities	5.03
Asia Pacific Equities	3.34
Global Fixed Interest	3.23
European Equities	2.24
Others	7.41

Adventurous 8

Target Return **9.5%**



North American Equities	24.06
Asia Pacific Emerging Equities	19.82
UK Equities	18.52
Commodity & Energy	10.92
Undisclosed	6.65
Other International Equities	5.79
Asia Pacific Equities	3.14
Global Fixed Interest	2.36
European Equities	2.05
Others	6.69

Committee Meeting
Dated: 15th January 2025

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)

John Croft (Aisa International)

Nigel Pearcy (External Consultant)

Secretary:

Danny Setters (Secretary)

1) Review of previous minutes and sign off

After agreement, the minutes of 8th October 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

Market Overview January 2025

The past year saw central banks adjusting interest rate policies in response to inflationary pressures and economic growth concerns. While some economies have begun to stabilize, others face challenges from currency fluctuations, supply chain constraints, and regulatory changes. Equities have shown resilience, particularly in technology and energy sectors, while fixed income markets are adjusting to new interest rate environments.

Key Investment Themes for 2025

1. **Diversification and Risk Management** – Given ongoing market uncertainties, well-balanced portfolios with strategic diversification remain essential for mitigating risk.

2. **The Changing Role of ESG** – Environmental, Social, and Governance (ESG) investing is at a crossroads. The European Union is reassessing its regulatory stance, reflecting concerns that ESG criteria may hinder investment flexibility and economic competitiveness. Meanwhile, the UK government has taken a more pragmatic approach, encouraging investment in sectors such as defence, arms, and banking, regardless of ESG considerations. Across the Atlantic, with Donald Trump as president, ESG and Diversity, Equity, and Inclusion (DEI) initiatives are facing significant pushback, with potential deregulation in sight. Investors should therefore expect greater divergence in ESG-related policies across jurisdictions, creating both risks and opportunities depending on market positioning.

3. **Technological Innovation – Overhyped or a Global Shift?** – For some time, we have suggested that markets have been overly optimistic about American technology companies, particularly in AI. This view has been reinforced by the rapid rise of **DeepSeek**, the Chinese AI breakthrough that has reshaped the global AI landscape. The assumption that the U.S. would maintain its dominance in AI has now been challenged, with other nations proving they can compete at the highest level.

    - **China's Strategic Leap** – The sudden emergence of DeepSeek highlights China's ability to rapidly innovate and commercialise AI, signalling that the technological race is far from one-sided, and that may not be a bad thing.

    - **The UK's AI Potential** – With its deep expertise in artificial intelligence and computational sciences, the UK could position itself as a leader in AI development, particularly as it moves away from heavy EU regulation. (More on this at the end as it is a significant point)

    - **The EU's Regulatory Drag** – While innovation surges elsewhere, the European Union is taking a different path, introducing **DORA (Digital Operational Resilience Act)** and other bureaucratic measures that could stifle AI development within its borders. The regulatory approach risks leaving European tech companies at a disadvantage in a rapidly evolving market.

4. **The Future of Clean Energy** – The global commitment to clean energy is facing significant challenges. Both the United States and China, which together account for approximately 43% of global CO_2 emissions (Reference: statista.com), have made only token efforts toward moving away from fossil fuels. In contrast, the UK and certain EU countries are actively pursuing ambitious clean energy strategies. However, these initiatives come with substantial costs, and current technologies may not suffice to meet their targets without significant innovation.
   - **Investment Trends** – Recent data indicates a decline in green investment within Europe. In 2024, the EU saw a 6.5% decrease, while the UK experienced a 12% drop in renewable energy investments. (Reference: ft.com). This might surprise people who believe that there is greater investment happening outside of the state, and this indicates markets do not believe the politicians. This downward trend raises concerns about the feasibility of current clean energy strategies.
   - **Technological Challenges** – The high costs and technological limitations of existing renewable energy sources necessitate breakthroughs to achieve energy transition goals. Without substantial innovation, there is a risk that these strategies may falter in the coming years.
   - **Policy Implications** – Policymakers must balance the urgency of decarbonization with economic realities. Ensuring that the costs of the transition are distributed fairly is crucial to maintaining public support. (Reference: theguardian.com). Failure to do so could lead to a collapse of current clean energy strategies over the next five years.
5. **Fixed Income and Yield Strategies** – Interest rate adjustments have created renewed opportunities in bond markets and structured investments, with investors carefully balancing risk and return in the face of central bank policy shifts.

Looking Ahead

With global uncertainty persisting, disciplined investment strategies focused on long-term value creation remain key. The technology sector remains a key driver of growth, but the shifting global AI balance suggests that investors should look beyond the U.S. for innovation opportunities. In the energy sector, the ambitious clean energy initiatives in the UK and parts of the EU require careful monitoring, as their success hinges on significant technological advancements and sustainable investment levels. Staying informed, adapting to market changes, and seeking professional guidance will be critical in navigating 2025's investment landscape.

Now focusing on the UK; Key points supporting the UK's potential to still lead in artificial intelligence (AI) development:

1. **Strong Academic Foundations:** The UK boasts world-class institutions specializing in AI and computational sciences. The Alan Turing Institute, the UK's national institute for data science and AI, exemplifies this strength. Established in 2015, it collaborates with leading universities to advance AI research both in the UK and outside.

2. **Thriving AI Ecosystem:** As of 2023, the UK is home to approximately 3,713 AI companies, with 2,204 focusing primarily on AI products or infrastructure. This vibrant ecosystem fosters innovation and positions the UK as a significant player in the global AI landscape.

3. **Flexible Regulatory Approach:** This again is not controversial and yet any mention of Brexit always generates an emotional response! Post-Brexit, the EU has gone in a certain direction as previously mentioned and it is impacting on companies across the EU (we should know as we have companies there). The UK is crafting a distinct AI regulatory framework that emphasizes flexibility and sector-specific guidelines over comprehensive regulation which is the way of the EU. This approach aims to balance innovation with safety, potentially providing a more conducive environment for AI development compared to more stringent regulatory regimes. (Reference: Multiple, but outside the EU and the UK gtlaw.com.au)

4. **Government Initiatives and Investments:** The UK government has demonstrated a strong commitment to AI advancement. In 2024, an AI expert was appointed to lead an action plan aimed at harnessing AI for economic growth and public benefit. It is one of the only European governments really seeking to bring AI into everyday state usage. Additionally, the establishment of the AI Safety Institute underscores the UK's dedication to both innovation and ethical considerations in AI.

These factors collectively highlight the UK's deep expertise in AI and its strategic positioning to lead in AI development, especially as it navigates its regulatory landscape post-Brexit. Let us hope that the current government does not blow this advantage!

b) Royal London Asset Management

Speaking with us this quarter on behalf of Royal London Asset Management was Richard Marwood, manager of the Royal London UK Equity Income fund, which has been a fixture in our portfolios for a considerable time. Richard gave an update on the UK and European markets plus his broader thoughts for 2025, which have been summarised below.

UK Update
Inflationary pressures are waning, with an expectation for modest interest rate cuts over the next 12 months.

While current economic conditions are not entirely the fault of chancellor Rachel Reeves' policies, there has been enough of a panic to warrant an adjustment in tactics from the government. So we may see some form of mini-budget in the near future in an attempt to stop the devaluation of the pound.

In markets, general trends have seen investments moving away from the UK over time and this has only intensified in recent months. To ease the selling pressure we will need to see: Overseas buyers, Mergers & Acquisitions, or Share buyback schemes.

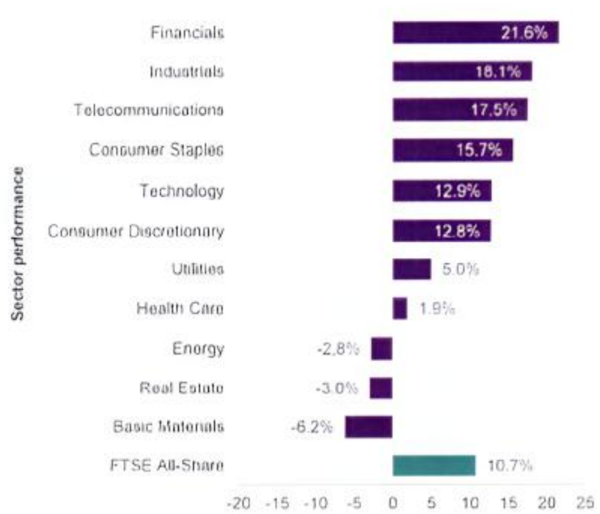
While there isn't complete confidence in the UK, companies in general are doing well despite the negative sentiment. In speaking to companies of varying sizes, the conversation is often the same: 'NI + operating costs have gone up, and there's only so much you can do except increase your prices'. Additionally, companies that have the facility to move their business away from the UK, are finding that the costs of a potential move completely outweigh the benefits, so the risk of losing our businesses abroad appears to be low.

Market, performance and activity review

Market performance YTD

ROYAL LONDON ASSET MANAGEMENT

FTSE All-Share Index sector performance



- FTSE All-Share returned 10.7% year to date, with key themes being:
  - Consumer trading statements mixed
  - Inflation moderating
  - Market expecting modest interest rate cuts
  - M&A a feature

Past performance is not a guide to future performance. Portfolio characteristics and holdings are subject to change without notice. This does not constitute an investment recommendation.
For information purposes only.

Does not include cash, subject to rounding.
Source: RLAM. Data shown from 31 December 2023 through to 30 November 2024.
Figures shown are as at close of business.

Positive market returns, despite macro worries

UK / Europe vs US

The US is a strange market currently, still very concentrated toward to the top few companies and still showing remarkably high P.E. ratios, but still maintaining growth at a far more appealing rate than most other markets. Whether this growth keeps its momentum is the question for 2025.

Meanwhile the UK market is quite thin and commonly shorted, with investors almost relying on negative news. In cases of good news, e.g. one-off positive earnings reports, you will see sharp and brief upticks in price, which shows that the market is twitchy and waiting for the opportunity to climb again.

Similarly most of Europe has been caught up in a string of various socio-political issues impacting their markets, as well as seeing a huge impact from the China supply chain weakening, leading to indifference from potential investors. As such, substantial growth is not expected from the sector.

Please note that the views expressed by Royal London do not necessarily reflect the views of Aisa.

4) Geographical & Sector Outlook

The FTSE 100 had a turbulent but ultimately positive 2024 with the index increasing by 5.69% over the period of 31st December 2023 to 31st December 2024. Over the same period the FTSE 250 and FTSE All Share showed similar growth of 4.74% and 5.57% respectively.

A - FTSE 100 in GB [8173.02]

29/12/2023 - 31/12/2024 Data from FE fundinfo2025

Meanwhile the US market saw higher growth over 2024 despite the volatility toward the end of the year. The Dow Jones Index increasing by 12.88% over the period of 31st December 2023 to 31st December 2024, ending at a price of 42,544.22.

A - Dow Jones Industrial Average in US [42544.22]

29/12/2023 - 31/12/2024 Data from FE fundinfo2025

4 b) Committee Asset Allocation Views

Views: Negative · Neutral · Positive

Outlook: ↓ → ↑

	Views			Outlook
Equity Europe	Neutral	Neutral	Negative	→
Equity UK	Negative	Neutral	Neutral	→
Equity US	Positive	Positive	Positive	↑
Equity Japan	Positive	Neutral	Positive	↑
Asia	Neutral	Neutral	Neutral	→
China	Neutral	Neutral	Positive	→
India	Positive	Positive	Positive	↑
Emerging Markets	Neutral	Neutral	Negative	→
Emerging Markets Debt	Neutral	Negative	Neutral	→
Government Bonds	Negative	Negative	Neutral	↓
Investment Grade	Negative	Negative	Neutral	↓
High Yield	Neutral	Negative	Neutral	→
Commercial Property	Negative	Negative	Negative	↓
Residential Property	Negative	Neutral	Negative	↓

Commodities	Happy with current Gold price, predicting this will stay high amid current uncertainty.
Currency	Pound will continue weakening if current Reeves policies continue in the same direction.
Investment Trusts	No new views on investment trusts.
General	Concerns over the UK's strategy and its potential for growth while current economic policies look to hinder this. US and China will be on our watchlist for the next few months as we monitor the impact of Trump's administration on the US and other affected countries, and how China's recovery will continue with the Tariff warnings.

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 31/12/2024.

Growth Portfolios

Aisa Portfolio (Risk level)	6 month	1 year	2 year	5 year	10 year	1 year (net of typical fees*)
G3 Defensive (54)	0.90%	6.84%	12.55%	10.91%	31.80%	5.34%
G4 Cautious (57)	0.63%	6.85%	12.35%	12.72%	39.71%	5.35%
G5 Balanced (72)	0.72%	10.03%	18.05%	22.50%	57.84%	8.53%
G6 Growth (82)	0.07%	10.56%	17.98%	20.44%	63.40%	9.06%
G7 Speculative (90)	-0.87%	12.26%	20.83%	20.67%	65.02%	10.76%
G8 Aggressive (93)	0.91%	14.43%	25.83%	25.20%	65.51%	12.93%

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 (48)	4.80%	0.00%	6.03%	12.85%	15.58%	32.51%	4.53%
I4 Cautious (59)	4.54%	0.22%	8.04%	14.53%	18.77%	38.89%	6.54%
I5 Balanced (80)	3.73%	0.67%	9.58%	18.20%	28.81%	54.23%	8.08%
I6 Growth (83)	3.55%	-0.07%	8.28%	15.27%	28.11%	56.67%	6.78%

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 3.5%.

*Typical fees will include an adviser fee and a platform charge, assumed here to be 1.50% of your portfolio deducted per annum.

Please see "Important Note and Costs" on following pages

Important Note

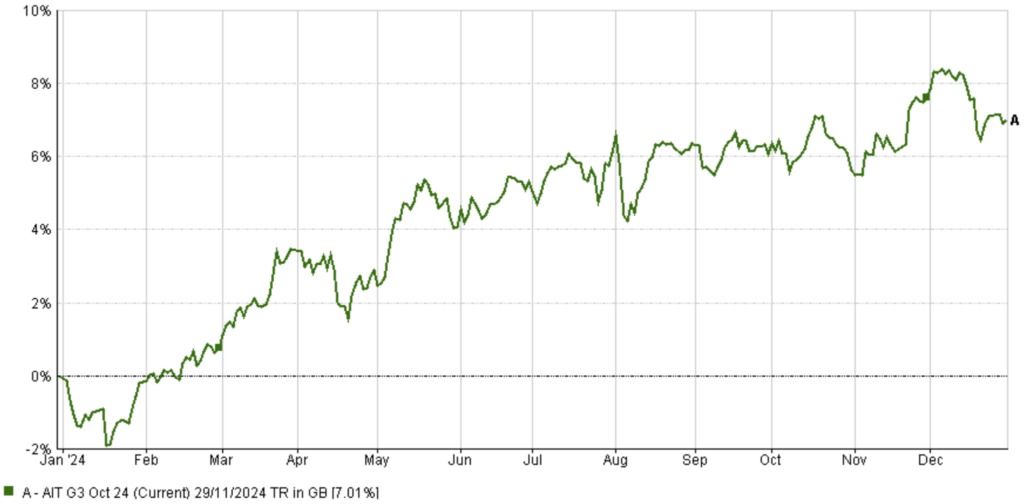
Past performance should not be a guide to future performance. Returns may vary due to currency variation and tax treatment. Tax is subject to individual circumstances and subject to change due to legislation. Clients retain responsibility for their tax affairs and should consult the relevant tax experts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

Aggregate Costs and Cumulative Effect of costs on returns

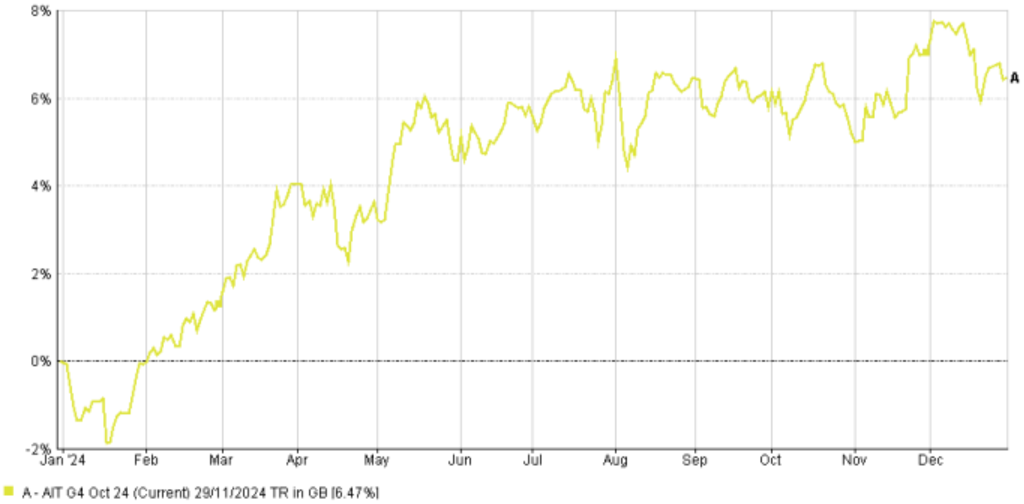
The total costs and charges for your investment are made up of a mixture of our charges, the platform or product and investment funds and services. The table above shows how the total costs are allocated over the different time periods by measuring the difference between the gross returns (black) and 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

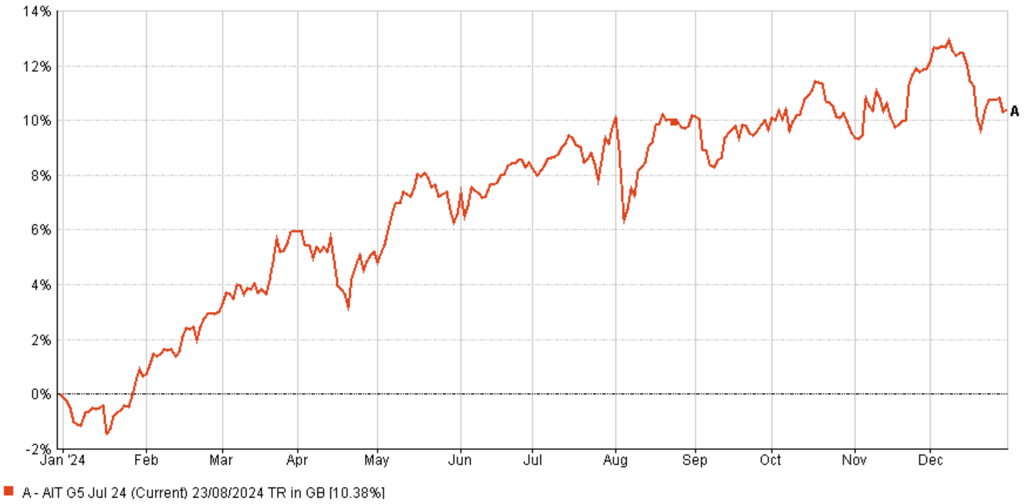
Defensive



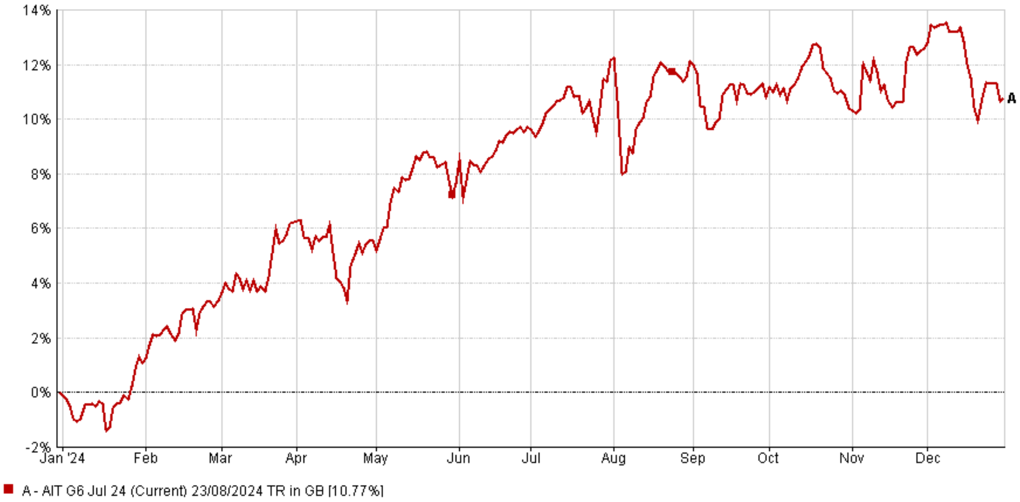
Cautious



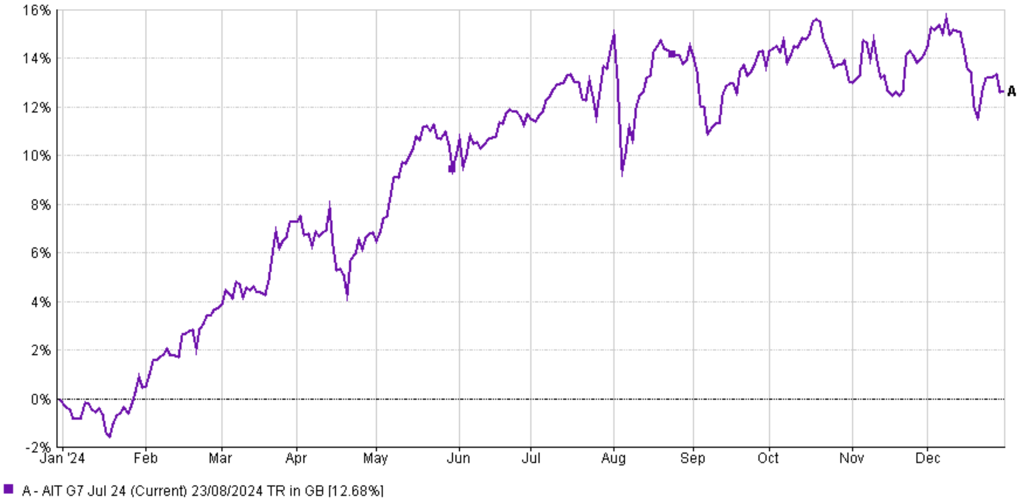
Balanced



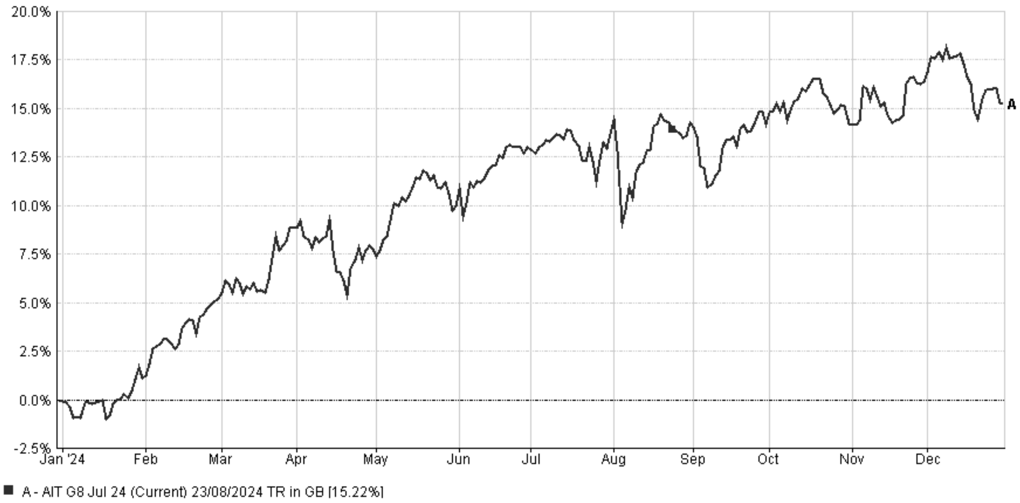
Growth



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 December 2023 to 31st December 2024, 30th November 2023 to 30th November 2024 and so on.

In the twelve-month rolling performance to 31st December 2024, growth in the model portfolios ranged between 6.84% and 14.43% with all portfolios showing consistent growth and achieving their target returns. Over this period all of the portfolios outperformed the FTSE 100 (5.69% gross) but underperformed the MSCI World (19.33% gross).

Month	G3	G4	G5	G6	G7	G8
Dec-24	6.84%	6.85%	10.03%	10.56%	12.26%	14.43%
Nov-24	11.19%	11.10%	16.77%	17.64%	19.43%	21.30%
Oct-24	12.42%	11.91%	18.67%	19.88%	23.52%	24.51%
Sep-24	10.87%	10.69%	15.82%	17.25%	19.70%	20.63%
Aug-24	11.33%	11.82%	15.97%	18.34%	19.94%	19.94%
Jul-24	10.36%	11.09%	14.21%	16.14%	18.52%	18.39%
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%

7 a) Quarterly Portfolio Changes

This quarter the Investment committee have planned a minor amendment to the higher risk portfolios as well as a change to the shares in the income portfolios.

Speculative & Adventurous Change:
The committee have opted to remove 'Oryx International Growth' from the portfolios following consecutive periods of poor performance from the fund, and replace this with 'Jupiter Merian Asia Pacific'. With the Oryx fund being predominately weighted to the UK, this switch comes from the committee's current view on UK equities, as we predict high volatility and underperformance from the region in coming months partly due to government policies. As such the committee have opted for Jupiter Merian Asia Pacific, forecasting greater returns in the Asia Pacific sector for 2025 as the market recovers from its own volatile period.

Income Portfolio Change:
In a review of the equities currently held in the income portfolios, the committee have decided to remove the underperforming L&G shares in favour of previously held IAG (International Consolidated Airlines).

Having removed IAG from the portfolios in 2020 following their approximately 70% crash, we have monitored their position and how they recover post-COVID, and have found that now is a suitable time to add them back to the portfolios. Having restarted paying dividends, and showing 100% gain over the year that is still not quite back at their pre-COVID price, the committee have decided now is both a safe and profitable purchase point.

7 b) Quarterly reviewed fund list

The following funds that are currently held in Aisa's portfolio range were discussed at the committee meeting, with the aim of evaluation those that are underperforming or in sectors that have been considered to have a negative outlook.

Fund Name	Outcome
WS Gresham House UK Multi Cap Income	Keep on watchlist – Performance down but can recover
Baillie Gifford Global Income Growth	Keep on watchlist – Performance down but can recover
Baillie Gifford Pacific	Keep on watchlist – Performance down but can recover
Winton Trend	Keep on watchlist – Performance down but can recover
Fidelity UK Smaller Cos	Add to watchlist – Speak with Royal London about UK sector outlook
Global X Copper Miners	Add to watchlist – High volatility but low concern
JPMorgan UK Smaller Cos Inv Trust	Keep on watchlist – Review next quarter if not recovered
Oryx International Growth	Reduce UK sector exposure – Look into Asia Pacific funds for replacement: Pacific, China, Japan etc
Schroder Global Healthcare	Add to watchlist – Performance dropping
AXA Framlington Biotech	Add to watchlist – Performance dropping
Equities	Research IAG and reason for recent good performance. Look into replacing underperforming L&G with IAG?

8) Quarterly timetabled asset/product discussions:

The product discussions for this quarter were ‘UCIS Funds – UCIS Methodology’, reviewed by John Reid, ‘ETP – 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.

9) AOB

Reference material utilised in this meeting
FEAnalytics – Review of funds
Aisa Performance data – Obtained from FEAnalytics
Aisa Governance Document
Royal London Asset Management Presentations


75%
59%

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