



Quarterly Investment Update

Q2 | 2016



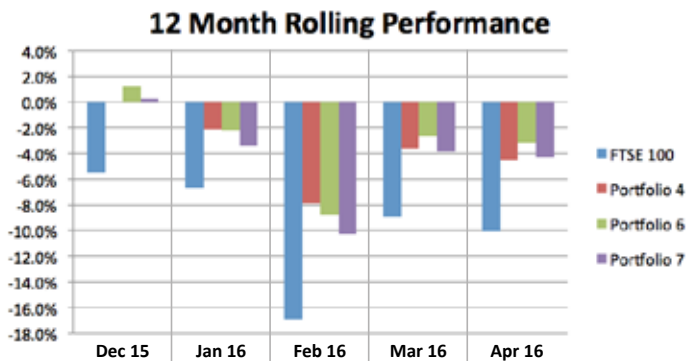
Executive Summary

Market Summary

- The FTSE 100 has again had an extremely volatile last 12 months, with a low of 5499 and a high of 7123. Over the period of 14th April 2015 – 13th April 2016, the FTSE 100 was down 10.10%.
- Overall, when considering the risk of our portfolios it is great to see nearly all of our growth and income portfolios have outperformed the FTSE100 consistently over rolling 12 month periods (Details inside) for the last 4 years.
- At the time of our meeting in April the main talking points include the Referendum in the UK, separately retail and commercial property and worldwide debt levels but in particular those in the EU, USA and Japan.
- There was a market sell off in early 2016 and we anticipate the remainder of the year being volatile.

Investment Portfolios

- Nearly all of our growth and income portfolios have outperformed the FTSE 100 over the last 12 months.
- Our Portfolios have outperformed due to tactical asset allocation decisions the committee has made in the past whilst retaining the appropriate risk and volatility. We continue to do this.
- There is a concern about government debt and interest rates being sub 1%. Therefore, this keeps fixed interest subdued and we want to be underweight which we already are.
- We have been negative on China and Emerging Markets since end 2014, but neutral towards South East Asia and other Emerging Markets and our positioning has not changed.
- We are aiming to rebalance our property portfolio away from the UK in 2016 and towards global property, and these actions commenced 6 months ago.



How we work

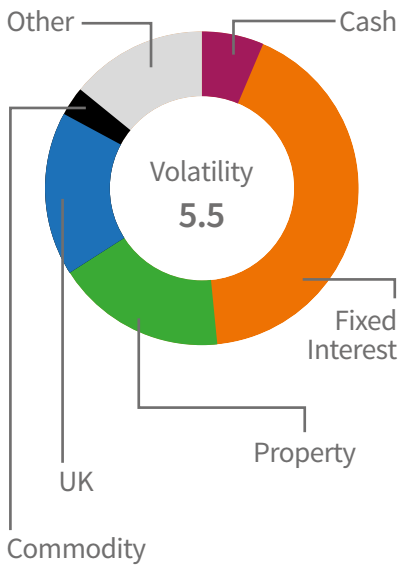
- Funds are selected using criteria in our governance document. The funds are allocated using our strategic plan and which asset classes we feel should be considered over the coming 12 months and longer.
- Our strategic plan is largely decided by our informed view on the economies of the world and individual sectors. We obtain our information by meeting with fund managers and reviewing economic publications.
- By meeting and listening to investment companies, we are able to have constructive conversations on the committee. The committee will take a collective view rather than any individual view.

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.

Portfolio 3

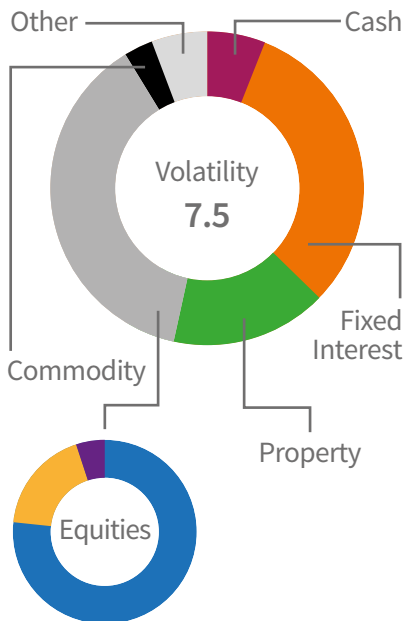
Target Return
4.60%



- Cash 6.5%
- Fixed Interest 41.9%
- Property 17.8%
- UK Equities 16.9%
- Euro Equities 0%
- US Equities 0%
- Asia Equities 0%
- Emerging Markets 0%
- Japan Equities 0%
- Commodity 3.0%
- Other 13.9%

Portfolio 4

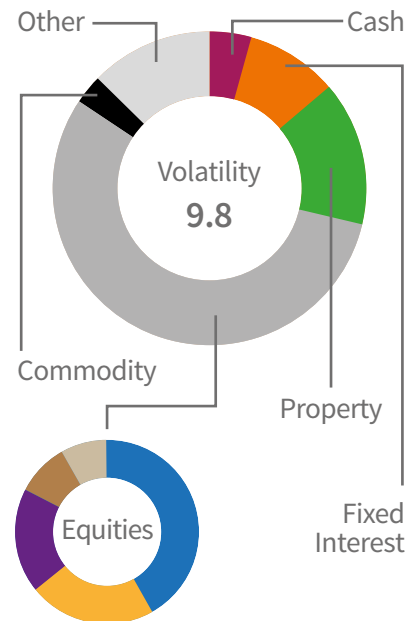
Target Return
5.70%



- Cash 6.0%
- Fixed Interest 31.3%
- Property 16.1%
- UK Equities 29.4%
- Euro Equities 7.1%
- US Equities 1.5%
- Asia Equities 0%
- Emerging Markets 0%
- Japan Equities 0%
- Commodity 3.0%
- Other 5.6%

Portfolio 5

Target Return
6.70%

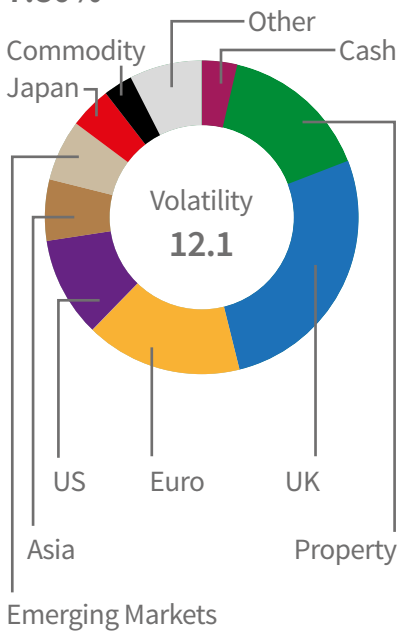


- Cash 4.3%
- Fixed Interest 9.4%
- Property 15.2%
- UK Equities 23.0%
- Euro Equities 12.5%
- US Equities 10.1%
- Asia Equities 5.2%
- Emerging Markets 5.0%
- Japan Equities 0%
- Commodity 3.0%
- Other 12.3%

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.

Portfolio 6

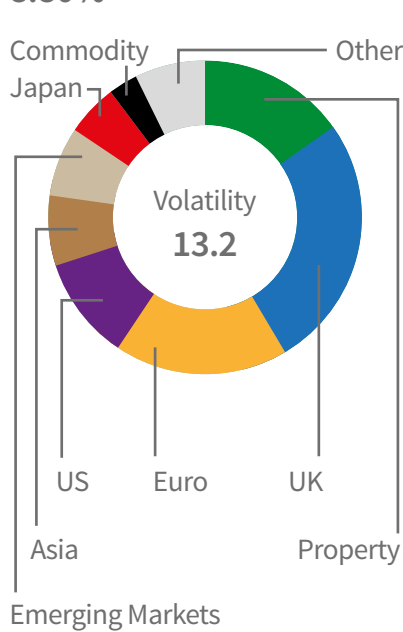
Target Return
7.80%



- Cash 3.6%
- Fixed Interest 0%
- Property 15.4%
- UK Equities 27.1%
- Euro Equities 16.3%
- US Equities 10.4%
- Asia Equities 6.3%
- Emerging Markets 6.3%
- Japan Equities 4.3%
- Commodity 3.0%
- Other 7.3%

Portfolio 7

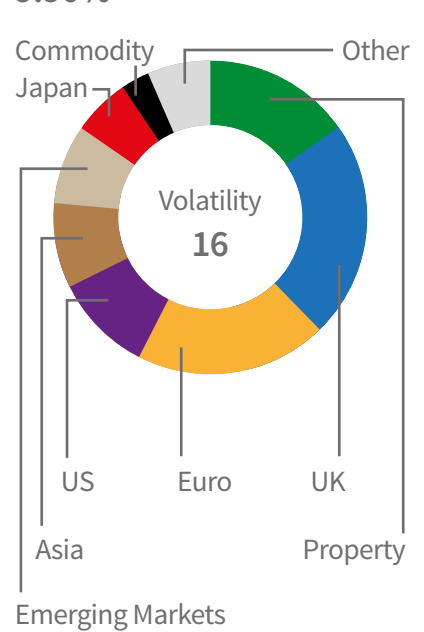
Target Return
8.80%



- Cash 0%
- Fixed Interest 0%
- Property 15.2%
- UK Equities 26.2%
- Euro Equities 17.9%
- US Equities 10.7%
- Asia Equities 7.3%
- Emerging Markets 7.3%
- Japan Equities 5.1%
- Commodity 3.0%
- Other 7.3%

Portfolio 8

Target Return
9.90%



- Cash 0%
- Fixed Interest 0%
- Property 15.4%
- UK Equities 22.3%
- Euro Equities 19.8%
- US Equities 10.2%
- Asia Equities 8.9%
- Emerging Markets 8.1%
- Japan Equities 6.0%
- Commodity 3.0%
- Other 6.3%

Aisa Team (AIT) Committee Meeting

Dated: 21st April 2016

Attendees: James Percy-Caldwell (Chairman and Compliance)
John Reid (Member of Board)
Georgie Bulmer (Member of Board)

Secretary: John Reid (Acting Secretary)

1 Review of previous minutes and sign off

After agreement, the minutes of January 2016 were signed as correct by the Chair.

Actions outstanding at previous meeting, and outcomes:

- Rob contacted clients who were affected by the fund change(s) in their portfolio(s).
- James updated the Governance Document with quarterly research
- Rob had reviewed the funds on the Watchlist
- Rob had monitored the funds in the Growth Portfolios.

2 General strategy *(internal eyes only - not for publication)*

3 Presentation

- Ollie Matthews of Highland Capital gave the team a presentation on the VT UK Infrastructure Income Fund. This is designed to be an OEIC returning a reasonable income and capital growth with low volatility. Although this is a new OEIC it derives from existing Investment Trusts from both Highland Capital and competitors focused on Infrastructure investments with a longer track record. Although the OEIC does not have enough track record to fulfil Aisa's requirements for the Model Portfolios we agreed that, subject to due diligence on the existing Investment Trusts being at least 3 years, the fund may be used in cases where not all investment was via our Portfolios and where clients were seeing an alternative to Property or FI funds as a low risk income fund.
- Alex Dryden and Georgina Maloney from J P Morgan talked about the services J P Morgan can offer along with a general view of the markets.

There is a concern for government bonds (approximately 30% of global government bonds are yielding less than 0%) especially those from the EU (40% with rates below 1%) and Japan (70% with rates below 1%). It was pointed out that there have been more than 650 interest rate cuts by central banks since the Lehman Bros situation and fixed interest investments are not performing as they were prior to the 2008 crisis.

Bank capital adequacy regulations have become more strenuous across different regimes and this is diluting the beneficial effects of QE. In the EU there is also the issue of BASEL III with June 21st being a critical date to review TELTRO allotments (demand will indicate QE requirements). In the USA there is uncertainty over the coming presidential elections however the biggest concern is the review of their debt deficit due in March 2017, we could see the USA going into default over its debt repayment; whereas in the past this has been dealt with, the issue this time is with no elections due in the US for another 2 years then if the Republican Party decides to "play hardball" as it attempted previously, then there will be no will to deal with the issue.

There are some areas of optimism. Gold has had its best start to the year since 1980 and the underlying is quite strong with positive wage growth and low unemployment. The biggest concern in the UK and Europe is the possibility of Brexit. A vote to leave will cause a drop in the value in the stockmarket due to the real uncertainty over our ability to negotiate so many new trade deals at once. A vote to stay in could be the cue for the Bank of England to raise interest rates. Either way this will have both a short term and longer term impact on sterling values.

4a Geographical & Sector Outlook

From Aisa's perspective, we are doing exactly what we have promised you, our clients. Our portfolios continue to outperform the main mature market indices.

At the time of our meeting in April the main talking points include the Referendum in the UK, separately retail and commercial property and worldwide debt levels but in particular those in the EU, USA and Japan. Additionally we could not ignore that in the last quarter we have endured bear markets around the world, and that commodities have hit relative lows but subsequently bounced.

The uncertainty over how the country will vote in Brexit will lead to greater volatility and uncertainty in worldwide markets and also sterling in particular. As a client of ours paying us for managing your money you know that you will experience some downs as well as ups. You know that volatility is part and parcel of obtaining returns in the long term. So whilst the indices are down as far as they are, the portfolios covering 95% of our client base are outperforming. The actual figures for 3 of our portfolios are highlighted later in this document.

Where should we invest in 2016? This took up much of our time and we had a good discussion. The key problem is that at times of market volatility there is normally assets you can go to other than cash. However, a lot of the asset classes have potential issues and, therefore, later in this report we discuss them in detail

The FTSE 100 has again had an extremely volatile last 12 months, with a low of 5499 and a high of 7123. Over the period of 14th April 2015 – 13th April 2016, the FTSE 100 was down 10.10%. All of our growth and income portfolios have outperformed the FTSE 100 over the same period.

Important Note

Our Portfolio past performance is linked to actual clients who hold these portfolios. Some information goes back more than the published 36 months in this document and this information is available upon request.

We only publish 36 months as we hold this information for all portfolios and therefore it is easy for clients to compare the actual performance.

Please note that clients may receive slightly different performance to this as the charges taken into account within the portfolios are based on the value of two clients averaged. As charges vary linked to the value of investment held then, the charges and fees you pay will determine the actual return you obtain.

Past performance graphs kept on file.



The US market has also seen some volatility especially in the September and October last year. Over the last year the Dow Jones Index has gone down 1% from 14th April 2015 – 13th April 2016.



4b Plus Service *(only applies to those clients signed up)*

No additional change for our plus clients – retain same fund strategy as main portfolios but review the equity content in all Plus portfolios, particularly Growth (6) Plus.

4c MONITOR: Our ongoing review of asset classes & where the AIT would collectively invest:

Medium Term Stance		Tactical Funds	
Very Heavy			
Property Credit	Heavy	European Equities UK Real Estate Investment Grade Corporate Bonds	European Bonds Emerging Market \$ Debt
Equities Cash	Neutral	US Dollar FX Japanese Equities Emerging Market Local Debt High Yield Corporate Bonds UK Equities UK Inflation-linked Debt Yen and Sterling FX Global Commodities	US, European and Asian Real Estate Cash Emerging Market Equities Euro FX Developed Asia Equities US Equities Japanese Bonds
Light		UK Gilts	
Government Bonds	Very Light	US Treasuries	

- Equity** – We have moved from positive on Europe to neutral, we are also neutral in UK and US. The largest concern for the committee is the possibility of Brexit and the volatility that would follow.
 We continue to be positive towards Japan for the reasons previously given. We remain negative on China and Emerging Markets connected with China, but neutral towards South East Asia and other Emerging Markets and believe that we should allocate some funds into those areas.
- Equity Income** – Positive on UK and US
- Property (UK Residential)** – Negative. We are expecting increases in the interest rates over the next 12 months. There has also been a recent decline in house prices. We are also starting to see the effect of the Treasury’s move to curb buy-to-let properties.
- Property (UK Commercial)** – Turning negative from positive, and reducing exposure.
- Bonds (Gilts)** – Negative, now including strategic bonds.
- Bonds (Corporate)** – Negative, although some may have to be used as part of an asset allocation strategy; where necessary to utilise then Investment Grade only
- Cash** – Negative, although some National Savings products could be considered.
- Commodities / currency concerns** – We are negative about Iron Ore and many other major commodities. We are now more positive on gold and oil suppliers (equity holdings not the commodities directly) as a hedge to currency.

5a Growth Portfolio *Actual Performance of our clients colour co-ordinated as follows:*

Growth Portfolios

■ Including Charges ■ After Charges

		3 months	12 months	24 months	36 months
UK Index (52)		2.74%	3.1%	2.2%	3.9%
Word Index (72)		9.12%	0.7%	2.9%	5.5%
B of E 1 yr Fixed Rate Bond (2)		0.19%	1.2%	1.8%	2.5%
FTSE 100		8.11%	-6.38%	4.45%	11.29%
MSCI All World		10.52%	-0.58%	25.86%	33.48%

Aisa Portfolio

	Risk Grade	3 months	12 months	24 months	36 months
Defensive (27)	3	2.60% (2.18%)	-1.07% (-2.66%)	7.07% (3.57%)	11.52% (6.57%)
Cautious (43)	4	3.55% (3.12%)	-2.3% (-3.86%)	9.26% (5.65%)	11.07% (6.21%)
Balanced (55)	5	6.86% (6.39%)	-0.67% (-2.40%)	12.73% (8.47%)	13.01% (7.25%)
Growth (64)	6	6.93% (6.52%)	-0.49% (-1.95%)	18.48% (14.78%)	19.93% (14.58%)
Speculative (71)	7	8.20% (7.76%)	-1.39% (-2.94%)	19.99% (15.83%)	22.80% (17.16%)
Aggressive (78)	8	9.73% (9.30%)	-3.92% (-5.32%)	17.53% (13.88%)	23.54% (18.53%)

Growth+ Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio	Risk Grade	3 months	12 months	24 months	36 months
Cautious	4	3.39% (3.01%)	-2.74% (-4.14%)	8.73% (5.51%)	9.12% (5.05%)
Balanced	5	7.53% (7.15%)	0.18% (-1.24%)	13.98% (10.59%)	12.50% (8.15%)
Growth	6	5.84% (5.41%)	-2.36% (-3.90%)	15.71% (11.82%)	17.83% (11.99%)
Speculative	7	8.26% (7.85%)	-0.90% (-2.35%)	19.60% (15.88%)	22.73% (17.78%)

Income Portfolios

■ Including Charges ■ After Charges

Aisa Portfolio (risk)	Risk Grade	3 months	12 months	24 months	36 months
Cautious (37)	4	4.11% 2.34% (2.09%)	-1.31% (-2.23%)	8.16% (6.07%)	10.92% (8.20%)
Balanced (48)	4	4.26% 4.75% (4.36%)	-0.26% (-4.12%)	8.86% (5.75%)	9.40% (5.24%)
Growth (58)	5	4.19% 5.49% (5.09%)	-1.56% (-2.87%)	7.32% (4.26%)	9.05% (4.85%)

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 higher than 3%

5b 12-Month Rolling Performance

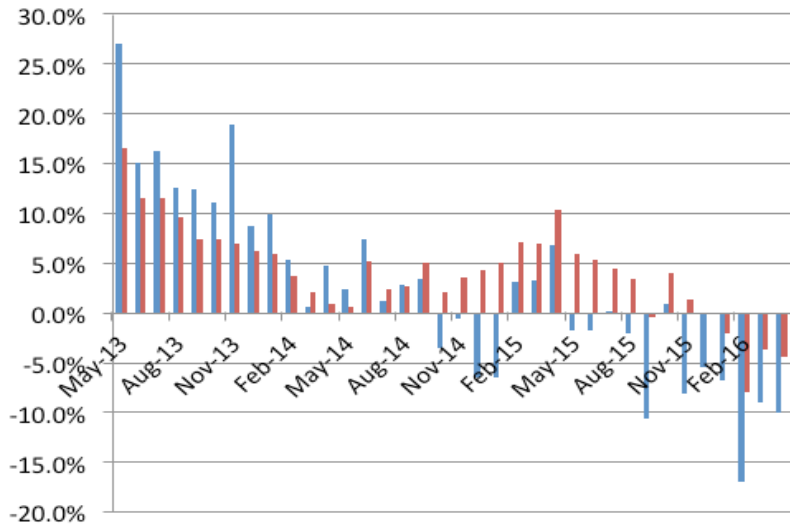
We have analysed the actual performance of three of our model portfolios over the last two years, on a rolling 12-month basis. In the table below, next to each month, we have shown the performance for the last 12 months, i.e. April 2012 to April 2013, April 2012 to April 2013 and so on.

Since September 2014 our portfolios have consistently outperformed the FTSE 100, and our model portfolio 8 has outperformed the FTSE 100 every month except one in May 2013.

Month	FTSE 100	Portfolio 4	Portfolio 6	Portfolio 8
Apr-13	9.9%	12.5%	17.50%	13.9%
May-13	27.1%	16.5%	11.30%	21.1%
Jun-13	15.1%	11.6%	13.70%	18.2%
Jul-13	16.2%	11.6%	21.50%	20.4%
Aug-13	12.6%	9.6%	16.5%	17.1%
Sep-13	12.5%	7.4%	12.9%	15.3%
Oct-13	11.1%	7.4%	13.3%	13.7%
Nov-13	18.9%	7.0%	15.5%	17.0%
Dec-13	8.8%	6.2%	11.5%	14.0%
Jan-14	10.0%	5.9%	11.7%	13.2%
Feb-14	5.3%	3.7%	7.1%	9.0%
Mar-14	0.6%	2.1%	3.3%	4.4%
Apr-14	4.7%	0.9%	1.4%	2.8%
May-14	2.3%	0.6%	-0.5%	1.4%
Jun-14	7.4%	5.2%	6.1%	10.4%
Jul-14	1.2%	2.4%	1.5%	3.6%
Aug-14	2.9%	2.7%	2.0%	3.6%
Sep-14	3.4%	5.1%	6.1%	8.1%
Oct-14	-3.5%	2.1%	1.6%	4.2%
Nov-14	-0.5%	3.5%	6.0%	8.7%
Dec-14	-6.4%	4.3%	8.1%	10.3%
Jan-15	-6.5%	5.1%	9.4%	11.6%
Feb-15	3.1%	7.1%	10.5%	12.7%
Mar-15	3.3%	7.0%	11.6%	13.8%
Apr-15	6.8%	10.3%	17.6%	20.0%
May-15	-1.7%	6.0%	11.6%	12.8%
Jun-15	-1.7%	5.4%	11.0%	11.2%
Jul-15	0.1%	4.4%	8.8%	9.3%
Aug-15	-2.1%	3.4%	7.9%	8.6%
Sept-15	-10.6%	-0.4%	1.7%	1.9%
Oct-15	0.9%	4.0%	8.7%	8.9%
Nov-15	-8.1%	1.3%	3.7%	2.6%
Dec-15	-5.5%	0.0%	1.2%	0.3%
Jan-16	-6.7%	-2.1%	-2.2%	-3.4%
Feb-16	-17.0%	-7.90%	-8.80%	-10.30%
Mar-16	-8.90%	-3.60%	-2.60%	-3.9%
Apr-16	-10.1%	-4.50%	-3.20%	-4.30%

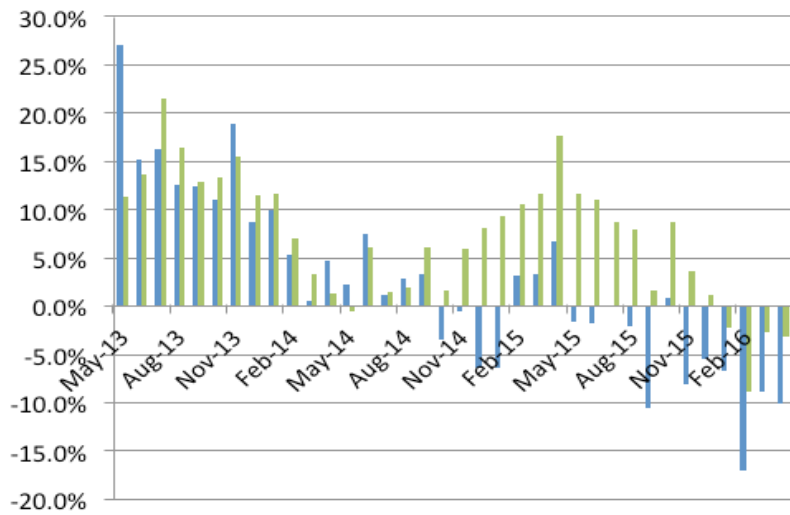
Aisa Portfolio 4

- FTSE 100
- Aisa Portfolio 4



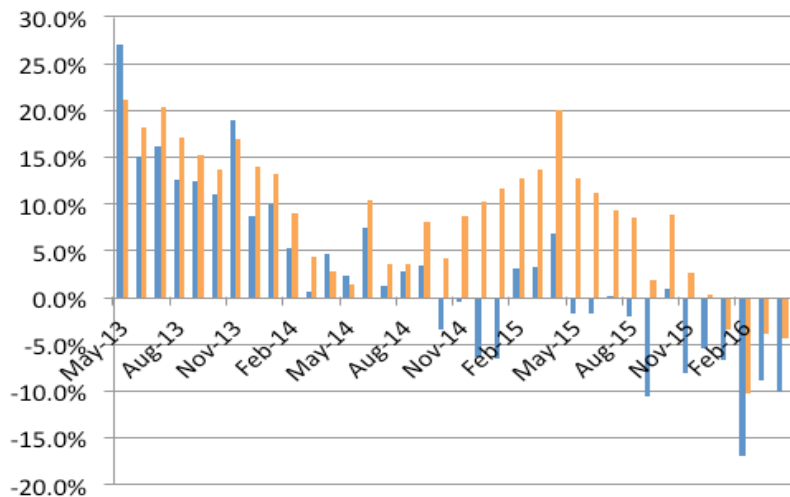
Aisa Portfolio 6

- FTSE 100
- Aisa Portfolio 6



Aisa Portfolio 7

- FTSE 100
- Aisa Portfolio 7



6 Quarterly timetabled asset/product discussions:

The product discussions for this quarter were Platforms, SIPP's, Personal and Group Pensions. All information is to be updated into our Governance document centrally held at our main office.

7 AOB

None.

Reference Material utilised in this meeting.

Analytics – review of funds.

Aisa Performance data.

Aisa Governance Document.

Ascentric presentations.

8 Next Meeting

Will be held in Pewsey on 14th July 2016.

9 Actions outstanding

Action: John to contact clients who are affected by any fund change(s) in their portfolio(s).

Action: James to update the Governance document with quarterly research.

Review: Those funds on quarterly watch – John.

Review: Monitor funds in growth portfolios – John.

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Signed by Chairman



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