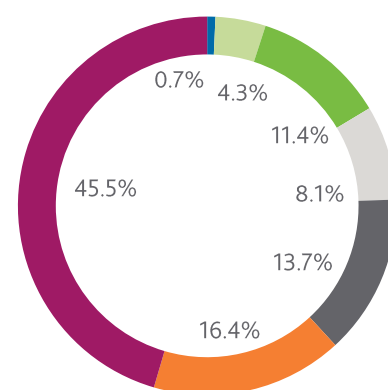


Objective	To deliver returns greater than cash or inflation (whichever is the higher) over the long term, 5 years, through a mixture of capital growth and some income. The fund will typically have more than half the portfolio in equities but this can vary.
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Manager	Equilibrium Investment Management LLP	ISIN	GB00BYXHQW91	Annual Management Charge (AMC)	0.25%
ACD	Investment Funds Services Limited	Sedol	BYXHQW9	Ongoing Charges Figure (OCF)	1.20%
Fund Type	Open Ended Investment Company (OEIC)	No. Holdings	38		
Launch Date	1 November 2017	Fund Size	£59.1m		

Fund holding breakdown

Portfolio	Security	Weight %
Liquidity	Cash	0.7
Short Dated Fixed Interest	Royal London Short Duration High Yield	3.2
	Semper MBS Total Return	1.1
Fixed Interest	iShares Corporate Bond Index	2.5
	Jupiter Strategic Bond	2.5
	Royal London Extra Yield Bond	2.5
	TwentyFour Dynamic Bond	2.5
	L&G All Stocks Index Linked Gilt Index	1.3
	Property	Kames Property Income
Standard Life UK Real Estate		1.4
Aviva UK Property		1.7
Time Commercial Freehold		2.8
Defined Returns	Societe Generale FTSE Autocall Dec 2017	3.7
	JP Morgan FTSE Autocall Sep 2018	3.1
	Morgan Stanley FTSE/S&P Autocall Feb 2018	1.0
	Atlantic House Defined Returns	2.1
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.5
	Citigroup FTSE/S&P Autocall Jan 2019	1.2
Alternative Equity	H2O Multi>Returns	3.0
	Odey Absolute Return	3.0
	Henderson UK Absolute Return	2.3
	Merian Mutual GEAR	2.2
	Lazard Global Listed Infrastructure	2.8
	Carmignac Long Short European Equity	3.0
UK All Companies Equity	iShares FTSE 100 ETF	2.9
UK Conservative Equity	Royal London UK Equity Income	1.7
	Miton UK Multi Cap Income	1.7
	Rathbone Income	1.7
UK Dynamic Equity	Lindsell Train UK Equity	3.2
	Miton UK Value Opportunities	3.6
	Marlborough Special Situations	3.4
Global Established Equity	Baillie Gifford Japanese	3.8
	BlackRock European Dynamic	2.1
	Miton European Opportunities	2.2
	Schroder Tokyo	3.7
Global Speculative Equity	Vanguard US Equity Index	4.3
	Goldman Sachs India	2.5
	Invesco Hong Kong & China	4.4
	Schroder Asian Alpha	4.2



Key recent changes

December 2018

From: Alternative equity
To: Vanguard FTSE 100 ETF

From: Kames & SLI property funds
To: Time Commercial Freehold

January 2019

From: Atlantic House Defined Returns
To: Citigroup FTSE/S&P Autocall Jan 2019

From: Vanguard FTSE 100 ETF
To: Royal London Short Duration High Yield and cash

February 2019

From: Morgan Stanley FTSE/S&P Autocall Feb 2018

To: Morgan Stanley FTSE/S&P Autocall Feb 2019 & Semper MBS Total Return

Please note that the fund percentages shown are subject to rounding which can mean that they do not add up to 100%.

Commentary

Markets have recently recovered somewhat since the beginning of 2019.

The FTSE 100 reached a low of 6,694 on 3 January. By 20 February it had recovered to over 7,200, before dropping back a bit to close the month at 7,074.

Investors have been concerned about several issues, in particular the potential for slowing economic growth in both the US and China, the world's two biggest economies. This has been exacerbated by the so-called "trade war" between the two nations.

However, signs of positive progress in trade talks, along with the Federal Reserve appearing to "pause" on future interest rate rises, have helped markets to rally. China has also acted to stimulate its economy.

In the UK, the chance of a hard Brexit appears to have receded in the past week meaning the pound has rallied sharply.

This has had a negative impact on the FTSE where much of the revenues are derived from outside the UK. It has also hurt the value of our overseas holdings in the short term.

We have always tried to use volatility to our advantage and managed to do so to good effect during the first part of this year. When markets hit their lows on 3 January we were able to strike a new defined returns product when the FTSE was at 6,694 and the S&P 500 was at 2,447. If both markets are simply at or above those levels on 3 January next year then the product will provide a 16.05% return.

As markets recovered, we were also able to reduce risk by banking a gain on one of our "volatility trades". Having purchased a FTSE 100 tracker when markets hit 6,740 in December, we sold this in January at just shy of the 7,000 level.

We also had another defined returns product kick out in February providing a 12.85% return over 12 months despite markets being virtually flat over the period.

We have partially reinvested this into a new product with Morgan Stanley on 15 February. If both the FTSE 100 and S&P 500 are the same or higher than their starting levels on 15 February 2020, the product will give us a 13.13% return.

We are cautiously positive about stock markets which are much less expensive than they were a year or so ago. However, we remain underweight in direct equity and instead gained exposure via the defined returns.

UK assets remain unloved given the uncertainty over Brexit. Should this uncertainty be removed then we think UK domestic stocks could do well. Other assets like UK property are struggling at present but prospects could improve should a no-deal Brexit be taken off the table.

Over the past 12 months the fund returned 0.03%. To put this into context, the average fund which holds between 20% and 60% in equities (the FE UT Mixed Investment 20%-60% Shares sector) fell by 0.1% over the same period.

Performance

Rolling total returns

3 Months (28/11/18 – 28/02/19)	6 Months (28/08/18 – 28/02/19)	1 Year (28/02/18 – 28/02/19)	-	-
1.20%	-3.27%	0.03%	-	-

Discrete annual total returns

2018 (31/12/17 – 31/12/18)	-	-	-	-
-5.60%	-	-	-	-

Notes and risk information

All data is from 28 February 2019 and collated by Equilibrium Investment Management LLP. Performance data sourced from FE Analytics. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions.

Past performance is never a guide to future performance. Investments may (will) fall as well as rise and you may not get back your original investment. Changes in currency exchange rates or interest rates may have an adverse effect on the value of your investments.

Investment Fund Services Limited (IFSL) is the Authorised Corporate Director (ACD) of the IFSL Equilibrium OEIC. IFSL is registered in England No. 06110770 and is authorised and regulated by the Financial Conduct Authority. Registered office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Copies of the Prospectus and Key Investor Information Document are available in English from www.ifslfunds.com or can be requested as a paper copy by calling 0808 178 9321 or writing to IFSL at the above address. Investors should refer to these for further details on the fund's investment objectives, policy and associated risks.

AMC: the fee that Equilibrium Investment Management LLP receives. OCF: the overall cost of running the fund including the AMC.

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