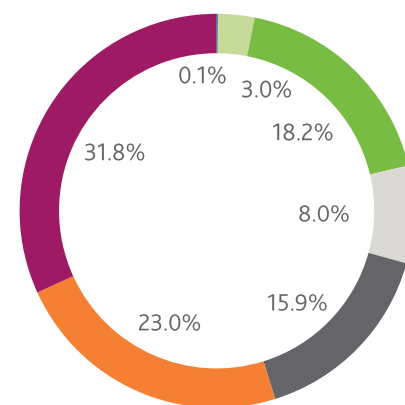


<b>Objective</b>	To deliver returns greater than cash or inflation (whichever is the higher) over the long term, 5 years, through a mixture of capital growth and some income. The fund will typically have around half the portfolio in equities but this can vary.
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<b>Manager</b>	Equilibrium Investment Management LLP	<b>ISIN</b>	GB00BYXHGX09	<b>Annual Management Charge (AMC)</b>	0.25%
<b>ACD</b>	Investment Funds Services Limited	<b>Sedol</b>	BYXHGX0	<b>Ongoing Charges Figure (OCF)</b>	1.03%
<b>Fund Type</b>	Open Ended Investment Company (OEIC)	<b>No. Holdings</b>	37		
<b>Launch Date</b>	1 November 2017	<b>Fund Size</b>	£299.5m		

### Fund holding breakdown

Portfolio	Security	Weight %
Liquidity	Cash	0.1
Short Dated Fixed Interest	Royal London Short Duration High Yield	3.0
Fixed Interest	iShares Corporate Bond Index	3.8
	Jupiter Strategic Bond	3.8
	Royal London Extra Yield Bond	3.8
	TwentyFour Dynamic Bond	3.8
	L&G All Stocks Index Linked Gilt Index	3.0
Property	Kames Property Income	2.3
	Standard Life UK Real Estate	1.4
	Aviva UK Property	1.9
	Time Commercial Freehold	2.4
Defined Returns	Societe Generale FTSE Autocall Dec 2017	3.7
	JP Morgan FTSE Autocall Sep 2018	3.0
	Morgan Stanley FTSE/S&P Autocall Feb 2018	3.1
	Atlantic House Defined Returns	2.0
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.8
Alternative Equity	Citigroup FTSE/S&P Autocall Jan 2019	1.3
	H2O Multi>Returns	3.3
	Odey Absolute Return	3.3
	Henderson UK Absolute Return	4.5
	Merian GEAR	4.4
	Lazard Global Listed Infrastructure	3.0
UK All Companies Equity	Carmignac Long Short European Equity	4.5
	iShares FTSE 100 ETF	2.9
UK Conservative Equity	Royal London UK Equity Income	2.4
	Miton UK Multi Cap Income	2.5
	Rathbone Income	2.4
UK Dynamic Equity	Lindsell Train UK Equity	1.7
	Miton UK Value Opportunities	2.2
	Marlborough Special Situations	2.2
Global Established Equity	Baillie Gifford Japanese	2.4
	BlackRock European Dynamic	1.7
	Miton European Opportunities	1.6
	Schroder Tokyo	2.4
	Vanguard US Equity Index	2.6
Global Speculative Equity	Goldman Sachs India	1.4
	Invesco Hong Kong & China	1.7
	Schroder Asian Alpha	1.7



### Key recent changes

#### November 2018

- From:** Invesco GTR
- To:** Other alternative equity funds
- From:** Kames & SLI property funds
- To:** Time Commercial Freehold

#### December 2018

- From:** Short dated fixed interest & 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

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

## Commentary

January has seen a recovery in most markets. After producing negative returns last year, major stock markets bounced with the FTSE All Share Index and S&P 500 Index (in sterling terms) returning 4.2% and 4.5%, respectively. Other markets in Europe and Asia also saw gains.

With this rally, losses have been pared back so that the FTSE All Share has returned -1.4% over the last three months and -3.8% over the last year.

A few of the risk factors that drove markets down last year have abated.

In the United States, the central bank, the Federal Reserve, has indicated that the pace of interest rate increases will slow which will reduce the pressure on heavily-indebted companies and consumers.

In addition, President Trump allowed the shutdown of government to cease after he backed down from his demand that he should receive funding for the wall on the Mexican border.

There are even signs that the trade

negotiations with China are progressing.

Here in the UK, the Brexit negotiations have resulted in sterling strengthening against the US dollar, from around \$1.25 seen in early January to around \$1.31 at the end of the month. That said, it is still not clear what the outcome of the negotiations will be.

The stock market turbulence seen in December continued into the first week of January. Volatility is an important component in the pricing of structured products and this gave us a great opportunity to strike a new product for the funds.

A new autocall on the FTSE 100 and S&P 500 indices was struck with Citigroup with a rate of 16.05%. This is the highest rate we have struck a new product and because the market was weak at the time, it was done at favourable levels of 6,693 on the FTSE and 2,248 on the S&P Index.

As a reminder, if the markets are just one point above these levels next January, the product will kick-out and the fund will

receive 16.05%. At time of writing, the markets are at least 5% above these levels.

In December 2018, we used the turbulent market conditions to take a position in a Vanguard FTSE 100 ETF. The rally in the markets over January provided the fund an opportunity to take a profit on this volatility trade.

For most volatility trades in the past we have looked to take profits of around 5%. However, in the current market conditions, and considering the short-term risks surrounding the Brexit situation and US/China trade talks, we decided to take a profit of around 3.5% (equivalent to about 43% annualised return).

Should market volatility pick up again, we would look to make further volatility trades to take advantage of weak markets.

As a result of the sale, the overall holding in equities fell over the month - the purchase of the autocall was funded from the sale of some of the holding in Atlantic House Defined Returns fund.

## Performance

### Rolling total returns

3 Months (31/10/18 – 31/01/19)	6 Months (31/07/18 – 31/01/19)	1 Year (31/01/18 – 31/01/19)	-	-
-0.09%	-4.03%	-1.35%	-	-

### Discrete annual total returns

2018 (31/12/17 – 31/12/18)	-	-	-	-
-4.12%	-	-	-	-

## Notes and risk information

All data is from 31 January 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](http://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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