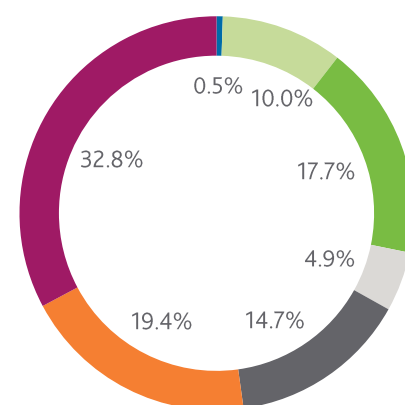


<b>Objective</b>	The Fund aims to deliver returns greater than cash or inflation over a minimum of 5 years, through a combination of capital growth, that is profit on investments, and income paid out of investments, such as interest and dividends. The fund will typically have around half the portfolio in equities but this can vary.				
<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>	1.05%
<b>Fund Type</b>	Open Ended Investment Company (OEIC)	<b>No. Holdings</b>	41		
<b>Launch Date</b>	1 November 2017	<b>Fund Size</b>	£360m		

### Fund holding breakdown

Portfolio	Security	Weight %
Liquidity	Cash	0.5
Short Dated Fixed Interest	Royal London Short Duration High Yield	3.0
	TwentyFour Absolute Credit	2.8
	L&G Sterling Short Dated Bond Index	2.8
	Semper MBS Total Return	1.4
Fixed Interest	Allianz Strategic Bond	3.1
	iShares Corporate Bond Index	3.3
	Jupiter Strategic Bond	3.3
	Royal London Extra Yield Bond	3.3
	TwentyFour Dynamic Bond	3.3
	L&G Allstocks Index Linked Gilt Index	1.4
	Property	Kames Property Income
Time Commercial Long Income		2.7
Defined Returns	Societe Generale FTSE Autocall Dec 2017	3.6
	JPM FTSE Autocall September 2018	2.9
	Morgan Stanley FTSE/S&P Autocall Feb 2019	1.0
	Atlantic House Defined Returns	2.1
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.6
	Citi Dual Index Autocall Jan 19	1.4
	Morgan Stanley FTSE/S&P Autocall Mar 2019	1.1
Alternative Equity	H2O Multi-returns	3.4
	Henderson UK Absolute Return	4.4
	Lazard Global Listed Infrastructure	2.0
	Carmignac Long Short European Equity	4.4
	Polar Capital UK Absolute Equity	3.2
	Foresight UK Infrastructure Income	2.0
UK Conservative Equity	Royal London UK Equity Income	2.4
	Miton UK Multi Cap Income	2.4
	Rathbones Income	2.4
UK All Companies	iShares FTSE 100 ETF	3.0
UK Dynamic Equity	Lindsell Train UK Equity	1.7
	Miton UK Value Opportunities	2.2
	Marlborough Special Sits	2.1
	Polar Capital UK Value Opportunities	1.0
Global Established Equity	Baillie Gifford Japanese Co.	2.4
	BlackRock European Dynamic	1.5
	Lindsell Train Japanese Equity	2.4
	Miton European Opportunities	1.5
	Vanguard US Equity Index	3.0
Global Speculative Equity	Invesco Hong Kong and China	1.7
	Schroder Asian Alpha	1.7
	Goldman Sachs India	1.4



### Key recent changes

#### June 2019

**From:** Short dated fixed interest  
**To:** iShares FTSE 100 ETF

**From:** iShares FTSE 100 ETF  
**To:** Short dated fixed interest

**From:** Aviva UK Property and SLI UK Real Estate  
**To:** Short dated fixed interest

#### July 2019

**From:** Fixed Interest  
**To:** Allianz Strategic Bond

#### August 2019

**From:** Odey Absolute Return  
**To:** Polar Capital UK Absolute Equity and Allianz Strategic Bond

**From:** Cash & short dated fixed interest  
**To:** iShares FTSE 100 ETF

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

## Commentary

Markets continue to fixate on geopolitical events and on monetary policy.

In the UK, the continued uncertainty over Brexit means the pound is very weak, and many UK assets have continued to struggle.

The UK stock market has underperformed its developed world counterparts, and the smaller and more domestically focused UK listed stocks are underperforming large multinationals.

UK commercial property also continues to struggle.

The rest of the world remains more fixated on the trade war between the US and China, with markets moving up and down sharply depending on developments.

These largely political events are already beginning to have an effect on the real economy. The global economy is slowing, whilst the UK economy contracted in the last quarter. There is a danger that all this ongoing uncertainty could turn a slowdown into a full blown recession.

If you were to simply look at the bond market, you might conclude that a recession was already happening.

Yield curves have inverted in many major markets, meaning that long dated bond yields are lower than short term interest rates. For example, a 10 year gilt yields just 0.4%, even though Bank of England base rate is still 0.75%. The German 10 year bund yields -0.7%. The market is essentially pricing in some quite significant interest rate cuts, which normally only happen when economies are struggling.

All this means that fixed interest investments have done very well, but it is difficult to see how returns will be so strong going forward. Whilst yields can always go lower, meaning prices move higher, this would probably imply that the global economy has taken a nasty turn.

Whilst bonds are pricing in a recession, stock markets are pricing in a more positive outcome.

European and US stocks continue to be priced at relatively high multiples of their current year earnings.

However, there is potentially more value in the UK and in Asia, where the political uncertainty has kept prices at more reasonable levels.

As markets fell we used this as an opportunity to top up equities, carrying out a "volatility trade" when the FTSE 100 fell below the 7,100 mark. Should the markets recover back to previous levels we will aim to sell this again and bank the gain.

Our portfolios remain roughly "neutral" in terms of risk. We remain underweight traditional equities and fixed interest, but we balance this out by holding more in defined returns and in alternative equity.

Since launch on 1 November 2017 the fund has returned 5.2%. 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) rose by 4.51% over the same period.

## Performance

### Rolling total returns

3 Months (31/05/19-31/08/19)	6 Months (28/02/19-31/08/19)	1 Year (31/08/18-31/08/19)	-	-
2.33%	5.20%	2.94%	-	-

### Discrete annual total returns

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

## Notes and risk information

All data is to 31 August 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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