



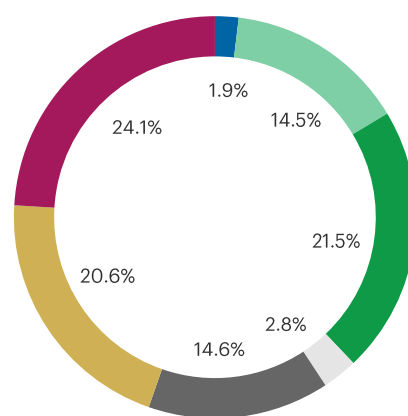
IFSL Equilibrium Cautious

Portfolio A Acc | February 2020

The Fund aims to deliver returns greater than 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, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved. Over the longer term, any 10 year period, the Fund aims to deliver an average of inflation plus 4% per annum. Inflation is measured as the UK Consumer Prices Index for these purposes.

Manager	Equilibrium Investment Management LLP	ISIN	GBO0BYXHQY16	Annual management charge (AMC)	0.25%
ACD	Investment Funds Services Limited	Sedol	BYXHQY1		
Fund type	Open Ended Investment Company (OEIC)	Holdings	41	Ongoing charges figure (OCF)	1.03%
Launched	1 November 2017	Fund size	£352.8m		

Liquidity	Cash	1.9%	
Short Dated Fixed Interest	Royal London Short Duration High Yield	4.2%	
	TwentyFour Absolute Credit	3.9%	
	L&G Sterling Short Dated Bond Index	3.9%	
	Semper MBS Total Return	2.5%	
	Fixed Interest	Allianz Strategic Bond	3.6%
Fixed Interest	Nomura Global Dynamic Bond	4.1%	
	Jupiter Strategic Bond	4.0%	
	Royal London Extra Yield Bond	4.0%	
	TwentyFour Dynamic Bond	4.1%	
	L&G Allstocks Index Linked Gilt Index	1.8%	
	Property	Time Commercial Long Income	2.8%
	Defined Returns	Societe Generale FTSE Autocall Dec 2017	3.4%
JPM FTSE Autocall September 2018		2.9%	
Morgan Stanley FTSE/S&P Autocall Feb 2019		1.0%	
Atlantic House Defined Returns		2.0%	
Credit Suisse FTSE/S&P Autocall Jan 2018		3.2%	
BNP Paribas FTSE Autocall Jan 2020		1.1%	
Morgan Stanley FTSE/S&P Autocall Mar 2019		0.9%	
Alternative Equity	H2O Multi-returns	3.0%	
	Lazard Global Listed Infrastructure	3.6%	
	Carmignac Long Short European Equity	2.8%	
	Polar Capital UK Absolute Equity	3.0%	
	Foresight UK Infrastructure Income	2.3%	
	Lazard Rathmore Alternative	3.0%	
	Mygale Event Driven	3.0%	
UK Conservative Equity	Royal London UK Equity Income	1.8%	
	Miton UK Multi Cap Income	1.8%	
	Rathbones Income	1.8%	
UK Dynamic Equity	Lindsell Train UK Equity	1.3%	
	Miton UK Value Opportunities	1.6%	
	Marlborough Special Sits	1.7%	
	Polar Capital UK Value Opportunities	1.7%	
Global Established Equity	Baillie Gifford Japanese Co.	1.8%	
	BlackRock European Dynamic	1.1%	
	Lindsell Train Japanese Equity	1.8%	
	Miton European Opportunities	1.1%	
	Vanguard US Equity Index	2.2%	
Global Speculative Equity	Invesco China	1.3%	
	Schroder Asian Alpha	1.3%	
	Goldman Sachs India	0.7%	
	Hermes GEM SMID	1.0%	



Key recent changes

November 2019

From iShares FTSE 100 ETF
To Cash

From Kames Property Income
To Alternative equity

From Henderson UK Absolute Return
To Lazard Rathmore Alternatives & Mygale Event Driven

December 2019

From iShares Corporate Bond Index
To Nomura Global Dynamic Bond

January 2020

From Citi Dual Index Autocall
To Cash

From Cash
To BNP Paribas FTSE Autocall

The figures shown are percentages. These are subject to rounding which can mean that they do not add up to 100%.

Commentary

2020 began in promising fashion for investors, with clarity emerging around Brexit and global trade helping to propel stock markets upwards. However, as we came towards the end of the month it became apparent that the new Coronavirus in China was more serious than had been appreciated. Clearly, we have no way of knowing how this will pan out and whether it will spread. The loss of life is of course tragic but, setting aside the human aspects, there is also a clear risk to global economic growth. China is the biggest contributor to global growth and Wuhan alone (where the virus started) has around 11 million people and a reported GDP comparable to that of Vietnam or Portugal.

As a result of these concerns, stock markets fell sharply towards the end of the month, notably in emerging markets. The UK was not immune, with the FTSE 100 dropping back below the 7,300 mark at the end of the month, having reached almost 7,700 earlier in January. We used this as an opportunity to strike a new defined returns product. Having had a Citigroup product kick out earlier in the month, we reinvested the proceeds on 31 January with BNP Paribas. This product has a strike level of 7,286 and will provide a return of 11.05% provided the FTSE is above this level on 1 February 2021.

Before the virus news, the signs for the global economy were promising with business surveys pointing to a rebound in growth globally. The UK economy looks set for a rebound as businesses become more confident about investing in the future. We continue to believe there is good value in small and mid-cap stocks in the UK and these have done well in the past couple of months. We also believe there is good value in emerging markets but clearly what happens with the virus will have a significant effect on returns.

Away from stock markets, we remain light on standard fixed interest with bond yields close to record lows. Instead we have a higher allocation to short dated bonds, which are generally more defensive. We have very little in commercial property right now, but our holdings in infrastructure investments have similar characteristics in many ways. They are ultimately invested in "real" assets which provide a steady income with some inflation protection. We also have more than usual in other forms of alternative equity.

Overall, the portfolio is positioned in a roughly "neutral" way which means we expect the risk and return characteristics to be broadly in line with long term averages. Since inception on 1 November 2017 the fund has returned 8.60%. 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) has returned 7.13% over the same period

Performance

Rolling total returns

3 Months (31.10.19 to 31.01.20)	6 Months (31.07.19 to 31.01.20)	1 Year (31.01.19 to 31.01.20)	-	-
3.23%	2.74%	9.42%	-	-

Discrete annual total returns

2019 (31.12.18 to 31.12.19)	2018 (31.12.17 to 31.12.18)	-	-	-
12.37%	-3.60%	-	-	-

Notes and risk information

All data is to 31 January 2020 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.

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AMC: Equilibrium Investment Management's fee. OCF: the overall cost of running the fund including the AMC.

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