



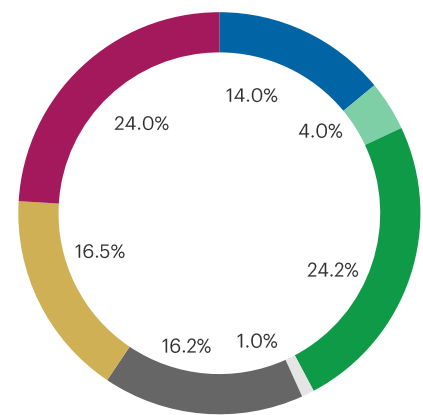
# IFSL Equilibrium Cautious

Portfolio A Acc | June 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.

<b>Manager</b>	Equilibrium Investment Management LLP	<b>ISIN</b>	GBO0BYXHQY16	<b>Annual management charge (AMC)</b>	0.25%
<b>ACD</b>	Investment Funds Services Limited	<b>Sedol</b>	BYXHQY1		
<b>Fund type</b>	Open Ended Investment Company (OEIC)	<b>Holdings</b>	40	<b>Ongoing charges figure (OCF)</b>	1.03%
<b>Launched</b>	1 November 2017	<b>Fund size</b>	£289.5m		

Liquidity	Sterling Cash & Money Market	10.2%
	Euro Cash & Money Market	1.9%
	US Dollar Cash & Money Market	1.9%
Short Dated Fxd Int	Royal London Short Duration High Yield	4.0%
Fixed Interest	Allianz Strategic Bond	5.0%
	Nomura Global Dynamic Bond	5.0%
	Jupiter Strategic Bond	5.0%
	Royal London Extra Yield Bond	4.2%
	TwentyFour Dynamic Bond	5.0%
Property	Time Commercial Long Income	1.0%
Defined Returns	Societe Generale FTSE Autocall Dec 2017	3.3%
	JPM FTSE Autocall September 2018	2.9%
	BNP Paribas FTSE/S&P Autocall Feb 2020	1.5%
	Atlantic House Defined Returns	1.9%
	Credit Suisse FTSE/S&P Autocall Jan 2018	3.0%
	BNP Paribas FTSE Autocall Jan 2020	1.0%
	Morgan Stanley FTSE/S&P Autocall Mar 2019	1.0%
	Goldman Sachs FTSE/S&P Autocall Mar 2020	1.6%
Alternative Equity	H2O Multi-returns	2.9%
	Lazard Global Listed Infrastructure	3.7%
	Carmignac Long Short European Equity	2.7%
	Foresight UK Infrastructure Income	1.5%
	Lazard Rathmore Alternative	2.9%
	Mygale Event Driven	2.8%
UK Conservative Equity	Royal London UK Equity Income	1.0%
	Miton UK Multi Cap Income	1.6%
	Rathbones Income	1.0%
UK Dynamic Equity	Lindsell Train UK Equity	1.3%
	Miton UK Value Opportunities	1.6%
	Polar Capital UK Value Opportunities	1.7%
	Chelverton UK Growth	1.6%
Global Established Equity	Baillie Gifford Japanese Co.	1.5%
	BlackRock European Dynamic	1.1%
	Lindsell Train Japanese Equity	1.5%
	Miton European Opportunities	1.1%
	Vanguard US Equity Index	1.8%
	Baillie Gifford American	1.0%
	Morgan Stanley Global Brands	1.8%
Global Speculative Equity	Invesco China	1.0%
	Schroder Asian Alpha	1.1%
	Goldman Sachs India	0.7%
	Hermes GEM SMID	0.7%
	Baillie Gifford EM Leading Companies	0.8%



## Key recent changes

### April 2020

**From** Cash

**To** Fixed Interest

**From** Polar Capital UK Absolute Equity

**To** Fixed Interest & Cash

**From** Global Speculative

**To** Baillie Gifford Emerging Markets Leading Companies

### May 2020

**From** Vanguard US Equity Index

**To** Baillie Gifford American

**From** UK Conservative

**To** Morgan Stanley Global Brands

**From** Defined returns

**To** Cash

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

## Commentary

May was a positive month with stock markets continuing to rally from the lows set in late March. This helped the fund produce some strong performance, returning 3.62% over the month ( 29 May).

With the number of daily new cases of the Covid-19 falling in many countries, along with the number of deaths, several countries began tentative steps out of lockdown. There was also some positive early signs in vaccine trials. These factors, along with continued stimulus from governments and central banks saw improved market sentiment.

Strong market performance also meant defined returns had a very good month. The Goldman Sachs product we struck back in early March at the 6,000 level has now gained just over 9% since strike (as of 29 May).

Back in early March we had bought a FTSE 100 tracker at around the 6,550 level as one of our regular volatility trades. In late March we switched part of this to defined returns feeling that this asset class could rally more strongly than the FTSE.

Whilst the initial volatility trade made a loss, the gains on the defined returns since the switch more than outweighs this, and we estimate the overall gain on this part of the portfolio at over 7%. This is despite the fact that the market is still well below 6,550 purchase level (6,076 at close on 29 of May). At the end of May we therefore decided to reduce exposure in defined returns and bank some of this gain.

We also made some tweaks to our equity strategy in May, reducing our UK equity income exposures in the face of potential dividend cuts. Instead, we switched into the Morgan Stanley Global Brands fund, which invests in very strong and profitable businesses around the world. We also switched part of our US tracker into an actively managed US fund, the Baillie Gifford American fund.

We still believe that equity markets should be able to rise much further over the next 18 months or so, but remain wary of a shorter term pullback. We also believe that certain parts of the corporate bond market look attractive and are increasing exposure whilst reducing alternative equity.

## Performance

### Rolling total returns

<b>3 Months</b> (28.02.20 to 29.05.20)	<b>6 Months</b> (30.11.19 to 29.05.20)	<b>1 Year</b> (31.05.19 to 29.05.20)	-	-
-2.85%	-4.22%	-0.68%	-	-

### Discrete annual total returns

<b>2019</b> (31.12.18 to 31.12.19)	<b>2018</b> (31.12.17 to 31.12.18)	-	-	-
12.37%	-3.60%	-	-	-

## Notes and risk information

All data is to 29 May 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.

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.

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

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

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