



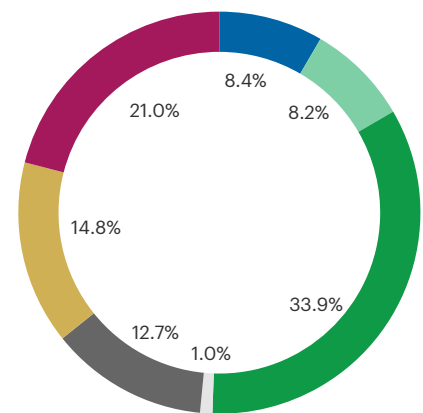
# IFSL Equilibrium Cautious

Portfolio A Acc | February 2021

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. The Fund will invest at least 80% in other funds and investment trusts (collectively 'Investment Funds').

<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>	49	<b>Ongoing charges figure (OCF)</b>	1.00%
<b>Launched</b>	1 November 2017	<b>Fund size</b>	£299.4m		

Liquidity	Sterling Cash & Money Market	6.8%
	Euro Cash & Money Market	0.6%
	US Dollar Cash & Money Market	1.0%
Short Dated Fixed Interest	Royal London Short Duration High Yield	4.1%
	TwentyFour Monument Bond Fund	4.1%
Fixed Interest	Allianz Strategic Bond	5.1%
	Nomura Global Dynamic Bond	5.1%
	Jupiter Strategic Bond	5.1%
	Royal London Extra Yield Bond	3.5%
	TwentyFour Dynamic Bond	5.0%
	Muzinich Asia Credit Opportunities	3.0%
	GAM Credit Opportunities	2.3%
	Waverton Sterling Bond	4.8%
	Property	Time Commercial Long Income
Defined Returns	Societe Generale FTSE Autocall Dec 2017	2.2%
	JPM FTSE Autocall September 2018	2.2%
	BNP Paribas FTSE/S&P Autocall Feb 2020	1.5%
	Atlantic House Defined Returns	0.9%
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.3%
	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	Lazard Global Listed Infrastructure	2.0%
	Carmignac Long Short European Equity	2.0%
	Foresight UK Infrastructure Income	1.8%
	Lazard Rathmore Alternative	3.6%
	Foresight Global Real Infrastructure	2.2%
	Blackrock European Absolute Alpha	2.1%
	Legg Mason ClearBridge Global Infrastructure	1.0%
UK Conservative Eq.	Miton UK Multi Cap Income	1.6%
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	1.7%
	Liontrust Special Situations	1.0%
	Global Established Equity	Baillie Gifford Japanese Co.
BlackRock European Dynamic		0.7%
Lindsell Train Japanese Equity		0.9%
Miton European Opportunities		0.9%
Vanguard US Equity Index		0.7%
Baillie Gifford American		1.0%
Morgan Stanley Global Brands		1.1%
Schroder Global Recovery		1.2%



## Key recent changes

### November 2020

**From** Defined Returns  
**To** Short dated fixed interest  
**From** Global Established Equity  
**To** Schroder Global Recovery

### December 2020

**From** Alternative Equity & Defined Returns  
**To** Legg Mason IF ClearBridge Global Infrastructure Income Fund  
**From** Vanguard US Equity Index & Morgan Stanley Global Brands  
**To** iShares US MSCI Small Cap ETF

### January 2021

**From** Equity & 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%.

Global Est. (continued)	iShares US MSCI Small Cap ETF	0.6%
Global Speculative Equity	Invesco China	1.1%
	Schroder Asian Alpha	0.7%
	Goldman Sachs India	0.7%
	Hermes GEM SMID	0.7%
	Baillie Gifford EM Leading Companies	0.9%

## Commentary

It has been a volatile start to 2021, with markets initially going up sharply and then giving back most of those gains. For example, the FTSE 100 ended 2020 at 6,460 and quickly rose 6.4% to 6,873 on close of 8 January. However, it subsequently fell back and ended the month at 6,407, below where it started.

In the last week of January we saw some extraordinary moves in some stocks in the US. Groups of individual investors have been buying small company stocks, such as Gamestop (a high street video game retailer), deliberately targeting those who have been “shorted” by hedge funds. This pushes up the price of those stocks meaning the hedge funds, who have bet the stocks will go down, end up losing money. They have had to close out their positions which means buying back the stock, which again pushes up the price.

Many of these funds are now scared of being targeted and so have dramatically reduced their short positions. Having done so, they then also have had to reduce their “long” exposure (bets on stocks to go up) so as not to take on too much market risk. We think this is one of the key reasons the market fell in the last week of January. However, the market was looking pretty stretched before this and we had thought a correction was likely. As a result, we reduced market exposure early this month by selling some of our equity and defined returns.

In the short term we are keeping this in additional cash and low risk assets. Should the market correct by around 10% or more, we may look to put this back in. Our caution has been driven by a worsening short term economic outlook. The UK is not the only country in lockdown and we have seen rising Covid cases across the globe. On the positive side, the vaccine roll-out is going well in the UK which should help us to see a strong economic recovery later this year. However, in the short-term things could get worse economically before they get better, which would have an impact on company earnings, and therefore stock market valuations. This “double dip” could also have an impact on corporate bonds, which is a form of lending to companies. For now we are content to keep exposure to fixed interest given the yield that we are receiving on such bonds, but again this is an area to watch carefully.

## Performance

### Rolling total returns

3 Months (30.10.20 to 29.01.21)	6 Months (31.07.20 to 29.01.21)	1 Year (31.01.20 to 29.01.21)	3 Years (31.01.18 to 29.01.21)	
7.47%	7.68%	3.31%	11.98%	-
				-

### Discrete annual total returns

2020 (31.12.19 to 31.12.20)	2019 (31.12.18 to 31.12.19)	2018 (31.12.17 to 31.12.18)		
3.60%	12.37%	-3.60%	-	-
			-	-

## Notes and risk information

All data is to 29 January 2021 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: Equilibrium Investment Management’s fee. OCF: the overall cost of running the fund including the AMC.

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