



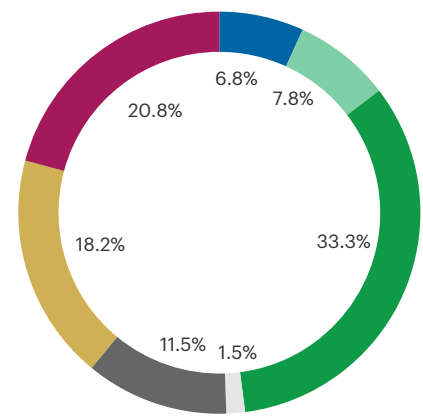
IFSL Equilibrium Cautious

Portfolio A Acc | April 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').

Manager	Equilibrium Investment Management LLP	ISIN	GB00BYXHQY16	Annual management charge (AMC)	0.25%
ACD	Investment Funds Services Limited	Sedol	BYXHQY1		
Fund type	Open Ended Investment Company (OEIC)	Holdings	48	Ongoing charges figure (OCF)	1.00%
Launched	1 November 2017	Fund size	£281.2m		

Liquidity	Sterling Cash & Money Market	5.2%	
	Euro Cash & Money Market	0.6%	
	US Dollar Cash & Money Market	1.1%	
Short Dated Fixed Interest	Royal London Short Duration High Yield	3.9%	
	TwentyFour Monument Bond Fund	3.9%	
Fixed Interest	Allianz Strategic Bond	4.9%	
	Nomura Global Dynamic Bond	5.0%	
	Jupiter Strategic Bond	5.0%	
	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	4.7%	
	Property	Time Commercial Long Income	1.0%
Supermarket Income REIT		0.5%	
Defined Returns	Societe Generale FTSE Autocall Dec 2017	2.3%	
	JPM FTSE Autocall September 2018	2.3%	
	BNP Paribas FTSE/S&P Autocall Feb 2020	1.6%	
	Atlantic House Defined Returns	1.0%	
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.3%	
	BNP Paribas FTSE Autocall Jan 2020	1.1%	
	Morgan Stanley FTSE/S&P Autocall Mar 2019	1.0%	
Alternative Equity	Lazard Global Listed Infrastructure	2.0%	
	Carmignac Long Short European Equity	2.0%	
	Foresight UK Infrastructure Income	1.8%	
	Lazard Rathmore Alternative	4.5%	
	Foresight Global Real Infrastructure	2.1%	
	Blackrock European Absolute Alpha	2.1%	
	Legg Mason ClearBridge Global Infrastructure	1.1%	
	Man GLG Absolute Value	2.5%	
	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	1.6%
	Liontrust Special Situations	1.0%	
Global Established Equity	Baillie Gifford Japanese Co.	1.0%	
	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	0.8%	



Key recent changes

January 2021

From Equity & Defined Returns
To Cash

February 2021

From Schroder Asian Alpha Plus
To Global Speculative
From Cash
To Supermarket REIT

March 2021

From Goldman Sachs FTSE/S&P Autocall
To Man GLG Absolute Value & Lazard Rathmore Alternative
From iShares US MSCI Small Cap ETF
To Schroder Global Recovery

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

Global Established Equity (continued)	Morgan Stanley Global Brands	1.2%	
	Schroder Global Recovery	1.6%	
Global Speculative Equity	Invesco China	1.3%	
	Goldman Sachs India	0.7%	
	Hermes GEM SMID	1.0%	
	Baillie Gifford EM Leading Companies	0.9%	

Commentary

Markets continue to see plenty of ups and downs but with little overall direction. However, within markets we have continued to see something of a rotation. Ever since the first successful vaccine was announced, we have seen a rotation away from the big tech stocks and other names which did very well from the pandemic, towards more “value” stocks. Some of these stocks are those which had previously been hit hard who stand most to gain from an economic recovery.

As expectations of a recovery take hold, we’ve also seen an increase in inflation expectations and expectations for future interest rate increases. Whilst we don’t think rate hikes are likely for the next year or so, long term bonds are starting to price in future hikes.

Perhaps more importantly, central banks will likely taper their quantitative easing programmes before they hike rates, perhaps as soon as late 2021. All of this means bond yields have gone up and therefore prices have largely gone down. For example, the 10 year US government bond has gone from 0.95% pa at the end of last year to around 1.7% pa now, almost double the yield. This has had a knock on effect on corporate bonds, although these have held up much better given their higher starting yields.

It has also had a knock on effect on equities, especially on some of the high growth stocks such as technology which trade on a high multiple of current earnings. Higher bond yields mean that future cash flows are not worth quite as much as they were in the past. During March our Goldman Sachs defined returns product kicked out, providing a 20% gain. At present the rates available on new defined returns are not that attractive so we switched this into alternative equity.

In March we also took some profits on our US Small Cap position we bought in December. Since purchase it has significantly outpaced the wider market and we felt it was time to switch out again.

In terms of portfolio changes, we have recently added a small amount of property exposure through the Supermarket Income REIT. This holds supermarkets which generally provide a steady long term income which tends to go up with inflation.

Performance

Rolling total returns

3 Months (31.12.20 to 31.03.21)	6 Months (30.09.20 to 31.03.21)	1 Year (31.03.20 to 31.03.21)	3 Years (31.03.18 to 31.03.21)	-
1.07%	7.59%	21.79%	15.58%	-

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 31 March 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.

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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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