

EQUINOX

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High performance

EQUINOX | SPRING 2021





Welcome

Throughout lockdown, we have been regularly checking in with the team to see how they are doing. When we do this, we ask them three questions to summarise how they are feeling in the moment. As we enter spring and the vaccine rollout gathers pace, it made me think of the three words that describe how I am currently feeling:

- Grateful
- Hopeful
- Excited

Grateful that we have performed so well as a team and a business over the last year. We have learnt many lessons and are stronger than ever. I am also grateful for the support and feedback of our clients as well as the opportunities to welcome so many new faces on board.

I am hopeful that there is finally a light at the end of the tunnel and that the vaccine rollout will be a success.

Finally, I am excited that we will soon have the whole team back together and (after a year-long delay!) welcome clients into our new office (pictured above). I look forward to sharing a drink or two at our next client social when the time is right.

Colin Lawson

FOUNDER

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A new horizon

Building flexible investment portfolios to achieve our clients' goals

When speaking to clients, I'm always struck by the many different ways our service is perceived. The sheer variety of client situations and desired outcomes is fascinating. There is however, one underlying constant that sits at the heart of what we do: the need to create a personalised investment portfolio to meet a range of goals and objectives.

Our investment process was built around this requirement and is fundamentally very simple.

Stage one is all about getting to know the client and understanding their circumstances, objectives and views on risk. This will generally include building a cash flow plan along with a timeline of important milestones and capital requirements.

In **stage two**, the financial planner uses this information to construct a tailored investment portfolio aligned with these goals. This will include selecting the right products and keeping everything tax efficient.

Although our process has withstood the test of time, we are always looking for ways to improve what we do. Recent innovations within our investment fund range have presented the opportunity to evolve our approach and create a new style of portfolio, with an even stronger link to the client's specific goals.

Fund innovations

Before we explain this change it's worth rewinding back a year to when we were managing three funds.

Our Cautious, Balanced and Adventurous Portfolio Funds meet most client needs, but there were sometimes situations which called for higher or lower risk alternatives. For this reason, Mike Deverell and the investment team created two new funds to allow for even greater flexibility.

“ a new style of portfolio, with an even stronger link to the client's specific goals”

June 2020 saw the arrival of our Global Equity Fund, enabling us to target higher returns for clients where short-term volatility is not a concern. Then, February 2021 saw the launch of our Defensive Fund, with almost the opposite objective, targeting stable returns with low levels of volatility.

These new funds really do provide an extra dimension when designing portfolios. The full impact of this can be seen in chart one. Here, you can see the original three funds alongside Defensive and Global Equity (plus cash for an additional comparison). The diamond shows the expected annualised 10-year return for each fund (net of investment fees). The bar shows the range of historical returns (on a 5-year annualised basis).

The chart clearly shows that as the potential return increases, the risk and range of likely returns (based

on history) also increases. It's also easy to see just how polar opposite the two new funds are. Defensive is likely to be relatively stable with low expected returns and low risk. On the other hand, global equity will introduce high levels of volatility, but with it the potential of much higher returns.

In other words, we now have an enhanced investment toolkit with a broader range of options. More importantly however, we have been able to create a completely different style of investment portfolio. We call this new approach **horizon planning**.

A sense of purpose

Returning to our investment process, the key to building the perfect portfolio is by fully establishing the purpose of the money. This will include all sorts of different requirements, such

as when capital might be needed and whether an income should be taken. The first step of our new approach is to record these requirements on a timeline, split into three horizons:

- **Short term:** typically the first five years
- **Medium term:** usually the subsequent twenty years
- **Long term:** everything thereafter (so, typically twenty-five years plus)

Each of these horizons is then assigned a pot of money from the portfolio:

- **Pot 1: Reserve** (short term)
- **Pot 2: Income** (medium term)
- **Pot 3: Growth** (long term)

These pots can then be invested at an appropriate level of risk corresponding to the horizon timescale.





The horizon planning process

In terms of how this process works, we tend to calculate the size of the **reserve** and **income** pots first, with any remaining capital being allocated to the **growth** pot. This way, we can ensure that the most immediate needs are met first.

Another important point is that a client's personal cash holdings would form part of the reserve. The portfolio we manage would then be built on top of this.

Pot 1: Reserve

Acting as the foundation of the strategy, the aim of this pot is to secure an element of capital to provide stability and keep it accessible regardless of markets. The size of the pot is usually based on five years of income needs (covering the short-term period) plus any additional capital requirements.

For example, a client with a portfolio income of £50,000 would have a base reserve pot of £250,000.

We would then add other capital requirements to this such as a new car for £20,000 in a year's time, plus maybe £50,000 in four years' time for an extension. In this case, the reserve pot would be £320,000.

This figure might still be adjusted if the client has a strong preference for a higher or lower reserve. Once the size of the pot has been agreed, we would then look at how much should be retained in cash and how much should be invested. We would always recommend a minimum of one year of income is kept in cash (sometimes two) plus any immediate capital requirements.

In the above example, a possible solution could be for £70,000 to be held in cash by the client (one year of income plus the car funds), with the balance of £250,000 being invested into our new defensive fund.

Pot 2: Income

The purpose of this pot is in the name; to fund regular income and portfolio withdrawals. It also provides a home for medium-term

capital requirements. The size of the pot is calculated in the same way as the reserve but using the longer timeframe of the medium-term horizon.

Continuing with the above example, the starting point for the income pot for a 20-year horizon would be £1,000,000. Again, we would add any other capital requirements such as the possible gift of £100,000 to a child in around ten years to help with a potential house purchase. In this instance, the income pot would be £1,100,000.

This would be invested in line with the client's normal risk profile, usually in our Cautious, Balanced or Adventurous Funds (or perhaps an appropriate blend). In this case, let's assume that a balanced approach is selected.

Pot 3: Growth

Once capital has been allocated to the reserve and income pots, the surplus can then be invested into the growth pot. Remember that we are talking very long term here,



Let's plan for the life you want to live...

usually at least 25 years. In fact, in some instances, the capital allocated to this pot might never actually be needed in the lifetime of the client. This presents the opportunity to use one of our higher risk approaches, such as our new global equity fund.

To finish our example, let's say the client in question had assets for us to consider totalling £2,000,000. In this instance, the final portfolio could look like this:

- **Reserve: £320,000** (£70,000 cash, £250,000 defensive)
- **Income: £1,100,000** (invested in balanced)
- **Growth: £580,000** (invested in global equity)

This example is for illustrative purposes only. There are likely to be multiple possible solutions for each situation which is, of course, what makes this approach so tailored to a client's personal circumstances.

The outcome

The outcome of our horizon planning process is a strategy to

allocate capital into each of the three pots. There is still much to be done however, as we will need to work out which products to use (ISA, pension, general investment account, etc) and how to keep everything tax efficient. We are now very much in **stage 2** of our investment process.

A good example of this is with pensions. These are often suitable for long-term growth if the owner is young (due to access restrictions). In this instance, the pension could be a good place to hold the growth pot. Fast forward to retirement and the pension might well form part of the client's income strategy. At this point, the pot would revert to income, possibly with an element of reserve to provide stability.

A couple of quirks

No income needed

If no income or capital withdrawals are expected in the short- and medium-term, then there may be no need for an income pot. We might still recommend creating a reserve pot in order to cover unforeseen

events and provide flexibility. At the very least, a cash emergency fund should always be retained. The size of the reserve pot in this instance would be based on discussions about risk.

Unsustainable income

Where a client has a high income need from a relatively small portfolio, it could be that there isn't enough capital to create an income pot of the requisite size. In this situation, we would explore the potential problem using cash flow modelling and estimate how long the capital might last. The growth pot would obviously not be needed in this scenario.

Finally

It should be noted that a horizon planning approach is not necessary for every client or situation. Our financial planners will always discuss our full range of options and then recommend the most appropriate approach.

Find out more

To discuss how Equilibrium can help you live the life you want, get in touch at askus@equilibrium.co.uk or on **0808 156 1176**.





Restoring the UK's financial health

How will the country find its way out of debt?

After all the costs of the pandemic, total UK government debt now amounts to around £2,198bn. With 67,886,000 people in the country, that's £32,378 each, please.

Fortunately, there is no need to pay all this debt off in one go, but we do need to pay the interest on the loan and start to pay down some of the principal.

Whilst not at a critical level yet, Britain has become more dependent on "the kindness of strangers". The country is increasingly reliant on funding from foreign investors, which offsets our high trade deficit (whereby we import more than we export) but which could cause us bigger problems if they no longer do so and debts spiral out of control.

The problem is that the debt figure is now almost 100% of income and climbing; as a nation we have around £31,400 per capita of debt which is almost up to the level of the country's annual income of around £32,400 per capita. As we know, the lockdowns have meant the UK's income, measured by the Gross Domestic Product (GDP), has been hit hard and fell by 10% overall in 2020 – the largest annual fall since the Great Frost of 1709.

The good news is that ever since the Global Financial Crisis (GFC), interest rates have been falling in order to stimulate growth and so this is helping to reduce the interest on the debt. As a result, currently the UK's government pays only 1.7% per annum in interest charges.

However, the story does not end there. The picture is worsening as debt continues to mount and income growth is reduced. As we can see in chart one, the Office for Budgetary Responsibility is expecting that over the next two years, debt as a percentage of income could rise to 110%.

Whilst interest rates could go to zero or even negative, at the current 0.5% in the UK (a 320-year low) the country cannot rely on continually falling costs of debt to offset the rising debt pile.

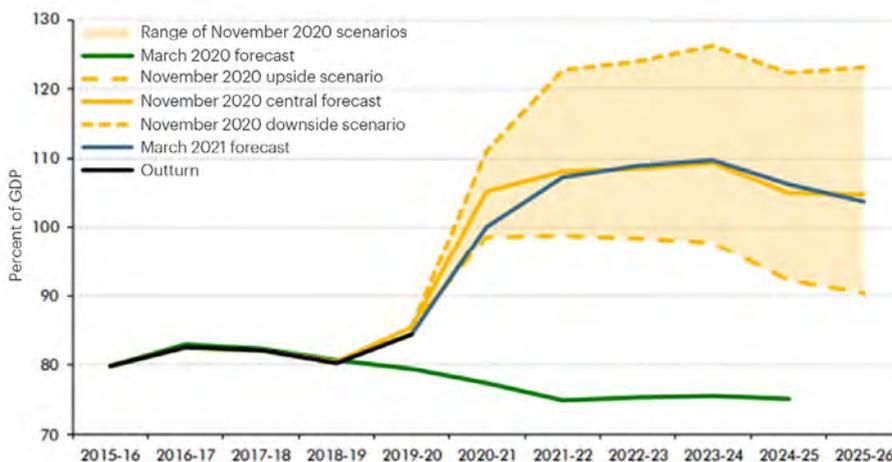
How do we get out of this predicament?

The Chancellor of the Exchequer, Rishi Sunak, has made it clear that public finances are on an "unsustainable" path, so how is the UK going to tackle this growing debt mountain? There are three key solutions:

- 1. Reduce spending
- 2. Raise taxes
- 3. Print money

The first option is untenable. The UK adopted austerity following the GFC and is widely viewed as policy error rather than a solution to the country's economic sluggish growth. Indeed, the Prime Minister has pledged not to go back to the austerity of 10 years ago, although last November's Spending Review revealed that the government is planning to spend £14 - £17 billion less on public services each year after 2021 than was planned pre-COVID.

Chart one: debt as a percentage of GDP



Source: ONS, OBR

The second option of raising taxes is a racing certainty, although Mr Sunak's options are limited now that he has committed to keep the election manifesto pledge not to increase the rates of income tax, National Insurance and value added tax – the “triple lock” as it is known. These three taxes alone account for 60% of total UK revenues.

Nonetheless, the government still needs to raise taxes and should grasp the opportunity to simplify the Byzantine UK tax system at the same time.

One of the obvious candidates is corporation tax on company profits. This rate was reduced from 28% in 2010 to 19% in 2017, but in the recent budget the Chancellor announced an increase to raise the rate significantly to 25% in 2023. At present, the UK raises less from taxes on corporate income than the Organisation for Economic Co-operation and Development (OECD) average (2.6% of GDP compared to the OECD average of 3.1%) but this move will raise the UK figure above that average. However, the government needs to balance the need to raise tax revenue against the priority of making the UK an attractive place for business after Brexit.

Other areas of taxation that are being explored are changes to National Insurance for the self-employed, capital gains tax rises and, more controversially, a wealth tax, property taxes on homes to replace the council tax and stamp duty (all politically toxic) and green taxes on fuels.

Whilst the Chancellor's key changes in the recent budget were to freeze income tax thresholds and raise corporation taxes, we would expect the Treasury to expand tax measures in the future.

Ways to go

OK, after all that nastiness about tax, what about the third option of printing money to get us out of this mess?

In the past, the government has issued bonds to pay down large debts, but at current yields they do not offer attractive returns to investors; if you buy the 10-year gilt today, for example, it pays only 0.45% yield per year.

When it comes to debt, the key difference between you and I and the government is the government owns a bank – the Bank of England – and it can create money by borrowing through the bank it owns (effectively printing money).

Since the GFC, it has done this by using its bank to buy the bonds that it has issued, in a programme called ‘quantitative easing’ (QE). The government issues bonds to raise money to spend in the economy and the Bank of England buys the bonds and receives the interest and principal on maturity – effectively, loans issued by the government that it owes itself. Simple.

In fact, it could be simpler. Why doesn't the government just borrow the money directly from the Bank and bypass the issuing of bonds altogether? It's a good point and in this emergency pandemic situation,

it is exactly what they are doing through a little-used account called ‘Ways and Means’. The Ways and Means originated back in 1694 when the Bank provided a loan to the government to fund the Nine Years' War with France but is now being used as a source of emergency government funding.

Both the Bank and the Treasury claim the Ways and Means account loans are a “temporary and short term” measure to support the economy through tough times. However, at £200bn and rising this “short-term” debt is likely to become longer term in nature as the economy struggles back onto its feet.

As long as the UK government does not overcook this position by going on a spending binge, it should be able to shoulder the additional debt without the danger of run-away deficits as we have seen before in several South American countries when investors took fright. Remember, all nations of the world are left with higher debt after the pandemic and so it is more important the UK does not do anything to relatively disadvantage itself.

Ultimately, some combination of this form of money creation, tax raising and the issuance of very long-term bonds, effectively spreading the burden over future generations, will be the primary ways in which these very large debts will be managed.





Beware of the bank

Why your bank account should come with a warning

Since the Bank of England reduced its base rate to 0.1% eleven months ago, many of us have seen the interest rate on our savings fall to eye wateringly low levels. You may have seen that even the generous Marcus has topped the interest rate charts recently by reopening its easy access account with a dizzying 0.5% AER.

And with the Bank of England's Monetary Policy Committee telling banks they should be prepared for negative interest rates over the next six months (although reiterating it shouldn't signal that this is the intention for the future) it certainly doesn't bode well for what you can expect on your hard earned cash anytime soon.

It's not just the low rates of interest that are of concern it's the very real risk that inflation will erode the real value of your money.

Inflation vs volatility – which is riskier?

As financial planners, we talk a lot about risk with clients and this is often characterised by discussions around volatility – how far up and down the value of your investments go in relation to the market. However, cash, unlike investment portfolios, doesn't suffer volatility. The only time you'll see your bank balance decrease is when you spend it.

But for savers, inflation risk is like carbon monoxide. You can't see it, smell it or feel it but, given enough time, it will slowly chip away and kill your wealth.

As an asset class, cash is never expected to grow your wealth but rather maintain the real value (after inflation) of your money through interest rates. But if the cost of goods and services increases higher than the interest rate you're receiving, then the amount each £1 saved can buy you is falling daily.

Over the last 10 years, the Bank of England base rate has annualised at just below 0.5% per annum. Meanwhile the Consumer Price Index (a measure of inflation) has increased by 1.8% per annum. Essentially, £100,000 saved in 2011 has now fallen to £87,939 in real terms.

In contrast, the same £100,000 invested into equities, aka the riskiest asset class, has grown by 196% (MSCI World to 10 February 2021). Even after taking inflation into account you have a pot of £247,921 in real terms.

Obviously throughout that 10 years you'd have experienced a lot of "volatility". But it begs the question, "which is riskier – inflation or volatility?". We can certainly see which is more expensive.

Looking ahead

So, what lays ahead for interest rates and inflation? First let's look at interest rates.

There are several ways we can attempt to forecast interest rates. One way is to look at the government bond market. In theory, the yield on a secure government bond such as a gilt should reflect future interest rate expectations. At the time of writing, the 10 year gilt yield sits at 0.46% which would imply a relatively low cash return for the next 10 years.

Another method is to look at what central banks are telling us. With the "forward guidance" from both sides of the Atlantic seeming muted it certainly doesn't seem likely we'll be seeing interest rates picking up dramatically over the next decade.

So, what about inflation?

Coronavirus and the numerous lockdowns over the past 12 months have, unsurprisingly, had a huge impact on the UK economy. We've been less able to go out and spend our hard earned cash and HSBC economists estimate Brits are sitting on an extra £170bn of savings. But with the vaccination rollout well underway, there is a hope that we'll start to emerge from our respective homes, return to work and begin to spend, spend, spend. So, why does this matter for inflation?

Well, if the pent up demand of the British public increases faster than the bludgeoned UK firms can keep up with then they will begin to put up prices. What is more, they will need to employ more workers to meet the renewed demand thereby increasing their costs. These costs will ultimately be passed onto consumers by increasing prices.

As a result, a rapid recovery could cause upward pressure on prices leading to a higher inflation rate – at least in the short term. With central banks' primary weapon against inflation being to increase interest rates, does this mean there is a light at the end of the tunnel for savers also?

Unfortunately not in our view.

Targets & motivation

So, how far does inflation need to increase before the Bank of England needs to act?

Firstly, the Bank of England sets a long-term target for inflation of 2% per annum. As mentioned earlier, inflation over the last 10 years has been running at c.1.8%.

This means, that even if inflation ran above target at 3.2% per annum for the next three years, the Bank of England would still be in line with their long-term target of 2%. Even if we saw a very fast 4.6% bounce over one year, they'd still be on target.

Another factor to consider is the explosion of government borrowing in 2020 (£290bn) to combat the impact of Coronavirus

and lockdowns pushing the total national debt to a lofty £2.1trn at the end of December. Without doubt this is a dizzying figure, however, the old adage remains; "it's the size of the payments not the size of the mortgage that matters".

With interest rates so low, the government has little issue in making repayments and servicing this debt. What is more, an increase in inflation would actually reduce the size of the debt in real terms.

The Bank of England are now independent from the government in their decision making but it does bring into question where the motivation is for the Bank of England to increase interest rates.

You also can't discount the possibility for the Bank of England to adopt a dual mandate for monetary policy decisions akin to other Central Banks including the Federal Reserve in the US. The result would mean interest rate decisions could be based on other economic factors such as employment or GDP growth as opposed to just price stability and inflation as it is presently.

An alternative approach

Faced with the prospect of lower interest rates and the potential that short-term inflation will be palatable for the Bank of England, what are savers to do?

In early February, we were pleased to announce the launch of our new Defensive Fund.

The fund aims to outperform cash (Bank of England base rate) by at least 3%* per annum over the long term (five years or more), with less risk than our other portfolios.

It may be suitable for those investing over shorter time periods or those with a lower risk tolerance. Or it can be combined with our other four portfolios as part of a wider horizon plan.

*(This is a target return, not a guarantee. Past performance is not a guide to future performance).



Keep on keep up



One in three people over 65 have a fall each year, but what can be done about something perceived to be almost inevitable? Equinox spoke to Dr. Emma Stanmore from the University of Manchester to find out

As anyone with an ageing parent or relative will know, falls can be extremely serious. They can lead to hip fractures, a premature care home admission, or even fearfulness leading to social isolation.

The statistics are frightening. One in three people aged over 65 have a fall each year, and over a third of those who fracture their hip due to a fall will die within the year. In fact, falls are known to be the most common cause of death through injury in the over 65s, costing the NHS over £2.3 billion a year and rising.

Against the backdrop of a rapidly ageing society – and increasing health and social care funding issues – it is no surprise, therefore, that falls among the elderly are gaining more attention than ever.

Well, there is some good news to share at least. Over 30 years of research have shown that falls (over half in some trials) can largely be prevented. Plus, the methods to prevent falls are fairly simple too – home hazard checks, medication reviews, monitoring blood pressure, and eyesight and hearing checks can all lead to reducing the risk.

However the best thing that older people can do is undertake progressive strength and balance exercise regularly.

This was precisely the thinking behind the Keep On Keep Up (KOKU) app which is based on proven exercises that can reduce falls by a third; with feedback, rewards and tracking to encourage engagement and adherence.

The app is NHS-approved and aims to assist older adults to independently engage with personalised, evidence based exercises. The app also includes educational games on how to maintain bone health, home safety and staying hydrated.

Trials in Manchester, Nottingham and Texas have found that KOKU has high usability with trends in improved outcomes (e.g. balance, health status and confidence) after six weeks of independent use.

The trials have also demonstrated that KOKU is a safe, acceptable and easy-to-use falls prevention intervention that facilitates older adults' ability to access strength and balance activities at a time, and in a location, that suits them.

One participant in the trial said, "I wasn't doing anything before. I'm building strength as never before. It's all because of the program. It worked my body, mind and spirit. When I started, my motivation was not completely there. I'm 63 years old but you're never too old."

KOKU is currently available for free in the app store for Apple devices and Google Play for Android and can be downloaded as long as the user has an iPad or tablet device. Simply search for the name, 'Keep On Keep Up' and click download.





Safe hands



Houses are one of our most precious possessions. So, why not choose a personalised service that you can trust to look after them?

Chris Quirk at Strongbox Security Systems believes everyone should work with a security company who gives them peace of mind.

After working in the industry for several years, he realised that many companies were trying to offer too many products for too many markets, with no real customer experience.

” 24/7 protection with a real person always on the other end of the phone”

Recognising the niche in the market, he founded Strongbox Security Systems 10 years ago, a family-run security company focused on providing high-net-worth homes and buildings with a bespoke, first-class security service. Operating largely in Cheshire, the company now has over 250 sites.

“As technology progresses, systems are growing and offering more,” Chris explains. “Too many companies struggle to deal with the complexity of the larger systems, and this is sometimes only noticed when the system fails to perform when needed.

“On our cameras, we’ve witnessed criminals walking up to properties that we protect, and they’ve taken a look and walked away because they can tell our security system is that good.”

Strongbox Security Systems offers 24/7 protection with a real person always on the other end of the phone, no matter what time of day or night.

The team at Strongbox are strongly focused on customer service, with Chris even saying he is ‘obsessed’ with client experience: “Our client base has largely come from referrals, because people so often have a bad experience. Within trade Customer Service is a dying art, but people really appreciate it and respond to it when it is done well. That is why we get referrals and why we never lose customers, because we are always at the end of the phone 24/7 supporting our customers with any issues they have.”

“When companies only care about chasing money, growth or nice cars, eventually they’ll take their eye off the ball and the service will suffer. You have to be truly passionate about providing a great service and ingrain it into your business, and that’s what we’ve done.”



Find out more

If you are interested in Strongbox Security Systems, take a look at their website: www.strongboxsecurity.co.uk.





Lock your virtual doors

With 88% of UK data breaches caused by human error, it's important to stay vigilant with your information. Here are six common types of scams and our top five tips to avoid falling victim to any of these

Top six scams

1. Phishing

'Phishing' is the method of gathering personal information using deceptive e-mails. Some reports estimate that 90-95% of all successful cyberattacks are a result of 'phishing' - and that one in every 3,722 emails in the UK is a phishing attempt.

Don't click on any links or download attachments in emails you're unsure about. Delete the email and make sure you block the sender's email address - that way, you won't receive anything else from that account.

Emails and texts can also be intercepted by fraudsters and the information stolen can be used to impersonate you. At Equilibrium, we have a secure client portal that allows us to send and receive important client documents safely.

2. Vishing

The term for this type of fraud comes from combining the words 'voice' and 'phishing' to get 'vishing'.

If you receive a call from someone claiming to be from your bank, telecoms provider, etc. asking for personal information, it could be a 'vishing' scam. If they ask for your PIN, payment details or bank account details, hang up! Don't share this information over the phone. If you are concerned, you can call the

company back via the number that you have for them – do not use one given to you by a cold-caller.

3. Remote access

This is where fraudsters try to gain access to your computer. If you receive a phone call out of the blue and the caller claims to be from a technical support service provider, a large telecommunications firm, or a computer company, it could be fraudulent. They might tell you that your internet is slow or your computer is experiencing technical problems and they need to access it remotely to fix the problem.

It's actually so they can access your personal details. If you get a call like this, hang up!

4. Smishing

Have you ever received a text message from a number you don't recognise? Or from a company asking you to do something urgently, a bank for example? It could be a smishing scam.

If you receive a text message that you're unsure about, don't click on any links, and check any numbers with your bank. Most banks have a telephone number checker you can use to make sure the number is genuine. Banks won't ask you for any personal details or security information, and you should never respond to any text asking for this.

5. Identity fraud

It's important that you don't make your personal details public on social media – fraudsters could use them to fake your identity and cause you financial harm.

It's a good idea to review your social media privacy settings regularly. If you're setting up a new

account, don't choose a username with personal details in it. For example, John_Smith1990 reveals its owner's first name, surname and year of birth – all information that can be used by fraudsters.

6. Clone firms

The Financial Conduct Authority (FCA) has recently warned about 'clone firms'. Scammers set up fake firms using the name, address and 'firm reference numbers' of real firms. Targets will receive communications from the clone firm with links imitating the real firm's website, duping potential investors into entering their details.

According to the FCA, average losses of £45,242 were reported by consumers throughout 2020. You can always check the FCA register for the legitimate phone number of an FCA registered company.

Top five tips

1. Use two-factor authentication

Two-factor authentication (often shortened to 2FA) 'double checks' that you are the person you are claiming to be when using online services, such as banking, email or social media. It is available on most of the major online services. When setting up 2FA, the service will ask you to provide another factor, which is something that you (and only you) can access. This could be a code sent by text message, or that's created by an app.

2. Keep a clean machine

Cyber criminals use weaknesses in software and apps to attack your devices and steal your identity.

Software and app updates are designed to fix these weaknesses and installing them as soon as possible will keep your devices secure. You will receive a prompt on your device to inform you that software or apps are ready to update. Do not ignore this message.

3. If in doubt, STOP!

If you receive an email you are unsure of, don't click any links. Just delete it. Also, if you receive a phone call that you are not sure about, don't give any personal information. Just hang up! You can always call the number that you have for the company to check if the call was legitimate.

4. Make your passwords long and strong

A good way to create a strong and memorable password is to use three random words. Numbers and symbols can still be used if needed, for example 3redhousemonkeys27! Be creative and use words memorable to you, so that people can't guess your password. Use a password manager such as Dashlane or LastPass to help you manage your passwords securely.

5. Share with care

It's important that you don't make your personal details public on social media. Fraudsters could use them to fake your identity and cause you financial harm. It's a good idea to review your social media privacy settings regularly. Don't post anything on social media that you'd want a fraudster to know and think twice before 'checking in' to locations, especially when on holiday. You don't want to advertise that your house is empty!

Take five – three steps to stop fraud

Stop

It's important that you don't make your personal details public on social media.

Challenge

Could it be fake? It's okay to reject, refuse or ignore any requests. Only criminals will try to rush or panic you.

Protect

Contact your bank immediately if you think you've fallen for a scam and report it to Action Fraud.



How can we help?

Introducing the knowledge base: all there is to know about Equilibrium in one place

Got a question? Many of our clients will be familiar with and use our online knowledge base. It's perfect to quickly find answers to common questions without needing to make a phone call or simply to learn about something in your own time. If you haven't already had the opportunity, maybe now is the time to check it out via the Equilibrium client portal!

A knowledge base is effectively an online library of information and, in our case, about all things Equilibrium. There are articles, guides and videos on a range of subjects, and content is updated and added regularly.

As well as relevant and topical updates such as our approach to ESG and how to prepare for the tax year end, there are currently four main sections. These are:

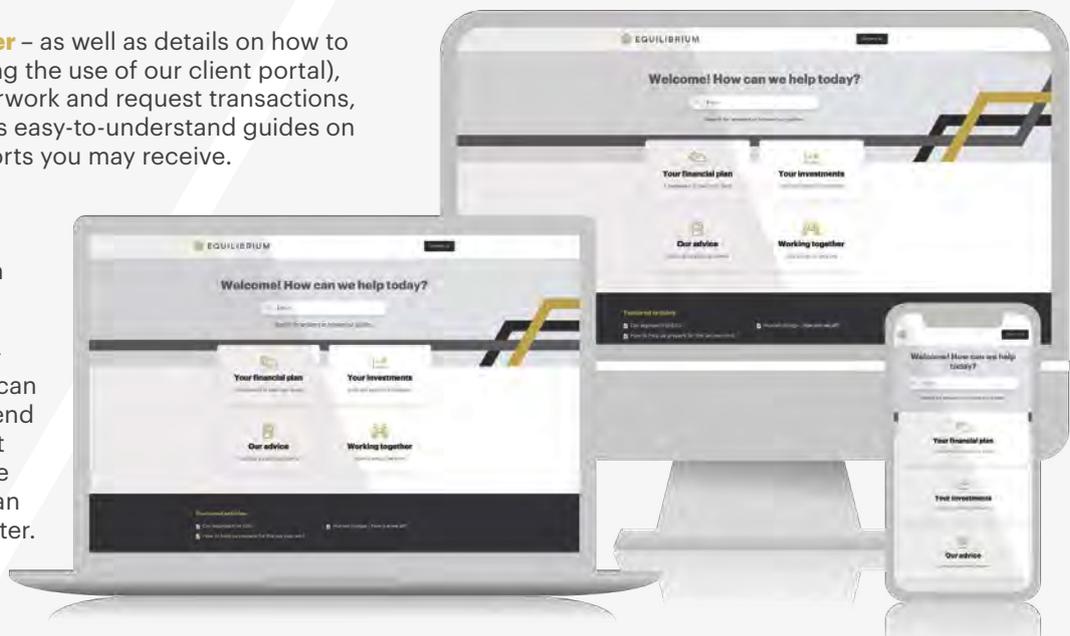
- 1. Your financial plan** – how we build and review a plan for the future including objectives, risk, health, mortality and preparing for an annual meeting
- 2. Your investments** – technical guides on the various asset classes we use in our funds and portfolios and our investment propositions
- 3. Our advice** – product information, estate planning guides and 'how to' reference documents, plus simple explanations of seemingly complicated documentation
- 4. Working together** – as well as details on how to contact us (including the use of our client portal), how to return paperwork and request transactions, this section features easy-to-understand guides on the various tax reports you may receive.

Coming soon is a section to help you pass on information about Equilibrium to a friend. This will include a link to our website which you can use to help your friend find out more about what we do, how we do it and how we can make their lives better.

Many of our clients have referred their friends to one of our seminars in the past. As most of you will know, the seminars have provided an ideal forum for prospective clients to get a feel for whether we are what they're looking for in a relaxed, no-obligation environment. Whilst we've had some success with the online events during the pandemic, it's much harder for people to get a proper feel for our approach.

That's why a referral from an existing client continues to be our favourite way of meeting potential new ones. A recommendation of our services is the ultimate endorsement that we are living up to our purpose. Whilst much of the detail can be found via our website, our new referrals page will have specific information designed to answer the questions that a potential new client would want to know. This will include an overview of our typical client, circumstances in which we can add the most value, an 'introduction to Equilibrium' video and much more.

We hope that our clients will use the new tool to pass on to friends. If you are a client and haven't already done so, please have a look at the resources currently available and feel free to email your feedback or suggestions of other topics that you would like to see featured to: debbie.jukes@equilibrium.co.uk.





Hullo?

With 45% of adults in the UK experiencing loneliness, 'Hullo' is here to help

According to the Campaign to End Loneliness, 45% of adults feel occasionally, sometimes or often lonely in England, which equates to 25 million people. Given that loneliness is likely to increase your risk of death by 26%, that statistic is quite concerning.

That's why Hullo was founded by Lewis Alexander Baxter. The organisation launched in the midst of the COVID-19 pandemic, connecting the nation through conversation and aiming to 'create a world where everyone has someone to chat to'.

Volunteers for the start-up use social media and phone lines to provide a meaningful conversation to

“ A conversation is always meaningful, whether you're talking about anything and everything or nothing at all”



anyone who reaches out, something that many people are missing in their lives, but especially during the lockdown periods.

Tim Adelani, a member of the Hullo Youth Advisory Board explains, “A conversation is always meaningful, whether you're talking about anything and everything, or nothing at all.”

After speaking with Lewis about Hullo's work and its importance, especially throughout the pandemic, the Equilibrium Foundation decided to make a donation to the charity.

This donation allowed the charity to recruit their first paid member of staff, Head of Operations. Despite only being set up for a few months, Hullo received 375 applications for the role and, after 20 interviews, a successful candidate was appointed.

Colin Lawson, Founder of Equilibrium, is thrilled at the charity's progress: “Giving back has always been a huge part of our values at Equilibrium, and as soon as Lewis and I had our initial conversation, it felt as though there was a natural alignment between our two organisations.

“We couldn't be happier to have helped Hullo reach this major milestone – I have absolute faith that they'll go on to do great things and enact some very positive change across the UK.”

Hullo is all about safe, relaxed, everyday conversation. Whilst they are not a medical or mental health organisation, counselling service or helpline, they do work in partnership with other charities and can refer people to them if they are in need of specialist help and advice.

Hullo's phone lines are open every day from 9am to 9pm to chat with as often as you like for as much as 20 minutes each time.

You can call them on **0800 001 4455**.

hullo



Meet the investment team

Many readers will be familiar with face of Equilibrium's very own Mike Deverell from our events, briefings and videos. But fewer may have had the opportunity to meet the members of the wider investment team



Neal Foundly

Role: Investment Analyst and Manager of the Equilibrium AIM portfolio

Length of time with Equilibrium: 6 years

Speciality: Research, trading, portfolio management and tax-advantaged inheritance products

Could you tell readers a little about your background?

I started out in the late 1980s working as an Investment Analyst for Royal Sun Alliance. A couple of years later moved up to Manchester and became fund manager of a £2.5bn UK equity portfolio for the Co-operative Insurance Society. After nearly twenty-five years at the Co-op, they sold the business and I moved onto Equilibrium.

You have been at Equilibrium for a while, what makes you stay?

It's a lively and dynamic business with a great team of people. The Investment Team has freedom to go wherever it needs to for its clients and not be dictated to by some faceless investment committee in London.

What is the secret to Equilibrium's investment strategy?

The secret under the Equilibrium bonnet is our risk analysis. This sounds boring and does involve a lot of number-crunching but actually gives us a leading edge in understanding the dangers in the portfolios – it's not all about chasing gains, it's ensuring losses are minimal too.

We hear you are a voracious reader

Yes, I love to seek out ideas from unconventional sources. In my investment career, some of the best investment ideas have come from individuals who originally trained in other disciplines - an anthropologist, a virtuoso violinist and a naval officer in charge of the nuclear codes on submarines.

You see China as the most interesting market to you at the moment. Why is that?

It is the world's most populous country, it registers the

most patents every year, is the second highest investor in research and development and produces twice as many graduates a year as the US. It also has 95% of the world's production of rare earth minerals used to manufacture everything from electric vehicles and wind turbines to clean energy technologies.

Who do you think is an influencer in the investment world at the moment?

Shane Parrish, who was a cybersecurity expert at Canada's intelligence agency, has built his Farnam Street (named after Berkshire Hathaway's address) website around mental models on intelligent decision making and their application to investing.

If you were editor of Investors Chronicle, what topic would you put on the headline and why?

"Lifestyle Portfolios – The Next Black Hole?" – these financial products (that have been widely sold for decades) automatically reallocate portfolio assets into "safe" government bonds as the client nears retirement age. Anyone buying government bonds hoping for a comfortable retirement lifestyle on an income of 0.4% will need to think again.

In your opinion, how does the team make people's lives better?

We allocate client's capital to achieve their desired returns so that they can fulfil their financial objectives, whether to have a comfortable retirement or a bigger yacht. We do this using an open, transparent and straightforward approach so that clients can sleep at night with confidence that their money is in good hands.



James Carr

Role: Investment Analyst

Length of time with Equilibrium: 3 years

Speciality: Fund research

Where were you before Equilibrium?

Before I joined Equilibrium I was a Trainee Investment Manager with Investec Wealth and Investment in Leeds managing multi asset portfolios for a wide variety of different clients. I had read a lot about Equilibrium in the financial press and was impressed with the ambitious growth plans and the care they showed for their staff.

What do you consider most important about the investment strategy?

That we all care about what we do and want to deliver the best returns possible for clients. We are flexible in our approach and have a great culture of challenging new ideas before they make it into client portfolios. The last 12 months have been a great example of new ideas, with everything from US tech to private equity and supermarket stores being added in.

We hear you are a sportsman?

When I was a 13, I had a national ranking for Table Tennis! Before readers get too impressed, I should point out that it was well into the 100s for my age and region – where I think my ranking was lower than the total number of players!

The NASDAQ in the US is currently of interest to you, why is that?

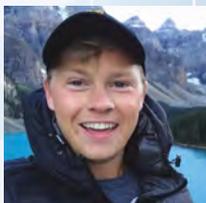
It is home to some of the brightest and most innovative companies in the world with a huge number of potential next generation winners in everything from biotech, next gen technology and clean energy in the smaller end of the market. Many are still under the radar and immature in their development but have huge potential to address some of the world's biggest problems.

What else has caught your eye recently?

There is a cool company based out of New York called Yext that helps businesses to provide answers to customer questions. They power the answers when you ask your phone, for example, for a restaurant recommendation or nearest petrol station.

How does your team make people's lives better?

We give people the freedom to enjoy their lives without worrying about investing. We give clients the peace of mind that we will be managing their portfolio on a daily basis, investing in new opportunities and watching news flow.



Joe Smith

Role: Investment Analyst

Length of time with Equilibrium: 18 months

Speciality: ESG and risk

How did you come to be in the Equilibrium team?

I'm the youngest in the team. Straight after university I spent nine months as a business development manager in a small financial advisor firm to get my foot in the door of financial services. I then came straight to Equilibrium. Its culture and reputation initially attracted me, but the real appeal was the chance to work on an investment team in a meaningful way.

What's one thing you would like clients to know?

That we care. We recognise we are in a privileged position to be trusted to manage their money and we are continuously striving to improve how we do that. We aim to take the stress out of the investment process so that clients can focus on the other aspects of their life.

What do you envisage the headlines to be about in the next 12 months?

The applications of graphene, from batteries to desalination to quantum computing all have promising potential.

Tell us why you find private equity interesting.

There are some incredible new technologies out there being financed by private equity, from the applications of graphene to vertical farming and space exploration. It will be interesting to see how these technologies disrupt the existing status quo and how the world may change as a result.

Impact investing is something you have your eye on. Tell us more.

Impact investing aims to invest with the intention of making a positive 'impact' on social or environmental issues. It's brilliant that investing is evolving to have objectives beyond simply financial returns. Tackling climate change and social well-being are slowly re-shaping how capitalism is thought of.

Astound us with a fact from the investment world?

There are so many. A great one is that NASA has identified a rare metals asteroid that if successfully mined contains enough wealth to collapse the global economy.



Graeme Black

Role: Investment Analyst - Chartered Wealth Manager

Length of time with Equilibrium: 9 years

Speciality: Modelling investments and implementing investment decisions, portfolio valuations, discretionary portfolios.

What made you join Equilibrium?

I began my investment career as an execution only broker before moving to the other side and joining Bank of New York Mellon when they relocated their client servicing role to Manchester. I gained a good understanding of the collective industry and actually managed the day-to-day relationship of a number of Baillie Gifford and Invesco funds we currently invest in today.

I always intended to move back into a more investment focused role and already began studying for my diploma before Equilibrium gave me the opportunity to join, what was then, a small yet fast growing company that would help support my future growth. After working for a huge global company to one with less than 40 (at the time) employees was a breath of fresh air!

Could you tell us a little about Equilibrium's investment strategy?

As a team we are very active in managing the funds and our discretionary client portfolios over the past 12 months. Having the ability to make informed decisions and implement changes across the funds and discretionary portfolios is key to delivering a solid investment proposition for our clients.

Even working in lockdown even led us to some great innovation and improvements in the way we research and debate potential ideas through to how changes are communicated and actioned in discretionary portfolios.

So, we've heard you like to challenge yourself?

Yes. I like to set personal challenges, usually some kind of running or physical nature such as marathons, three peaks or recent 24 hour running challenges.

Currently, I am stepping outside of my usual realm of comfort/discomfort and learning new skills to convert a family campervan.

You see Elon Musk as a key influencer, tell us more.

You can't look past Elon Musk. Gone are the days of central bankers or presidents – here is the founder of the most valuable motor company being worth more than all its other major competitors despite producing a fraction of the cars.

Imagine that you are guest investment editor of the FT. What would you write about?

Recovery stocks and the world on the mend. I'd look at the return to normalisation (whatever this is now!) and theories to exit out of the COVID chapter as the history books close.

Selfishly this means no more homeschooling but more importantly that people can start rebuilding lives!

How do you make people's lives better?

By automating as much as possible, I free up time to spend researching investments which helps us make better investment decisions, ultimately benefitting all our clients.

On a broader view, the tools and spreadsheets I create make it quicker and more efficient for our client managers to perform their work, so they can put more time into the looking after our clients.

Would you share your most fascinating fact from the investment world?

There are more investment funds than stocks – as predominantly fund selectors this means we have a huge opportunity!

Neal Foundly's recommended read

Investing to Save the Planet

by Alice Ross

"An extremely clear and step-by-step guide to the choices investors have and what is realistically achievable through investments."





Culture eats strategy for breakfast

Equilibrium’s Head of Culture, Sarah Warburton, explains how Equilibrium achieves one of the best cultures in the country and why it’s so important to business

“Culture eats strategy for breakfast.”

When Peter Drucker, the influential management consultant, said this, he was pointing out that, no matter how solid your strategy is, if the people executing that strategy aren’t in line with your culture, then that strategy will most likely fail. When all is said and done, the people implementing the plan are the ones who determine its success.

We have worked hard to implement a culture at Equilibrium that is in line with our vision, purpose and values, which every member of the team gets behind. When we make decisions, we always ask ourselves, ‘is this going to make people’s lives better?’. If the answer is no, then we change the plan to ensure alignment with the values we hold as a team.

Culture isn’t about having free beer on a Friday and a slide in the office (both of which are great of course), it’s about how our team act, how we work together, and ultimately how we treat our clients.

Culture isn’t static; it’s fluid and requires communication and feedback from the team. Knowing what we are doing right and what we could do better is vital. Surveying the team regularly and the introduction of our Employee Advisory Board means that we are able to get direct feedback to ensure that our culture is relevant and supportive of our team.

We are extremely proud that in our most recent staff survey our employee net promoter score was 99%, which means that 99% of those surveyed would recommend Equilibrium as being a great place to

work to their friends. To illustrate this further, our most recent happiness survey highlighted the importance of a well-thought-out culture and wellbeing plan with 100% of responses saying that they feel valued and that Equilibrium is looking after their wellbeing and cares about them. No mean feat during a global pandemic! But, equally, it’s no happy accident.

Just like our client proposition, we plan our team offering carefully. Ensuring the right balance of fun, opportunities for growth and providing the right tools to do the best job possible are all important in the culture mix, alongside a massive dollop of communication.

We know that we must invest in our team to keep them engaged, involved and happy so that they continue to provide a fantastic service to our clients. Ensuring people feel listened to, valued and treated with respect is key to the culture at Equilibrium and means that everyone acts with buckets of integrity and strives for excellence in everything that they do.

Sure, mistakes can happen, but our team is empowered through our values and purpose to take responsibility for their mistakes, learn from them and do everything they can to ensure they don’t happen again.

Just like the janitor who famously told President John F. Kennedy on a tour of NASA that he was helping to put a man on the moon, everyone at Equilibrium understands their part in the delivery of our purpose to one another, our clients and our wider community.





The good life

When Equilibrium clients Andy and Carol decided to retire, they wanted to make the most of their wealth

Andy and Carol Dodd have lived a busy life. Andy's work as an engineer had seen him travel around the UK and Europe, whilst Carol had set up her own accounts and bookkeeping company after working as an executive personal assistant.

So, when they made the decision to retire, they wanted to make sure they were going to be able to live the life they wanted and had worked for all their lives.

Carol explained that they had looked after their money sensibly: "I have always been very careful with my money, although Andy perhaps not so much when we were younger! But really, once we had our children, we knew we had to start planning properly and saving for their future as well as ours."

 **Andy was still able to retire with financial peace of mind, confident that their future is secure"**

The couple's two children are now adults with successful careers of their own, with Katie, 29, working in the petro-chemical industry, and Christopher, 35, working in IT.

By the time Andy and Carol had reached retirement, they were financially comfortable. So, what made them reach out to a financial planner?

Andy had a few pensions, and they weren't sure what the best option

would be for each. They started speaking to financial planners, but Andy was not impressed with the 'sell' they received: "One of the companies promised us the earth, but there was nothing to back it up. The companies we spoke to felt like they were only interested in the numbers, they weren't interested in us."

That's when one of Carol's friends recommended Equilibrium, and they arranged a meeting with Financial Planner, Andy Baker.

Andy immediately felt more comfortable with Equilibrium's approach: "There was no pressure to commit to anything. They didn't try to impress us with huge figures, they just got to know us, looked at our circumstances and came back

with a sensible plan. Plus, we liked Andy. He was very personable."

Andy Baker evaluated Carol and Andy's finances, including a defined benefit pension transfer review, and built a financial plan for them.

"It was a lot of information to take in, but Andy made sure he didn't overwhelm us," Carol

explained. "We'd have a meeting and he would say, 'I think that's enough for now' so that we could go away and digest it properly. Our trust in them built as we went through the process."

Equilibrium uses a software called Voyant, a cashflow forecasting system which allowed the team to stress test various scenarios for Carol and Andy's future to make sure that their plan was robust enough to weather any potential storms.

The plan was soon put to the test as the COVID-19 pandemic hit just ahead of Andy's planned retirement. Thankfully, their financial plan was thorough and their future secure, and Andy was still able to retire with financial confidence and peace of mind.

Although it's not the start to their retirement that they imagined, Carol and Andy are putting their time to good use, taking their dog Max for long walks in the surrounding countryside and soon completing renovations on their house ready for plenty of guests once the pandemic passes.

"We are always very grateful for what we have and the position we're in," Andy explains, "but it'll be nice when this is all over to meet some family and friends for a pub lunch!"

They didn't try to impress us with huge figures, they just got to know us, looked at our circumstances and came back with a sensible plan"

Find out more

To find out how Equilibrium can help you to live the life you want, get in touch at askus@equilibrium.co.uk or on **0808 156 1776**, or you can learn more at our website: www.equilibrium.co.uk.





High performance

Sports and business are usually seen as two completely separate worlds. But Chris Brindley MBE, voted 'Britain's best boss', believes that they have more in common than you might think...

I've worked in a variety of positions and sectors, from National Sales Director of British Gas to Managing Director of Metro Bank. In every area of business, leadership comes down to the same principles.

As a leader, your job is to motivate people, nurture their talent and provide them with a pathway to develop and thrive.

Just as a sporting coach works with individuals and teams to hone their abilities, businesses should be doing the same with their people. For example, at Equilibrium, we have the Equilibrium Academy which is open to all colleagues, to help its students identify and hone their skills.

So, what lessons can we take from sport and apply to business to realise our potential?

Peak performance model

Chart one shows a sports psychology model known as the peak performance model.

It consists of four sections:

- **Warm up**
- **Peak performance**
- **Warm down**
- **Quality recovery time (QRT)**

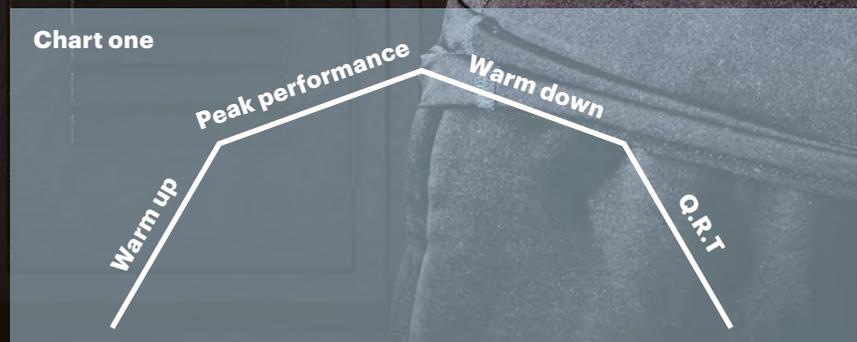
I looked at this model and thought – why don't people apply this to business? Whilst athletes may need to look after their bodies, aren't our minds just as important in business? To me, this is what the peak performance model looks like in business:

Warm up – prepare prior to a meeting or task. Read/watch

any relevant materials, find out who is in the meeting and how they could best contribute or think of any questions to ask. Decide what you want to get out of the meeting and prepare accordingly.

Peak performance – ask the right questions, fully engage in your task or meeting. Don't simply 'survive', thrive and engage.

Warm down – if you don't take time to 'warm down' after a meeting and ensure all your actions are done, you will end up with actions from each meeting building up until you have a huge list at the end of the day. Consequently, those actions will eat into your QRT. Plus, if you are emailing at 8pm, other people will start checking and answering at 8pm. You aren't just jeopardising your own recovery time, but your colleagues' too.



QRT – your mind needs time to ‘check out’ and disengage to recover properly. This can be spending time with your loved ones or enjoying your hobbies. We all need recovery time to enjoy life outside work, and then we can come back fully prepared to perform again.

Are you a rock or a sponge?

Sir Clive Woodward, who was Head Coach of the England rugby union team and led them to victory in the 2003 world cup, says that the first thing he does when he meets somebody is ‘try to figure out what’s in their head’.

If they have a sponge between their head, he can work with them and they will be willing to absorb new knowledge and ideas.

If their brain is a rock however, no matter how hard you try, nothing you say will have an impact.

At Equilibrium, we hire for attitude and train for skill. Too many businesses place too much focus on qualifications and numbers. The reality is, you can train anyone to achieve a qualification, but you can’t easily change a person’s attitude.

Trying to work with a rock is futile and I agree with Clive Woodward – rocks don’t get on my team.

Situational leadership

If you have a team of sponges, and suddenly one is acting like a rock, what could possibly be going wrong?

Hypothetically, if you twisted your ankle and visited the doctor and he gave you cough medicine, how would you feel? Would it fix your problem?

Ken Blanchard believes that ‘situational leadership’ is the key to solving this problem. As a leader, it is your job to identify the cause and treat it. He believes there are four possible causes:

1. Knowledge – does the person have the knowledge required to do their role? Are they being given tasks that are over their head?

2. Application of knowledge – does the person have the skill to apply the knowledge? Many people know how to play golf well, but they don’t have the skill to play to a consistently high standard on the golf course.

3. Confidence – has something knocked their confidence? Are they overthinking and struggling to apply their skills because they’re worried?

4. Motivation – have they lost motivation? Everybody is motivated by different things, and these motivations can change throughout life. Motivation is the key to high performance.

An important distinction to make is that one and two require a technical fix, whereas three and four require an emotionally intelligent fix.

So, what makes a good leader?

Realistically, there is no ‘one size fits all’ management style, because people aren’t ‘one size’. The leadership team at Equilibrium views their colleagues as individuals, and it’s also how we view our clients. Every client is unique and deserves to be treated as such.

A good sports coach looks at each individual in the team as a unique case that needs a unique training plan. Leaders in business should take the same approach.



Employee ownership trusts

In Equilibrium's recent live online event series on business exit options, employee ownership trust specialists Chris Budd and Neil Smith explored the increasingly popular exit strategy

We have already seen entrepreneurs' relief slashed. We also now have the prospect of capital gains tax rising in line with income tax which is leading many people to reconsider employee ownership trusts (EOTs) due to their entirely tax-free structure. Add to that the increasing focus on 'doing business better', and it's no wonder that EOTs are rapidly becoming a mainstream business exit option.



Chris Budd

Author of 'The Eternal Business' and Founder of the Eternal Business Consultancy

Selling to an EOT is an excellent exit route for most business owners.

It involves selling the shares to a trust fund, at a market valuation. The EOT pays for the purchase out of cash and future profits. Once the owner is paid off, the profit is distributed among the employees.

Unlike a trade sale, the EOT route means that the business continues, leaving a legacy for the owner. The risk comes, however, in the fact that the business needs to continue generating a profit in order to pay the owner.

This might seem like additional risk, however all business acquisitions are effectively paid for out of the future profits in one way or another. By selling to the EOT, the owner has the chance to prepare the business for the sale. In this way, they can work on the transition before the transaction.

This therefore provides us with a clue as to which type of businesses are best suited to sale to an EOT – those where the owner has time – a year or two at least – to work on the transition.

That's not to say a business selling now must discount the EOT, but this will involve a higher degree of risk. Indeed, the owners should ensure that the business gets specialist EOT advice after the transition following the sale.

There are other issues that may appear to work against an EOT, such as key employees with their own intentions of buying, however these can all be worked out as part of the transition process.

If you would like to discuss whether the EOT might be right for your business, or if you work for a business who recently sold to an EOT and you would like support, you can get in touch with me at chris@theeternalbusiness.com.



Neil Smith MBE

Managing Director of Kinetic and Board Member of the Employee Ownership Association

Whilst a great deal of thought needs to go into any exit strategy, I truly believe an employee ownership model is a real alternative to shape a business for the long term without losing its culture and everything that has been built up from within.

Why wouldn't you want to preserve your company's culture, ethos and independence as you consider an exit strategy? Even if you don't intend to totally exit your business on a given date, it's a great model to transition to, and it's what we have embraced at Kinetic.

When I was looking at succession options for Kinetic back in April 2015, the government-backed model had only just been approved with little knowledge around what employee ownership actually meant.

Too much has often been made of the "John Lewis model", when in fact the structure of shares being held in trust for all "employee owners" is a great model for SME's.

The core difference is the business is run for the benefit of all employees who share in success and culturally become more engaged with the business. That in turn will lead to improved productivity and real ownership. An EOT offers the proof to employees that the company embraces its values and has taken a long-term view of the company's future even if the founder shareholders are leaving the business.

Most companies I speak to are less worried about the relatively straightforward process of the actual transaction but are keen to understand how to communicate the change to employees and sustain the message.

At Kinetic our employee-developed strap line is, "Kinetic is your company, we work together, we are stronger as a team, we all play a part in building and sharing success."

Hollow words? Absolutely not. To us at Kinetic, Employee Ownership totally underpins our values and proof we actually mean what we say.

I would urge any business owner looking at succession planning to lend serious consideration to what is perhaps, as we come out of this pandemic, a new way of how businesses operate with their core asset.



Find out more

You can learn more about employee ownership trusts and other business exit strategies available in our recent live online event series. You can watch the whole series at: www.equilibrium.link/business-exit.





ESG

Discover the future of investing and the actions Equilibrium is taking to be part of it

The conventional wisdom is that an ethical investment portfolio will underperform over the long term.

That's because an old-fashioned ethical portfolio was based on a series of exclusions. There would often be a whole raft of sectors and companies which could not be included, leaving a much smaller pool of potential investments to select from.

The big problem with this type of investing is that "ethical" means different things to different people, and therefore it can be quite niche.

Its newer, slicker cousin is what we call ESG investing, and this is much more mainstream. This uses environmental, social and governance factors to actively reduce portfolio risk whilst also potentially enhancing returns. This means that ESG can (and, in our view, should) be built into everyone's investment portfolio.

ESG investing uses evidence-based criteria to identify those companies that are actively having a positive impact on the world, those that are at least trying to avoid doing harm, and those that are having a negative impact.

In general terms, we believe that those companies who actively have a positive impact will also be winners for investors. Those that are doing harm will be losers and can present a big risk to portfolios. In fact, according

to Morningstar, over the 10 years ending 31 December 2019, ESG-focused funds outperformed non-ESG funds over most time periods.

We believe this outperformance has been driven in part by two factors. Firstly, that ESG funds tend to have more of a focus on new technology which has been a great sector to invest in of late. Secondly, they tend to avoid stocks in things like oil or mining which have experienced many challenges.

Values and purpose

At Equilibrium, everything we do is guided by our core purpose to make people's lives better and our values of integrity, simplicity, growth and excellence. The investment portfolios we manage are guided by the same principles. The good news is that we don't have to compromise – we are not giving up growth by acting with integrity.

For example, we have included renewable energy stocks in our portfolios because we think they will enhance returns. The economic case and the environmental argument are pointing in the same direction.

ESG factors are also crucial in the other key part of investment management, which is managing risk. If a company's governance is poor, then their management may not always act in accordance with



the shareholder's best interests. If they treat their staff badly, they probably won't remain a good company for long!

Increasingly, environmental concerns are being viewed as a big risk factor for certain companies. The potential for a carbon tax will hit the worst polluters. Legislation may eventually prevent the big oil giants from actually accessing many of the reserves that they say they have on their books!

What constitutes "good" anyway?

The most difficult part of ESG investing is that there is no black and white, only shades of grey (or should that be green?).

Firstly, there is no consensus as to what constitutes "good". Often it is extremely subjective and depends on an individual's preferences. A company could also be considered good on "E" and bad on "G" or some other combination!

Take Tesla, a favoured stock in many "sustainable" funds. As a market leader in electric vehicles, battery and solar technology, most analysts think it scores well on environmental factors. Even this is somewhat controversial as Tesla requires a lot of metal and minerals, which ultimately come from mining. Despite the indirect emissions this brings, it is generally accepted that the positive environmental potential of Tesla's technology outweighs this negative.

However, Tesla scores poorly for governance, with their CEO having a great deal of personal control and having a reputation for being somewhat unconventional! For example, in 2019 Elon Musk was sued by the US securities regulator after using his Twitter feed to announce that Tesla was about to be taken private. This had an instant impact on the share price, even though no deal was agreed (and Tesla remains a public company).

Whether you believe Tesla has a positive impact as a company

therefore depends on which of these factors you believe is most important!

Doing our bit

No company is perfect from an ESG point of view, just as none of us as individuals are perfect.

I personally try to do my bit for the environment. My electricity comes from renewable sources and I drive an electric car (in fact in the past year I've barely even driven that!).

Even so, I have gas central heating and, even if I don't often drive to the shops anymore, the deliveries come to me in a big diesel van! I remain exposed to oil and gas even though it is much less than in the past. There are second and third order effects to my personal carbon footprint.

Something similar is true in our investment portfolios. Our analysis indicates that our portfolios have lower carbon emissions and have much less exposure to controversial sectors like oil and gas (as well as



“No company is perfect from an ESG point of view”

mining, tobacco, and weapons) than industry benchmarks. However, just as I personally have some exposure to fossil fuels, we don't exclude these sectors from portfolios completely.

We can't turn off the taps on fossil fuels tomorrow as the global economy will fall apart. What we need to do is encourage companies to make the transition to cleaner energy. That includes persuading the likes of BP and Shell to stop channelling their money into finding the next oil field and to invest in renewable energy instead.

There is a big debate about whether we are better doing this by divestment – refusing to hold these companies at all – or by engaging with them. We think there is a happy medium. We'd like to hold less of such companies but engage with the companies we do hold to encourage the best behaviour.

Again, we think this is entirely aligned with both risk and returns factors. We are underweight oil and

gas mainly because these industries will find it harder to make profits in future. Economic and ESG factors point us in the same direction.

Principles for Responsible Investment

We mainly invest via funds and therefore don't directly select the stocks in our portfolios. We rely on fund managers to engage with companies on our behalf.

We are signatories to the United Nation's Principles for Responsible Investment (PRI). This means we have committed that:

1. We will incorporate ESG issues into investment analysis and decision-making.
2. We will be active owners and incorporate ESG issues into our ownership and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

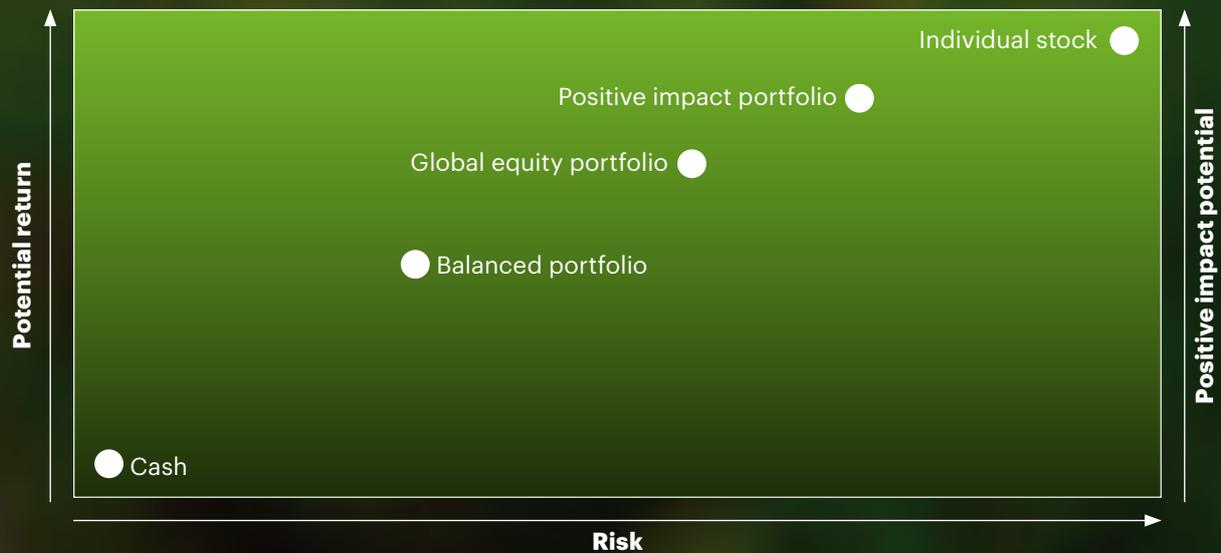
4. We will promote acceptance and implementation of the principles within the investment industry.

5. We will work together with the PRI and other signatories to enhance our effectiveness in implementing the principles.

6. We will report on our activities and progress towards implementing the principles.

We want the fund managers we invest with to adhere to the same principles and engage with companies to encourage best practice. We have therefore decided that we will not invest with fund management groups unless they are also signatories to the PRI from the end of this year.

When we first committed to this, we held two funds in our portfolios which were run by non-signatories. We have given these fund managers until the end of 2021 to sign up and are pleased that one of these groups has since signed

Chart one: risk, return and positive impact potential of portfolios

Source: Equilibrium Investment Management. For illustrative purposes only. Not to scale.

up. The other has signalled their intention to do so.

The PRI assesses each signatory on an annual basis, and we monitor these reports. We are also engaging with fund managers directly on things like their voting records and making sure that they practice what they preach.

Risk, reward and impact

We often talk about risk and reward being correlated. "Impact" is also correlated to these factors.

For various clients we have discussed the idea of investing in assets that actively have a positive impact on the world, deliberately targeting those companies which might make the biggest positive difference (as opposed to just avoiding those that do harm).

This might include renewable energy, companies making medical advances (we've seen the positive impact vaccines can have!) or investing in agricultural technology

(meat substitutes, vertical farming etc) and many other areas.

The biggest positive impact an investor could have (other than philanthropy) is by investing in individual companies with great products or services, but who need funding to take that next step. By nature, these companies can be small and high risk. Their technology might not work, and they could go bust.

In contrast, our core portfolios are set up to be well diversified across lots of different asset classes and sectors. This diversification reduces portfolio risk and should lead to more consistent returns, but it also dilutes the positive impact we can have in a more concentrated investment.

We are therefore launching our "Positive Impact Portfolio" which will sit alongside our core portfolios. This will be largely equity-based and will be quite concentrated in sectors with high growth and high impact potential.

As a result, it will also be a higher risk portfolio and so suitable only for those with a long time horizon.

For those who want to make more targeted investments in individual sectors, we can look at things like Enterprise Investment Schemes (EIS). These are even further up the risk scale and only suitable in selected circumstances but can also have tax benefits. We can also help clients who are looking to make a difference through charitable giving.

We think there is a world of difference between our approach and an old-fashioned ethical portfolio. Ethical is a very subjective word and means different things to different people. However, we think engaging with the companies we hold and pushing them to do better is simply good investment management.



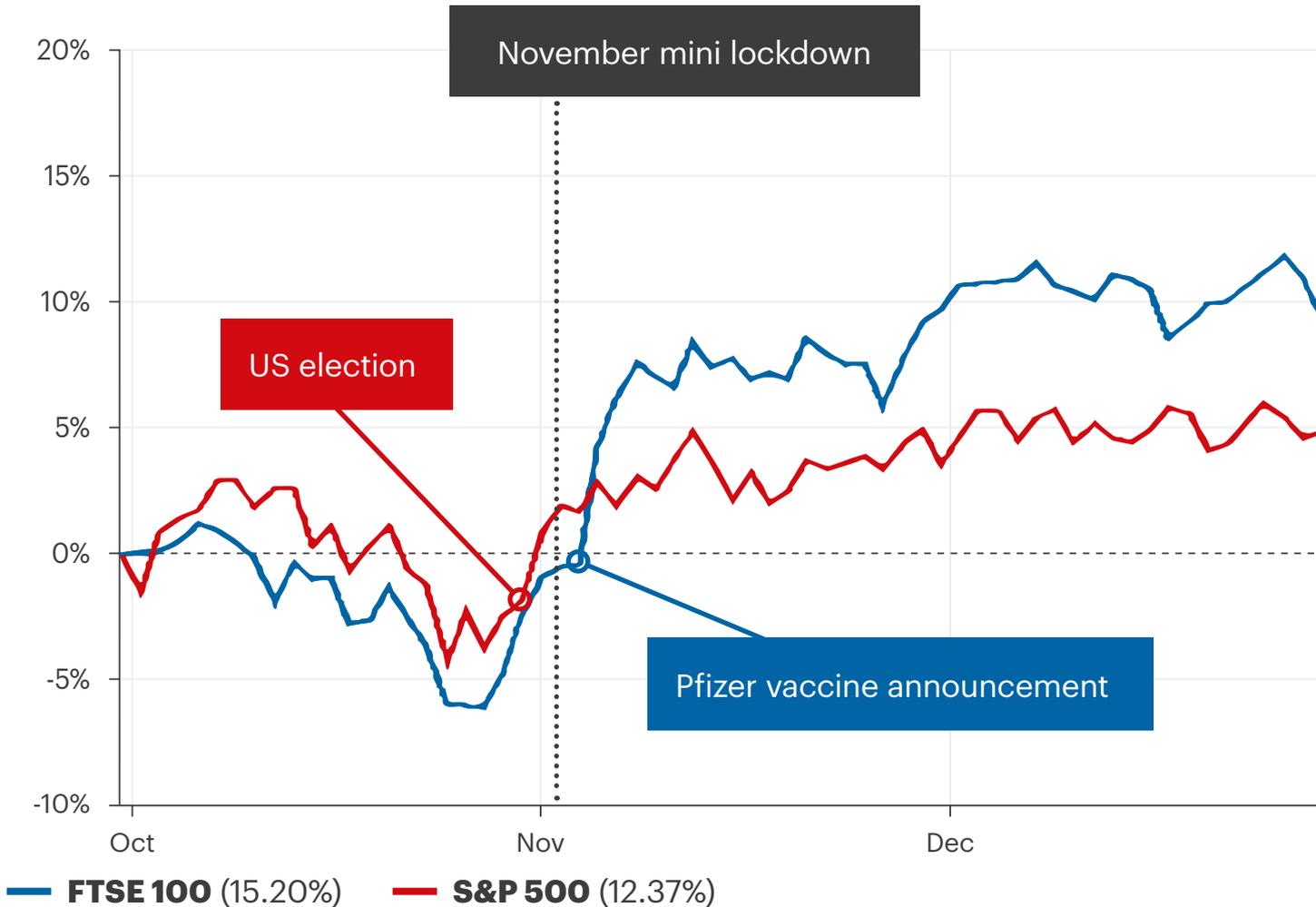
INVESTMENT REVIEW

What a year!



Welcome to the investment review section of this edition of Equinox

Mike Deverell
PARTNER & INVESTMENT MANAGER



Our outlook

We discuss what has happened over the last 12 months and the actions Equilibrium has taken.



Asset class outlook

Here we evaluate each asset class and explain their role in our investment strategy.

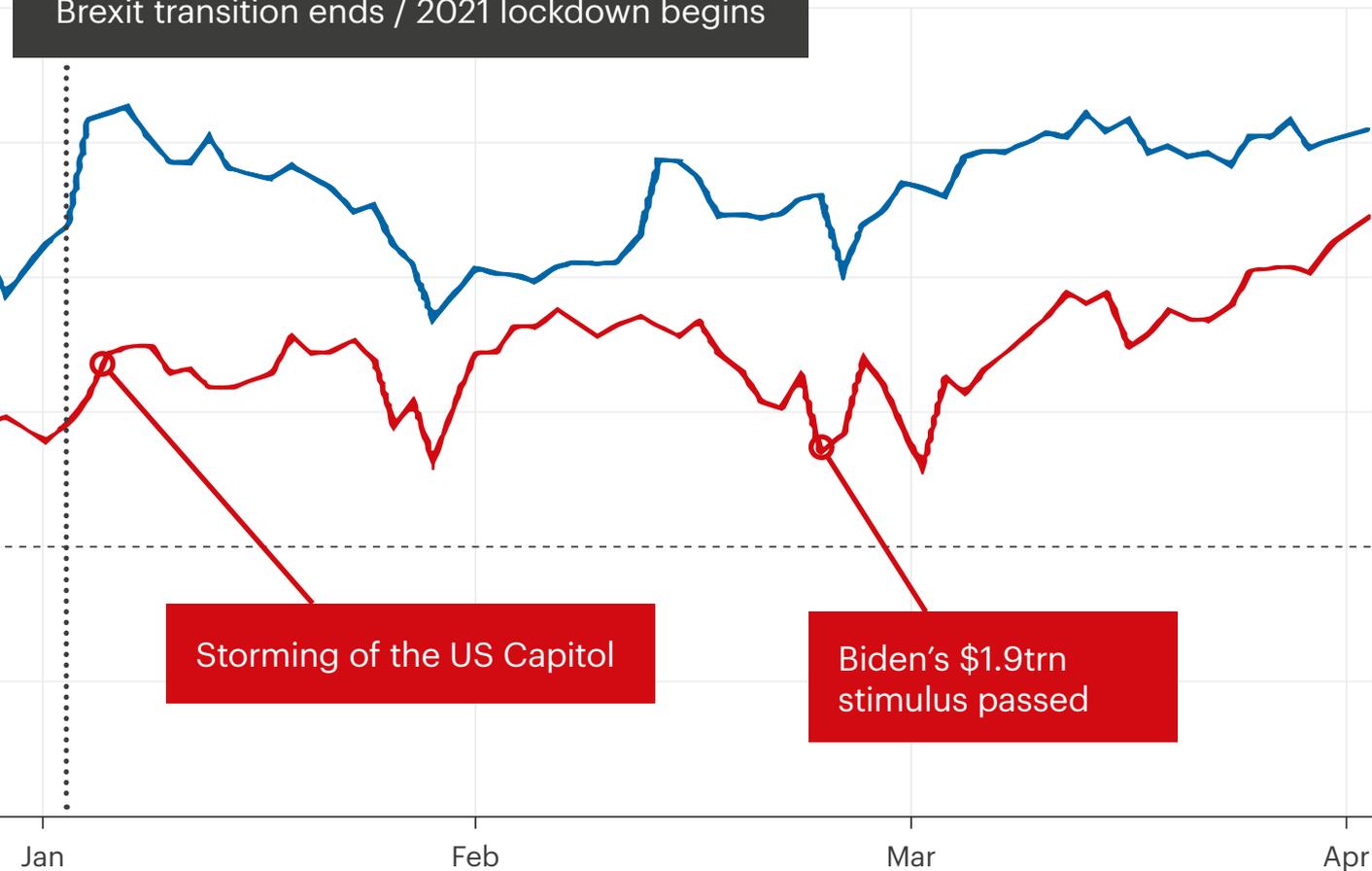
The past 12 months have been extraordinary for all of us, full of many ups and downs.

This has also been true for investment portfolios. When we released our spring 2020 edition of Equinox, we were in the middle of a deep and rapid sell off in stock markets. There has since been a rapid recovery. Over the following pages, we'll go into more detail about what has happened, how we reacted and what we think might happen next.

The past year has been significant in other ways too. We have launched two new funds at opposite ends of the risk spectrum; the IFSL Equilibrium global equity portfolio which aims to outperform the stock market, and the IFSL Equilibrium defensive portfolio which aims to beat cash... and we did it all whilst working from home!

With the vaccine roll out going well, we are optimistic about the economy continuing to re-open. However, could this have some unexpected effects on investments? Read on to find out!

Brexit transition ends / 2021 lockdown begins



Source: Data from FE fundinfo2021. 05/10/2020 - 05/04/2021

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Sector performance & analysis

After a turbulent few months in markets, here we look at how our selected funds have performed compared to their relative sectors.

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Portfolio performance

Here you can find a thorough breakdown of how each portfolio has performed in both the long and short term.

This time last year...

“This time next year Rodney, we’ll be millionaires.”

In *Only Fools and Horses*, Del Boy would often say this to his brother! Of course, he was (almost) always wrong and things carried on the same as always.

This time last year, markets had just plunged after the pandemic hit. At that point, we didn’t know how much worse things would get.

In hindsight, we now know the recovery had already started with markets bottoming out on or around 23 March. Unlike Del and Rodney, one year on we are all a lot better off!

Over the 12 months to 5 April 2021, investment returns have been very positive. Table one shows the returns of our core funds over the past 12 months against the average mixed investment fund (UT Mixed Investment 20-60% Shares sector).

Portfolios are between around 22% and 34% up over this period, an extremely high one-year return for a mixed asset portfolio!

In some ways this is a bit misleading, as this is starting from a low point. When looking at rolling 12 month figures the starting valuation is just as important as the end one!

However, portfolios are also well above even pre-pandemic levels. Table one also shows the returns from 1 January 2020, just prior to the sell-off. The FTSE All-Share Index is also included to show how the UK stock market has performed over the same period.

We’re very pleased with how portfolios have performed and how well they’ve bounced back from last year’s lows.

Buy low, sell high

I have been looking back at the April 2020 edition of Equinox where we discussed the actions we had taken as markets fell during February and March.

We said at the time that we were confident that these actions would have a really positive impact over the long term. However, in the short term some of these actions had actually made losses worse.

We try to buy low and sell high. Nobody disagrees that this is a sensible strategy! However, in real life, it’s very difficult to do. Nobody can tell you when markets have bottomed out or peaked.

Instead, we buy on the way down (in small, incremental steps) and sell on the way up. Sometimes buying when markets are falling feels extremely uncomfortable! To get around our emotional biases we have pre-agreed strategies in place - our “in case of emergency, break glass” plans! For example, we will set market levels well in advance at which we plan to top up equity or reduce exposure. We call this volatility trading.

Unfortunately, unless we are extremely lucky, our timing will be wrong. It often means we will be too early and will buy before the bottom or sell before the top. We will therefore make losses worse or reduce profits in the short term.

We certainly felt like we’d made a mistake when we bought into equities at around the 6,500 level back in March 2020. We also felt like we’d done the wrong thing when we set up a new defined returns plan when the FTSE was at 6,000 later that same month. However, both these trades have paid off as have many of the other actions we took at the time.

Defined returns

Those of you who know us well, know that we often prefer to gain part of our equity exposure through defined returns plans. These offer pre-set levels of investment return for a given set of circumstances.

For example, on 11 March last year we set up a new plan with Goldman Sachs when the FTSE 100 was at 6,000 and the S&P 500 was at 2,808. This product promised to pay a defined return of 20% if the markets were at or above those levels on 11 March 2021. Even if they were only up 0.01%, we would still get this return.

The markets were above these “strike levels” on the first anniversary and so the product kicked out. This has been a very successful investment, but it didn’t feel like it when the FTSE was at 4,993 on 23 March last year!

Whilst we felt uncomfortable emotionally, logically we remained confident that it would add to long-term returns as the product could run for up to six years. Had the markets remained below their “strike levels” on the first anniversary, the product would have rolled on to the second year. If markets had recovered by then, the product would have given a 40% return. If not, it could have rolled on to the third anniversary where it may provide a 60% return and so on.

If after six years the product never kicked out, we would have received the initial capital back unless one or more of the markets was at least 40% down over that period. In that case, the capital loss would be in line with the capital loss on the market.

In most circumstances these products provide a greater chance of getting a good return than the market. They also have some downside protection if held to maturity, but the flipside is that the gains are also capped. Using the Goldman Sachs example, we couldn’t get more than 20% pa buying at outset even if the market return was 25% pa.

You may expect such products to fall less than the market during a sell-off. This is normally true, but it was certainly not the case in March 2020.

Table one: returns over the past 12 months

Fund	5 April 2020 to 5 April 2021 (%)	1 January 2020 to 5 April 2021 (%)
IFSL Equilibrium Cautious Portfolio	22.39	4.80
IFSL Equilibrium Balanced Portfolio	26.49	5.87
IFSL Equilibrium Adventurous Portfolio	34.92	9.25
UT Mixed Investment 20-60% Shares	21.23	4.60
FTSE All-Share Index	34.06	-4.65

Source: Data from FE as of 5 April 2021.

To illustrate this, chart one shows the returns of the AHFM Defined Returns – an investment fund we use in portfolios which holds many different defined return products. This chart is from 1 January 2020 (just prior to the sell-off) to 5 April 2021. Atlantic House uses a form of defined returns which has even more defensive characteristics than the Goldman Sachs example. Despite this, from 1 January to 18 March 2020 it fell 35.88% even though the FTSE 100 (which many of the underlying products are based on) fell only 31.88% over the same period.

Our exposure to defined returns really hurt our portfolio performance over this period. To be frank, it led to a much larger drawdown than we'd expected (although we've since seen an extremely strong bounce). This was caused by a very specific set of circumstances which was something of a perfect storm for defined returns.

This includes not just falling markets and high equity volatility, but a "liquidity crunch" which affected both banks and bond markets. Until the central banks stepped in to restore order, there were worries this

could cause a full-on financial crisis. This means defined returns (which are essentially bonds, issued by banks, linked to equities) were hit from all sides and their prices plummeted. However, we felt that this represented a massive buying opportunity. In many cases, the defined returns products were trading well below the £1 per share they were issued at. And unless markets are 40% down over the term, we should at least get our £1 back.

One of the products we held was trading at around 60p in the pound, even though the market was still above that "barrier" level. In other words, even if markets never went back up, the product could gain 40p per share (66.6%) simply by reverting to the £1 per share issue price.

In our view we had the opportunity to buy a more defensive product than the market, which also had more upside potential than the market in most cases. A lower risk, higher return product is normally a mythical beast but, in this case, we felt the unicorn really existed!

As well as "rebalancing" to top up the defined returns back to their target

weights, we also switched the FTSE tracker we had bought at 6,500, into the Atlantic House Fund at around the low point you can see on chart one (we switched over several days).

This meant we crystallised an average loss of around 15% on our FTSE tracker, but between the date of the switch and 28 May (when the FTSE had only recovered to 6,218) the Atlantic House gained around 27%.

In essence, we had made a 9% gain during a period the market had fallen from around 6,500 to around 6,200. So, we began our process of selling on the way back up, by selling some of the Atlantic House Fund on 28 May.

Defend and attack

We still hold some Atlantic House, and we still hold defined returns in general. We just hold less than we did before having banked gains on the way up. As seen in chart one, the Atlantic House Fund (and other defined returns) have more than recovered, even though the FTSE is still lower than before the pandemic.

Table two shows how buying on the way down and selling on the way up has altered the asset allocation of the balanced portfolio. The table shows the allocation to each of the major asset classes we held prior to the pandemic, how this changed during it, and what the allocation is like now. The numbers in brackets show the change from the previous position.

The three asset classes with the highest risk and potential returns are the bottom three, alternative equity, defined returns, and equity.

Alternative equity is our term for non-traditional assets like long/short equity funds and infrastructure, which tend to go up and down with the market but perhaps in a less volatile way.

Chart one: AHFM Defined Returns vs FTSE 100

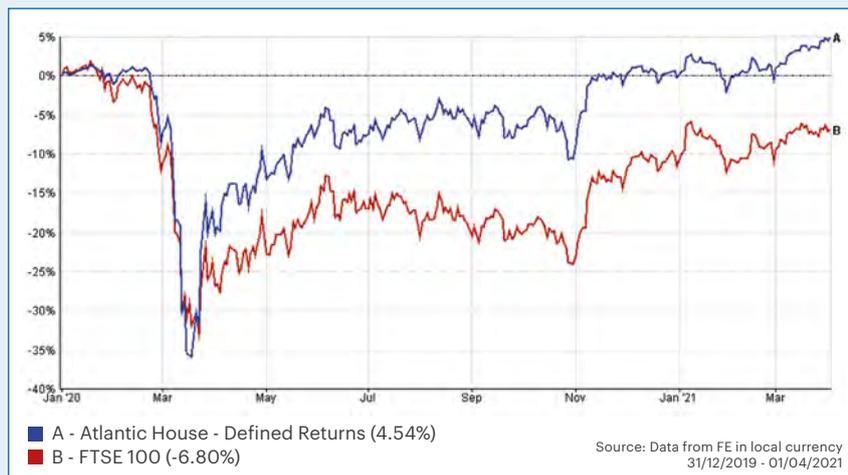


Table two: asset allocation of balanced portfolio

Portfolio	1 January 2020 (%)	31 March 2020 (%)	31 March 2021 (%)
Cash	1	13 (+12)	4 (-9)
Short dated fixed int	10	2 (-8)	5 (+3)
Fixed interest	18	11 (-8)	28 (+17)
Property	5	2 (-3)	2 (=)
Alternative equity	19	20 (+1)	17 (-3)
Defined returns	14	17 (+3)	12 (-5)
Equity	33	35 (+2)	31 (-4)

Source: Equilibrium Investment Management.

If you add these three asset classes together, you can see that from 1 January to 31 March 2020 we added 6% of additional risk to a balanced portfolio. From March 2020 to end of March 2021, we reduced such assets by 12%.

Sometimes attack is the best form of defence, but it's also best not to leave your goal completely untended!

The other thing that stands out in table two (on the previous page) is that fixed interest and short dated fixed interest were dramatically reduced in favour of cash between January and March 2020, before this position was sharply reversed.

During late February and early March, we sold some of our riskier fixed interest holdings to cash as we became more concerned about credit risk.

These funds subsequently fell sharply, and we were able to buy back several of them at a much lower price than we had sold.

Again, these moves had a very positive effect on returns. We subsequently added various other fixed interest funds and this has been a great performing asset class since then (at least up until the past few weeks, more of which later).

The great rotation – part one

The pandemic caused us all to re-evaluate lots of things, including the way we spend our money.

Online sales were on an upward trend pre-pandemic, growing steadily from just a few percent in 2006 to accounting for 20% of sales at the beginning of 2020. When the pandemic hit, this quickly grew to well over 30%.

The big questions remain: how much of this effect is permanent and how much might it change when the economy re-opens? It is interesting that during the summer of 2020 when most shops had re-opened, this dropped back to around 26% of sales, before climbing again to around 36% in the recent lockdown. Perhaps this will settle in the region of 25%

to 30% when things are back to “normal” (whatever the new normal may be!)?

From an investment point of view, this trend has of course meant many technology and internet related stocks have done extremely well. More than this, they have generally proved more resilient when markets have been struggling in a way they have not done before. Tech stocks seem to be the new “defensive” assets! Or at least they are more defensive against a COVID-related downturn.

We tried to take advantage of this trend by adding more technology exposure to the portfolio. Perhaps most significantly, at the beginning of May 2020 we switched part of our US equity index tracking fund into the Baillie Gifford American Fund. The top stocks in this fund include many that have benefited from the pandemic like Amazon, Zoom and Shopify (who provide a platform for small online retailers).

Since purchase, this fund is up over 77% compared to the market at around 31%. However, it is also worth noting that this outperformance has slipped recently. At one point, the gain was over 100%!

There have recently been the beginnings of a second rotation in the market that is less positive for technology. We think this is a moment of great caution for investors. It is possible that this could result in large losses for a lot of people. However, the catalyst for this potentially damaging change is also extremely positive in other ways!

Vaccines and value

Whilst tech stocks have been the big winners as we all began to work and shop more from home, some “old economy” stocks have been extremely hard hit by the pandemic.

This includes those in various travel and leisure related sectors such as oil and gas, airlines, cinemas, restaurants and many more. However, on 9 November 2020, things changed dramatically. That was the day that Pfizer and BioNTech announced that their vaccine was more than 90%

effective. This was swiftly followed by further vaccine announcements from Moderna and Oxford/AstraZeneca.

Markets shot up. However, some parts of the market did far better than others. This was the start of a new rotation within markets, with the “COVID losers” (which stand to gain the most from the end of the pandemic) rising sharply. Meanwhile, some of the big tech stocks began to underperform.

The MSCI World Information Technology Index is up 44.35% from 1 January 2020 to 5 April 2021. Meanwhile, the MSCI World Energy Index is DOWN 20.21% over the same period. However, from 1 November 2020, energy stocks are up 52.1% whilst tech stocks are up a mere 16.6%. (Source: FE Analytics).

The great rotation – part two

We are seeing similar trends across the two broadest investment styles which we call “growth” and “value” stocks.

Value stocks are shares which are relatively “cheap”. For example, their share price will usually be a low multiple of the company's earnings. These shares are normally cheap for a reason, because investors consider the company to be challenged in some way.

Growth stocks are the polar opposite. They are more expensive than the market when we look at multiples of their current earnings. However, the market is willing to pay a higher price for such stocks because their earnings are expected to grow more quickly in the future.

“Value” doesn't just mean those stocks beaten up the most by the pandemic. The types of stocks which make up value indices change over time, but at present includes more cyclical areas such as banks and house builders. These companies tend to do well when the economy is doing well, but poorly when growth is low. Chart two shows the long-term returns of global growth stocks (blue) vs global value stocks (red) from 1999 when these indices

were launched. Until recently, value stocks were winning. It paid to buy cheap stocks despite their challenges, rather than investing in expensive stocks with superior earnings growth.

This is because we tend to see “reversion to the mean” in investing, where cheap stocks become more expensive and expensive stocks become cheaper over time – they trend back towards the average.

However, growth stocks have been catching up for the past decade or so and finally overtook value when the pandemic hit.

Growth stocks have essentially been outperforming since the financial crisis. However, since 1 November there has been something of a turn-around, shown in chart three. Value stocks have gained 23.14% whereas growth has gained only 11.87%. We can also see from the chart

that the real divergence began in February when growth stocks (blue) started to actually fall (rather than just not rise as quickly) whereas value (red) carried on making gains:

Also shown on the chart is the Schroder Global Recovery Fund in green. Once the vaccine was announced, we wanted to add more value to portfolios and bought the Schroder fund on 11 November. As you can see, it has done extremely well since purchase.

Rate of recovery

The potential for economic recovery due to the vaccine is responsible for this change in trend, however only part of this is a direct impact. There is also an indirect but important aspect, which is interest rates.

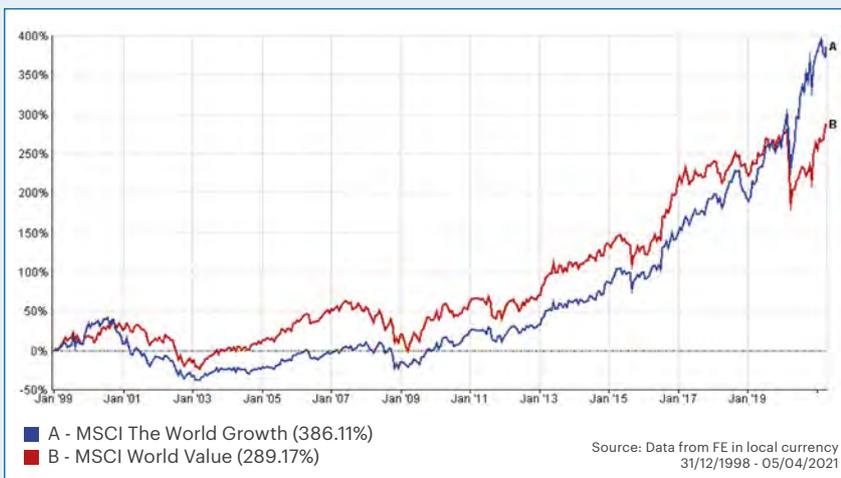
When the pandemic hit, central banks reacted by cutting interest rates close to zero. They also instituted massive amounts of

monetary stimulus via quantitative easing. Governments also reacted with massive fiscal spending. After the initial panic in March, these factors proved very helpful to fixed interest markets. When rates go down, the yields on bonds look more attractive relative to cash, and therefore the prices tend to go up.

In addition, the way quantitative easing works is through central banks going out and buying bonds with their newly “printed” money. Even though governments have been issuing more bonds to pay for this economic stimulus, this extra supply has been more than offset by the extra demand from central bank buying, which has helped suppress bond yields even further.

However, if the economy starts to recover, then some of this stimulus will need to be withdrawn. Firstly, we’d expect quantitative easing to start being tapered back, and secondly central banks might start thinking about interest rate increases.

Chart two: global growth stocks vs global value stocks



Whilst rate hikes are likely a couple of years away, the prospect of future hikes makes longer dated bonds less attractive. Their yields need to go up to remain attractive, meaning their prices should fall. As a result, we’ve seen something of a bond sell off in the past couple of months.

A UK 10-year gilt which yielded just 0.23% pa at the end of 2020, now yields 0.83% pa. The US equivalent has gone from 0.95% pa and now yields 1.72% (Source: Refinitiv Datastream). In capital terms, the FTSE Actuaries All Stocks Gilt Index had lost 6.78% so far in 2021, the worst start to a year in three decades (Source: FE Analytics).

Chart three: global recovery, global value stocks and global growth stocks



I mentioned how we increased fixed interest significantly last year. This was a mixture of corporate and government bonds and has proved much more stable, losing only 0.79% over the same period.

Despite gilts performing well in the pandemic, investors would have made less than 1% by being in gilts for the whole time, whereas our fixed interest portfolio is up 13.12% over the same period. This return doesn’t take into account the large sales before the big drawdown and re-purchases afterwards.

Passive pain

This increase in bond yields causes a problem for a lot of investors, particularly those in a typical portfolio made up of just equities and bonds. Not only does it cause an issue for the typical 40% in bonds, it also causes an issue for the 60% in equities too.

One reason growth stocks have done so well since the financial crisis is that interest rates and, therefore, bond yields have generally been so low. When we look at future cash flows to value something, whether that's a defined benefit pension scheme or an equity, we must work out what those flows are worth in today's terms.

A pound in your pocket this time next year is worth less than it is today. To work out what it's worth, we need to use a form of "discount rate". For this, we often use an equivalent bond yield. In short, just as lower bond yields increase the transfer value of a pension, so they increase the implied value of a growth stock. However, rising bond yields do the opposite and decrease the implied value of such stocks.

Tech stocks are the ultimate growth stock as they tend to experience very high earnings growth and therefore can trade for huge multiples of current profits (if they even make a profit!). Rising bond yields represent at least a headwind for such stocks. Meanwhile the re-opening of the real economy may reduce demand for their services.

Given how big a proportion such stocks have now become of some stock market indices, an index tracking fund can be quite concentrated in such stocks. A passively managed 60/40 equity/bond exposure could even suffer extremely badly from a strong increase in economic growth.

Some people are even concerned that all this stimulus could give rise to higher inflation. We expect a short-term inflation spike this year as prices recover from last year's lows and short-term demand for services increases when we all get our freedom back. If so, this is unlikely to be good for bonds and growth stocks, even though we expect it to be temporary. However, we believe

that value stocks could continue to increase as the economy recovers. In addition, some stocks such as financials can actually benefit from rising bond yields.

The key is for portfolios to remain flexible and ready to change tack the moment markets change direction again.

This time next (10) years Rodney...

So where do we go from here? In the short term, much depends on whether the vaccine roll out continues successfully, both in the UK and globally, as well as if any new variants of the virus appear.

Despite our hopes for a recovery, it is difficult to argue that most asset classes are not somewhat expensive. In the short term, valuation metrics are not a lot of use for market timing. However, they do tell us something about the likely returns over longer periods like five or 10 years.

Even with the increase in yields, government bonds remain unattractive. The 10-year expected return on gilts is essentially the same as the yield on a 10-year gilt, at 0.76% pa. This is likely to be below inflation even if inflation remains subdued.

And what of equities? No matter how we look at it, their valuations are well above averages in most markets. Some people like to look at price/earnings ratios based on most recent earnings reports. Some people look at those based on forecasts for future earnings. Some assess price relative

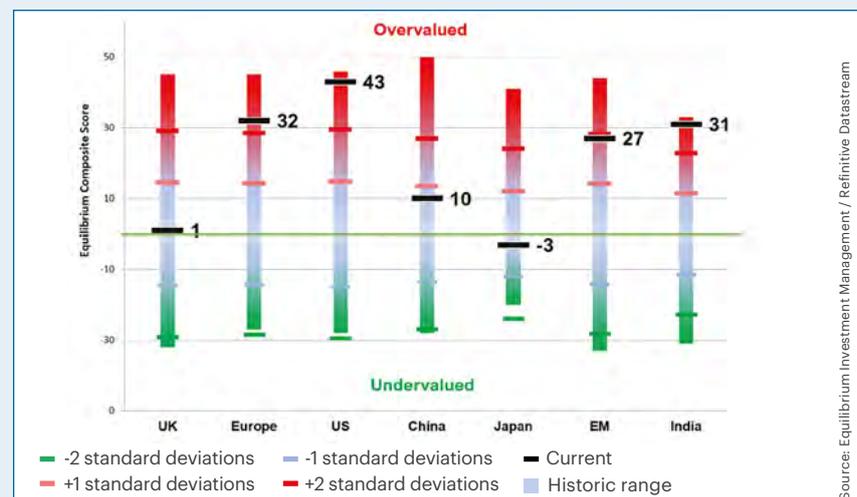
to book value, or other measures like revenues or cash. We combine a number of these metrics into a single score.

Chart four displays the latest score for each region on our "graphic equaliser". The black bar shows the current valuations. In many cases this bar is right at the top of the range, indicating they are expensive relative to history. Only the UK, Japan and to a lesser extent China, look reasonable value on this metric. Some may argue that markets look expensive due to the depressed earnings as a result of the pandemic. These earnings should bounce back sharply, all being well, making equities look less expensive. Another argument as to why equities might still look good value is that they are cheap relative to bonds and cash, given yields and rates are still so low. To some extent we agree with both arguments, but nevertheless it is important to note that historically valuations like this have had a strong correlation with future returns.

Chart five shows our metric for US equities going back to the late 1980s. The blue line is our score but inverted, so when the line is lower it means markets are more expensive. When it is higher up the chart it means markets are cheaper. The grey line is what the return of the market was over the next 10 years, minus the rate on cash (using official interest rates). We look at returns relative to cash to adjust for the argument that equities might be cheap in relative terms.

We can see that the two lines follow each other extremely closely; when

Chart four: graphic equaliser



markets are cheap, the returns are well ahead of cash. When they are expensive the returns have been sometime less than cash. The correlation between the two lines is around 91%.

The blue line showing valuations is at the extremes we saw in the so-called “tech bubble” back in 1999/2000. Over the 10 years starting at this market peak, returns were around 5% pa BELOW cash. Should we be expecting the same over the next 10 years?

We’re using the US figures as an illustration as they are some of the more extreme valuations. Some regions look better value and imply a more positive return. However, if bond and equity valuations are both so high, this does illustrate that returns might be hard to come by, especially if they are your only two asset classes.

However, we think that positive returns well ahead of inflation are possible. To achieve them, we need to include alternative asset classes such as infrastructure and selective property, using defined returns for some of our equity exposure, and actively moving between different equity regions and styles.

A passively managed, 60/40 portfolio just won’t cut it in my view.

New funds

We absolutely recognised this problem when designing the two new funds we’ve launched in the past 12 months. At the higher end of the risk/return scale is the IFSL Equilibrium Global Equity Portfolio.

This aims to outperform global equities over the long term (the official benchmark is the Investment Association (IA) Global sector).

Given what I just said about equity valuations, it may be harder to achieve high levels of growth in the future. We will therefore employ some of the assets mentioned earlier like defined returns and infrastructure, as well as equity.

We can also buy things like private equity investment trusts, giving us access to earlier stage companies, particularly in the tech sectors. We think these have greater growth potential and are often better value than their larger, listed peers. Since launch on 19 June 2020, the fund has returned 20.1% compared to the IA Sector which has returned 17.74%, so it is off to a good start. At the other end of the risk spectrum is the IFSL Equilibrium Defensive Portfolio, launched in February 2021.

This is designed to be lower risk than our other funds. Over the long term, it aims to outperform the Bank of England base rate by at least 3% pa net of investment management charges. It also has a secondary objective of not losing money over any three-year period. By comparison, our next fund up the risk/return scale, the IFSL Equilibrium Cautious Portfolio, has a minimum objective of beating inflation (CPI) over rolling five-year periods (and CPI plus 4% pa over 10 year or more).

To invest in the Cautious Fund, we believe that money needs to be invested for at least five-years as, over shorter timescales, the ups and downs of the stock market can be

significant. This makes it unsuitable for those with shorter time horizons. We think Defensive fills that gap.

Whilst we will aim to keep volatility to a minimum, the reality is that we do need to take some level of risk to achieve the returns. The three-year target provides enough scope to take such risks. In reality, we believe we can provide positive returns over shorter periods and this fund has more of a focus on avoiding losses.

All our other funds have varying degrees of stock market exposure but the Defensive Fund will only have a very small amount in equities. It will also have some alternative equity exposure and small holdings in “real assets” like property and infrastructure. However, a large part will be invested in fixed interest in one shape or form.

As mentioned earlier, the last few months have been difficult for fixed interest. In some ways it has been the worst time to launch a largely bond based fund! However, we also think it has proven that our strategy can be resilient even in what has been a terrible time to be a bond investor.

Whilst the Defensive Fund has fallen a small amount since launch, when compared to UK gilts, US governments bonds and corporate bonds, it has held up well.

In this fund, we don’t just invest in fixed interest bonds but also in inflation linked and floating rate bonds (where the interest paid goes up and down when rates change). We also invest in a lot of shorter dated bonds which tend to be less volatile, as well as cash, including some in other currencies like the dollar, which can sometimes be a good portfolio hedge.

We know a lot of people have large amounts sitting in savings accounts earning very little interest. Often people will invest in fixed rate accounts of up to three years in search of a better return. Even then, the rates are often pitiful.

We think the Defensive Fund is a potential alternative for those investors and worth considering for even a small amount of your “emergency fund”. It’s also an option for those people who know they might need the capital in the next few years, but not quite yet.

Chart five: US equities



Sector performance & analysis

UK equity

The UK stock market was harder hit than many regions during the pandemic. Partly this is due to the make up of the market whilst has few of the big tech stocks and plenty of more cyclical and “old economy” shares.

We have mainly favoured smaller companies and value stocks within the UK, as we felt that international investors had unfairly been avoiding such stocks due to Brexit risk.

They were very hard hit in the pandemic but also bounced back extremely well. The UK market as a whole has also fared well since the vaccine announcements, with the majority of our funds outperforming by a significant margin.

Some of our more large cap and “quality” biased funds, such as Lindsell Train and Liontrust, have struggled during this period but we continue to think they complement the more small cap

and value stocks well. Overall, both our UK conservative equity and UK dynamic strategies have significantly outperformed both their benchmarks (the relevant unit trust sector) and the FTSE over all time periods.

Global equities

Away from the UK, our best performing equity funds over 12 months have been in emerging markets with our Indian fund returning 73% over one year.

Within emerging markets, we have recently added to our China exposure by adding in the Allianz China A Shares fund. “A shares” are mainland China listed stocks as opposed to most Chinese funds which invest in Hong Kong listed “H” shares. This fund should give us added long-term growth potential and some additional diversification, although it may be very volatile in the short term.

In the short term, our preference for Asia has slightly detracted

from performance as the harder hit economies elsewhere bounced back from the pandemic.

In established markets, the US has been the best performing region. Baillie Gifford American has been a great success since purchase on 1 May (as discussed earlier) but has not slightly underperformed over six months.

Our European funds did extremely well against the sector, but our Japanese funds were mixed over the short term at least. Again, the more “quality” companies in Lindsell Train have underperformed in the recovery.

The Schroder Global Recovery fund has performed extremely well since purchase. Again, this illustrates the differing performance of equity styles with its “value” makeup helping. Meanwhile, the Morgan Stanley Global Brands fund is another “quality” fund and therefore struggled recently.

Table three: UK equity fund performance

	3 months %	6 months %	1 year %	3 year %
Premier Miton UK Multi Cap Income B Inst Inc GBP	8.25	25.95	52.24	27.17
Portfolio : Equilibrium UK Conservative Equity 01/10/2018	8.25	25.81	46.33	20.03
Sector : UT UK Equity Income	5.67	20.93	37.51	7.67
Lindsell Train LF Lindsell Train UK Equity	-1.12	1.96	22.60	22.21
Liontrust Special Situations I Acc**	3.99	13.45	Not in portfolios	
MI Chelverton UK Equity Growth	13.40	35.67	86.26	Not in portfolios
Polar Capital UK Value Opportunities	7.34	29.04	55.74	Not in portfolios
Premier Miton UK Value Opportunities B Inst Inc GBP	13.76	39.88	82.40	36.22
Portfolio : Equilibrium UK Dynamic Portfolio 01/10/2018	7.44	23.57	57.09	26.41
Sector : UT UK All Companies	5.10	20.08	43.00	14.09
Index : FTSE All Share	3.59	17.38	34.06	8.46

Source: FE Analytics to 5 April 2021. Numbers are in green where they are ahead of the benchmark shown

“the balance of styles as well as regions is important, given the unpredictability of economies and markets”

Again, we think the balance of styles as well as regions is important, given the unpredictability of economies and markets.

AIM

The Equilibrium AIM Portfolio invests in stocks listed on the Alternative Investment Market (AIM) which we believe qualify for Business Relief (BR). The primary purpose of the portfolio is inheritance tax planning.

What a year it has been. The total return for the FTSE AIM Index for the last 12 months has been 76.9% and for the Equilibrium AIM Portfolio was 39.9% (for reference, the return on the main market FTSE All Share Index was 26.7%).

Much of the AIM Index performance was propelled by small, highly speculative stocks such as mining and biotechnology companies. Whilst most of these stocks do not

fulfil the requirements for inclusion in the Portfolio, there were a number of strong performances from the ones we do hold.

Several of the stocks that appeared in the ‘worst performers’ list this time last year, such as airline operator Jet2 and Fevertree Drinks, now appear in the list of top performers over the last 12 months (see table below) as investors anticipate a recovery in profitability. Only one stock in the portfolio has had negative returns over the 12-month period.

Through conservative management of their cashflows and selective capital raising, most investee companies have robust balance sheets and some have even ventured to make opportunistic acquisitions recently to bolster growth. Whilst we are not entirely out of the woods yet, all the companies are expressing optimism

about the outlook for 2021 and into 2022 and hopefully the experience of the pandemic can soon be consigned to history.

Below, we can see the five top and bottom performing stocks in the portfolio over the past 12 months:

Top stocks by total returns

136.8%	CVS Group
132.4%	Jet2
131.3%	Next Fifteen Communications
94.8%	Fevertree Drinks
91.0%	Ab Dynamics

Bottom stocks by total returns

-6.0%	Advanced Medical Solutions Group
2.9%	Restore
7.5%	Iomart Group
10.8%	James Halstead
11.2%	Emis Group

Table four: Global equity fund performance

	3 months %	6 months %	1 year %	3 year %
Baillie Gifford American B Acc**	-0.32	13.79	Not in portfolios	
Vanguard US Equity Index Inc GBP	6.65	13.92	52.21	61.44
Sector : UT North America	6.63	13.88	47.69	58.21
Baillie Gifford Japanese B Inc	1.34	9.44	49.56	30.04
Lindsell Train Japanese Equity B Sterling Quoted GBP	-6.32	-7.06	4.03	Not in portfolios
Sector : UT Japan	1.04	10.04	36.93	20.58
BlackRock European Dynamic FD Inc**	-1.18	14.14	64.57	58.61
Premier Miton European Opportunities	-0.24	9.92	60.21	85.04
Sector : UT Europe Excluding UK	1.84	11.64	43.63	25.55
Morgan Stanley Global Brands	0.45	0.44	Not in portfolios	
Schroder Global Recovery	13.38	Not in portfolios		
Sector : UT Global	3.22	12.63	42.50	41.02
Portfolio : Equilibrium Global Established Portfolio 01/10/2018	2.92	10.90	48.47	47.05
Portfolio : Gbl Est Benchmark	4.80	13.00	45.96	44.28
Allianz China A-Shares	Not in portfolios			
Baillie Gifford Emerging Markets Leading Companies**	-0.47	20.69	67.59	Not in portfolios
Federated Hermes Global Emerging Markets SMID Equity	5.15	24.01	67.29	Not in portfolios
GS India Equity Portfolio I GBP	4.20	21.26	73.88	25.98
Invesco China Equity (UK)	3.60	4.96	35.26	45.13
Portfolio : Equilibrium Global Speculative Portfolio 01/10/2018	0.25	14.06	54.21	39.37
Sector : UT Global Emerging Markets	0.92	18.36	50.04	25.96

Source: FE Analytics to 5 April 2021. Numbers are in green where they are ahead of the benchmark shown

Property

We have only held around 1% to 1.5% in property in our core portfolios over the past 12 months, having sold much of our exposure in the early stages of the pandemic.

The fund that we do own, the Time Commercial Long Income Fund, invests in long-dated and secure income producing assets like supermarkets which have proved more resilient than most funds which invest in hard hit offices and real estate.

For much of this year the Time Fund has been “gated” so we’ve been unable to withdraw or top up. Recently the fund has re-opened but also “re-priced” to deter outflows. The fund has fallen 4.83% over 12 months although only 0.5% of this is due to performance, with the rest due to re-pricing.

We remain content to hold 1% of portfolios despite liquidity issues. We have recently added to this asset class by purchasing around 0.5% in the Supermarket Income REIT within our core funds. This is a real estate investment trust which can be more volatile than property unit trusts but also more liquid.

Alternative equity

Alternative equity was our most disappointing asset class in the early stages of the pandemic.

We had expected some of the funds to provide some good diversification. However, during the pandemic the correlations between asset classes, and between holdings within asset classes, trended closer together. As a result, the portfolio fell much more than we’d hoped.

Chart six shows the returns of the portfolio from 1 January 2020 to 5

April 2021. The aim of the portfolio is to provide returns close to or in line with core equities over time, but with less volatility. It has outperformed the FTSE All-Share over this period, but has still provided a negative return.

We have made several changes to the portfolio over the past 12 months. We have also reduced holdings in some of the more “absolute return” type strategies simply because the other asset classes became more attractive.

Those we do hold are now lower risk, more bond-like in terms of volatility.

We also hold a number of infrastructure funds which are made up of listed equities but the underlying investments are “real assets” such as wind farms, solar generation and toll roads. A bit like property, these provide a consistent and inflation protected level of income.

Chart six: Alternative Equity vs FTSE All-Share

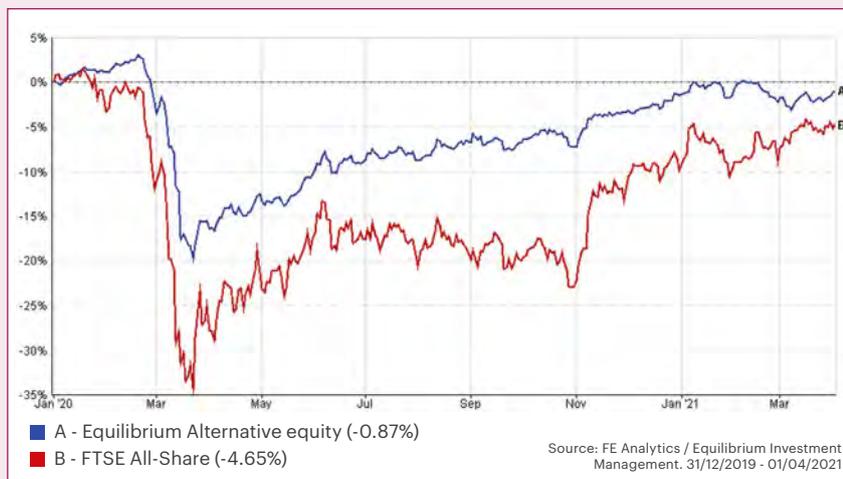
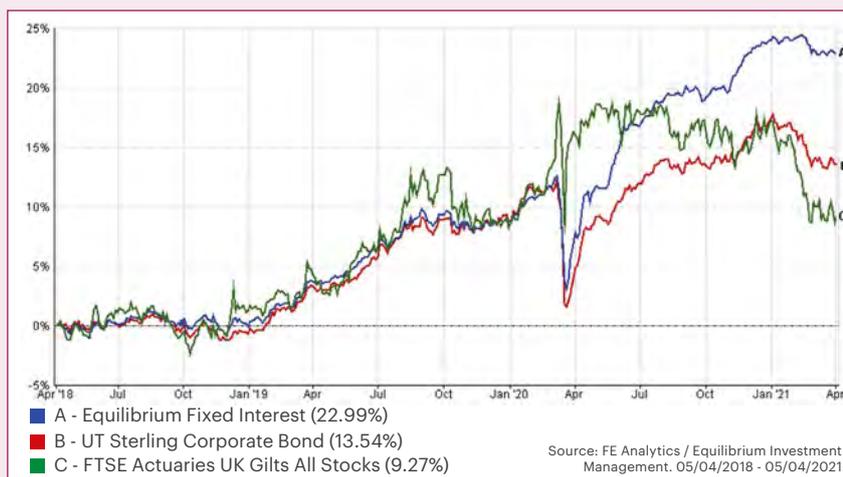


Chart seven: Fixed interest vs benchmarks



Fixed interest

We discussed fixed interest in detail on page 36.

We have made many changes to this part of portfolios over 12 months, so looking at individual fund performance may not be that helpful.

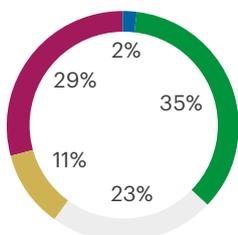
Instead, chart seven shows the overall performance of our fixed interest portfolio (blue) against the average corporate bond fund (red) and gilts (green) over three years.

Outperformance is partly down to fund selection but also due to our proactive approach of buying and selling bond funds and switching between more secure short-dated and government bonds into higher yielding corporates at different times.

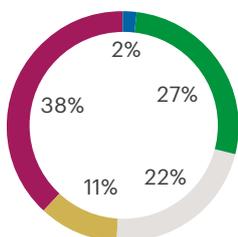
Model portfolio returns

Below is the performance of our Cautious Portfolio, Balanced Portfolio, Adventurous Portfolio and Global Equity Portfolio.

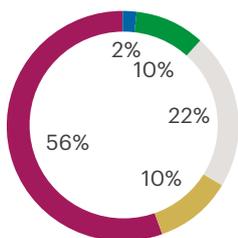
Strategic asset allocation



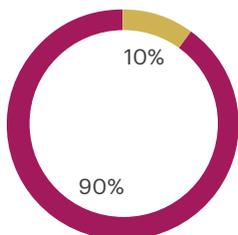
Cautious Portfolio	6 months %	1 year %	3 years %	5 years %	10 years %	Since launch* %
Cautious Portfolio	7.25	22.08	14.40	31.80	78.17	109.99
Mixed Asset 20-60% Shares Sector	7.56	21.23	14.54	30.46	59.97	71.66



Balanced Portfolio	6 months %	1 year %	3 years %	5 years %	10 years %	Since launch* %
Balanced Portfolio	8.93	26.18	16.72	37.07	87.35	120.98
Mixed Asset 20-60% Shares Sector	7.56	21.23	14.54	30.46	59.97	71.66



Adventurous Portfolio	6 months %	1 year %	3 years %	5 years %	10 years %	Since launch* %
Adventurous Portfolio	11.64	34.59	22.47	51.62	104.82	139.85
Mixed Investment 40-85% Sector	9.88	29.45	22.83	46.90	84.34	99.29



Global Equity Portfolio	6 months %	1 year %	3 years %	5 years %	10 years %	Since launch* %
Global Equity Portfolio	14.79	Less than one year's data				
Global IA	12.63	Less than one year's data				

Equity Cash Fixed interest Property Alternative Equity

We also show returns compared to the Asset Risk Consultants indices made up of other discretionary managers' portfolio returns. These are shown in the table below and are given to 5 April 2021 as ARC indices are published on a monthly basis:

Model Portfolio	6 months %	1 year %	3 years %	5 years %	10 years %	Since launch* %
Cautious Portfolio	7.46	21.49	14.72	31.22	78.29	109.99
ARC Sterling Cautious PCI	3.59	11.54	10.85	19.50	38.67	53.63
Balanced Portfolio	9.24	25.38	17.14	36.44	87.47	120.98
ARC Sterling Balanced PCI	6.55	18.50	15.39	29.71	57.04	71.01
Adventurous Portfolio	12.16	33.41	22.85	50.71	104.84	139.85
ARC Sterling Balanced PCI	9.47	24.79	20.75	41.63	76.80	91.08

Note: performance shown is after a 0.5% investment management fee with no adjustment for financial planning or platform charges.

* Launch date 1 January 2008. All data to 5 April 2021. Figures are highlighted in green where they are in excess of the relevant sector.



Sector portfolio returns

Equity Portfolios	6 months %	1 year %	3 years %	5 years %	10 years %
UK Conservative Equity	25.81	46.33	20.03	38.81	118.96
UT UK Equity Income Sector	20.93	37.51	7.67	26.39	79.86
UK Dynamic	23.57	57.09	26.41	65.20	160.71
UT UK Equity All Companies Sector	20.08	43.00	14.09	40.51	87.80
Global Established	10.90	48.47	47.05	112.53	229.74
Global Established Benchmark **	13.00	45.96	44.28	92.63	196.05
Global Speculative	14.06	54.21	39.37	123.07	107.63
UT Global Emerging Mkts Sector	18.36	50.04	25.96	88.80	69.60
Balanced Equity Mix	17.51	51.64	34.82	82.82	155.20
Balanced Equity Benchmark ****	16.14	43.63	25.84	62.95	123.85
Equilibrium AIM	21.84	46.57	18.57	77.67	331.82
FTSE AIM All-Share ***	24.74	84.92	23.04	81.01	49.40
Alternative Equity	5.73	18.84	3.53	14.38	62.17
UT Mixed Asset 20-60% Shares	7.56	21.23	14.54	30.46	59.97
Fixed Interest Portfolio	3.07	14.45	22.99	40.05	77.19
UT Sterling Corp Bond Sector	0.25	8.05	13.54	24.77	64.69
Property Portfolio	-1.87	-3.71	0.32	14.16	49.79
Composite Property Benchmark *****	1.30	-0.78	-1.26	2.85	32.11

* Launch date 1 January 2008 except Property Portfolio 1 July 2009.
 ** Global Established Benchmark is 40% UT North America, 40% UT Europe Ex UK, 20% Japan.
 *** Performance data prior to 17 March 2015 (launch date) is calculated using the backtested model portfolio.
 **** Cautious, Balanced and Adventurous Equity benchmarks are an appropriate composite of the benchmark for each component of that equity mix.
 ***** Composite Property Benchmark is an equal weighting of all eligible funds in the UT Property Sector. Property portfolio switched to cash 15 June 2012 to 11 April 2013 as we did not hold property funds in this period.

Figures are highlighted in green where they are in excess of the relevant 'Mixed Asset' sector.

Market returns

Equity Markets	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %
FTSE 100 Index (UK)	15.20	28.55	5.30	34.76	64.22
FTSE 250 Index (UK Mid Cap)	24.55	56.88	19.59	48.03	141.99
FTSE All-Share Index (UK)	17.38	34.06	8.46	38.19	77.07
FTSE AIM All-Share	24.74	84.92	23.04	81.01	49.40
S&P 500 Index (USA)	12.37	46.30	60.53	117.18	313.83
MSCI Europe Ex UK Index	10.66	38.90	24.71	66.80	102.57
Topix (Japan)	9.52	32.38	19.98	75.51	154.27
MSCI Emerging Markets Index	15.83	45.67	24.71	89.06	67.85

Fixed Interest

FTSE Actuaries UK Conventional Gilts All Stocks	-5.25	-5.59	9.27	15.56	60.64
UT Sterling Corporate Bond Sector	0.25	8.05	13.54	24.77	64.69
UT Sterling High Yield Sector	7.30	24.45	15.36	32.17	61.83

Property

Composite Property Benchmark*	1.30	-0.78	-1.26	2.85	32.11
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Other Measures

Bank of England Base Rate	0.05	0.10	1.48	2.18	4.76
UK Retail Price	0.58	1.16	6.36	13.37	27.31
UK Consumer Price	0.00	0.46	3.90	8.88	18.33

* Property benchmark is a composite of all eligible funds in the UT Property sector.

Risk warnings and notes

Past performance is never a guide to future performance. Investments will fall as well as rise.

Any performance targets shown are what we believe are realistic long-term returns. They are never guaranteed.

None of the information in this document constitutes a recommendation. Please contact your adviser before taking any action.

Unless stated otherwise:

- All performance statistics are from Financial Express Analytics on a bid-bid basis with income reinvested.
- All performance data is to 5 April 2021.
- Model portfolio performance is stated after a 0.5% investment management fee with no adjustment for financial planning or platform charge.

- Your own performance may vary from the model due to dividend pay dates, transaction dates, contributions and withdrawals.
- Actual performance may also differ slightly due to constraints over how we can reflect fees and discounts from fund managers. These are assumed not to change over the whole investment period. In reality, discount levels change as we change the funds in which we invest.
- Individual sector portfolios are shown with no charges taken off or fund manager discounts applied.

For details of your own portfolio performance, please refer to your half-yearly statement from the wrap platform in which you are invested. We will also provide personalised performance information at your regular reviews.

Ideal funds

Portfolio	Fund Name	Initial Charge %	Annual Management Charge %	Ongoing Charges Figure %
Short Dated Fixed Interest	Royal London Short Duration High Yield	0.00	0.50	0.63
Fixed Interest	Allianz Strategic Bond	0.00	0.60	0.79
	Nomura Global Dynamic Bond	0.00	0.60	0.75
	Jupiter Strategic Bond	0.00	0.50	0.73
	Royal London Extra Yield Bond	0.00	0.75	0.83
	TwentyFour Dynamic Bond	0.00	0.75	0.80
	Muzinich Asia Credit Opportunities	0.00	0.65	0.86
	GAM Credit Opportunities	0.00	1.00	1.14
	Waverton Sterling Bond	0.00	0.40	0.54
Property	Time Commercial Long Income	0.00	0.98	1.29
Alternative Equity	Lazard Global Listed Infrastructure	0.00	0.85	1.03
	Carmignac Long Short European Equity	0.00	0.85	1.22
	Foresight UK Infrastructure Income	0.00	0.65	0.65
	Foresight Global Real Infrastructure	0.00	0.85	0.85
	Blackrock European Absolute Alpha	0.00	0.75	0.92
Defined returns	Atlantic House Defined Returns	0.00	0.55	0.78
UK Conservative Equity	Miton UK Multi Cap Income	0.00	0.75	0.82
UK Dynamic Equity	Lindsell Train UK Equity	0.00	0.65	0.75
	Miton UK Value Opportunities	0.00	0.75	0.83
	Polar Capital UK Value Opportunities	0.00	0.75	0.86
	Chelverton UK Growth	0.00	0.75	0.87
	Liontrust Special Situations	0.00	0.75	0.84
Global Established Equity	Baillie Gifford Japanese Co.	0.00	0.60	0.63
	BlackRock European Dynamic	0.00	0.75	0.92
	Lindsell Train Japanese Equity	0.00	0.65	0.85
	Miton European Opportunities	0.00	0.50	0.66
	Vanguard US Equity Index	0.00	0.10	0.10
	Baillie Gifford American	0.00	0.50	0.52
	Morgan Stanley Global Brands	0.00	0.75	0.90
	Schroder Global Recovery	0.00	0.75	0.94
	S&W Artificial Intelligence	0.00	0.50	0.52
Global Speculative Equity	Invesco China	0.00	0.94	0.94
	Goldman Sachs India	0.00	0.85	0.99
	Hermes GEM SMID	0.00	0.45	0.77
	Baillie Gifford EM Leading Companies	0.00	0.72	0.77
	Allianz China A-Shares	0.00	1.10	1.10

These are the funds in our standard portfolios at 5 April 2021. These will change periodically and have not all been held throughout the period covered by this document.

Thank you for rating us gold



Overall score
9.1 / 10



EQUILIBRIUM



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