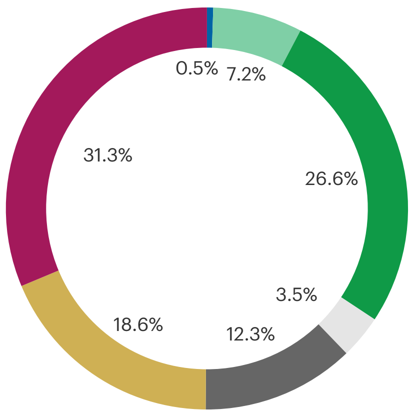
IFSL Equilibrium Balanced

Portfolio A Acc | June 2021

The Fund aims to deliver returns greater than inflation over a minimum of 5 years, through a combination of capital growth, that is profit on investments, and income paid out of investments, such as interest and dividends, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved. Over the longer term, any 10 year period, the Fund aims to deliver an average of inflation plus 5% per annum. Inflation is measured as the UK Consumer Prices Index for these purposes. The Fund will invest at least 80% in other funds and investment trusts (collectively 'Investment Funds').

Manager	Equilibrium Investment Management LLP	**ISIN**	GB00BYXHQX09	**Annual management charge (AMC)**	0.25%
ACD	Investment Funds Services Limited	**Sedol**	BYXHQX0		
Fund type	Open Ended Investment Company (OEIC)	**Holdings**	48	**Ongoing charges figure (OCF)**	1.04%
Launched	1 November 2017	**Fund size**	£443.3m		

Liquidity	Sterling Cash & Money Market	-0.2%
	Euro Cash & Money Market	0.2%
	US Dollar Cash & Money Market	0.5%
Short Dated Fixed Interest	Royal London Short Duration High Yield	4.0%
	TwentyFour Monument Bond Fund	3.2%
Fixed Interest	Allianz Strategic Bond	5.5%
	Nomura Global Dynamic Bond	4.0%
	Royal London Extra Yield Bond	3.2%
	TwentyFour Dynamic Bond	5.5%
	Muzinich Asia Credit Opportunities	2.8%
	GAM Credit Opportunities	2.0%
	Waverton Sterling Bond	3.5%
Property	Time Commercial Long Income	1.0%
	Supermarket REIT	0.5%
	Primary Healthcare Properties	0.5%
	Segro	0.5%
	Civitas Social Housing	0.5%
	Target Healthcare	0.5%
Defined Returns	Societe Generale FTSE Autocall Dec 2017	2.7%
	JPM FTSE Autocall September 2018	2.6%
	BNP Paribas FTSE/S&P Autocall Feb 2020	1.6%
	Atlantic House Defined Returns	1.0%
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.3%
	BNP Paribas FTSE Autocall Jan 2020	1.2%
	Morgan Stanley FTSE/S&P Autocall Mar 2019	1.1%
Alternative Equity	Lazard Global Listed Infrastructure	2.1%
	Carmignac Long Short European Equity	2.5%
	Foresight UK Infrastructure Income	1.5%
	Lazard Rathmore Alternative	4.5%
	Foresight Global Real Infrastructure	2.5%
	Blackrock European Absolute Alpha	2.5%
	Legg Mason ClearBridge Global Infrastructure	1.7%
	Man GLG Absolute Value	1.4%
UK Conservative Eq.	Miton UK Multi Cap Income	3.3%
UK Dynamic Equity	Lindsell Train UK Equity	2.5%
	Miton UK Value Opportunities	4.0%
	Chelverton UK Growth	2.5%
	Liontrust Special Situations	2.5%
Global Established Equity	Baillie Gifford Japanese Co.	1.5%
	BlackRock European Dynamic	1.0%
	Lindsell Train Japanese Equity	1.3%
	Miton European Opportunities	1.2%
	Vanguard US Equity Index	0.8%



Key recent changes

March 2021

From Goldman Sachs FTSE/S&P Autocall
To Alternative Equity

From iShares US MSCI Small Cap ETF
To Schroder Global Recovery

May 2021

From Cash
To Man GLG Absolute Value

From Jupiter Strategic Bond
To Fixed Interest, Primary Health Properties, Segro, Civitas Social Housing & Target Healthcare

From Polar Capital UK Value Opportunities
To Miton UK Value Opportunities & Miton UK Multi Cap Income

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

Global Established Equity (continued)	Baillie Gifford American	1.3%
	Morgan Stanley Global Brands	1.3%
	Schroder Global Recovery	2.6%
Global Speculative Equity	Invesco China	1.5%
	Goldman Sachs India	0.9%
	Hermes GEM SMID	0.9%
	Baillie Gifford EM Leading Companies	1.3%
	Allianz China A-Shares	1.0%

Commentary

The economic recovery continues at pace, especially here in the UK as well as in the US. As we get some way back towards normality, the increased activity is reflected in very strong business surveys. We are expecting the current quarter to be exceptionally strong, especially given we are starting from a low base. These "base effects" make it difficult to assess economic and market data at present. For example, inflation has been strong, especially in the US, partly because it was so weak this time last year. This has been exacerbated by short term supply issues, particularly in things like microchips where demand has risen but manufacturers have struggled to keep pace. In the stock market, we're also seeing some very strong earnings growth when compared to the lower profits from a year ago. However, such distortions make it difficult for markets to work out what is short term growth and what the long-term trends are likely to be. Based on current levels of earnings many markets look quite expensive, but with the expected bounce in profits some areas might begin to look better value. Given this backdrop, markets have largely gone sideways in the last couple of months whilst investors try and digest all this new information.

With more economic optimism we are again seeing bond yields creep slightly higher to reflect the likelihood that interest rates will (eventually) rise and quantitative easing will have to be scaled back. We have recently reduced fixed interest exposure in portfolios and instead allocated to selected property funds. We have purchased real estate investment trusts (REITS) in areas such as distribution (benefiting from online sales), social housing and healthcare. All of these should provide a solid income and some inflation protection. As REITS can be quite volatile we have only put a small amount in each, and as they are all doing something different this can reduce overall volatility.

We always want our portfolios to be well diversified although there is a fine balance. We have carried out an exercise to identify any funds which are highly correlated with another holding. Where this is the case we are looking to consolidate our positions into the funds in which we have the most conviction. This generally has a cost benefit too as we can negotiate fee discounts on larger positions. The sales of the Jupiter Strategic Bond fund and Polar Capital UK Value Opportunities are part of this exercise.

Performance

Rolling total returns

3 Months (26.02.21 to 28.05.21)	**6 Months** (30.11.20 to 28.05.21)	**1 Year** (29.05.20 to 28.05.21)	**3 Years** (31.05.18 to 28.05.21)	**-**
3.31%	6.75%	16.62%	16.50%	-

Discrete annual total returns

2020 (31.12.19 to 31.12.20)	**2019** (31.12.18 to 31.12.19)	**2018** (31.12.17 to 31.12.18)	**-**	**-**
4.31%	13.79%	-4.12%	-	-

Notes and risk information

All data is to 28 May 2021 and collated by Equilibrium Investment Management LLP. Performance data sourced from FE Analytics. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions. Past performance is never a guide to future performance. Investments may (will) fall as well as rise and you may not get back your original investment. Changes in currency exchange rates or interest rates may have an adverse effect on the value of your investments.

Investment Fund Services Limited (IFSL) is the Authorised Corporate Director (ACD) of the IFSL Equilibrium OEIC. IFSL is registered in England No. 06110770 and is authorised and regulated by the Financial Conduct Authority. Registered office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Copies of the Prospectus and Key Investor Information Document are available in English from www.ifslfunds.com or can be requested as a paper copy by calling 0808 178 9321 or writing to IFSL at the above address. Investors should refer to these for further details on the fund's investment objectives, policy and associated risks. AMC: Equilibrium Investment Management's fee. OCF: the overall cost of running the fund including the AMC.

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