



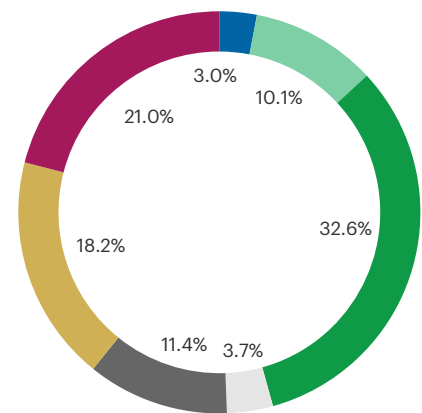
# IFSL Equilibrium Cautious

Portfolio A Acc | July 2021

The Fund aims to deliver returns greater than inflation over a minimum of 5 years, through a combination of capital growth, that is profit on investments, and income paid out of investments, such as interest and dividends, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved. Over the longer term, any 10 year period, the Fund aims to deliver an average of inflation plus 4% per annum. Inflation is measured as the UK Consumer Prices Index for these purposes. The Fund will invest at least 80% in other funds and investment trusts (collectively 'Investment Funds').

<b>Manager</b>	Equilibrium Investment Management LLP	<b>ISIN</b>	GBO0BYXHQY16	<b>Annual management charge (AMC)</b>	0.25%
<b>ACD</b>	Investment Funds Services Limited	<b>Sedol</b>	BYXHQY1		
<b>Fund type</b>	Open Ended Investment Company (OEIC)	<b>Holdings</b>	47	<b>Ongoing charges figure (OCF)</b>	1.01%
<b>Launched</b>	1 November 2017	<b>Fund size</b>	£279.3m		

Liquidity	Sterling Cash & Money Market	1.5%	
	Euro Cash & Money Market	0.6%	
	US Dollar Cash & Money Market	0.9%	
Short Dated Fixed Interest	Royal London Short Duration High Yield	4.0%	
	TwentyFour Monument Bond Fund	4.0%	
	iShares \$ TIPS 0-5 Yrs ETF	2.0%	
Fixed Interest	Allianz Strategic Bond	6.0%	
	Nomura Global Dynamic Bond	5.0%	
	Royal London Extra Yield Bond	3.5%	
	TwentyFour Dynamic Bond	6.0%	
	Muzinich Asia Credit Opportunities	3.0%	
	GAM Credit Opportunities	2.3%	
	Waverton Sterling Bond	3.7%	
	M&G Global Floating Rate High Yield	3.0%	
	Property	Time Commercial Long Income	1.0%
		Supermarket Income REIT	0.6%
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	2.3%	
	JPM FTSE Autocall September 2018	2.3%	
	BNP Paribas FTSE/S&P Autocall Feb 2020	1.5%	
	Atlantic House Defined Returns	0.9%	
	Credit Suisse FTSE/S&P Autocall Jan 2018	2.4%	
	BNP Paribas FTSE Autocall Jan 2020	1.0%	
	Morgan Stanley FTSE/S&P Autocall Mar 2019	1.0%	
	Alternative Equity	Lazard Global Listed Infrastructure	2.0%
Carmignac Long Short European Equity		2.0%	
Foresight UK Infrastructure Income		1.8%	
Lazard Rathmore Alternative		4.5%	
Foresight Global Real Infrastructure		2.2%	
Blackrock European Absolute Alpha		2.1%	
Legg Mason ClearBridge Global Infrastructure		1.0%	
Man GLG Absolute Value		2.5%	
UK Conservative Eq.		Miton UK Multi Cap Income	2.3%
	UK Dynamic Equity	Miton UK Value Opportunities	2.6%
		Chelverton UK Growth	1.7%
Liontrust Special Situations		1.3%	
Global Established Equity	Baillie Gifford Japanese Co.	1.3%	
	Miton European Opportunities	1.6%	
	Vanguard US Equity Index	0.7%	
	Baillie Gifford American	1.0%	



## Key recent changes

### May 2021

**From** Cash  
**To** iShares \$ TIPS 0-5 Yrs ETF  
**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

### June 2021

**From** Cash & Waverton Sterling Bond  
**To** M&G Global Floating Rate High Yield  
**From** Blackrock European Dynamic  
**To** Miton European Opportunities  
**From** Lindsell Train UK Equity & Lindsell Train Japanese Equity  
**To** Lindsell Train Global Equity & Baillie Gifford Japanese Co.

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

Global Established Equity (continued)	Morgan Stanley Global Brands	1.1%
	Schroder Global Recovery	1.8%
	Lindsell Train Global Equity	1.6%
Global Speculative Equity	Invesco China	1.3%
	Goldman Sachs India	0.7%
	Hermes GEM SMID	1.0%
	Baillie Gifford EM Leading Companies	1.0%

## Commentary

Earlier this year we talked about there being something of a “rotation” in markets. As economies begin to re-open, stocks that had done well through the pandemic such as the “big tech” companies (who make up a large proportion of the US market) have struggled at times. Meanwhile, some of the more “cyclical” parts of the market who will benefit most from a recovering economy, had started to do well. In the past month or so this rotation has somewhat reversed and the likes of big tech have started to outperform again!

One of the catalysts for their period of underperformance had been concerned about higher inflation and that this would lead to interest rate increases. Strangely, the reason for their resurgence may be the confirmation of these concerns! Inflation has increased faster than many had expected and the Federal Reserve is now talking about putting up rates in response. However, they have also strongly expressed the view that this inflation will be “transitory” rather than a long-term problem. Rates therefore don’t need to go up to higher levels than they had previously indicated, they just increase sooner.

In our portfolio we have tried to maintain a balance of different types of equity, with exposure to the technology and other “growth” stocks balanced out by more “value” and cyclical holdings. Within fixed interest, we have moved to protect ourselves against rate increasing by adding more “floating rate” exposure in the form of the M&G Floating Rate High Yield fund. This holds bonds where the coupons will increase if rates go up. Last month we also reduced fixed interest exposure in favour of property, where rents typically increase with inflation over time.

Over the past few weeks we have also continued our recent consolidation exercise where we review holdings that are highly correlated. Given our relatively low weighting to Europe, we concluded that we do not need to hold both the Blackrock European Dynamic and Miton European Opportunities fund. Both funds have performed very well, with Miton slightly outperforming Blackrock. We therefore decided to switch Blackrock into Miton. This also has the benefit of reducing costs; as we were early investors in a very cheap “founder” share class of the Miton fund.

## Performance

### Rolling total returns

3 Months (31.03.21 to 30.06.21)	6 Months (31.12.20 to 30.06.21)	1 Year (30.06.20 to 30.06.21)	3 Years (29.06.18 to 30.06.21)	-
3.53%	4.63%	13.10%	15.55%	-

### Discrete annual total returns

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

## Notes and risk information

All data is to 30 June 2021 and collated by Equilibrium Investment Management LLP. Performance data sourced from FE Analytics. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions. Past performance is never a guide to future performance. Investments may (will) fall as well as rise and you may not get back your original investment. Changes in currency exchange rates or interest rates may have an adverse effect on the value of your investments.

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

### Equilibrium Investment Management LLP

Ascot House, Epsom Avenue, Handforth, Wilmslow, Cheshire, SK9 3DF

0161 486 2250 : [askus@equilibrium.co.uk](mailto:askus@equilibrium.co.uk) : [www.equilibrium.co.uk](http://www.equilibrium.co.uk)

Equilibrium Investment Management LLP (a limited liability partnership) is authorised and regulated by the Financial Conduct Authority. Equilibrium Investment Management is entered on the Financial Services Register under reference 776977. Copyright Equilibrium Investment Management LLP. Not to be reproduced without permission.