



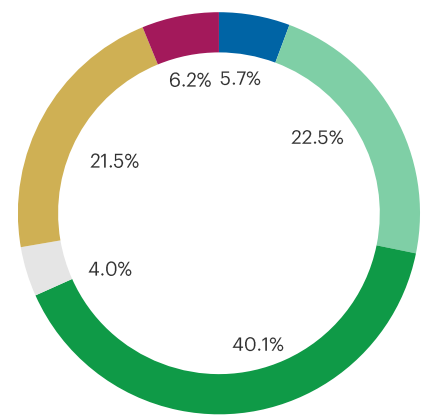
IFSL Equilibrium Defensive

Portfolio A Acc | October 2021

The Fund aims to increase the value of your investment over any rolling three year period 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 5 year period, the Fund aims to deliver an average of cash plus 3% per annum. Cash is measured as the Bank of England Base Rate for these purposes.

Manager	Equilibrium Investment Management LLP	ISIN	GBO0BMYC7159	Annual management charge (AMC)	0.25%
ACD	Investment Funds Services Limited	Sedol	BMYC715		
Fund type	Open Ended Investment Company (OEIC)	Holdings	30	Ongoing charges figure (OCF)	1.07%
Launched	2 February 2021	Fund size	£17.4m		

Liquidity	Sterling Cash & Money Market	3.8%	
	US Dollar Cash & Money Market	1.9%	
Short Dated Fixed Interest	Royal London Short Duration High Yield	5.2%	
	TwentyFour Monument Bond Fund	5.0%	
	iShares \$ TIPS 0-5 Yrs ETF	3.6%	
	L&G Sterling Short Dated Bond Index	4.2%	
	EdenTree Amity Short Dated Bond	4.6%	
Fixed Interest	Allianz Strategic Bond	5.1%	
	Nomura Global Dynamic Bond	5.1%	
	TwentyFour Dynamic Bond	4.9%	
	Waverton Sterling Bond	4.0%	
	Aegon High Yield Bond	4.9%	
	Vanguard UK Investment Grade Bond Index	2.9%	
	Royal London Short Duration Index Linked	5.0%	
	Royal London Extra Yield Bond	4.1%	
	M&G Global Floating Rate High Yield	4.2%	
	Property	Supermarket Income REIT	0.7%
		Primary Healthcare Properties	0.6%
		Segro	0.4%
Civitas Social Housing		0.5%	
Target Healthcare		0.6%	
Time Social Long Income		1.1%	
Alternative Equity	Carmignac Long Short European Equity	3.1%	
	Foresight UK Infrastructure Income	4.0%	
	Lazard Rathmore Alternative	3.0%	
	Foresight Global Real Infrastructure	1.9%	
	Blackrock European Absolute Alpha	3.2%	
	MontLake Crabel Gemini	2.9%	
	Man GLG Absolute Value	3.6%	
UK Conservative Equity	Miton UK Multi Cap Income	2.2%	
	Global Established Equity	Morgan Stanley Global Brands	2.0%
		Lindsell Train Global Equity	2.0%



Key recent changes

July 2021

From Lindsell Train UK Equity
To Lindsell Train Global Equity

From Short Dated Fixed Interest & Fixed Interest

To Time Social Long Income

August 2021

No key changes

September 2021

No Key Changes

Commentary

We have seen a volatile few weeks in the stock market. In early September, investors became concerned that a large Chinese property developer might default on some of their bonds. Evergrande is highly indebted and is facing a “liquidity crunch” meaning they are struggling to pay even the interest on their debts. The issue is not just what happens to Evergrande but the possible knock-on effect of any default on individuals and institutions both inside and outside of China. For now, the Chinese government seems to have engineered a way to stop a disorderly default, ensuring those within China continue to receive their money. Meanwhile, the company has missed some payments on the bonds held by non-Chinese institutions.

Chinese growth is also slowing and this is being worsened by the issues in the energy market which is affecting us here in the UK. In China, we have actually seen “electricity rationing” as gas and coal prices increase. Also moving markets is the expectations that interest rates may go up sooner than expected in both the US and the UK. With the ongoing issues in supply chains and energy markets, inflation remains high and is likely to move higher before it comes down.

This has seen government bonds sell off on both sides of the Atlantic, which has in turn had a knock-on effect to other asset classes. In particular, as we have noted previously, the big tech stocks are highly sensitive to changes in bond yields, falling when yields rise. We have reduced fixed interest exposure recently and moved a portion to “floating rate” bonds where the yield increases when rates increase.

We have increased exposure to “real assets” such as property and infrastructure, where the income tends to increase as inflation rises. Even these have not been immune given the impact that rising borrowing cost can have on such assets but they should give us some longer term inflation protection. Also going up is the US dollar and therefore our dollar cash holdings have proved a decent hedge against both equities and bonds.

Performance

Performance will be included once the fund passes its first anniversary.

Rolling total returns

-	-	-	-	-
-	-	-	-	-

Discrete annual total returns

-	-	-	-	-
-	-	-	-	-

Notes and risk information

All data is to 30 September 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.

The figures shown are subject to rounding which can mean that they do not add up to 100%.

Equilibrium Investment Management LLP

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