



IFSL Equilibrium Defensive Portfolio

Each month we provide factsheets for the IFSL Equilibrium funds which give details of the holdings as at the end of the month, together with market commentary.

In addition to this, each quarter we provide more detailed analysis of the holdings, focusing on what has been performing well and what has been underperforming.

Asset allocation changes

The table below shows our current allocation compared to three months and 12 months ago, the changes are highlighted from dark green to dark red in terms of largest increase to largest decrease.

Asset	Current %	3 months ago %	3 month change %	12 months ago %	12 month change %
Cash	7.6	1.7	5.9	0.0	7.6
Fixed Interest	52.5	58.5	-6.1	0.0	52.5
Real Assets	12.2	11.1	1.0	0.0	12.2
Defined Returns	0.0	0.0	0.0	0.0	0.0
Alternatives	19.5	20.5	-1.0	0.0	19.5
Equity	8.3	8.1	0.2	0.0	8.3

Recent fund changes

The tables below show any significant changes we have made to the holdings in the portfolio over the quarter.

Significant increased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
C	U K Pound	7.63	1.72	5.90
FI	iShares \$ Treasury Bond 7-10yr ETF	2.94	-	2.94
A	Legg Mason Clearbridge Global Infrastructure	1.98	-	1.98
FI	iShares Core UK Gilts ETF	1.96	-	1.96
EQ	Morgan Stanley Global Brands	3.25	2.06	1.19
RA	Time Commercial Long Income	1.03	-	1.03

Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
FI	M&G Global Floating Rate High Yield	-	4.09	-4.09
FI	Aegon High Yield Bond	1.36	4.94	-3.59
A	Foresight Global Real Infrastructure	-	2.04	-2.04
EQ	Lindsell Train Global Equity	-	1.95	-1.95
FI	Royal London Sterling Extra Yield Bond	2.07	3.98	-1.92



Contribution to return by sector

The table below shows each of our asset classes and the equity regions we invest in. It breaks down the average exposure, the return for the asset class over the period we have been invested and the contribution to the overall portfolio return over three months and 12 months.

Asset	3 months			12 months		
	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %
Cash	7.4	0.37	0.03	7.13	1.50	0.08
Fixed Interest	52.6	-3.79	-1.96	60.33	-2.11	-0.88
Real Assets	12.0	0.33	0.17	8.89	6.72	0.62
Defined Returns	-	-	-	-	-	-
Alternatives	19.9	-0.85	-0.19	16.92	5.90	0.76
Equity	8.1	-4.19	-0.34	6.72	7.26	0.35
Overall Portfolio			-2.48			0.13

Asset class portfolio return and contribution to return calculations use daily positions and don't take into consideration charges, aggregated contribution to returns may not equal overall portfolio return.

Regional equity portfolio	3 months			12 months		
	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %
UK Equity	2.5	-4.39	-0.11	2.79	4.38	0.22
Global Developed	5.6	-4.10	-0.23	3.93	9.58	0.13



Top and bottom contributors to return

The tables below show the top and bottom five contributors to return over the past three and 12 months, it breaks down the average exposure, the return over the holding period and the contribution to the overall portfolio return.

Top five contributors over three months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
A	Legg Mason Clearbridge Global Infrastructure	1.3	5.51	0.15
A	Foresight UK Infrastructure Income	3.9	1.87	0.08
EQ	Royal London Global Equity Select	0.2	8.02	0.08
RA	Tritax Big Box REIT Ord Shs	0.2	11.64	0.06
A	Crabel Gemini Fund	3.0	1.95	0.06

Bottom five contributors over three months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
FI	Nomura Global Dynamic Bond	4.4	-8.26	-0.40
FI	Short Dated Fixed Interest	22.2	-1.31	-0.28
FI	Allianz Strategic Bond	4.4	-6.78	-0.27
FI	TwentyFour Dynamic Bond	4.4	-4.86	-0.26
EQ	Morgan Stanley Global Brands	2.7	-5.86	-0.21

Top five contributors over 12 months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
A	Carmignac Long-Short European Equities	3.0	10.30	0.30
A	BlackRock European Absolute Alpha	3.0	10.27	0.30
A	Foresight UK Infrastructure Income	3.1	9.41	0.27
FI	Short Dated Fixed Interest	27.0	0.40	0.25
EQ	Lindsell Train UK Equity	0.7	11.21	0.22

Bottom five contributors over 12 months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
FI	Allianz Strategic Bond	4.7	-10.55	-0.49
FI	Nomura Global Dynamic Bond	4.8	-6.62	-0.32
FI	TwentyFour Dynamic Bond	4.7	-3.51	-0.20
FI	Vanguard UK Investment Grade Bond Index	3.2	-5.50	-0.17
FI	L&G Short Dated Corporate Bond Index	3.8	-3.46	-0.16

Portfolio commentary

Despite a strong end to the quarter this was a very tough start to the year for investors as markets and the global economy digested a slowing economic backdrop, higher inflation and a less accommodative central bank policy combined with the tragic events that unfolded in Ukraine.

The inflationary story that has been at the forefront of investors' minds for the last 12 months is likely to get worse

before it gets better as most of the developed world shuts Russia out from the global economy causing dislocations to be felt in everything from natural gas to pasta prices. With the UK economy so dependent on services and consumer spending the economic data over the summer months has the potential to disappoint as consumers adapt to higher living costs.



While there remains a lot of bad news around at present markets are forward looking and not backward looking so there is a case to be made that a lot of this pessimism is already priced in. Markets at times over the first quarter were incredibly volatile giving us opportunities to add into the areas we believe still have excellent long term structural tailwinds and have been oversold.

Our biggest detractor over the quarter was the Nomura Global Dynamic Bond fund as the funds Russian exposure was marked down to near 0 and the fund suffered due to some further Emerging Markets Sovereign weakness in what was a tough quarter for fixed interest with four of the top five detractors from this asset class.

Our two biggest contributors to performance were infrastructure funds as investors took safety in these assets

with stable and often government backed inflation linked cash flows with a strong long term structural tailwind. Our third biggest contributor was our newest holding, Royal London Global Equity Select, as the flexible mandate allowed for it to blend between value and growth over a volatile quarter. Within Real Assets we added the Tritax Big Box REIT following a period of weakness and this was up 11.6% since purchase and our fourth biggest contributor despite only adding halfway through the quarter.

With global markets lower than they were at the end of 2021, Real Assets were the only part of the portfolio to deliver a positive return over the quarter with fixed interest the biggest detractor.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Fund	-2.48%	-1.90%	0.13%	-	-
BOE base rate +3%	0.84%	1.62%	3.19%	-	-

Further reading

For holdings and market commentary as at the end of the month, please see our [latest monthly factsheets](#). Attribution analysis is for indication only.

Risk information

All data is from 31 March 2022 and provided by Equilibrium Investment Management LLP unless otherwise stated. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions.

Past performance is never a guide to future performance. Investments may (will) fall as well as rise and you may not get back your original investment. Changes in currency exchange rates or interest rates may have an adverse effect on the value of your investments.

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