



IFSL Equilibrium Adventurous 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.

Key

A = Alternatives

EQ = Equities

CPI = Consumer Price Index (inflation)

C = Cash

FI = Fixed Interest

DR = Defined Returns

RA = Assets

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	0.9	1.3	-0.5	1.7	-0.9
Fixed Interest	21.5	16.3	5.2	9.4	12.1
Real Assets	12.1	13.9	-1.8	14.0	-1.9
Defined Returns	6.4	9.9	-3.5	11.0	-4.6
Alternatives	4.2	3.8	0.4	9.7	-5.5
Equity	55.0	54.8	0.2	54.2	0.8

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 %
FI	Man GLGHigh Yield	3.06	-	3.06
EQ	iShares S&P SmallCap 600	1.98	-	1.98
FI	Muzinich SD IG	1.62	-	1.62
FI	Royal London Short Duration High Yield Bond	3.15	2.00	1.15
EQ	Artemis UK Select	2.08	1.31	0.77

Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
DR	Credit Suisse FTSE/S&P Defined Return Jan18	-	2.18	-2.18
DR	Morgan Stanley FTSE/S&P Defined Return Mar18	-	1.49	-1.49
FI	iShares Core UK Gilts ETF	-	1.13	-1.13
EQ	Miton UK Multi Cap Income	2.58	3.45	-0.86
EQ	Morgan Stanley Global Brands	4.65	5.17	-0.52



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 weight %	Asset class return %	Contribution to return %	Average weight %	Asset class return %	Contribution to return %
Cash	1.5	1.0	0.0	1.1	7.0	0.1
Fixed Interest	18.8	0.9	0.1	13.2	-10.6	-1.2
Real Assets	12.7	-2.8	-0.3	14.0	-17.5	-2.4
Defined Returns	8.1	5.9	0.6	10.7	9.8	1.3
Alternatives	3.9	-0.4	-0.0	6.0	-2.1	-0.2
Equity	55.0	2.6	1.5	54.9	-11.5	-6.2
Overall Portfolio			1.7			-9.2

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 weight %	Equity region return %	Contribution to return %	Average weight %	Equity region return %	Contribution to return %
UK Equity	10.9	1.4	0.1	12.8	-10.4	-1.5
Global Developed	27.1	6.8	1.8	24.7	-6.3	-1.3
Global Emerging	13.9	-0.9	-0.1	14.2	-10.6	-1.5
Private Equity	3.0	-13.2	-0.4	3.2	-49.8	-2.0
Vol Trade	-	-	-	-	-	-



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 weight %	Current weight %	Holding return %	Contribution to return %
EQ	Baillie Gifford American	3.0	3.1	14.8	0.4
EQ	Royal London Global Equity Select	4.4	4.7	6.9	0.3
EQ	iShares NASDAQ 100 ETF	2.3	2.6	15.8	0.3
EQ	Schroder Global Recovery	4.2	4.3	8.3	0.3
DR	Credit Suisse FTSE/S&P Defined Return Jan18	0.8	0.0	13.5	0.3

Bottom five contributors over three months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	Goldman Sachs India	2.6	2.6	-8.8	-0.2
EQ	Chrysalis Investments Ltd	0.8	0.7	-26.1	-0.2
EQ	iShares S&P SmallCap 600	2.1	2.0	-6.7	-0.2
RA	Supermarket REIT	0.9	0.8	-15.7	-0.1
EQ	The Schiehallion Fund	0.5	0.5	-22.7	-0.1

Top five contributors over 12 months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
DR	Societe Generale FTSE Defined Return Dec17	2.2	0.0	13.2	0.5
EQ	Schroder Global Recovery	3.9	4.3	8.1	0.3
DR	Credit Suisse FTSE/S&P Defined Return Jan18	1.8	0.0	14.3	0.3
EQ	iShares Core FTSE 100 ETF	0.5	0.0	7.8	0.2
DR	Morgan Stanley FTSE/S&P Defined Return Oct22	1.0	2.1	10.4	0.2

Bottom five contributors over 12 months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	Chrysalis Investments Ltd	1.0	0.7	-68.0	-1.1
EQ	Miton UK Value Opportunities	2.4	0.0	-20.6	-1.0
EQ	Baillie Gifford American	2.6	3.1	-31.0	-0.7
EQ	Octopus UK Micro Cap Growth	2.3	1.4	-22.2	-0.6
EQ	The Schiehallion Fund	0.6	0.5	-66.6	-0.6



Portfolio commentary

Following a challenging year in 2022, the Adventurous Fund managed a return of 1.72% in a quarter that was very much a story of two halves. From the start of January to the second week in February, markets were strong, with bond yields falling and equity markets higher as investors priced in slower inflation and digested better than expected economic data.

However, subsequent inflation data has been somewhat “stickier” than expected, this muddied the waters for what the market had priced in for the path of interest rates.

Whilst this was always seen as a possible outcome, the markets were not expecting the banking turmoil that was seen in March. The issues at Silicon Valley Bank and Credit Suisse appear unique and not systemic, however, this provided further negative news flow that weakened already poor investor sentiment.

With technology stocks and the sectors that had been the hardest hit in 2022 enjoying a rebound our biggest contributor to performance was the Baillie Gifford American Fund at 0.4%. This technology rebound also drove performance in our third largest contributor the NASDAQ 100 ETF adding 0.3%. Our fifth best contributor was the Credit Suisse Defined Returns product adding 0.3% to performance as the FTSE 100 continued

to perform well despite the strong pound and weakening commodity prices.

Structured products have been one of our best performing parts of the portfolio over the last twelve months. The Credit Suisse product returned 54.15% over the five-year holding period compared to 26.5% for the FTSE 100.

Rounding out the top five contributors was the Schroder Global Recovery Fund benefitting from the overweight to the UK and Japan as the more value-oriented markets also enjoyed a strong quarter.

Our biggest detractor to performance was Goldman Sachs India Fund, following a resilient 2022, the Indian market suffered in Q1, dragged down by poor sentiment globally and uncertainty around the path of inflation and growth costing the fund 0.2%. Chrysalis was our second biggest detractor costing the fund 0.2% also as the higher interest rate environment continues to see the value of loss-making private companies written down.

With fixed interest still offering attractive yields and smaller companies looking very cheap relative to their history (and the broader market) we believe that over the medium-term markets can deliver attractive returns from here.

Performance

Rolling total returns

	10 years %	5 years %	3 years %	1 year %	6 months %
Fund	68.82	14.35	24.18	-9.21	2.93
CPI	31.40	22.76	18.69	10.08	4.12

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 2023 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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