



IFSL Equilibrium Balanced 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	2.9	1.6	1.2	6.7	-3.8
Fixed Interest	33.8	31.8	2.0	19.3	14.5
Real Assets	13.0	14.9	-1.9	15.3	-2.3
Defined Returns	8.5	11.7	-3.2	10.7	-2.2
Alternatives	8.5	6.6	1.9	14.3	-5.8
Equity	33.3	33.4	0.0	33.7	-0.3

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 %
FI	Man GLG High Yield	3.06	-	3.06
FI	Allianz Strategic Bond	3.74	2.03	1.72
EQ	Artemis UK Select	1.56	-	1.56
A	THEAM Dynamic Volatility Carry	2.92	1.52	1.40
EQ	iShares S&P Small Cap ETF	0.95	-	0.95

Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
DR	Credit Suisse FTSE/S&P Defined Return Jan18	-	2.29	-2.29
FI	iShares \$ Treasury Bond 7-10yr ETF	-	2.20	-2.20
EQ	Miton UK Multi Cap Income	3.08	4.40	-1.33
FI	TwentyFour Dynamic Bond	2.41	3.46	-1.04
DR	Morgan Stanley FTSE/S&P Defined Return Mar18	-	0.96	-0.96



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	3.2	-1.3	-0.0	2.2	7.2	0.2
Fixed Interest	32.9	1.2	0.3	26.3	-8.8	-1.7
Real Assets	13.6	-3.2	-0.4	15.2	-15.7	-2.5
Defined Returns	9.9	5.6	0.6	11.2	7.8	1.3
Alternatives	7.0	-1.0	-0.1	10.9	-1.2	-0.1
Equity	33.4	3.1	1.1	34.1	-8.4	-2.8
Overall Portfolio			1.4			-6.4

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	9.8	1.0	0.1	11.9	-10.3	-1.4
Global Developed	17.9	5.7	1.0	15.6	-3.7	-0.3
Global Emerging	4.7	-0.9	-0.0	5.5	-12.0	-0.7
Private Equity	1.0	-3.3	-0.0	1.1	-28.4	-0.4
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 %
DR	Credit Suisse FTSE/S&P Defined Return Jan18	0.8	0.0	13.5	0.3
EQ	Royal London Global Equity Select	3.6	3.9	6.9	0.3
EQ	Schroder Global Recovery	3.1	3.0	8.3	0.2
EQ	L&G US Equity Responsible Exclusion ETF	3.5	3.6	5.6	0.2
EQ	Baillie Gifford American	1.0	1.0	14.8	0.1

Bottom five contributors over three months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
RA	Supermarket REIT	0.9	0.8	-15.7	-0.1
A	Foresight UK Infrastructure Income	3.3	3.0	-4.6	-0.1
EQ	Goldman Sachs India	1.3	1.2	-8.8	-0.1
EQ	iShares S&P Small Cap ETF	1.2	1.0	-6.7	-0.1
FI	Man GLG High Yield	1.5	3.1	-2.6	-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	1.9	0.0	13.2	0.4
DR	Credit Suisse FTSE/S&P Defined Return Jan18	1.9	0.0	14.3	0.3
EQ	Schroder Global Recovery	2.9	3.0	8.1	0.3
DR	Morgan Stanley FTSE/S&P Defined Return Oct22	1.1	2.3	10.4	0.2
EQ	iShares Core FTSE 100 ETF	0.4	0.0	7.8	0.2

Bottom five contributors over 12 months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	Miton UK Value Opportunities	1.9	0.0	-20.6	-0.8
EQ	Octopus UK Micro Cap Growth	1.7	1.0	-22.2	-0.5
RA	Tritax Big Box REIT Ord Shs	1.0	1.0	-40.5	-0.4
RA	Segro	1.0	0.9	-42.2	-0.4
FI	iShares Core UK Gilts ETF	3.4	3.0	-14.3	-0.4



Portfolio commentary

Following a challenging year in 2022, the Balanced Fund managed a return of 1.37% 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 muddled 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 this mixed backdrop, our biggest contributor was the Credit Suisse Structured product adding 0.3% to performance as the FTSE 100 continues to perform strongly despite the pound’s strength 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.

With the more value-oriented parts of the market having a strong period of performance the Schroder Global Recovery was our third biggest contributor as the overweight to the UK and Japan helped boost performance. Rounding out the top three best contributors was the Royal London Global Equity, with the fund’s technology exposure helping to drive returns. This strong performance of technology is illustrated further with the top five contributors rounded out by the L&G US Equity Responsible Exclusion ETF and the Baillie Gifford American Fund.

Our two biggest detractors were the Foresight UK Infrastructure Fund and Supermarket REIT. These are both UK-domiciled assets that produce income and have seen the values written down not because of poor operating performance but from the values being marked down due to higher interest rates. Our third biggest detractor was the 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.

Performance

Rolling total returns

	10 years %	5 years %	3 years %	1 year %	6 months %
Fund	57.53	12.04	19.92	-6.42	3.65
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.

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.

Equilibrium Investment Management LLP

Ascot House, Epsom Avenue, Handforth, Wilmslow, Cheshire SK9 3DF
t : +44 (0) 161 486 2250 t : 0808 168 0748 e : askus@equilibrium.co.uk w : www.equilibrium.co.uk