



## IFSL Equilibrium Cautious 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	3.0	6.8	-3.9	10.4	-7.4
Short Dated Fixed Interest	10.1	7.8	2.2	4.0	6.1
Fixed Interest	32.7	33.3	-0.6	33.2	-0.5
Property	3.7	1.5	2.1	1.0	2.7
Defined Returns	11.4	11.5	-0.1	15.4	-4.0
Alternative Equity	18.2	18.2	0.0	12.9	5.3
Equity	21.0	20.7	0.2	23.1	-2.1

### 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	M&G Global Floating Rate High Yield	3.04	-	3.04
P	REIT Portfolio	2.63	0.53	2.10
SDFI	iShares US TIPs 0-5 year	2.04	-	2.04
EQ	Lindsell Train Global Equity	1.58	-	1.58

#### Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
FI	Jupiter Strategic Bond	0.04	4.96	-4.92
EQ	Polar Capital UK Value Opportunities	-	1.73	-1.73
EQ	Lindsell Train UK Equity	-	1.30	-1.30
FI	Waverton Sterling Bond	3.71	4.70	-0.99
EQ	Lindsell Train Japanese Equity	-	0.90	-0.90
EQ	BlackRock European Dynamic	-	0.73	-0.73



## 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.

	3 months			12 months		
Asset	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %
Cash	4.9	0.22	-0.01	7.50	-1.59	-0.17
Short Dated Fixed Interest	9.3	0.77	0.07	7.21	4.87	0.33
Fixed Interest	33.3	1.86	0.63	33.39	6.92	2.36
Property	2.4	4.82	0.11	1.39	3.09	0.08
Alternative Equity	18.5	3.57	0.68	15.31	11.84	1.85
Defined Returns	10.5	3.62	0.37	13.20	16.76	2.27
Equity	21.2	6.93	1.50	22.01	33.24	6.90
<b>Overall Portfolio</b>			<b>3.53</b>			<b>13.10</b>

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.

	3 months			12 months		
Regional equity portfolio	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %
UK Conservative Equity	1.9	5.75	0.09	1.98	34.16	0.54
UK All	-	-	-	-	-	-
UK Dynamic	7.1	8.03	0.59	7.02	42.61	2.75
Global Established	8.2	7.30	0.63	8.77	27.70	2.41
Global Speculative	4.0	3.92	0.18	4.24	27.90	1.19
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 portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Baillie Gifford American	0.9	20.13	0.20
EQ	Miton UK Value Opportunities	2.0	9.09	0.16
EQ	Chelverton UK Equity Growth	1.7	9.43	0.15
AE	Carmignac Long-Short European Equities	2.1	6.25	0.13
FI	Royal London Sterling Extra Yield Bond	3.6	3.50	0.12

### Bottom five contributors over three months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Lindsell Train Japanese Equity	0.9	-1.66	-0.01
C	BlackRock US Treasury Liquidity	1.0	-0.74	-0.01
FI	M&G Global Floating Rate High Yield	0.9	-0.26	-0.01
EQ	Baillie Gifford Japan	1.0	-1.14	0.00
C	Invesco Money (UK)	0.8	0.00	0.00

### Top five contributors over 12 months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Miton UK Value Opportunities	1.8	64.25	0.91
EQ	Chelverton UK Equity Growth	1.7	63.47	0.88
AE	Lazard Rathmore Alternative	3.7	24.60	0.79
FI	Royal London Sterling Extra Yield Bond	3.9	15.27	0.60
FI	TwentyFour Dynamic Bond	5.1	11.08	0.57

### Bottom five contributors over 12 months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
C	BlackRock US Treasury Liquidity	1.2	-10.52	-0.14
EQ	Lindsell Train Japanese Equity	1.0	-10.14	-0.13
C	BlackRock Euro Liquidity	0.9	-5.76	-0.04
P	Time Commercial Long Income	1.0	-1.64	-0.02
EQ	Royal London UK Equity Income	0.3	-1.43	-0.01

## Portfolio commentary

Equity markets continued to advance and bond yields were little changed over the quarter masking a fair degree of turbulence as investors considered the prospects for higher inflation and the need for very loose policy to tighten.

Bond yields temporarily moved higher then retraced as central banks maintained their supportive stance even as inflation looked to move ahead of an anticipated short-term spike.

Investment Grade and High Yield spreads, already very thin, have tightened further. Equity markets have seen a resurgence from the quality and growth areas that had underperformed relative to value and cyclical during the first quarter.

We introduced three new funds over the quarter as we consolidated areas of the portfolio and topped up short dated fixed interest. In fixed interest the M&G Global Floating Rate

# Quarterly Report Q2 2021



High Yield fund provides good ongoing yield and has low sensitivity to policy hikes. Meanwhile, the US Treasury Inflation Protected ETF will provide support should inflation extend and take hold beyond a transitory spike. The Lindsell Train Global Equity purchase was funded through the combined sale of Lindsell Train UK Equity and Japanese Equity funds, we see this as more a 'best ideas' approach from the well-regarded fund manager.

Following the investment in Supermarket Income REIT (real estate investment trust) in first quarter we have added to the REIT exposure through purchase of four additional REITs each with a greater specialised sectoral focus on industrials, social housing and healthcare. We feel this approach is the best way to invest in commercial property where there are fewer structural headwinds from liquidity and potential regulatory disruption.

Equity has been the headline performer over what has been a pleasing quarter for investment returns across the portfolio. The UK Dynamic and Global Established portfolios have led the equity pack whilst four of Alternative Equity funds have been amongst the top ten contributors over the quarter, including fourth-highest contributor Carmignac European Long Short Equity.

At the fund level, the Chelverton UK Growth and Miton UK Value are once again in the top five contributors as UK small cap and value strategies benefited from better prospects for growth and improving sentiment to UK equities in general. Baillie Gifford American has returned more than double its nearest rival, returning over 20% and more than recovering losses suffered in the first quarter.

## Performance

### Rolling total returns

3 Months (31.03.21 to 30.06.21)	6 Months (31.12.20 to 30.06.21)	1 Year (31.12.19 to 31.12.20)	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%	-	-

## 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 30 June 2021 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](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.

## 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](mailto:askus@equilibrium.co.uk) w : [www.equilibrium.co.uk](http://www.equilibrium.co.uk)