



IFSL Equilibrium Global Equity 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	0.8	0.9	-0.1	0.5	0.4
Alternative Equity	11.4	11.1	0.3	11.0	0.4
Defined Returns	8.2	8.2	0.0	8.3	-0.1
Equity	75.2	75.5	-0.3	76.4	-1.3

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 %
EQ	Sanlam Artificial Intelligence	4.88	2.43	2.45
EQ	Morgan Stanley Global Brands	5.88	3.72	2.15
EQ	Octopus UK Micro Cap Growth	4.50	2.85	1.65
EQ	L&G US Equity Responsible Exclusion ETF	2.99	1.38	1.61

Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
EQ	Lindsell Train Global Equity	0.29	5.61	-5.32
EQ	Chelverton UK Equity Growth	-	1.55	-1.55
EQ	Vanguard US Equity Index	-	1.44	-1.44



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	0.6	-0.01	-0.00	1.27	0.00	0.00
Alternative Equity	11.1	5.08	0.54	11.02	9.08	1.02
Defined Returns	9.1	4.73	0.62	8.83	16.77	1.60
Equity	79.2	-0.53	-0.65	78.89	11.32	8.97
Overall Portfolio			0.46			11.38

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 Conservative	4.3	-0.74	-0.05	2.41	0.14	-0.01
UK All	-	-	-	-	-	-
UK Dynamic	15.2	-4.73	-0.83	18.65	18.38	4.02
Global Established	35.5	2.06	0.65	33.39	15.44	4.99
Global Speculative	24.3	-1.68	-0.42	24.44	-1.21	-0.03
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	Morgan Stanley Global Brands	4.7	10.37	0.43
DR	BNP Paribas FTSE/S&P Autocall Feb 2020	2.0	5.35	0.32
AE	Lazard Global Listed Infrastructure	2.5	9.87	0.23
EQ	L&G US Equity Responsible Exclusion ETF	2.6	8.35	0.21
EQ	HG Capital Trust	2.8	6.52	0.19

Bottom five contributors over three months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Invesco China Equity Fund	4.4	-8.73	-0.39
EQ	Miton UK Value Opportunities	7.9	-4.35	-0.39
EQ	Chrysalis Investments	2.9	-8.41	-0.28
EQ	Baillie Gifford American	2.7	-8.79	-0.25
EQ	Baillie Gifford Emerging Markets	4.9	-4.09	-0.19

Top five contributors over 12 months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Schroder Global Recovery	6.3	24.18	1.45
EQ	Chelverton UK Equity Growth	3.2	27.28	1.22
EQ	Goldman Sachs India	3.7	35.68	1.20
EQ	Chrysalis Investments	3.4	30.42	1.10
EQ	Morgan Stanley Global Brands	4.0	24.38	0.95

Bottom five contributors over 12 months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Invesco China Equity Fund	5.5	-21.42	-1.20
EQ	Baillie Gifford Emerging Markets	4.9	-8.62	-0.41
EQ	Allianz China A-Shares	4.3	-9.16	-0.31
EQ	Lindsell Train Japanese Equity	1.4	-8.66	-0.26
EQ	Lindsell Train Global Equity	2.5	-3.57	-0.18

Portfolio commentary

Over the quarter there was a wide range of differing and often competing factors driving markets. These ranged from rising inflation and the prospect of higher interest rates, to the Omicron variant which led to many regions imposing stricter restrictions to combat this. On the back of this, quarterly earnings were generally very strong with operating margins across the US and Europe higher than ever.

These higher margins can partly be attributed to inventory shortages as supply chains globally grapple to get back to pre-pandemic efficiencies, with short term demand outstripping supply in many industries. In the used car market (for example), long lead times for new cars has pushed up prices in the second hand market and this has been exaggerated by more demand for electric cars and the global chip shortage. It



remains to be seen when inflation will peak as the base effects of items such as used cars and energy prices normalise.

At a market level the S&P 500 had another strong quarter led higher by the large tech names while under the surface many sectors were range bound and underperformed the broader index. The US outperformed Emerging Markets by over 10% as investors still weigh up the fall out from Evergrande and the increasing regulatory pressures in China and the large weight this region is in the index.

With the US performing so strongly our best contributing equity fund was the Morgan Stanley Global Brands Fund with 75% of the fund invested in the US and making up nearly 5% of fund assets. Also within the top 5 contributors was the L&G US Equity Responsible Exclusions ETF benefitting from the strong market backdrop. With the focus of many investors on the inflation outlook the Lazard Global Infrastructure Fund enjoyed a strong quarter, infrastructure tends to perform strongly

in times of rising inflation due to the pricing power of the underlying companies. Our biggest detractor over the quarter was the Invesco China fund, this is a technology and consumer discretionary focused fund that has been impacted by increased regulatory pressure around these sectors combined with souring investor sentiment for the region.

Looking back over the last 12 months our biggest contributor to performance was the Schroder Global Recovery Fund with the value style benefitting from the economic recovery taking place across the globe. Our third best contributor was the Goldman Sachs India within our global speculative part of the market whereas our three biggest detractors were the Invesco China, Baillie Gifford Emerging Markets leading companies and Allianz China A-Share fund despite sitting in the same part of the portfolio highlighting how different performance can be within Emerging Markets.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Fund	0.46%	0.54%	11.38%	-	-
CPI	1.87%	6.70%	17.68%	-	-

Discrete annual total returns

	2021	2020	2019	2018	-
Fund	11.38%	-	-	-	-
CPI	17.68%	-	-	-	-

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 December 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.

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