EQUINOX

HALF-YEARLY INVESTMENT MAGAZINE

PAGE 04 - 07

Money. Life. Dreams.

PAGE 08 - 09

Planting trees you will never see

PAGE 22 - 23

Get back on, go on

EQUINOX | SPRING 2023

Welcome

My Equinox introductions often talk about how we, as a company, are constantly evolving and on that note, I am pleased to share our latest evolution (and the theme of this Spring edition) – the launch of our masterclass series – which has been a great success.

The first two topics we have introduced are '**Law in order - Power of Attorney**' and '**The care conundrum**' (see related articles on p.18 and p.24 respectively) and they are open to existing clients as well as potential future clients so please feel free to come along. Hosted at our Handforth head office, these events are designed to be informative, interactive and above all, relaxed.

We have at least 12 other topics that we are planning to introduce throughout the next year so please do look at our website regularly. Several of the upcoming events are already full, but there is a waiting list option, and we will add additional dates for booking, subject to demand.

On a different note, my hope for the next six months is simply for stability - in markets, government and the world generally. I'm keeping my fingers crossed and as ever, we're committed to supporting our clients throughout this time and beyond.

Please feel free to email me directly with any comments or feedback at colin.lawson@equilibrium.co.uk. I would be delighted to hear from you.

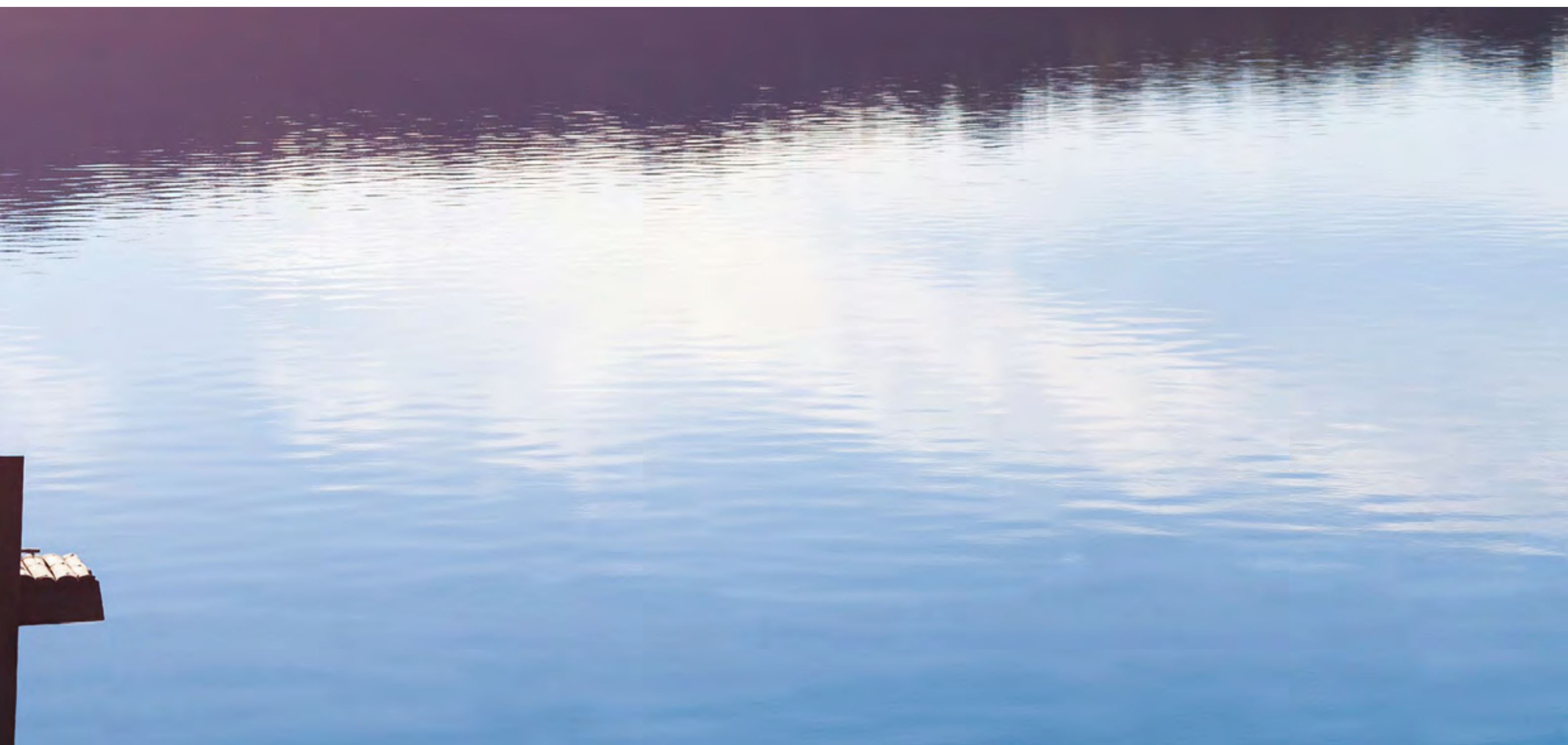
Colin Lawson
FOUNDER

Contributors: Chris Budd, Mike Deverell, Rachel Griffiths, Sarah Hammond, Ben Harrison, Tim Latham, Colin Lawson, Graham Nicholson, Ben Rogers, Katie Toft, Fiona Whitfield.

Editors: Laura Stewart, Fiona Whitfield

Design: Paul Davis

Print: Paragon Print and Marketing Solutions



Contents

Articles

04 Money. Life. Dreams.

08 Planting trees you will never see

10 The way to wellbeing

12 Consumer duty

13 Unlocking pension potential

14 How to relish retirement

16 Courageous conversation

18 Law in order

19 Hollow Heart

20 Good grief

22 Get back on, go on

24 The care conundrum

26 The Arts Society Wilmslow

Investment review

27 Uncertainty and opportunity

Portfolios

34 Sector performance & analysis

Statistics

38 Model portfolio returns

Money. Life. Dreams.

Clients first come to Equilibrium for a variety of reasons; however, whether that's inheritance tax or retirement planning, they soon realise that we look far beyond providing just a financial plan.

Life is one big experience. From the moment we arrive in this world, until the time comes for us to leave it, each of us has a unique experience. The state of being alive is defined as everything from 'a series of physical and mental experiences' to 'the state or quality that distinguishes us from organic matter.'

No matter how it is described, it is how we choose to define our life that matters. We get one chance. This is precious time. We have a choice. And when it comes to our finances, we can either waste our time worrying about our money or savour our time exploring how our money can enhance our life.

So, it has always puzzled me that much of the industry insists on referring to the work of financial planning as a "process."

Process is defined as a series of actions or steps taken to achieve a particular end. Undertaking the same, rigorous steps, the same principles and the same methods to give everyone, well, the same result.

"If everyone is thinking alike, then someone isn't thinking." - George S Patton

For any client of a financial planner, it is time to demand some different thinking.

Life is not a process; it is an experience

Our lives are not the same. We are far from the same in the aspirations and ambitions that we have. What motivates one person may be very different to another as our money does not hold the same meaning for us all. We are not the same when it comes to those we love, we don't all want to leave the same legacy. James Bond actor, Daniel Craig, for example, prefers to *"get rid of it or give it away before he goes."* [1]

While the principles and methods of financial planning are sound, we proudly and purposefully place the client's perspectives on their life at the heart of everything we do.

Our purpose of 'Making People's Lives Better', ensures that we hold a bigger agenda that goes beyond financial planning, to help them to experience their life in full.

"The value of experience is not in seeing much, but in seeing wisely." - William Osler

When clients see their money wisely, things change.

Spend a day with one of our financial planners and you won't ever hear the word process.

What you will see and hear is the shift that happens for our clients when they begin to see the value of their money in direct relation to their life.

We call this 'The Equilibrium Experience' of financial planning.

Experience *noun*

1. A practical contact with observation of facts or events.

2. An event or occurrence which leaves an impression on someone.

" What motivates one person may be very different to another as our money does not hold the same meaning for us all."

The Equilibrium Experience is...

- That moment when a couple who have been prudent and cautious with their money all their lives, realise they can afford to do the things that they have always dreamed of and that it is now or never.

- Sitting by the side of someone who is recently bereaved and being able to help them feel confident and comfortable in seeing that their future is financially secure.

- Watching the face of a new grandparent when they discover that one of the most tax-efficient ways to financially support the newest member of their family will also have a positive impact for generations to come.

- Facilitating a family meeting between parents and children to better understand each other's financial position. We provide an open forum to discuss the difficulties that each may feel about gifting or receiving, and their emotions surrounding this topic. We start by asking our clients one simple question: "If you are uncomfortable gifting small amounts to your children whilst you're still here to provide guidance and support, why would you leave everything to them on your death when you have no influence at all?"

- A conversation with a client whose competitive and workaholic nature has allowed them to be financially successful throughout their life. As they approach retirement, we don't give them a process, we encourage a more courageous conversation that will serve them better. We'll ask what it would take to release them from their commitment to getting rich. We'll talk to them about not being able to stop, ask what life after work looks like for them and find out what they consider to be a comfortable retirement.

- A two-way, shared experience, between the planner and client. We are often inspired by clients who have spent a lifetime building a business which they are planning to sell. The result of a life's work can be gone in a transaction over the course of just one day. Helping the client prepare for that sale will be critically important. Only then are we able to make sure that, as they sail off into the sunset, their lifetime of work continues to deliver value for themselves and their families throughout the rest of their lives.

This is life:- business sales, family, grandchildren, bereavement, dreams.

A series of experiences that we dare to create for ourselves and some that happen to us often when we least expect them.

This is not in a linear order; this is not a process.

That is why the experience of financial planning here at Equilibrium, is to ensure that life can be fully lived and your money best supports that to happen.

Life planning comes first

Financial planning supports the plan you have for your life.

"A dream without a plan is just a wish."
- Katherine Paterson

And life planning takes precedence. We all harbour hopes that we don't even realise unless someone takes the trouble to ask and we are given the time to answer.

> We all harbour hopes that we don't even realise unless someone takes the trouble to ask and we are given the time to answer."

Only when we have taken the time with our clients to explore their dreams, to understand what it is to live the life they want, to look after those they love and to leave a powerful legacy, can we even begin to look at the financial plan.

"Nothing ever becomes real until it is experienced." - John Keats

The experiences we choose to create with our clients firmly relates their money to their lives. Financial planning is made real as we support them through a life fully lived and prepare them for when life events just happen.

Without apology or exception, we dare to ask about their dreams, to pose the questions that may change their thinking, to have the courage and care to work with all that their life brings. By focusing on the impact of their money means we can best serve them in making their own lives and the lives of those they love, better.

Time to think differently?

If you are thinking differently about the role that financial planning can play in this experience that we call life, then this article has done as it intended. To our mind, it is only the experience of financial planning - and not the process - that is truly capable of making people's lives better.

(1) news.sky.com/story/james-bond-star-daniel-craig-says-he-will-not-leave-children-substantial-inheritance-as-he-finds-practice-distasteful-12384357.

Find out more

To find out more about our latest events, please visit **www.equilibrium.co.uk/events/** or to speak with one of our financial experts, call us on **0808 156 1176**.

Planting trees you will never see

Associate Financial Planner, Ben Harrison, explains how you can ensure your children are better off than the generation before.

The book "Legacy" by author James Kerr is not just a book about rugby, it's about the principles behind one of the most outstanding and successful teams in world sport, the New Zealand All Blacks. One of the principles they adhere to is "*Whakapapa*" – a Māori word which is summed up as: "Be a good ancestor. Plant trees you will never see."

How can we "plant a few trees" for our future generations?

Pensions for toddlers... really?

Although not the most exciting of topics, pensions are a fantastic long-term wealth building tool, with an instant return of 20% as soon as you put money into it.

For a child, you can make a maximum contribution of £2,880 a year into a pension, which would then receive tax relief of £720 from HMRC, giving a total of £3,600 into the pension pot.

Pensions are a long-term investment which a child or grandchild will unlikely access for at least 57 years (based on current pension rules) - a considerable time frame to allow compound returns to work their magic. After all, Albert Einstein called compounding the eighth wonder of the world for a reason.

> **Compared to 1970, the average house price is now 65 times higher.”**

If, for example, you made just four maximum pension contributions of £2,880 for a new-born child/grandchild over the course of the first four years of their life, this would cost you £11,520. Each contribution would receive tax relief of £720, building a grand total of £14,400 in their pension pot.

You may then wish to invest the pension pot into, say, a basket of global equities, which has historically returned 8% p.a. on average over the long term.

Based on this return, your grandchild's pension pot could be worth as much as c.£1.53m by their 60th birthday and £2.28m by age 65, which in today's money equates to c.£630,000 (accounting for inflation at 2%).

Although the level of returns is not guaranteed, I still find it pretty remarkable that the difference between £11,520 and £2.28m is essentially the time frame and the right allocation of your money to equities. Furthermore, your child/grandchild can't access their pension until their own retirement and hence doesn't interrupt the compound effect.

Snakes and property ladders – Lifetime ISAs

The UK has a bias for buying property, compared with the rest of Europe. It feels like such an aspirational achievement for anyone to get themselves 'on the ladder' and over the past 30 years, it's getting increasingly difficult for savers to do this without financial support from their families.

Put into context, compared to 1970, the average house price is now 65 times higher, while average wages are only 36 times higher.[1]

Back in 2016, the government announced a way to address the first-time buyer crisis and help savers build a deposit for their first home. A Lifetime ISA (or 'LISA') can be opened by a person aged 18 or over, but they have to be under 40. You can put in £4,000 per year and the government will add a bonus of 25% to contributions (up to a maximum of £1,000 per year).

You can hold stocks and shares or cash in the LISA and you are able to use the proceeds to help towards the deposit for a first home (up to a purchase price of £450,000). The caveat being that if you don't use the Lifetime ISA to buy a house, you cannot usually access this, without losing your 25% bonus, until age 60.

Repackaging a classic - Junior ISA

Junior ISAs (which replaced Child Trust Funds) are an individual savings account for children under the age of 18. These can be invested in stocks and shares or left in cash. Junior ISAs, much in the same way as regular ISAs, are very tax efficient products with no tax on growth or withdrawals. The maximum you could put into a Junior ISA is £9,000 per annum (2023/24).

We have seen our own clients use Junior ISAs to help fund anything from driving lessons, buying their first car, living costs at college or university, or a house deposit.

One key point to note is that your child or grandchild will have full entitlement to their funds at age 18. In theory, they could go and spend this on anything, but this leads me on to my final point...

Knowledge is power – financial literacy

Leaving a legacy might not be just financial: giving the younger generation the power of knowledge could be just as important.

Preparing your children or grandchildren for financial responsibility is something we take a lot of pride in as part of our intergenerational planning, and we are always happy to get them involved in conversations to start them on a path of financial education.

This article is intended as an informative piece and does not constitute advice. Past performance is for illustrative purposes only and cannot be guaranteed to apply in the future. Investments will fall as well as rise and investors may not get back the amount originally invested.

(1) How many people had help from their parents to buy their first home? | YouGov

Find out more

Here at Equilibrium, we offer free financial literacy skills training to primary schools to provide children with the foundations to build a sound financial understanding that they can carry with them throughout their life. Visit **www.equilibrium.co.uk/charity/educating-the-nation** to find out more.

The way to wellbeing

When we are making plans for the future, we often turn to our past experiences and achievements as a guide. We may also look toward society's view of success. However, Founder of the Institute for Financial Wellbeing, Chris Budd, considers the ingredients for longer lasting contentment.

Striving for and achieving goals do not, on their own, lead to long-term wellbeing. There is always life 'after' the achievement. Goals being achieved alone, provide only temporary wellbeing.

Michael Phelps, for example, a record-breaking swimmer from the USA, won an incredible 23 gold medals over the course of his Olympic career (2000 – 2016). An achievement so great, yet he suffered from a "post-Olympic depression" in 2004 and this continued after each Olympic Games. Each time his training started again; he would compartmentalise his feelings. He said: "I looked at myself as a swimmer and not a human." Phelps sought help for his depression in 2014 and now puts an equal emphasis on both his physical and mental health.[1]

So, how do we achieve longer-term wellbeing?

The answer lies with additional ingredients:

A life with meaning

The organisation, Age UK, constructs an index[2] of what makes people happy in later life. A decade ago, we might have said "in retirement", but as you'll see below, this word doesn't really work anymore.

They identified the following:

- Participation in enjoyable, meaningful activities was the biggest direct factor for wellbeing.
- Physical activity is the second biggest individual direct factor.
- Support for older people who are informal carers is very important.
- Having positive social interactions is a common thread throughout wellbeing.

The results of this index send a very clear message, not only to those looking to life beyond work, but to all of us:

- What sort of experiences do we want to enjoy?
- How can we expand those meaningful connections with others?
- How can we bring more meaning into our life?

A life with motivation

This resonates with ideas that come from the world of psychology and tells us that we will be motivated to do something if the following three elements are in place:

- Competence, or the ability to do something.
- Control over our behaviours in how to do it.
- Being able to relate it to other people.

Only when these are in place, will we feel motivated to do what we set out to, and by doing so, it will bring us joy. If we are forced to do something and one or more of these elements are not in place, then not only will we lack motivation, but we will also be unhappy.

Joy is your reward for the giving of joy."

Choosing to do a job which is not purposeful but pays well, for example, is unlikely to be fulfilling and could make you miserable. This may also be exacerbated if you are not suitably skilled or trained for the job and therefore unable to control the way in which you do it.

Similarly, we can look to this model when looking at how to navigate a period of change, such as a change of job, or retirement.

A life of giving

This gives us one further clue when considering what future experiences might bring wellbeing. It is best summed up by this quote from Archbishop Desmond Tutu:

"Joy is your reward for the giving of joy."

'Giving' need not only be in financial form. A general attitude of kindness is the starting point, but it can be helping in one's community or volunteering for something that aligns with your own values and beliefs. Maybe it is something more structured, such as with a charity, either as a trustee or on the ground, or connecting with people.

In summary, the pursuit of success, status, wealth, and achievements, often result in a temporary state of happiness. Instead, we should focus on cultivating a life that is infused with meaning, motivation and giving, in order to achieve long-lasting wellbeing.

(1) Healthline.
(2) www.ageuk.org.uk.

Consumer duty

Head of Best Practice, Sarah Hammond, explains why the Financial Conduct Authority is introducing this new piece of legislation and what this means for consumers.

You may have seen in the press that the new legislation, termed 'consumer duty', will take effect from 31 July 2023. This is the largest regulatory initiative for a number of years and focuses entirely on you, the consumer.

The new legislation has a governing principle which states that firms must, "act to deliver good outcomes for retail customers". Whilst it may be common practice for many companies, including Equilibrium, to act in this way, there is still a need to bring others in line. To achieve this, they must specifically:

- Act in good faith – presenting information in an open and balanced way that outlines the benefits and risks.
- Avoid causing foreseeable harm – ensuring that products and services are designed to meet the needs of consumers within the target market.
- Enable and support clients to pursue their objectives – ensuring that the consumer is fully supported in using the products and services they have purchased and that they are able to act in their own interests.

This is assessed through 4 categories (or outcomes):

- Products and services.
- Price and value.
- Consumer understanding.
- Consumer support.

This all sounds admirable but what does it mean for you?

We are already committed to our long-standing purpose of 'Making People's Lives Better', a purpose underpinned by our values of integrity, simplicity, excellence and growth. We pride ourselves on going above and beyond to look after the needs of our clients, and "doing the right thing" even when nobody is looking however this new rule has prompted us to look long and hard at what we do and why.

We are working hard behind the scenes to review our proposition and service to ensure that we continue to:

- Provide clarity in terms of the services we offer.
- Work with leading providers and investment groups who share our values to achieve our stated objectives.
- Remain competitively costed for the service being provided.
- Deliver tangible added value year on year.
- Explain things clearly, in plain English, avoiding the use of jargon.
- Always be here when our clients need us.
- Help our clients to live the life they want, look after those they love and leave a powerful legacy.

We wouldn't be where we are today without you and you can play a valuable part in the shaping of Equilibrium moving forward, by giving us feedback. Your voice matters and if you feel that we can improve what we offer, or how we look after you, then please let us know your thoughts.

Share your thoughts with us

Scan the QR code or visit **equilibrium.link/your-voice-matters** to share your feedback.

Unlocking pension potential

Chartered Financial Planner, Ben Rogers, believes the first step of any retirement plan is to "know thy numbers."

For most people, their biggest asset outside of their home will be their pension. The days when we'd work for the same employer for decades are fading fast, which raises some challenges when it comes to keeping track of multiple pensions from various employers. Scarily, the Pension Policy Institute revealed last year that over £26billion is currently sitting in lost pension pots.[1]

Help is slowly on the way from the Department for Work and Pensions (DWP), with the long-anticipated pension dashboard (due in August 2023). But due to the massive scramble by pension providers to update their data, reconcile historic records and even find basic information about customers, further delays are expected.

In the meantime, you could start by using the Pension Tracing Service, a free service run by the Government with an online database of more than 320,000 pension scheme administrators. It won't tell you how much is in your pension, but it can help you navigate the myriad of pension scheme administrators who may have changed name or been taken over.

The temptation of many, when finding lost pensions or reviewing old ones, is to start diving into the details, seeing how the funds have performed, the fees they've incurred and whether to consolidate.

So, what next?

As a Financial Planner, one of my – somewhat contradictory - beliefs is that there is no such thing as a financial plan. We have life plans that need money to achieve them. So, for me, the retirement planning journey has to start with designing your retirement blueprint. Some of the questions we ask our clients are:

- Do you want a phased retirement or have you a specific end date?
- Have you achieved everything you wanted?
- What would you give up today to get there?
- How will you spend your time on the other side?
- Will you consult, volunteer or work part-time?
- How can we make sure you never look back?

Throughout your career, you've traded your time in return for money. The prospect of using that money to buy time in retirement can seem daunting. Knowing what you've got, what you're building and how your pensions can get you there, can make the journey towards retirement an exciting and rewarding one.

(1) Pensions Policy Institute: Briefing Note 134 (2022)

How to relish retirement

After decades of work, making the right retirement decision at the right time can be nothing short of life-changing. Here, Colin Lawson, shares his insight and expertise on how to retire well.

Relishing retirement

There are some who have a clear idea of what their retirement will look like, what they're looking forward to doing and who they're hoping to share their time with. The barrier is often simply having the financial confidence to make that giant leap.

During the retirement planning experience that we take our clients through, we use a lifetime cashflow modelling tool to highlight and discuss all the various scenarios which could take place over the years to come.

Amongst many other things, we consider:

How to bridge the income gap before your pensions kick in

Firstly, we will investigate if you are on track to receive the full State Pension and if not, highlight the actions you need to take.

If you wish to retire early, we will consider the income you may need before your company pension scheme(s) and State Pension commence. This is usually the most expensive phase of retirement and will most likely be 100% self-funded.

Once you receive your company pension(s), you may still have an income shortfall before your State Pension commences (£10,600.20 for an individual / £21,200.40 for a couple - based on a full entitlement[1]).

There are many ways to 'bridge' the gaps, such as setting aside an earmarked pot to be drawn down.

Any inheritance(s) you may receive

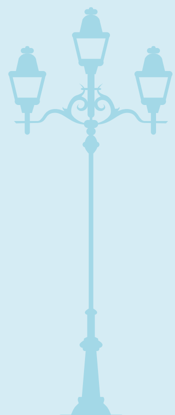
Many people simply don't take these into account as they don't know the amount, the timing (obviously) or they simply don't want to think about it. We believe families should talk about money and we can help to facilitate this.

How to minimise the tax drag

With so many allowances available, structuring your income streams tax efficiently, throughout your retirement, is critical to your success.

Phasing retirement

The skills you have built up are likely to be at their peak value. We have witnessed many people who have taken up a part-time consultancy position and go on to earn as much (sometimes more) as when they worked full-time.



We've also seen pilots become drone operators, policemen become home security consultants and many more.

Releasing capital as a core part of the plan or as a backup plan

With property prices so high, releasing capital through downsizing or equity release may be a viable option.

Retirement budgeting

We help you to understand how expenditure changes throughout the decades, from spending on your lifestyle in early retirement to assisted living requirements in later years.

Investment returns and inflation

With the recent volatility in investments and the cost-of-living crisis, this is understandably a key concern. We help you to plan cautiously and realistically using decades of data so that you know your key numbers.

There is nothing more rewarding for us than seeing the delight on clients' faces when they realise that they can retire many years before they thought possible. Ultimately, your personalised plan should be unique to your circumstances, giving you total confidence that you won't run out of money before you run out of breath.

Resisting retirement

There are some who avoid making any plans for retirement. This is not necessarily because they love working but the psychology here is much more complex.

Often, they will not fully understand it themselves and it can cause personal turmoil and conflict in relationships, especially if their partner wants them to retire.

For this group, their finances are not the problem. Deep down they know full well they can retire, yet something keeps holding them back and helping them realise the 'why' can be very powerful.

American motivational guru, Anthony Robbins, believes that as humans we all have six needs that we must meet in order to be fulfilled. However, the importance of each will be different for everyone.

Understanding how these are met through work and the subsequent void that retirement may bring is key to unlocking any resistance.

1) Certainty

We all need an element of certainty in our lives and if you have been doing your job effectively for many years, you will have deep-rooted certainty that you can do it well.

Retirement is a leap into the unknown, significantly reducing our level of certainty.

2) Uncertainty

Without some level of uncertainty, life would become too predictable and very dull. At work you may face changes in the economy, your role and the odd curve ball or two, making each day different. Will every day feel the same in retirement?

3) Connection

Through our work, we make many connections whether that be with our colleagues, clients or competitors to name but a few. Without these connections, the number of social interactions greatly reduces.

4) Growth

Even if you have been doing your role for decades, you will still be constantly growing and adapting, acquiring new skills and knowledge as the world changes around you. The potential lack of growth and development in retirement can feel demotivating.

5) Contribution

When working, we contribute to the success of our company, our teams and society in general. How do we replace that purpose in retirement?

6) Significance

Our jobs not only define how we see ourselves but also how others perceive us. One of the first questions we often ask people is: "What do you do?" A harmless question, but one which gives rise to a mix of emotions.

Often these needs sit in the subconscious. Once we understand which ones are the most important to you, we can then begin to see how they can be met throughout your retirement journey.

We're keen to share our experiences of working with clients just like you and how, by addressing their needs, they were able to relish retirement, with some even citing that it's more fulfilling than any job they've ever done.

Your unique abilities don't disappear when you stop full-time work. You simply have more time and more freedom to decide how to use them, who to use them with and how often.

(1) www.gov.uk website - tax year 2023/24.

This article is intended as an informative piece and does not constitute advice.

Courageous conversation

Chartered Financial Planner, Ben Rogers, believes a conversation with family not only helps shape your financial plan, but it can also shape theirs too.

At Equilibrium, we want to help our clients look after those they love. Quite often this will have to involve conversations around money with family members other than our spouse or partner: such as children, grandchildren or even parents.

Unfortunately, talking about money with family can be really challenging (and that's from someone whose career is based on talking to people about money!). In fact, research by Lloyds Bank found that 50% of Brits felt talking about money matters is a taboo subject; more so than sex, religion, and politics.[1]

However, the old adage, "every problem exists in the absence of a good conversation", still rings true and in order to get the best outcomes – particularly across multiple generations – requires us all to have some courageous conversations.

The reason for this is that great planning always starts, not with the products, but with the people involved. It's not about logic, tax or technical solutions, but rather the goals, desires, fears and concerns that we want to achieve or overcome for us and our families.

Unfortunately, doing this brings into the equation not only our own values and beliefs but those of our loved ones.

And herein lies the challenge. We are all the product of our own experiences. These experiences come from two key areas:

- The world we live in.
- The people we share that world with.

The experiences you've had throughout your lifetime, and the people you've shared your world with, will undoubtedly be different to that of your parents, your children or any other loved one. And with different experiences come different values, attitudes and beliefs.

When values, attitudes and beliefs differ, that's where conflict can arise. Conflict doesn't have to mean a full-blown, red-in-the-face shouting match – just a collision of values that stand in the way of solving a problem. In fact, more often than not, the end result of this conflict is inertia – you do the minimum and die with a big tax bill leaving your family with a large sum of money on a random date in the future.

By facilitating a "courageous conversation" across generations, we can get a better understanding of the barriers that stand in the way of our money having the biggest impact on those we love both now and in the future.

Taking a tip from Tinseltown

We use a variety of tools to help families identify conflicts - one of which is appropriated from Hollywood. It's called the Character Diamond.[2]

It's made up of 4 parts which are used by scriptwriters to define the key qualities of a main character.

- **North Star** – your superpower, the thing that makes you different and makes you, 'you'.
- **Flaws and masks** – how you cover up your insecurities and vulnerabilities.
- **The hill you are prepared to die on** – what you will always stand for, no matter what.
- **Kryptonite** – the opposite of your North Star – in other words, what gets in your way?

All of our experiences help to shape our own financial character and how we make decisions with our money. We can use the Character Diamond to help identify not only our own financial character but also those of our family members (as shown in the example below).

Seeing them side by side, you can start to see where conflicts could arise but also where there are similarities.

There is no right or wrong answer. By understanding your experiences and how they have helped shape both yours and your loved one's financial characters, we can get a better understanding of where conflicts might arise and how best to overcome them.

This is just one of many examples where, by exploring the values you hold, you can create a plan not just for your life, but for many generations to come.

This article is intended as an informative piece and should not be construed as advice.

(1) www.lloydsbankinggroup.com/media/press-releases/2019/lloyds-bank/the-m-word-is-britains-biggest-taboo.html
(2) The concept originates from Hollywood screenwriter and teacher, David Freeman.

An illustrative example of a family's character diamond:

Fund	Mr & Mrs Smith	Son
Age	75	40
Family	Two children - son & daughter	Married with a 3-year-old daughter
Work	Mr worked for a pharma-company for 35 years.	Son is an accountant - his career has somewhat plateaued.
Formative experiences	• 1970s inflation. • Early 1980s unemployment. • 1980/90's bull market. • 2008 financial crisis.	• 2008 financial crisis. • Covid-19 & lockdowns. • Cost-of-living crisis.
North Star	• Enjoyed a good job and income. • Lived within means. • Measured in expenditure. • Seeks value for money.	• Enjoys a good job and income. • Spending money on experiences is more valuable than things. • Sharing money is important and gives to charities and family.
Kryptonite	• Missed out on some things. • Experienced discomfort.	• Unnecessary/wasted expenditure. • Occasionally stretches finances too far.
Hill you are prepared to die on	• Their own financial security and being able to help their family.	• There's more to life than work.
Flaws and Masks	• Wasted time and energy on getting value for money. • Worries about running out of money.	• Impulsive decisions. • Worries about running out of money.

Law in order

Colin Lawson believes that simply having legal documents in place is not enough.

It is, of course, important to have the right legal documents in place to ensure your affairs are left in good order. By this I mean your wills, trusts, pension nomination forms and lasting power of attorney (LPA).

But what really counts is making sure these documents work in practice, which is why we have put together our "Law in order" experience.

We start with the basics:

1 Checking you have all the right documents.

2 Recording where the originals are stored.

3 Checking that the executors/ trustees/ attorneys have the right information, knowledge and time to fulfil their roles.

4 Making sure that the beneficiaries are clearly identified/still relevant.

5 Ensuring that we have up-to-date contact details for the individuals listed under point 3.

6 Discussing the importance of letters of wishes and 'Letters of Love'.

These are the easy bits. Where the real value in our "Law in order" experience is unlocked is in what we call the "dress rehearsal." It might seem a bit morbid as it simply involves working through what happens (in practice) if either you, a spouse, or both of you died or lost capacity tomorrow.

Sometimes one of the biggest issues that this can highlight is the assets that are not covered by your will, which can sometimes deplete the estate to such an extent that the wishes in the will cannot be carried out.

Assets held in joint names, such as properties and investment portfolios, are outside the scope of the will as they automatically pass to the remaining joint holder under what is known as the 'right of survivorship'. Holding some assets jointly can be beneficial as they can be accessed without the wait for probate, but too much can be a hinderance.

Pension funds do not form part of your will and are dealt with by a separate document known as a 'nomination form' so choosing the right beneficiaries to maximise tax efficiency is essential.

Consideration can be given ro any assets subject to business relief, which are exempt from inheritance tax (IHT), are left in a trust on first death rather than being passed to a spouse, to mitigate IHT.

On the flip side, we often see ISA funds being left in trust, whereas, if they were left directly to a spouse, the tax-efficient status of this vehicle can be maintained.

Every rehearsal we've carried out has highlighted some key changes that need to be made to either the structure of the assets or the legal documentation. When legal documents finally come into play, it will no doubt be a difficult and emotional time for those dealing with them. Ensuring your affairs are in good order minimises stress, reduces costs and ensures your wishes are carried out exactly as planned.

This article is intended as an informative piece and should not be construed as advice. If you have any further questions, please don't hesitate to get in touch with us.

Find out more

For further insights and guidance on **law in order - power of attorneys**, book your place at our next available masterclass - visit **equilibrium.co.uk/events**.

Hollow Heart

Senior Marketing Executive, Fiona Whitfield, explains how this new social enterprise began.

For those facing mental health struggles, it can feel like you're carrying a heavy burden all on your own. You may desperately want to talk about what's going on inside your head, but sometimes taking that first step in opening up can feel nearly impossible.

This was the experience of Piers Stacey, Founder of Hollow Heart, following a 19-year career in the Royal Marines and Royal Navy. For some time, he was feeling anxious, angry and was constantly on high alert. Lost in a haze of emotions, he found himself uncertain of the situation unfolding before him. Despite the consuming urge to confide in someone, he struggled to articulate his thoughts. It wasn't until he reached a breaking point, questioning his life, that he was able to open up to his wife. Fortunately, she is also a clinical psychologist, and with her support, he was able to get on the right path to receiving the help he needed. He was referred to the regional veterans mental health team where the Royal Marines Association, an organisation which supports serving and veteran Royal Marines, provided him with 24 sessions of therapy.

Following this, Piers found himself in a much better place but recognised that not everyone has the same support system that he did. Hence, Piers founded Hollow Heart in September 2022.

Hollow Heart's vision is to encourage more people to have mental health and wellbeing conversations sooner. And they've come up with an ingenious way to do just that - a heart-shaped pin that is to be worn as a symbol of openness and compassion. It's crucial to note that wearing the pin doesn't require any formal training; rather, it signifies a willingness to listen.

We can all play a part in encouraging mental wellbeing.

As an individual, wearing the heart-shaped pin shows not only your support for Hollow Heart's initiative but also communicates to others that you are a safe person to talk to.

If you are a business owner, partnering with Hollow Heart is an excellent way to recognise the significance of mental health in the workplace and demonstrates your commitment to creating a supportive and inclusive work environment.

Hollow Heart is also dedicated to bolstering the efforts of established charities through strategic partnerships. By joining forces, they can reach even more individuals and make an even greater impact.

As the movement gains momentum and more people, businesses and charities wear the heart-shaped pin, the collective power of these compassionate allies will only continue to grow. Together, through conversation, we can save lives.

Piers Stacey

Find out more

If you would like to buy a pin or find out more about business and charity partnerships, please visit: **www.hollow-heart.com**.

Good grief

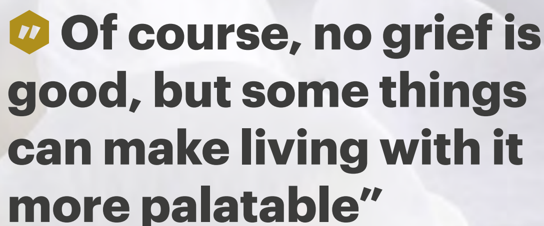
Amid the shock and pain of bereavement, financial formalities are far from our minds. At Equilibrium, we take pride in being able to minimise the burden for those who remain.

The death of a loved one is such a personal point in our lives and one that each of us experiences very differently. Inching forward, one must take things at a pace that is right for them. Taking a month, a day and sometimes even just an hour at a time is often enough as the brighter days come.

There are few words for this time but having people by our side can offer enormous comfort. It is the mix of both emotional and practical support that helps us greatly in moving forward and beginning our path to feeling whole again.

Equilibrium financial planners understand that often the most practical level of support and preparation, delivers the greatest level of emotional comfort.

This can be the biggest life event ever experienced. If you are fortunate enough to have a financial planner that is committed to putting your life and the lives of those you love at the centre of the planning experience, there are no other surprises at this moment. As much as you never want this time to arrive, together with your planner, you will have already worked hard to minimise the immediate burden for the surviving partner or loved ones.



Of course, no grief is good, but some things can make living with it more palatable"

Immediate pain relief

When we work with clients, we deal with the key questions. This allows you to take comfort in knowing that you have enough money to live on if you are the first to be left behind. For some, you may be looking for reassurance that your standard of living will not need to change and plans to support your children or other family members can remain in place.

Laser-focused wishes

It is no accident that your work with us has been laser-focused on articulating and recording wishes. Time spent in this space is the real investment when it comes to supporting those left behind. Not just deciding, but also articulating what it is that you want, who you want to support, which amounts you want to go to whom and when, is the foundation for all the planning work.

We guide you in creating a letter of wishes to support your Will that outlines to your family the thinking behind it. This brings a new level of peace of mind and comfort. We question whether you want your Will to be the last word your family reads from you. The aim is to provoke thought and inspire you to pen your own personal message of love - a heart-warming opportunity to put it all down in writing by drafting a 'Letter of Love': a final message to your family to ease their pain (perhaps just a little) and which may even bring a smile to their faces.

Courage in the conversation

Nothing about your wishes will come as a great surprise to anyone. Why? Because we hold a 'dress rehearsal' for when the time comes. We initiate the conversation around the table with those that matter, we explore every 'what if', anticipate the possible situations and give you the courage by having the conversations now.

Person over paperwork

We help get the paperwork in order, we confirm where copies of key documents are kept and that pensions papers are in place to make sure those loved ones remaining are supported with income. Inheritance tax planning is addressed, giving you confidence that all your paperwork is supporting the wishes you took the time and care to create.

And...

Planning doesn't end when the documentation is in place. By returning once again to the person behind the planning, we ensure that passwords are updated and accessible, that the executors understand their roles, their duty and the wishes expressed. Taking complete care of the person often means covering the little things that make life easier.

As time goes by

Should you be the one left behind, time does pass and when you are ready, we can continue our guidance, as we have done throughout, to help you to continue to make a difference with your money.

You may be managing money for the first time and if so, we will be here to gently assist and walk you through the options and opportunities open to you. A new world of investment can be opened to you in a way that is accessible and enjoyable.

As you learn to live with grief in your life, you naturally move into what can feel like a new territory. Of course, no grief is good, but some things can make living with it more palatable. When it feels like the rug has been pulled from under your feet, stability is key and the focus and energy go towards re-establishing a firm footing; to feel comfortable and confident in this new stage of life.

Get back on, go on

Para-cycling World Champion, Katie Toft, talks honestly and openly about her everyday struggles living with Cerebral Palsy and how she became an elite athlete.

My name is Katie Toft[1]. I am a C1 Para cyclist born with Cerebral Palsy (C1 relates to the category I race in, C1 being the 'most disabled' you can be on a standard road bike), which makes moving around and day to day tasks difficult. Basic tasks such as walking, talking, or carrying a drink are tricky - don't ask me for a brew if you want a full cup!

Spatial awareness and Cerebral Palsy just don't fit. I've lived in the same house my whole life and still walk into things daily, usually hitting a shoulder on a door frame.

Just sitting can be painful – I'm sat writing this and my right hip is starting to scream at me. To be fair, it has not been happy since Autumn - hurting, aching, and spasming every day. Cycling has stopped it seizing up, but it won't improve until it's warm again. As soon as the weather is cold, a lot of people with Cerebral Palsy struggle – it's not that they can't do stuff, it's just harder.

Katie at the UCI Paracycling World Championships in Paris (2022)

So, with the above in mind, I wasn't really the obvious choice when it came to being picked for team sports at school. I wasn't very good at the usual activities such as catching a ball, running or netball (except rounders – I've got a mean whack!).

However, whenever I saw my peers riding bikes and scooters around the village where I live, I thought, 'I want a bit of that.' When I first tried to ride a bike, dad and I went to practice at the school playground. We even went to the cricket pitch where my grandad was groundsman, which ended up being a whole family affair. I fell off repeatedly and got so frustrated with it. My grandad tried his best to encourage me. He'd say, "get back on, go on."

The bike stayed in the garage until one day, I decided I wasn't going to let it beat me. Yes, I still fell off, but eventually I learnt how to balance. As I grew in confidence, so did my route around the village. Little did I know I had started to time trial, racing myself against the clock, something that I am now very familiar with. I went on to be one of the first people in the UK to do their Bronze Duke of Edinburgh award on a bike.

I'm sad to say this wasn't my ultimate turning point as my bike took to the garage once again. As I went through college and university, I became very unfit, with poor habits both nutritionally and in my lifestyle. Until one day, I decided that I didn't really enjoy feeling unfit anymore so whilst home for the weekend I got my old bike out and went for a pedal.

My dad found that the local disabled charity, which I used to be a member of, now had a wheelers group. I started to go to their weekly session just to ride around at first, but quickly got involved in the mini races. Eventually I started to beat the boys (who weren't happy!) and from there, they suggested that I might like to try racing properly and join a cycling team.

Initially it was hard to find a team as nobody really knew how to support a disabled rider, but eventually I started to train with Mossley CRT and first raced for them in 2013.

Fast forward a few years...

I won my first national title in 2016, my first World Championship in 2018 and from then, I have continued to work hard and compete at the highest level. I have recently won four world titles (I have 9 now in total) and gained a world record as part of the Great British Paracycling team at the Paracycling Track World Championships in Paris.

"We are quite a rare bunch who must overcome so many obstacles on a daily basis (and that's before we even get on a bike or in the gym)."

I now race for Storey Racing, the hard work continues and the world of elite sport is definitely not plain sailing, particularly for C1. We are quite a rare bunch who must overcome so many obstacles on a daily basis (and that's before we even get on a bike or in the gym). We are basically a group of athletes, all disabled, all outstanding at their sport, but for some, walking and talking don't come with ease.

(1) The Equilibrium Foundation provides sponsorship to Katie, most recently paying for new wheels for her specialist bike.

Article of interest:

Why are girls dropping out of sport and what can be done about it? BBC Newsround (09/11/2022).

The care conundrum

Financial Planner, Tim Latham, is a firm believer of planning ahead for later life care.

In client meetings, I often ask the question: “Have you thought about a long-term care plan?”, which is usually met with a wavering: “No, not really.” When I probe further as to why, the most common responses are: “I’m too young”, “it’s too depressing”, “the cost of care is too much”, or, for the idealists, “I’m waiting for the government to fund my care.”

People often associate long-term care with being in a care home, a loss of independence, no longer able to make your own decisions or walk without help.

However, I ask this question with good reason. My job, as a financial planner, is to provoke thought, challenge existing thinking and help my clients create a personalised action plan. In doing so, they can begin to take control, make choices, put pen to paper and even open up courageous conversations with family members about their wishes for the future.

Care comes in many forms. And we have more control and choice than we might think...

It doesn't necessarily have to be health-related

Your life could be made easier by having extra support at home, such as taking on a gardener or cleaner.

Invest in self-care

With NHS waiting lists for routine treatment at an all-time high[1], a private GP not only resolves any discomfort or pain a lot more swiftly, but also saves months/years of unhappiness or anxiety and you get to see the same person each time – kind of like having a family GP again!

Personal training, regular physiotherapy, yoga, or pilates aren't just good for maintaining your figure as we get older. New research shows that physical activity could help strengthen your immune system, is helpful to brain health and keeps you more independent.[2]

Did you know the regular use of saunas at high temperatures can decrease the risk of dementia by as much as 66%?[3]

A nutritionist can provide a fountain of knowledge on supplements such as fish oil (DHA and EPA), proven in studies to lower the risk of cognitive decline.[4]

Sizing down

Downsizing your home has the added benefits of lowering energy bills, less maintenance, discovering a new area, a fresh mindset and it may be better suited to your needs. David Wilson Homes even wrote a blog about it![5]

Community living

For many people in later life, social interactions can be few and far between. It's not uncommon for people to go to the supermarket just to secure a two-way conversation. A retirement village is an ideal solution for anyone feeling lonely or isolated, catering for retirees looking to unwind and relax with those of a similar age, whilst providing a property of their own to spend time in. Renting is, in fact, becoming increasingly popular as it offers flexibility and the chance to free up equity.[6]

Did you know the regular use of saunas at high temperatures can decrease the risk of dementia by as much as 66%?"

These luxury developments are on the rise, with multiple facilities such as a restaurant, cinema, bistro bar, health club and more – think sheltered accommodation meets country club.

Long-term care

For those who require additional support, a care needs assessment is the first step to determining the level of help needed, whether this means adapting your home, moving into a residential care home (providing support for day-to-day tasks such as getting dressed) or a nursing home (for the provision of 24-hour medical care).

I remind my clients that it is at this point you will be thankful you have your Power of Attorneys already in place so that your wishes can be followed.

We also recommend penning a 'Letter of Love', so the ones closest to you know, in no uncertain terms, how you would like to be cared for in the future. See our related article on letters of love.

The "numbers"

At Equilibrium, we start the plan with you, by asking what will give you peace of mind about the future. We will take you through the "retirement income curve", showing you how your income needs are likely to change following retirement.

We can help you make those later-life financial decisions using cash-flow modelling, showing a projection of your finances, based on income and likely expenditure. For example, when your care costs increase, your spending on holidays, cars or dining out will likely decrease.

Any shortfalls in meeting long-term care costs can be funded by products such as immediate care annuities, providing reassurance that your family won't be left to pay.

And our horizon planning process will ensure you have the right money at the right time.

Our commitment to your wellbeing doesn't stop there: we even have our own client "care" community, where others are willing to share their experiences of the "care conundrum."

This article is intended as an informative piece and does not constitute advice.

(1) data from NHS England.
(2) Sport Sciences for Health.
(3) Alzheimers.org.uk.
(4) National Library of Medicine.
(5) DWH - Is downsizing to a smaller home for you?
(6) www.retirementvillages.co.uk.

Related website articles:

- *Retirement villages: the balance of cost and comfort*
- *Letters of love*

Find out more

For further insights and guidance on **The care conundrum**, book your place at our next available masterclass - visit **equilibrium.co.uk/events**.

The Arts Society Wilmslow

The Arts Society Wilmslow, founded in 1997, brings to life paintings, architecture and gardens, fashion and design, the ancient and the modern and the whole world of fine and decorative arts across a regular series of lectures. Chairman, Dr Graham Nicholson, introduces the Society.

A London cabbie once told me: “Everyone’s interested in art”. I tamely replied: “I’m not so sure about that”. “Oh yes”, he insisted: “No one ever goes into a shop and says, ‘give me some wallpaper’. You choose your wallpaper. It’s got to be the right colour, the right design and have the right feel to it.”

My cabbie had a very good point. Humans are curious beings. We study our surroundings. We know what we like to see, hear and experience. We applaud brilliance when we recognise it. Of course, the question, “what is ‘Art’?” (and what isn’t) will divide opinions forever and a day, but that makes the subject even more fascinating.

Fortunately, we take a much broader definition of art than our cabbie and we are affiliated with the national Arts Society, which means we choose from a wide range of accredited speakers - experts in their fields. Deliberately we present a programme that straddles the world and all genres of the arts. For example, our recent lecture subjects have included the architecture of Mughal India, Hollywood films of the 1930s and the Culture of Ukraine – the latter especially relevant at this time.

The aim of The Arts Society Wilmslow is to enhance lives, by bringing people together to share their interests and enjoy friendship and fun. We are delighted that Equilibrium is generously supporting us to achieve that aim in our forthcoming season.

We are open to all ages and outlooks, and we make our meetings as social as we can, sometimes offering a glass of wine to stimulate conversation. Members also enjoy a regular programme of group outings, visits and social events. For example, members have recently attended concerts, visited Tabley House in Knutsford, the ancient library at Chethams School in Manchester and the Tate Liverpool.

We meet at 7:30pm on the second Thursday of the month from September to June in our lovely, airy venue at the United Reformed Church in Wilmslow (across the road from the Coach and Four Inn). We currently have around 150 members and we are always seeking new ones to join us for our activities.

The annual fee for 2023/24 will be £55 if registered before the 31 August 2023 and it is possible to try us out as a guest at a lecture for a small fee.

Find out more

For programme details and membership enquiries, please go to our website **www.taswilmslow.org.uk** or drop a line to our Membership Secretary at **wilmslow@theartssociety.org**.

INVESTMENT REVIEW

Interesting times

Welcome to the investment review section of this edition of Equinox.

Mike Deverell
PARTNER & INVESTMENT MANAGER

Over the last six months, markets have continued to be moved primarily by three interlinked factors:

- How quickly will inflation come down?
- Given this, what will central banks do with interest rates?
- How will this affect the economy?

The general picture since the last Equinox has been positive, with inflation beginning to fall, and lower energy prices. The economy has been doing better than many people had thought and the much-predicted recession has so far been avoided.

After a very poor period in early 2022, stock and bond markets have recovered somewhat from their lows in October.

However, recent concerns around Silicon Valley Bank and Credit Suisse have since had an impact on markets, and on the economic outlook.

Whilst we believe the banking system to be robust, recent events might make banks more reluctant to lend, potentially slowing the economy.

How central banks respond to this complex picture, in terms of interest rates, will be crucial over the coming months, for both the real economy and for markets.

28

Investment outlook
Here, we look beyond the short-term drivers of markets and instead focus on the opportunities presented to us.

34

Sector portfolio & analysis
A review of our selected funds compared with their relative sectors.

38

Model portfolio performance
How our model portfolios have performed over the short, medium and long term.

Portfolio returns

Table one shows the returns of our core portfolios over various time frames.

The table shows long-term returns as an annualised figure. Over 10 years, our core portfolios have returned between 4.22% and 5.57% p.a., on average.

Despite the very high levels of inflation recently, long-term returns remain strong and well above inflation (UK consumer price index - CPI), which has averaged 2.69% over the same period.

Returns are also significantly ahead of our competitors, as represented by the UT Mixed Investment 20-60% shares sector, with an average return of 3.55% p.a. over 10 years. This sector is made up of funds trying to do a similar job as our portfolios – they are multi-asset funds which take a similar amount of equity risk.

Investing is, of course, meant to be for the long term, as the short-term markets can be volatile. All of our core portfolios are designed with the aim of outperforming inflation over the long term, and it is heartening to see that this is still the case, despite what has happened since the beginning of 2022.

Over this time period, we have seen significant falls in both equity and bond markets and steep increases in inflation.

For example, since 1 January 2022, developed market equities have fallen 10.2% (MSCI World Index) while emerging market equities (MSCI Emerging Markets Index) fell 12.42%. Bonds performed even worse in many cases, for example, gilts (FTSE All Stocks Gilt Index) fell by 21.61% over the same period. (Source: FE Analytics, total return to 5 April 2023 in local currency). See page 31 for the recent returns of other asset classes.

Meanwhile, inflation moved significantly higher and as at the end of February this year, UK annual CPI inflation was 10.4%.

This means that most investors have experienced negative returns over recent times, which look even worse in real terms.

However, we have seen something of a recovery over the past six months. Whilst the road ahead will be bumpy, we believe markets generally look very good value, if we take a long-term view.

In particular, after such steep losses, we find selected bonds look very attractive. In many cases, some of the bond funds we hold have the potential to provide similar returns to those we'd expect from equities, but with less risk, as we explain on page 32.

Of course, it is not coincidental that markets fell so much at a time when inflation was going up, with central banks putting up interest rates sharply to try to combat it. This is the primary reason for falls in markets, particularly in bonds.

Over the next few pages, we will discuss the outlook and how that might impact various asset classes.

Rate of change

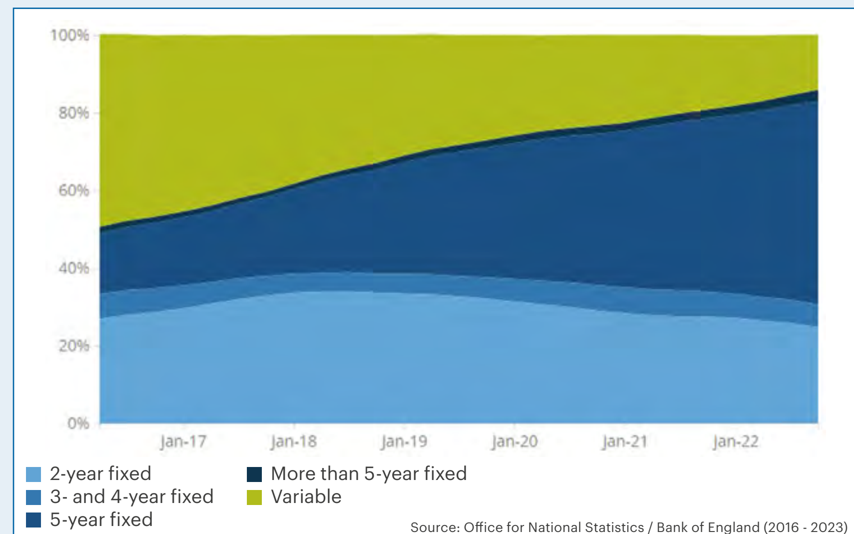
When inflation rises, central banks try to get it under control by increasing interest rates.

This increases the cost of borrowing, reducing the amount of money in the economy and slowing demand.

In economic circles, this is generally agreed to work but it does so with "long and variable lags." It takes time for rate hikes to have an effect, but this delay is highly unpredictable and never the same from one hiking cycle to another.

Consider mortgages: at present, 86% of UK mortgages are fixed rate, the majority of which are five-year fixed. This is very different from the picture in 2016 when almost 50% of mortgages were on variable rates and only 16% were fixed for five years, as shown in **Chart one**.

Chart one: Proportion of mortgages which are variable or fixed rate



Source: Office for National Statistics / Bank of England (2016 - 2023)

Table one: Annualised return of our three core strategies compared to inflation (CPI) and competitors

Portfolio	10-year (% p.a.)	5-year (% p.a.)	3-year (% p.a.)	1-year total return (%)	6 month total return (%)
Cautious	4.22	2.15	5.69	-5.85	3.40
Balanced	4.81	2.53	6.82	-6 .00	4.02
Adventurous	5.57	2.96	8.16	-8.72	3.67
UT Mixed Investment 20-60% shares	3.55	2.46	6.13	-4.57	4.31
UK Consumer Price Index	2.69	4.02	5.60	9.22	3.31

Source: FE Analytics / Equilibrium Investment Management as of 5 April 2023. Returns greater than one year are annualised.

If you're on a fixed-rate mortgage, rate hikes only begin to bite when it's time to renew.

Around two million mortgages are up for review in 2023 (Source: ONS). Of these, 57% were fixed at rates below 2%. That equates to more than 1.1 million people who might be in for a shock!

A typical 2-year fixed rate mortgage now costs around 5% p.a. (Source: Bank of England as at the end of February 2023, based on 85% loan-to-value).

If we consider the interest on a £200,000 mortgage at 2% p.a. is £4,000 a year, whereas, at 5% p.a., it is £10,000 a year. Such an increase would feel a bit like getting a £6,000 pay cut.

Companies also often borrow at fixed rates, meaning it is only when they refinance that the impact of rising rates is felt. And yet, the impact could be very significant.

In the UK, the Bank of England base rate was 0.1% as recently as November 2021. It is now 4.25%. In the US, interest rates were only 0.25% as recently as February 2022, and they are now 5%. These are big increases, and they happened very quickly.

Chart two shows the current US rate hiking cycle in red, compared to all other hiking cycles going back to 1971. The red line is steeper than the others, showing how policy rates are increasing much quicker this time around.

In the UK, the Bank of England base rate was 0.1% as recently as November 2021. It is now 4.25%."

When you put up rates so significantly and so sharply, then something is likely to "break." The only question is what gets broken, how significantly and what are the knock-on effects?

What do LDI and SVB have in common?

Apart from being three-letter acronyms, LDI (liability driven investing – a strategy used by pension funds) and SVB (Silicon Valley Bank – a bank servicing largely technology firms) don't seem to have much in common.

But both were issues within the financial system which blew up very quickly, and which very few people saw coming.

And both were ultimately caused (at least in part) by rapid increases in interest rates.

After the Mini-Budget in September, a number of UK pension funds experienced severe liquidity issues and some sharp losses.

Pension funds like to match their investments to their liabilities (the pensions they have to pay).

For example, they buy bonds to provide income to pay the pensions, which mature when the liabilities are expected to mature (i.e. the life expectancy of the pensioners).

However, with relatively low bond yields until recently, many LDI strategies used "gearing" (borrowing to invest) in order to increase returns.

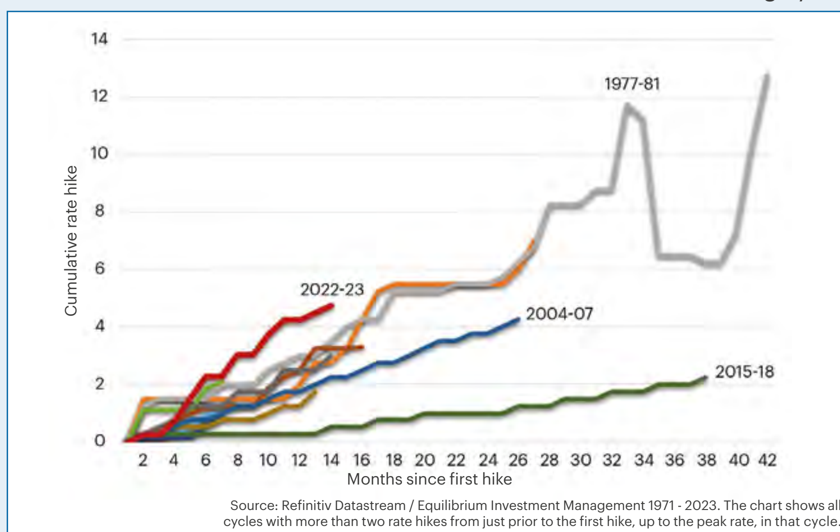
Gilt yields rose during 2022 to reflect rising interest rates, meaning bond prices fell (given the inverse relationship between prices and yields). This was amplified by a sharp sell-off after the Mini-Budget as investors lost confidence in government finances.

When you "gear" your investments, the lender wants to see collateral worth more than a certain proportion of the loan.

Because of the sharp falls in bond prices, the terms of many loans were breached. This meant pension funds had to sell bonds to repay debts.

This forced sales of bonds and only served to push prices down even further, meaning more sales were required, hitting prices even more. We call this a "doom loop."

Chart two: US Federal Reserve rate hiking cycles



Source: Refinitiv Datastream / Equilibrium Investment Management 1971 - 2023. The chart shows all cycles with more than two rate hikes from just prior to the first hike, up to the peak rate, in that cycle.

The Bank of England was forced to step in and provide emergency funding to halt the forced selling. Meanwhile, the government then reversed much of their Mini-Budget announcements, and the problem died down.

Where does SVB fit in this picture?

Banks, like pension schemes, have assets and liabilities.

They take in deposits (liabilities) and they use this to make loans (assets). The difference between the interest they receive on loans and what they pay on deposits is their income.

It is worth remembering that regulations for large US banks are much stronger than regional ones like Silicon Valley Bank."

But deposits can be withdrawn instantly, whereas loans are often longer term. As a result, banks have to keep back some additional "liquid" capital in case of outflows.

SVB had grown rapidly over the past few years as the tech firms it catered to also grew. They were taking in vast amounts on deposit but were not finding many attractive lending opportunities.

As a result, they decided to keep much of their capital in government bonds.

However, as technology companies found life more difficult last year, they started to withdraw deposits. Meanwhile, bond prices fell sharply.

SVB had to sell bonds to fund outflows, at a significant loss, reducing their capital buffer.

Once this was recognised by investors, things moved very quickly. When one influential tech investor (Peter Thiel, co-founder of Paypal) told his clients to take their money out, this went viral, and SVB was effectively insolvent two days later.

Like LDI, issues with SVB illustrated poor risk management, but it is the rapid rise in interest rates that brought the issues to light.

In themselves, both LDI and SVB were containable. However, it does lead people to start asking what other hidden issues are out there?

Credit Suisse is arguably a casualty of this lack of confidence. Whilst they have been beset by scandal and mismanagement for many years, their balance sheet was seen as strong.

However, after SVB, investors were nervous and more bad headlines for Credit Suisse led many to take their money out "just in case." Credit Suisse was forced by the Swiss authorities to "merge" with UBS just days later.

It is worth remembering that regulations for large US banks are much stronger than regional ones like SVB. The same is true in Europe and the UK, where assets have to be much more closely matched to liabilities. We therefore believe banks remain safe.

An easy fix?

Rapid and steep rate hikes have caused a few things to "break" already. It will probably also cause a few companies and individuals to run into difficulty too.

Chart three: UK Consumer Prices Index inflation

Source: Office for National Statistics / Equilibrium Investment Management 2020-23. UK Consumer Price Index (CPI) inflation, annualised rate over various time periods.

The good news is that there's an easy fix if required – simply cut interest rates again.

Central banks won't want to do this until they are sure that inflation is under control.

However, the knock-on effect of what's happened with banks recently is that they may be more reluctant to lend. Borrowing could be harder to come by for businesses and individuals, and will cost more. This is essentially what rate hikes try to do, and so gives central banks less incentive to put rates up further.

We also believe that headline inflation could come down rapidly as we move through the year.

Chart three shows UK Consumer Price Index (CPI) inflation over the past three years.

Normally inflation is reported as an annual figure – to illustrate how much prices have risen compared to a year earlier. The blue line on the chart shows this figure, which remains above 10% p.a.

The grey line shows the annualised level of inflation over the past six months, whilst the red shows it over three months.

Looking over these three different time periods gives an idea of momentum. The six-month line is below the 12-month and the three-month below the six-month line. Inflation peaked around the summertime and has been dropping back since then, even though the annual figure hasn't moved much.

Whilst we can't predict the future, each annual inflation figure is effectively the sum of 12 different month-on-month inflation figures.

When annual inflation figures are published each month, we already know 11 of the 12 months of data.

Rising rates are the main reason that bonds fell, but also why many types of stocks did particularly poorly last year."

In 2022, prices went up sharply in April and October, with the month-on-month figures being 2.5% and 2% respectively. Both of these were months when the household energy price cap was revised.

When we get the April 2023 inflation numbers, the 2.5% monthly increase from April 2022 will drop out of the annual figure. Unless April 2023 is equally as high, the annual figure will fall. A similar fall is likely in October.

In addition, we may even see energy price deflation this year. Based on current electricity and gas prices, the price cap is expected to drop to the equivalent of around £2,000 p.a. for a typical household in July (Source: commonslibrary.parliament.uk "Gas & electricity prices under the Energy Price Guarantee and beyond", 15 March 2023), from the current government cap of £2,500 p.a.

All of the above means inflation should drop back towards (or even below) the Bank of England's 2% p.a. target by the end of the year.

Again, we think this will give scope for central banks to not just stop putting interest rates up, but perhaps even to begin to cut them.

Implications for asset classes

Many of the falls in asset classes in the last year or so were at least partially caused by rising interest rates and high inflation.

Table two shows the returns of a number of the major asset classes we invest in over the 12 months up to 5 April 2023.

The majority of these asset classes saw negative returns. The worst performers in this list were AIM stocks (small companies in the UK), UK gilts, and the Nasdaq index of largely technology stocks in the US.

Rising rates are the main reason that bonds fell, but also why many types of stocks did particularly poorly last year. For companies where the share price is based on expectations of long-term future growth, such as technology stocks and some smaller companies, shares tend to be affected by changes in rates.

Table two: Major asset class returns

Indices	1-year returns (%)
Equities	
UK large (FTSE 100)	4.45
UK medium (FTSE 250)	-10.28
UK small (FTSE AIM All Share)	-22.7
USA (S&P 500)	-8.49
US tech (Nasdaq 100)	-11.67
MSCI Emerging Markets	-7.82
MSCI Europe ex UK	3.16
TSE TOPIX (Japan)	6.21
Bonds	
FTSE Actuaries UK Conventional Gilts All Stocks	-15.39
UT Sterling Corporate Bond	-8.97

Source:FE Analytics 5 April 2022 to 5 April 2023. Total return in local currency.

If rates have peaked or might even be cut, this may be good for both bonds and growth stocks.

Of course, if rates are cut, then this is likely because there are signs the economy is slowing. Generally, this is not seen as great for companies as profits are likely to slow down.

However, there is definitely a "Goldilocks zone" where the economic data is not too hot (so rates can at least stop rising) but not too cold (so profits don't fall too much).

As outlined in The Pulse – February 2023, this is quite a narrow band. We are therefore relatively cautious about the returns for equities for the next few months, even if we expect positive long-term growth.

That said, within equities, there are areas we think could do very well. Technology could do well if rates are cut, but if the economy remains robust, then we think smaller companies look more attractive. They are very cheap relative to history on a number of metrics, which has typically led to positive long-term returns in the past. They are, however, more economically sensitive and would likely underperform in the short term if the economy weakens.

We also like emerging markets where China's economic momentum is currently very positive, as they re-open after the lifting of Covid restrictions.

A combination of lower rates in the US (which might lead to a lower dollar) and strong growth in China, ought to be a good environment for emerging markets.

However, we are much more bullish about the prospects for bonds, in particular, corporate bonds, where like gilts, we get a much higher yield than government bonds.

Bullish bonds

When we buy a corporate bond, we're lending money to a company. We need that company to remain solvent and repay our loan and our interest, but we don't need growth like we do for equities. A mild downturn probably wouldn't be an issue for corporate bonds.

Whilst corporate bonds lost a lot of money last year, this is because their yields rose sharply.

Chart four shows the yield on the corporate bond index, and how this has changed over the last 25 years. Typically, in the early 2000s, you could get 5% to 7% p.a. income from a corporate bond.

The yields spiked as prices fell in the financial crisis, but after things settled, yields began falling consistently, as rates were cut to near zero and held there. Indeed, some government bonds even had negative yields!

By 2021, the average yield on a corporate bond was below 2% p.a.

However, as you can see, yields rose steeply last year to the point where they are now back in the 5% to 7% range again.

These are for what we call, "investment grade" companies, which are considered at low risk of default.

If we are willing to take a bit more risk, we can get much higher yields. By lending to companies with lower credit ratings, it is possible to get yields of more than 10%: a potential return similar to the long-term expected returns on stocks.

Whilst so-called "high-yield" bonds do come with more risk, we think there is a higher degree of certainty than there is for equities.

We are always wary of the risks and have "stress tested" our fixed interest portfolio based on default rates being similar to those we saw in the financial crisis of 2008.

The results were encouraging, and we believe the yield we are getting is high enough to compensate us even in that scenario - the worst in recent history.

Portfolio allocation

Table three shows the asset allocation of our balanced portfolio, six months ago, this time last year and what it is today.

We have been extremely active in terms of allocation, as bond and equity markets fell and then began to recover.

This time last year we held only 19% in fixed interest as we were worried about rising rates and yields which were still relatively low. Now, we have increased to 34% of the portfolio given the much higher yields on offer.

We increased equities from 33% in April 2022 to 36% in October 2022 as markets fell. However, markets have partially recovered and so we've reduced this back to 33%.

One of the areas where we have been relatively active is defined returns. A year ago, we held 11% of the portfolio in these assets.

During the lows of September and October last year, we took the opportunity to strike two new products, increasing holdings to 15% of the portfolio.

For example, on 30 September 2022, we struck a new product with Morgan Stanley when the FTSE was at 6,868 and the S&P 500 at 3,641. This will pay 15.2% p.a. should both markets be at or above those levels on any of the first five anniversaries of the product's inception.

However, as markets have recovered, three of our existing defined returns products have kicked out (matured) and we now only hold 8%.

The rates currently on offer for new products are not nearly as attractive as they were in the Autumn and of course, markets are higher. We have therefore chosen not to reinvest back into defined returns but have largely used the funds to top up fixed interest instead.

Defined returns share some characteristics with a bond in that they provide certainty of a return in

Chart four: Corporate bond yields

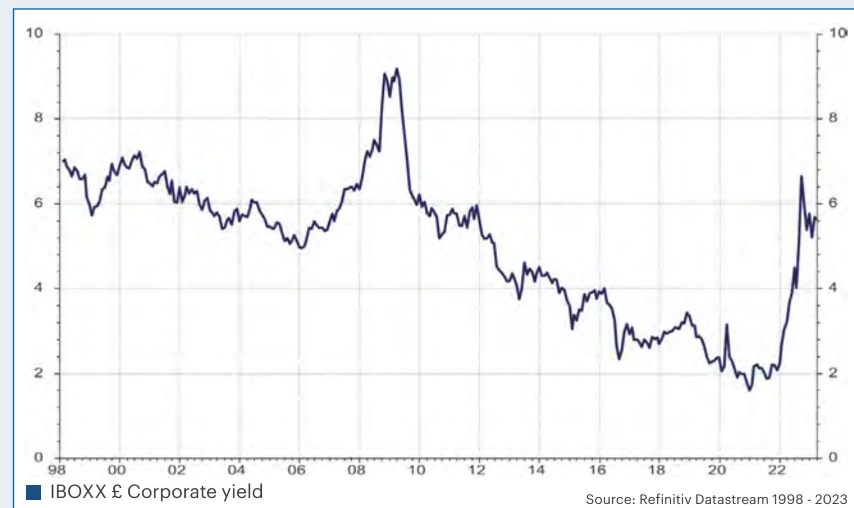


Table three: Balanced portfolio asset allocation

Asset class	Allocation 5 Apr 2022 (%)	Allocation 5 Oct 2022 (%)	Allocation 5 Apr 2023 (%)
Cash	7	0	3
Fixed interest	19	23	34
Real assets	15	15	13
Defined returns	11	15	8
Alternatives	14	11	9
Equity	33	36	33

Source: Equilibrium Investment Management. Rounded to nearest whole % so may not sum to 100%.

a given set of circumstances. They have worked very well for us over recent years.

A great example is a product with Societe Generale (Soc Gen) which was set up when the FTSE 100 was at 7,348 on 6 December 2017. This product promised to pay 9.5% p.a. provided the FTSE 100 was at or above 7,348 on any of the first six anniversaries.

Chart five shows the FTSE 100 return over the term in red. The red line is the price return - the capital value of the market in index points. Over the last five years, the index has gone nowhere - up just 2.36% over that period.

The vertical dashed lines are the anniversary dates. The product has had four previous chances for kick-out to occur (had the red line been above zero) but just failed to do so, and in the end, we had to wait five years. However, this wasn't a problem because we ended up with five lots of 9.5%, an attractive 47.5%.

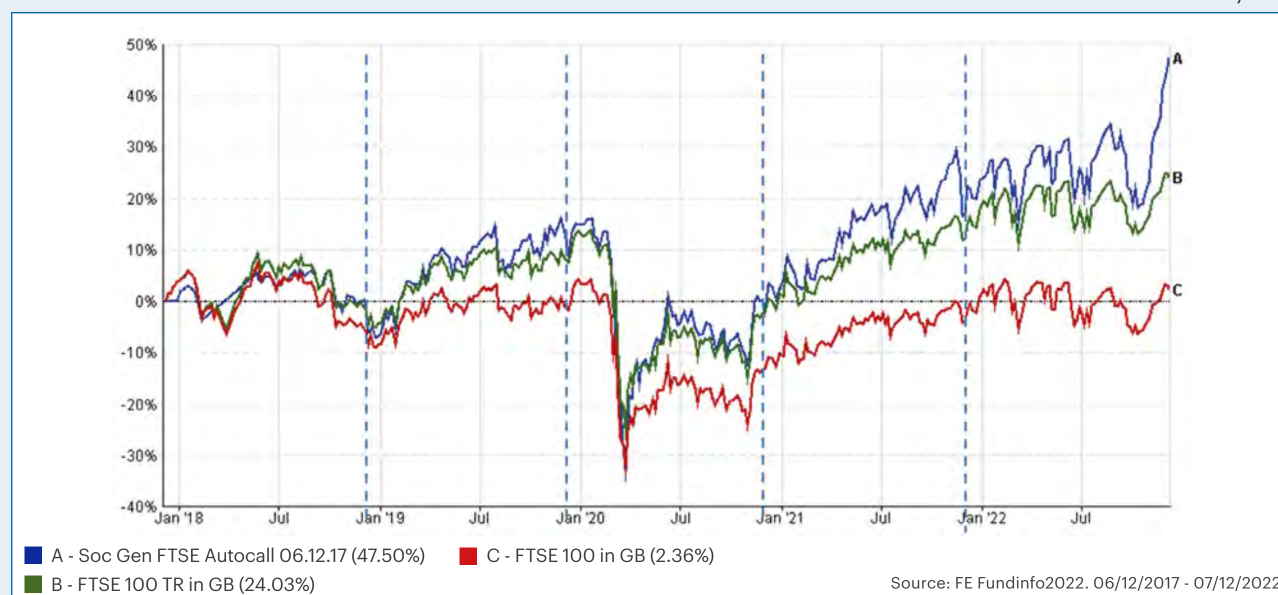
The chart also shows the total return of the FTSE including dividends, which is the green line. Had we bought a FTSE index tracker instead of the defined returns, this is roughly what return we would have received (24.03%).

The blue line shows the return of the Societe Generale product, which returned almost double the total return of the market.

Should markets drop back and the rates on offer increase, we will likely invest in more defined returns.

However, with yields on selected corporate bonds currently in the high single-digit and even double-digit range, we think fixed interest can do part of the job that defined returns have done in portfolios recently, without the need to see stock market growth.

Chart five: FTSE 100 and Societe Generale returns over the last five years



Risk warnings and notes

Past performance is never a guide to future performance. Investments will fall as well as rise.

Any performance targets shown are what we believe are realistic long-term returns. They are never guaranteed.

None of the information in this document constitutes a recommendation. Please contact your adviser before taking any action.

Unless stated otherwise:

- All performance statistics are from Financial Express Analytics on a bid-bid basis with income reinvested.
- All performance data is to 5 April 2023.
- Portfolio performance is stated after a 0.5% investment management fee with no adjustment for financial planning or platform charge.
- Your own performance may vary from the model due to dividend pay dates, transaction dates, contributions and withdrawals.
- Actual performance may also differ slightly due to constraints over how we can reflect fees and discounts from fund managers. These are assumed not to change over the whole investment period. In reality, discount levels change as we change the funds in which we invest.
- Individual sector portfolios are shown with no charges taken off or fund manager discounts applied.

For details of your own portfolio performance, please refer to your half-yearly statement from the wrap platform in which you are invested. We will also provide personalised performance information at your regular reviews.

Sector performance & analysis

UK equities

The last 12 months or so have seen a complete reverse in trends within UK equities.

For some time, smaller companies have outperformed large ones in the UK. The big multinational companies such as the oil majors - BP & Shell - and banks like HSBC have not been the places you wanted to invest over the past decade!

However, in recent times with oil and gas prices rising and interest rates going up, those sectors have turned into areas of outperformance.

Chart six shows the performance of large UK companies (FTSE 100) in green, medium-sized stocks (FTSE 250) in red, and smaller companies (FTSE AIM All Share) in blue, over the past three years.

You can see that as we recovered from the pandemic, small and medium-sized companies did significantly better than large ones.

However, from being well ahead, the red and blue lines (small and mid-cap) are now lagging behind the green line (large cap) over three years.

This has hurt the performance of our UK equity funds where we have deliberately taken a small company tilt, partly because we had substantial FTSE 100 exposure via our defined returns products.

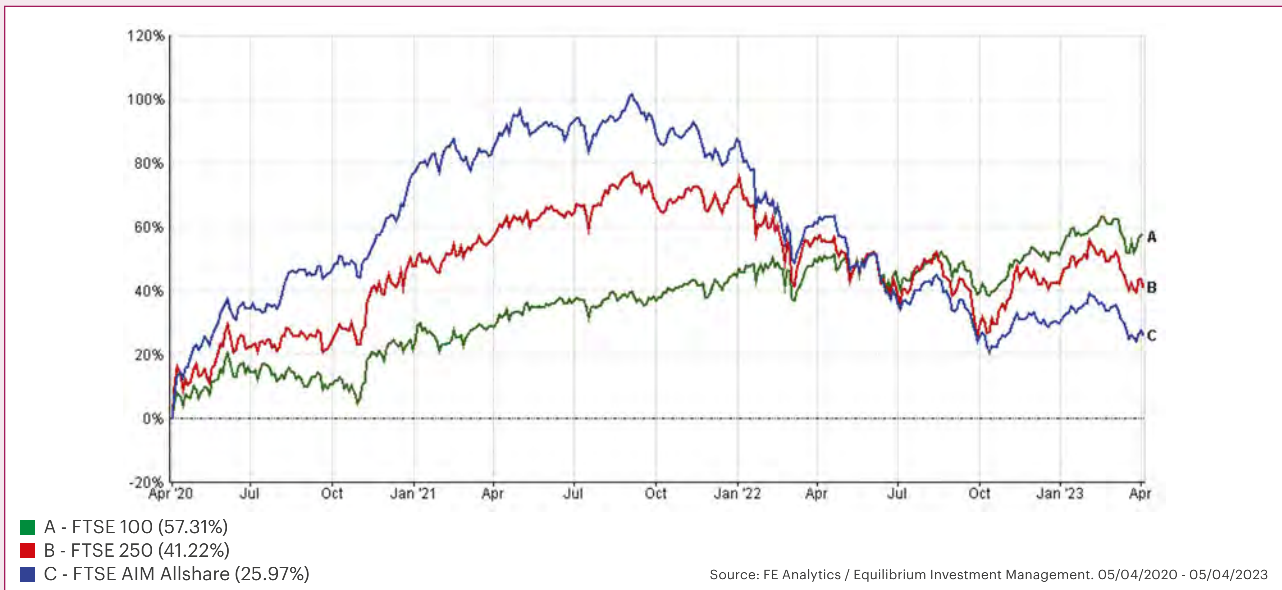
Table four shows the performance of our UK Dynamic and UK Conservative Equity strategies against their benchmarks, the UK All Companies and UK Equity Income sectors.

The UK Smaller Companies sector is also shown for comparison.

Both our UK strategies fell last year by more than their sectors, but by less than the Smaller Companies. However, over the long term, Smaller Companies were the best performing UK sector. Our UK Dynamic strategy managed to outperform all three sectors over 10 years.

Looking forward, we still think smaller companies are likely to provide superior returns. We believe the market looks cheap relative to large caps and to its own history.

Chart six: Performance of FTSE 100, FTSE 250 and FTSE AIM All Share



Source: FE Analytics / Equilibrium Investment Management. 05/04/2020 - 05/04/2023

Table four: UK Dynamic and UK Conservative Equity vs benchmarks

	10 year (%)	5 year (%)	3 year (%)	1 year (%)	6 months (%)
Equilibrium UK Conservative Equity portfolio	60.29	7.74	31.35	-11.45	1.90
UT UK Equity Income	68.45	18.45	51.29	-0.62	9.50
Equilibrium UK Dynamic Portfolio	104.79	9.15	35.63	-12.41	4.18
Sector: UT UK All Companies	71.43	18.16	48.10	-2.27	9.37
Sector: UT UK Smaller Companies	101.27	7.54	37.93	-17.43	2.61

Source: FE Analytics to 5 April 2023. Note that the fund may not have been in all portfolios for the full time period shown

With China re-opening and apparently softening its stance, we think emerging markets look more attractive again at this point in time.”

Global equities

Over the past few years, developed markets have done much better than emerging markets.

The zero-Covid policy in China, along with various government interventions in the technology and property sectors, has seen China-related stocks struggle in particular. We partially mitigated this by investing in India, which has done very well.

In established markets, UK-based investors have done relatively well by investing in US equities, mainly because the dollar strengthened against the pound, offsetting market losses.

Table five shows the relative performance of both our established and emerging market strategies over various time periods.

As outlined earlier, with China re-opening and apparently softening its stance, we think emerging markets look more attractive again at this point in time.

Fixed interest and alternatives

We have discussed what has happened to bond markets in detail elsewhere in Equinox.

Chart seven shows the three-year return of our fixed interest portfolio in green, relative to the average corporate bond fund in red and gilts in blue.

Over this time period, our fixed interest portfolio has produced marginally positive returns, but losses last year wiped out much of the gain from the previous two years. However, our portfolio has done much better than corporate bonds and gilts, which both saw significant losses.

Also shown on the chart is our alternatives portfolio (gold line). We use alternatives, such as absolute return strategies, as another way of diversifying equities in portfolios.

Over the past few years, we have tended to hold more alternatives and less in fixed interest, given our concerns about low bond yields.

Table five: Global Established and Global Speculative vs benchmarks

	10 year (%)	5 year (%)	3 year (%)	1 year (%)	6 months (%)
Equilibrium Global Established portfolio	168.56	42.27	43.63	-3.67	4.54
Global Est Benchmark	180.85	57.10	58.92	-1.93	4.05
Equilibrium Global Speculative portfolio	80.21	8.55	20.11	-13.79	-6.07
Sector : UT Global Emerging Markets	51.07	8.13	28.81	-7.17	0.71

Source: FE Analytics to 5 April 2023. Note that India and China funds are being compared to the Global Emerging Market sector since this is our benchmark for this part of the portfolio

Chart seven: Fixed Interest and Alternatives vs benchmarks

Source: FE Analytics / Equilibrium Investment Management 05/04/2020 - 05/04/2023

"If interest rates have peaked, this might help property to recover, especially as the funds generally provide attractive yields."

This approach has worked well, with alternatives holding up last year and providing a positive return of more than 22% over three years.

Following falls in fixed interest, we've used alternatives as a source of funds to top up bond funds at a relative low.

Real assets

Real assets are investments which are backed by a physical asset, such as real estate, land, or infrastructure.

These asset classes have had a mixed time over the past year or so.

In the early part of 2022, these assets did relatively well whilst bonds and equities fell. This is because the incomes they generate (such as rent from buildings, or electricity from wind and solar farms) tend to go up with inflation, and so they are often seen as attractive when prices are rising.

However, as the impact of rising interest rates became clear, the asset classes dropped back in the summer of 2022, with increased borrowing costs having a particularly big impact on property.

Also in this category, we hold forestry. This can benefit not just from selling timber, but also from selling carbon credits as they plant trees, which others can use to offset their carbon emissions. This is an increasingly important source of income.

Chart eight shows the performance of the various types of real assets since the listing of the forestry fund in late 2021. As you can see, forestry has performed strongly, whilst infrastructure has made a small loss over this time period.

However, property has suffered badly, particularly since the summer of 2022. Our property portfolio has lost 28% over this period, marginally ahead of the FTSE Real Estate index.

If interest rates have peaked, this might help property to recover, especially as the funds generally provide attractive yields. The funds also trade at a discount to their net asset value, meaning the value of the shares is below the perceived value of the buildings owned by the companies.

We have recently seen a private equity firm make a takeover bid for another real estate investment trust (which unfortunately we don't own) at a premium to the last reported net asset value.

We think this bodes well for investors in the asset class as institutional investors are seeing the value. However, with the economic outlook uncertain we are not currently looking to add exposure.

Chart eight: Property and Infrastructure vs benchmarks

"The combination of the broader macro-economic uncertainty, along with the residual supply chain issues, has meant that, in general, sales have not quite recovered to pre-Covid levels."

Positive Impact Portfolio

The Equilibrium Positive Impact Portfolio (PIP) invests in companies that provide goods and services to try to drive positive change in the world.

In the last 12 months, the PIP portfolio returned -6.95%, underperforming the general equity IA Global sector returns of -3.41%. That said, the companies that PIP invests in are long-term growth stocks, very similar to the long-term growth nature of technology stocks which had returns of -6.88% over the same period (NASDAQ 100 Index).

Valuations of long-term assets are sensitive to interest rates, and the ratcheting up of rates by central banks over the last year has been a headwind for both PIP and technology stocks.

Nevertheless, two funds in the portfolio had positive returns over the past year. The Trium ESG Emissions Improver Fund and the Triodos Pioneer Impact Fund returned +7.96% and +1.03% respectively. The Trium Fund is a long/short fund that can benefit from falling share prices as well as rising markets, whilst the Triodos Fund performed well from stock selection and especially from takeover bids for some of its holdings.

In recent months there has been a greater focus by regulators on defining which companies qualify as sustainable or impactful – as opposed to those who purport to but don't (greenwashing) - and we hope that this will help raise the interest in the sector and the level of investment in the companies that are looking to improve social and environmental issues going forward.

Alternative Investment Market (AIM) Portfolio

Last year was a very challenging time for investors in small companies. Whilst most share markets fell, small company shares were particularly weak given their lower liquidity – where any sales have a larger impact on the share price compared to bigger, more highly-traded stocks.

Whilst markets started to recover in October, they remain volatile. Total returns over the year to 5 April 2023 for the FTSE AIM All Share Index have been -22.8%. In comparison, the return for the Equilibrium AIM Portfolio over the period was -12.9%.

Companies such as IG Design Group and AB Dynamics were heavily impacted by supply interruptions caused by the Covid lockdowns in China but are starting to see a resumption in orders as the restrictions are lifted. That said, others such as Strix and Focusrite, are still seeing some delays to new sales due to remaining supply chain or customer issues.

The combination of the broader macro-economic uncertainty, along with the residual supply chain issues, has meant that, in general, sales have not quite recovered to pre-Covid levels. However, valuations are still historically low and there is plenty of scope for sales to recover.

The recent round of company full-year results with the cautiously optimistic outlook statements and, on average, 10% dividend growth, are positive signs that the companies believe growth is on track.

The below shows the five top and bottom performing stocks in the portfolio over the past 12 months.

Top stocks by total returns

Return	Stock
139.0%	IG Design Group
69.2%	AB Dynamics
63.2%	Ideagen
33.6%	Judges Scientific
26.9%	Alpha Finl. Markets

Bottom stocks by total returns

Return	Stock
-59.5%	Hotel Chocolat Group
-52.2%	Focusrite
-49.2%	Strix Group
-47.4%	GB Group
-46.7%	Alliance Pharma

Source: Equilibrium Investment Management 5 April 2023

Past performance is never a guide to future performance. Investments will fall as well as rise.

All performance data is up to 5 April 2023.

None of the information in this section constitutes a recommendation. Please contact your adviser before taking any action.

Please also refer to our risk warnings and notes on Page 33.

Model portfolio returns

Below is the performance of our Cautious, Balanced, Adventurous, Global Equity, Defensive, AIM and Positive Impact portfolios.

Model Portfolio	**6 months %**	**1 year %**	**3 years %**	**5 years %**	**10 years %**	**Since 1 Jan 2008* %**
Cautious Portfolio	3.40	-5.85	18.07	11.20	51.14	102.28
Balanced Portfolio	4.02	-6.00	21.89	13.32	60.00	112.61
Adventurous Portfolio	3.67	-8.72	26.53	15.71	71.90	124.56
Mixed Asset 20-60% Shares Sector	4.31	-4.57	19.54	12.95	41.70	69.27

Global Equity Portfolio	**6 months %**	**1 year %**	**3 years %**	**5 years %**	**10 years %**	**Since 1 Jan 2008* %**
Global Equity Portfolio	2.54	-10.49	Not enough data			
UT Global Sector	3.49	-3.75				

Defensive Portfolio	**6 months %**	**1 year %**	**3 years %**	**5 years %**	**10 years %**	**Since 1 Jan 2008* %**
Defensive Portfolio	1.52	-6.42	Not enough data			
UT Global Bonds Sector	3.14	-4.87				

AIM Portfolio	**6 months %**	**1 year %**	**3 years %**	**5 years %**	**10 years %**	**Since 1 Jan 2008* %**
AIM Portfolio	7.38	-12.89	18.56	-9.67	125.12	Not enough data
FTSE AIM Allshare Sector	-0.73	-22.76	25.97	-16.18	27.67	

Positive Impact Portfolio	**6 months %**	**1 year %**	**3 years %**	**5 years %**	**10 years %**	**Since 1 Jan 2008* %**
Positive Impact Portfolio	-0.58	-6.95	35.71	Not enough data		
UT Global Sector	3.49	-3.75	47.33			

We also show returns compared to the Asset Risk Consultants indices made up of other discretionary managers' portfolio returns. These are shown in the table below and are given to 31 March 2023 as ARC indices are published on a monthly basis:

Model Portfolio	**6 months %**	**1 year %**	**3 years %**	**5 years %**	**10 years %**	**Since 1 Jan 2008* %**
Defensive Portfolio	0.72	-6.65	Not enough data			
Cautious Portfolio	2.74	-6.28	16.96	11.00	49.23	102.28
ARC Sterling Cautious	3.37	-3.83	8.80	8.12	23.97	49.85
Balanced Portfolio	3.65	-6.42	20.47	13.12	57.53	112.61
ARC Sterling Balanced	4.05	-4.32	16.67	13.61	39.20	68.37
Adventurous Portfolio	2.93	-9.21	24.75	15.46	68.82	124.56
ARC Sterling Steady Growth	4.62	-4.60	23.31	19.32	55.64	88.83
Global Equity Portfolio	1.87	-11.12	Not enough data			
ARC Sterling Equity Risk	5.22	-4.80				

Note: performance shown is after a 0.5% investment management fee with no adjustment for financial planning or platform charges. Numbers are in green where they are ahead of the benchmark shown. * Launch date 1 January 2008. All data to 5 April 2023.

Our new events are here...

Come join us for a free explorative and thought-provoking evening at one of our upcoming masterclasses.

Designed with you in mind, these informative evenings provide the ideal setting to learn from one of our financial experts, discuss your experiences and meet other like-minded people.

EQUILIBRIUM

Masterclass

Upcoming topics include: (but not limited to)

- The care conundrum
- Inheritance tax
- Law in order – Wills and trusts
- Psychology of money
- Cyber security
- Financial wellbeing
- Investment - Under the bonnet

Book your place today

Visit **equilibrium.co.uk/events** or scan the QR code.

Head Office
Ascot House, Epsom Avenue,
Handforth, Wilmslow,
Cheshire SK9 3DF

Chester Office
19a Telford Court,
Chester Gates Business Park,
Chester CH1 6LT

0161 486 2250
0808 168 0748
askus@equilibrium.co.uk
www.equilibrium.co.uk

EQUILIBRIUM

Equilibrium is a trading style of Equilibrium Financial Planning LLP (Limited Liability Partnership) and Equilibrium Investment Management LLP. Equilibrium Financial Planning LLP (OC316532) and Equilibrium Investment Management LLP (OC390700) are authorised and regulated by the Financial Conduct Authority and are entered on the financial services register under references 452261 and 776977 respectively. Registered Office: Head Office.