



IFSL Equilibrium Global Equity Portfolio

Each month we provide factsheets for the IFSL Equilibrium funds which give details of the holdings as at the end of the month, together with market commentary.

In addition to this, each quarter we provide more detailed analysis of the holdings, focusing on what has been performing well and what has been underperforming.

Key

A = Alternatives

EQ = Equities

CPI = Consumer Price Index (inflation)

C = Cash

FI = Fixed Interest

DR = Defined Returns

RA = Assets

Asset allocation changes

The table below shows our current allocation compared to three months and 12 months ago, the changes are highlighted from dark green to dark red in terms of largest increase to largest decrease.

Asset	Current %	3 months ago %	3 month change %	12 months ago %	12 month change %
Cash	0.6	0.5	0.2	0.3	0.3
Fixed Interest	0.0	0.0	0.0	0.0	0.0
Real Assets	4.3	4.5	-0.2	7.6	-3.3
Defined Returns	4.2	4.2	0.0	6.7	-2.5
Alternatives	1.1	1.1	0.0	0.0	1.1
Equity	89.8	89.8	0.0	85.5	4.3

Recent fund changes

The tables below show any significant changes we have made to the holdings in the portfolio over the quarter.

Significant increased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
EQ	Aikya Global Emerging Markets	4.43	-	4.43
EQ	Baillie Gifford Emerging Markets	6.59	5.54	1.05
EQ	Schroder Global Recovery	6.91	6.14	0.77
EQ	iShares S&P Small Cap 600	4.13	3.38	0.74
EQ	Chrysalis Investments Ltd	2.04	1.42	0.63
EQ	Morgan Stanley Global Brands	6.23	5.78	0.44

Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
EQ	iShares NASDAQ 100 ETF	2.65	4.49	-1.84
EQ	Federated Hermes Emerging Market SMID	4.43	6.08	-1.65
EQ	Goldman Sachs India	3.39	4.86	-1.47
EQ	Allianz China A-Shares	3.26	5.49	-2.23
EQ	HG Capital Trust Ord Shs	2.46	3.38	-0.91



Contribution to return by sector

The table below shows each of our asset classes and the equity regions we invest in. It breaks down the average exposure, the return for the asset class over the period we have been invested and the contribution to the overall portfolio return over three months and 12 months.

Asset	3 months			12 months		
	Average weight %	Asset class return %	Contribution to return %	Average weight %	Asset class return %	Contribution to return %
Cash	0.7	1.1	0.0	0.6	3.2	0.0
Fixed Interest	-	-	-	-	-	-
Real Assets	4.5	-3.1	-0.1	5.8	-11.9	-0.7
Defined Returns	4.2	3.5	0.1	5.9	16.3	1.1
Alternatives	1.1	0.0	0.0	0.5	-1.0	-0.0
Equity	89.6	3.8	3.4	87.2	2.0	1.8
Overall Portfolio			2.2			1.5

Asset class portfolio return and contribution to return calculations use daily positions and don't take into consideration charges, aggregated contribution to returns may not equal overall portfolio return.

Regional equity portfolio	3 months			12 months		
	Average weight %	Equity region return %	Contribution to return %	Average weight %	Equity region return %	Contribution to return %
UK Equity	18.6	-1.0	-0.2	17.6	-4.3	-0.6
Global Developed	43.6	6.9	3.0	40.9	13.1	4.9
Global Emerging	22.0	0.1	-0.0	22.8	-7.4	-1.8
Private Equity	5.5	11.4	0.7	5.9	-14.0	-0.8
Vol Trade	-	-	-	-	-	-



Top and bottom contributors to return

The tables below show the top and bottom five contributors to return over the past three and 12 months, it breaks down the average exposure, the return over the holding period and the contribution to the overall portfolio return.

Top five contributors over three months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	L&G US Equity Responsible Exclusion ETF	7.6	0.0	7.7	0.6
EQ	Goldman Sachs India	4.5	0.0	12.0	0.5
EQ	Royal London Global Equity Select	6.1	0.0	8.7	0.5
EQ	iShares NASDAQ 100 ETF	3.7	0.0	13.4	0.5
EQ	HG Capital Trust Ord Shs	2.8	0.0	11.6	0.4

Bottom five contributors over three months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	Allianz China A-Shares	4.6	0.0	-13.6	-0.7
EQ	Miton UK Multi Cap Income	4.3	0.0	-5.8	-0.3
RA	Gravis Clean Energy Income	2.0	0.0	-7.7	-0.2
EQ	Liontrust Special Situations	4.4	0.0	-2.2	-0.1
EQ	Octopus UK Micro Cap Growth	2.0	0.2	-2.8	-0.1

Top five contributors over 12 months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	Baillie Gifford American	4.8	0.0	21.6	1.0
EQ	L&G US Equity Responsible Exclusion ETF	6.5	0.0	15.1	0.8
EQ	iShares NASDAQ 100 ETF	3.5	0.0	25.6	0.8
EQ	Miton European Opportunities	5.4	0.1	11.3	0.6
EQ	Schroder Global Recovery	6.1	0.0	9.3	0.6

Bottom five contributors over 12 months

Asset class	Asset	Average weight %	Current weight %	Holding return %	Contribution to return %
EQ	Allianz China A-Shares	5.6	0.0	-31.4	-2.1
EQ	Miton UK Multi Cap Income	4.7	0.0	-13.7	-0.7
EQ	Chrysalis Investments Ltd	1.8	0.9	-36.7	-0.7
EQ	The Schiehallion Fund	0.9	0.4	-42.8	-0.5
RA	Gravis Clean Energy Income	1.6	0.0	-21.7	-0.5

Portfolio commentary

Whilst inflation appears to have peaked in many regions, the main driver of markets continues to be the pace that central banks are raising rates. Rates are now likely to go higher than many had previously expected, and markets remain very sensitive to new releases of inflation data which could affect monetary policy.

Against this backdrop the Global Equity fund returned 2.30% over the quarter with the largest detractors coming from the most rate-sensitive parts of the portfolio.

The biggest detractor was the Allianz China A Share fund which detracted 0.7% from returns. With the market expecting a much stronger rebound following the lifting of Covid



restrictions, Chinese economic data has been mixed. This, combined with geopolitical tensions with the US, led the market to underperform global peers during the quarter.

Also detracting were our positions in UK small and mid-cap firms, with Miton UK Multi Cap being the second biggest detractor, amidst concerns about the UK economy and rate outlook weighing on this part of the market.

Our biggest contributor was the L&G US tracker fund adding 0.6% to performance as the fund's technology positioning benefitted from the hype that has surrounded artificial intelligence following the launch of ChatGPT. Also among the top contributors were the Nasdaq tracker fund, and the Royal London Global Equity Select Fund. Again, this is because all the funds are well exposed to the big tech firms.

Our second biggest contributor was Goldman Sachs India, with the country continuing to perform well and diversifying our portfolio by performing differently to other stock markets.

Looking forward, while inflation appears to have peaked in many regions it remains stubbornly high in the UK. This is largely driven by the leisure sector (package holidays, computer games and live music) leading markets to price in a much higher peak than only last month. Should inflation start to fall back, both equity and fixed interest markets look attractive on a relative and absolute basis and so could deliver strong returns over the medium term from here.

Performance

Rolling total returns

	10 years %	5 years %	3 years %	1 year %	6 months %
Fund	104.55	16.21	10.37	1.48	4.48
IA global	145.03	44.06	27.19	10.73	6.45

Further reading

For holdings and market commentary as at the end of the month, please see our [latest monthly factsheets](#). Attribution analysis is for indication only.

Risk information

All data is from 30 June 2023 and provided by Equilibrium Investment Management LLP unless otherwise stated. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions.

Past performance is never a guide to future performance. Investments may (will) fall as well as rise and you may not get back your original investment. Changes in currency exchange rates or interest rates may have an adverse effect on the value of your investments.

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