



IFSL Equilibrium Defensive Portfolio

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

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

Asset allocation changes

The table below shows our current allocation compared to three months 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 %
Cash	8.0	13.6	-5.7
Short Dated Fixed Interest	30.8	33.4	-2.6
Fixed Interest	34.6	28.7	5.9
Property	2.1	0.6	1.6
Defined Returns	0.0	0.0	0.0
Alternative Equity	18.7	18.2	0.5
Equity	3.9	3.5	0.4

Recent fund changes

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

Significant increased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
FI	M&G Global Floating Rate High Yield	3.81	-	3.81
FI	Royal London Sterling Extra Yield Bond	3.25	-	3.25
P	REIT Portfolio	2.13	0.56	1.57
SDFI	Royal London Short Duration High Yield Bond	5.07	3.85	1.22
FI	Waverton Sterling Bond	5.00	3.80	1.20
FI	Allianz Strategic Bond	4.88	3.77	1.11
FI	Nomura Global Dynamic Bond	5.03	3.94	1.10

Significant decreased positions

Asset class	Fund	Current %	3 months ago %	3 month change %
SDFI	Janus Henderson Absolute Fixed Interest	-	3.95	-3.95
FI	Jupiter Strategic Bond	-	3.80	-3.80
FI	Vanguard Investment Grade	2.91	4.71	-1.79



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 since inception.

Asset	3 months			Since inception		
	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %	Average portfolio weight %	Portfolio return %	Contribution to portfolio return %
Cash	9.3	0.18	-0.02	12.96	0.13	-0.04
Short Dated Fixed Interest	32.7	0.83	0.27	31.93	0.75	0.24
Fixed Interest	32.2	1.82	0.57	30.73	0.44	0.15
Property	1.1	8.57	0.07	0.84	9.07	0.07
Alternative Equity	18.8	3.58	0.67	17.95	0.56	0.27
Defined Returns	-	-	-	-	-	-
Equity	5.9	7.14	0.41	5.59	8.97	0.51

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.



Top and bottom contributors to return

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

Top five contributors over three months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
AE	Carmignac Long-Short European Equities	3.0	6.25	0.19
EQ	Lindsell Train UK Equity	2.0	8.93	0.18
AE	BlackRock European Absolute Alpha	3.0	4.83	0.14
AE	Man GLG Absolute Value	3.0	4.62	0.14
EQ	Morgan Stanley Global Brands	1.9	7.06	0.13

Bottom five contributors over three months

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
C	BlackRock US Treasury Liquidity	1.8	-0.74	-0.02
FI	M&G Global Floating Rate High Yield	1.2	-0.26	-0.01
P	Civitas Socia	0.2	-1.36	-0.01
P	Target Health	0.2	-0.61	0.00
C	BlackRock Sterling Liquidity	2.2	0.00	0.00

Top five contributors since inception

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
EQ	Miton UK Multi Cap Income	1.8	10.75	0.18
AE	Man GLG Absolute Value	2.5	6.34	0.18
EQ	Morgan Stanley Global Brands	1.9	9.29	0.18
EQ	Lindsell Train UK Equity	1.9	7.09	0.15
FI	Aegon High Yield	4.9	3.01	0.15

Bottom five contributors since inception

Asset class	Asset	Average portfolio weight %	Holding return %	Contribution to portfolio return %
AE	Foresight Global Real Infrastructure	1.9	-6.82	-0.10
FI	Allianz Strategic Bond	4.3	-2.11	-0.07
FI	Vanguard Investment Grade	4.3	-1.09	-0.06
C	BlackRock Euro Liquidity	1.5	-2.48	-0.04
FI	Jupiter Strategic Bond	2.4	-0.70	-0.03

Portfolio commentary

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

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

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

We introduced two new funds over the quarter as we consolidated areas of the portfolio and topped up fixed



interest and property. In fixed interest the M&G Global Floating Rate High Yield fund and Royal London Short Duration Global High Yield funds both provide good ongoing yield and low sensitivity to policy hikes.

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

Alternative Equity has contributed most to overall performance over what has been a pleasing quarter for investment returns across the portfolio. A solid month for Fixed interest has also helped lift overall returns for the portfolio.

At a fund level, long/short equity funds in the Alternative Equity portfolio make up three of the top five contributors over the quarter. Buoyant equity markets have led to the Lindsell Train UK Equity and Morgan Stanley Global Brands funds performing well which also feature in the top five.

Performance

Performance will be reported when the fund has a full 12 months of data.

Further reading

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



Risk information

All data is from 30 June 2021 and provided by Equilibrium Investment Management LLP unless otherwise stated. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions.

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

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