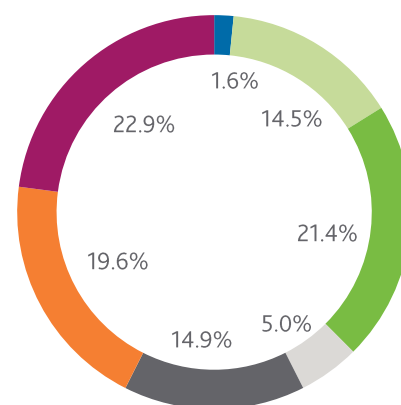


Objective	The Fund aims to deliver returns greater than cash or inflation over a minimum of 5 years, through a combination of capital growth, that is profit on investments, and income paid out of investments, such as interest and dividends. The fund will typically have less than half the portfolio in equities but this can vary.				
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Manager	Equilibrium Investment Management LLP	ISIN	GB00BYXHQY16	Annual Management Charge (AMC)	0.25%
ACD	Investment Funds Services Limited	Sedol	BYXHQY1	Ongoing Charges Figure (OCF)	1.03%
Fund Type	Open Ended Investment Company (OEIC)	No. Holdings	41		
Launch Date	1 November 2017	Fund Size	£355m		

Fund holding breakdown

Portfolio	Security	Weight %
Liquidity	Cash	1.6
Short Dated Fixed Interest	Royal London Short Duration High Yield	4.4
	TwentyFour Absolute Credit	4.2
	L&G Sterling Short Dated Bond Index	4.2
	Semper MBS Total Return	1.7
Fixed Interest	Allianz Strategic Bond	3.5
	iShares Corporate Bond Index	4.0
	Jupiter Strategic Bond	4.0
	Royal London Extra Yield Bond	4.1
	TwentyFour Dynamic Bond	4.0
	L&G Allstocks Index Linked Gilt Index	1.8
Property	Kames Property Income	2.2
	Time Commercial Long Income	2.8
Defined Returns	Societe Generale FTSE Autocall Dec 2017	3.5
	JPM FTSE Autocall September 2018	3.0
	Morgan Stanley FTSE/S&P Autocall Feb 2019	1.0
	Atlantic House Defined Returns	2.0
	Credit Suisse FTSE/S&P Autocall Jan 2018	3.2
	Citi Dual Index Autocall Jan 19	1.2
	Morgan Stanley FTSE/S&P Autocall Mar 2019	0.9
Alternative Equity	H2O Multi-returns	3.4
	Henderson UK Absolute Return	4.5
	Lazard Global Listed Infrastructure	2.0
	Carmignac Long Short European Equity	4.4
	Polar Capital UK Absolute Equity	3.1
	Foresight UK Infrastructure Income	2.0
UK Conservative Equity	Royal London UK Equity Income	1.8
	Miton UK Multi Cap Income	1.9
	Rathbones Income	1.8
UK Dynamic Equity	Lindsell Train UK Equity	1.3
	Miton UK Value Opportunities	1.6
	Marlborough Special Sits	1.6
	Polar Capital UK Value Opportunities	1.0
Global Established Equity	Baillie Gifford Japanese Co.	1.9
	BlackRock European Dynamic	1.1
	Lindsell Train Japanese Equity	1.9
	Miton European Opportunities	1.1
	Vanguard US Equity Index	2.2
Global Speculative Equity	Invesco Hong Kong and China	1.2
	Schroder Asian Alpha	1.2
	Goldman Sachs India	0.8
	Hermes GEM SMID	0.6



Key recent changes

July 2019

From: Fixed interest
To: Allianz Strategic Bond

August 2019

From: Odey Absolute Return
To: Polar Capital UK Absolute Equity and Allianz Strategic Bond

From: Cash & short dated fixed interest
To: iShares FTSE 100 ETF

September 2019

From: Global Speculative
To: Hermes GEM SMID

From: iShares FTSE 100 ETF
To: Cash

Please note that the fund percentages shown are subject to rounding which can mean that they do not add up to 100%.

Commentary

Stock markets continue to be volatile, partly as a result of the volatile political climate.

Just in the past month we've had the prorogation and then reopening of parliament, along with the so-called "Benn Act" to legislate against a no-deal Brexit. On the other side of the Atlantic there is a president who could soon be impeached!

Equity, bond and currency markets are all moved by such events to one degree or another. Stocks in particular are also reacting to whether the US-China trade war is on or off again at any particular time. Add to that the potential for conflict in the Middle East which caused a short term spike in the oil price.

Despite all of this, markets are generally higher than where they were at the start of the month.

In August we had topped up equities, carrying out a "volatility trade" when the FTSE 100 dropped below the 7,100 mark. As markets recovered above 7,400 in September we were able to sell this again for a gain of around 5%.

We had hoped our JP Morgan Defined Return product might kick out but the market remained stubbornly below the 7,318 kickout level on its 6 September anniversary date. This was particularly frustrating given the market was above this level on the day before and the day after the kickout date! However, it simply means that the product rolls on to the next anniversary and the potential return increases.

After selling the volatility trade, the fund is relatively "neutral" in terms of risk. There are some expensive parts of the stock market but there are also areas we think look great value, notably certain UK stocks which have lagged due to sentiment related to Brexit, and emerging markets, hit by the trade war. Should some certainty return to the world then we think these areas could do well.

We have recently added a new "global speculative" fund to portfolios, buying the Hermes Global Emerging Markets SMID (small & mid cap) fund. This diversifies our emerging market exposure away from purely Asian markets, and also adds smaller companies which we think have higher growth potential over the long term.

Hermes have a long and distinguished track record in emerging markets but this particular fund is relatively new, which meant we were able to secure an "early investor" discount on the annual management charge. This is only a small position for now which we plan to top up when the time is right.

We think the global economy is in a slower period but that a recession should be avoided, provided there are not too many political miss-steps! However, the bond market is pricing in something much more severe and implying some deep rate cuts. Should things turn out not to be as bad as the bond market expects, then certain fixed interest assets would likely fall in value. We therefore remain light on fixed interest for now.

We continue to be wary of UK property, and hold more in alternative equity and defined returns than normal.

Since launch on 1 November 2017 the fund has returned 5.7%. To put this into context, the average fund which holds between 20% and 60% in equities (the FE UT Mixed Investment 20%-60% Shares sector) rose by 5.31% over the same period.

Performance

Rolling total returns

3 Months (30/06/19-30/09/19)	6 Months (31/03/19-30/09/19)	1 Year (30/09/18-30/09/19)	-	-
1.54%	4.14%	3.83%	-	-

Discrete annual total returns

2018 (31/12/17 - 31/12/18)	-	-	-	-
-3.60%	-	-	-	-

Notes and risk information

All data is to 30 September 2019 and collated by Equilibrium Investment Management LLP. Performance data sourced from FE Analytics. 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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AMC: the fee that Equilibrium Investment Management LLP receives. OCF: the overall cost of running the fund including the AMC.

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