

## TARGET MARKET AND DISTRIBUTION

### IFSL Equilibrium Cautious Portfolio Fund

#### Product

The product is a non-complex, FCA authorised non-UCITs fund. The Fund is actively managed.

The Fund aims to deliver returns greater than 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, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

Over the longer term, any 10-year period, the Fund aims to deliver an average of inflation plus 4% per annum. Inflation is measured as the UK Consumer Prices Index for these purposes.

At least 80% of the Fund will be invested in other funds, including exchange traded funds (which typically track an index) and investment trusts. This may include other funds operated by the Authorised Corporate Director or its associates.

Through these investments the Fund will be exposed to a range of asset classes. The percentage held in shares in companies will be between 25% and 60% but will normally be around 40% of the portfolio. Up to 60% in bonds, which are loans typically issued by companies and governments, but will normally be around 25% to 35% of the Fund.

There will also be exposure to other investments such property and money market instruments, which are shorter term loans, and cash.

Through investing in funds, the Fund may also be exposed to other asset classes such as property, commodities (such as gold and oil) and other permitted investments, such as warrants. Funds purchased may also have the ability to use derivatives (investments whose returns are linked to another asset or other variable factor) to varying degrees.

The Fund can invest in other actively managed funds or in passive funds (which typically track an index) to gain exposure to the above asset classes.

The Fund may also invest in the above asset classes directly (although may not invest directly in immovable property). In addition, the Fund may purchase structured products, which are securities whose returns are linked to the performance of another variable factor, such as an index.

The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. Decisions around tactical asset allocation are arrived at through evidence-based research with consideration given to the potential for loss as well as overall return expectations for an asset class.

Derivatives, such as futures or options, may be used in order to meet the Fund's objective (also known as investment purposes), or to reduce risk (hedging) but this is anticipated to be infrequent.

## Target Market

### **The type of client to whom the product is targeted**

As a non-complex fund it is targeted at retail investors, professional investors, and eligible counterparties.

### **Clients' knowledge and experience**

This fund is suitable for the basic investor. Investment experience is not a necessity however a basic understanding of the kind of underlying investments of the scheme is important. It has no complex features or guarantees in place that would require more than a basic understanding of investment markets or instruments.

Investors should read the Key Investor Information document which is intended to help investors understand the nature and risk of investing in this fund. Investors are also advised to read the fund's prospectus which contains details on the objectives, investment strategies, risk, distribution policy, fees, expenses, and Fund Management.

### **Clients' financial situation, with a focus on the ability to bear losses**

Clients should be prepared to commit to their investment for the long term or risk losing part of their investment in the short to medium term. The minimum investment horizon should be greater than five years.

Investors will have no risk of loss greater than their invested amount. As a fund with exposure to financial instruments investors should be aware that the potential exists for a total loss of assets and should therefore be able to bear such losses. However, the fund will be managed in such a way to reduce this risk considerably.

### **Clients' risk tolerance and compatibility of the risk/reward profile of the product with the target market**



This Fund has been measured as 4 because its investments have experienced moderate volatility in the past. The Fund's volatility is affected by various risks.

The Fund is therefore compatible with clients who have a medium, or balanced, risk tolerance.

Perceptions of risk will vary from person to person. The risk tolerance identified here refers to a fund which invests in such a way as to maintain moderate volatility. It will not take significant positions in individual financial instruments or invest in highly speculative assets.

**Clients' objectives and needs**

The client's objectives should be in line with the Fund's investment objective, which is to generate income and capital growth over the longer term (5 years +) by gaining exposure to a defensive mix of assets.

**Clients who should not invest (the 'negative-target market')**

The Fund may not be suitable for certain investors, including but not limited to those whose objectives and needs are not consistent with the nature of the Fund, those who are unable to commit capital for a sufficient term or do not have sufficient resources to bear any loss which may result from an investment in the Fund. The Fund is also not committed to meeting any specific ethical, social, religious, or environmental restrictions which some investors may be seeking.

**Distribution channel**

The Fund will be primarily distributed to the clients of the investment manager.