



# Investment Management Services

investors



Investing for you

## Introducing EQ

EQ is an award-winning wealth manager with over 60 staff, based in the City of London. We act for private clients, small companies and charities. Our aim is to be the best, not the biggest.



### Quality is our cornerstone

We aim to make your investments work as hard as possible and support that with advice that helps you achieve your objectives. We do that by employing the best staff and supporting them in an environment that celebrates quality over quantity. Our portfolio managers are Chartered Financial Analysts and our firm has Chartered Financial Planning status.

### Commitment to service

The interests of our clients always rank ahead of other considerations. We aim to win awards for the quality of our service and our investment performance, not our rate of growth.

### Clear communications

We will always try to communicate with you in plain English, avoiding unnecessary jargon. Our objective is to inform, not confuse.

### Control of our destiny

Unlike many of our competitors we have no external shareholders, nor do we have any intention of ever selling the business. That means we can make long term decisions, unhindered by the need to meet short-term financial targets. It also means that you can be confident that there will not be a change of ownership in the future.

### Sense of community

At EQ we have a strong sense of being a member of a wider community. We are proud to be one of the first UK companies to be awarded B Corporation status, an internationally recognised standard for companies that believe in business as a force for good. We operate a Matched Giving programme to help our clients and staff raise extra funds for their favourite causes and we have set up the EQ Foundation as a registered charity.

I look forward to welcoming you as a client of EQ.

*John Spiers*

John Spiers  
Chief Executive



Risk warning: past performance is not a guide to future performance. The value of investments and the income derived from them can go down as well as up, so you could get back less than you originally invested.

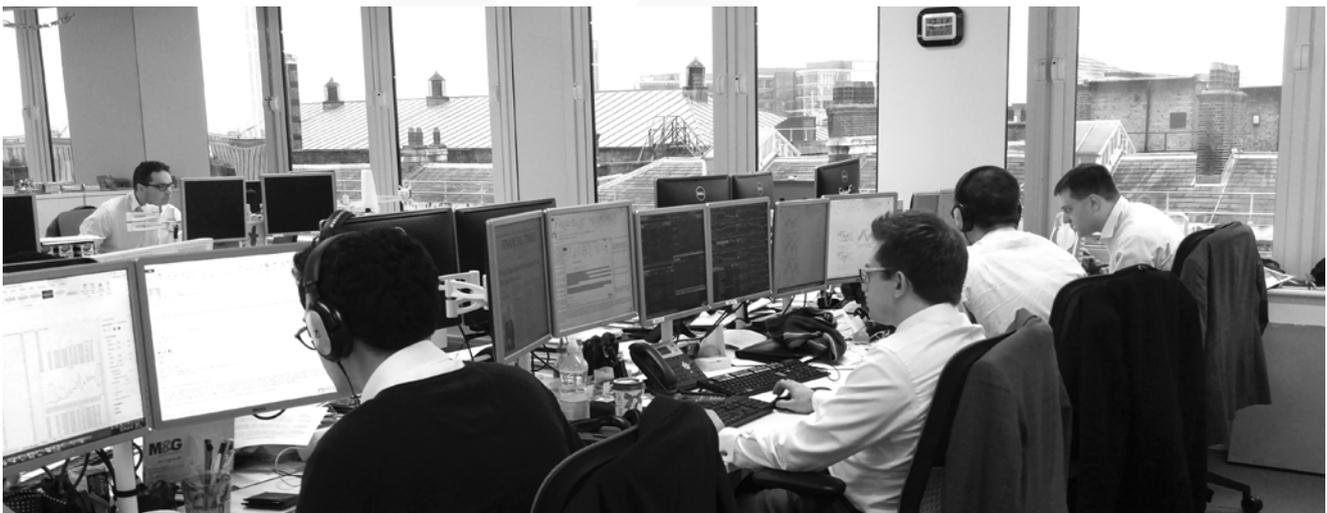
## Why use an investment manager?

Managing investments is a complex and time consuming task. If you are considering doing it yourself then you need to be prepared to do some serious background reading, and allocate time regularly to review your portfolio. Maximising the return on your savings over the long term should be your top priority.

Market conditions are constantly changing and you need to be aware of the implications of each change. Even then, you will have to manage without the sophisticated analytical tools available to professionals. It's a bit like doing DIY without any power tools.

In this guide we explain how we manage investments for clients at EQ and the range of services that we have available. In all cases, we act as the discretionary manager. That means that we are constantly reviewing your portfolio and making changes whenever we think it is appropriate. This type of service used to be the preserve of the rich but by using modern technology we can now provide it to almost everyone. Our objective is to create the best possible investment portfolio to suit your needs and we have assembled a high quality team to achieve this.

Investment management is both a science and an art



## Understanding your objectives

Advising clients on how and where to invest is at the heart of what we do. We'll start off by working with you to understand:

- Your objectives and timescale
- Your sensitivity to risk
- Which of our services will best meet your needs

Long term investment always means tolerating the ups and downs of markets. We want to help clients understand the characteristics of their portfolio so that they do not panic when markets encounter a period of turbulence. We also want to help clients from taking an overly cautious approach if their timescale is long.

No two investors are the same

## Our three service levels

We offer a range of services and investment strategies to suit your needs:



Our straightforward online and telephone investment service. Includes advice on the most appropriate investment solution and access to our fully managed **Best Ideas, Positive Impact, Income** and **Low Cost** portfolios.



Designed for clients who value the benefit of face-to-face financial advice: covering issues such as retirement and estate planning. Includes access to EQ's full range of discretionary managed model portfolios.



The ultimate service: your own dedicated investment manager with personal portfolio oversight. An investment plan individually tailored to your needs, fully optimised for tax allowances and managed on your behalf.

	Simply EQ	EQ Wealth	EQ Bespoke
Ranging from	£10,000	£250,000	£750,000
<b>Client Types</b>			
UK Private Clients	✓	✓	✓
Offshore Private Clients	✗	✓	✓
Charities & Trusts	✗	✗	✓
<b>Wrapper Choices</b>			
Individual Savings Account (ISA)	✓	✓	✓
Self-Invested Personal Pension (SIPP)	✓	✓	✓
Offshore Bond	✗	✓	✓
<b>Communications</b>			
Online portal	✓	✓	✓
6 monthly valuations	✓	✓	✓
Quarterly newsletter	✓	✓	✓
<b>Taxation</b>			
Composite tax certificate	✓	✓	✓
Tax optimised portfolio <sup>1</sup>	✗	✗	✓
Capital Gains Tax (CGT) statement	✓	Optional	✓
<b>Services</b>			
Simplified financial advice	✓	✗	✓
Full financial advice	✗	✓	Optional
Personal investment manager	✗	✗	✓

1. This means emphasising income generating investments within tax efficient wrappers such as ISAs and SIPPs while making optimum use of annual Capital Gains Tax allowances

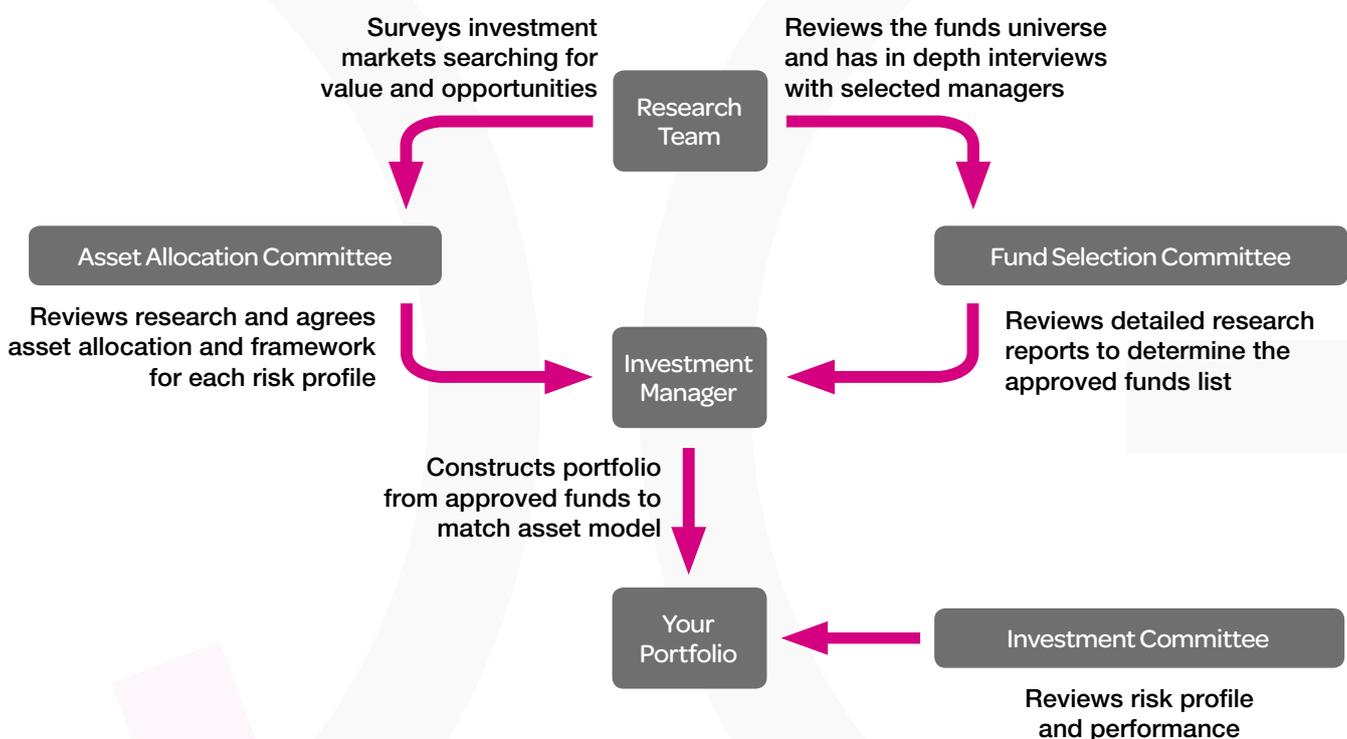
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# The EQ approach to investment

Our goal is to outperform over the medium term, especially during periods when markets are falling

## Central pillars of our approach

- Our portfolios are widely diversified geographically and across asset types; in addition to Equities, Bonds and Property we will also consider Alternatives, including Commodities.
- Market timing is futile – we take a long term view based on an assessment of fundamental value, momentum and a view on economic and political risks.
- We invest in funds, not single stocks.
- Independent research carried out by our highly skilled team is central to the process.



## Focusing on the big picture

Our approach is based on a combination of value and momentum strategies.

Diversifying across asset classes helps to reduce risk and minimise our exposure to individual markets. Making this judgement is probably the most important decision for an investment manager. Being aware of sentiment and the views of the crowd is essential: it is inevitable that at the top of each market cycle most observers expect further gains, whilst at the bottom there is nothing but gloom.

A simplistic investment approach is unlikely to succeed all the time: for example relying on just one type of indicator. Value-based indicators show which investments are expensive or cheap (often compared to historical norms), while momentum-based indicators track market trends and reveal a lot about crowd psychology. We believe that a combination of these, placed in the context of broader world events, is the surest way to achieve positive returns.

We regularly review and adjust our asset allocations in the light of new information.



## Selecting the best funds

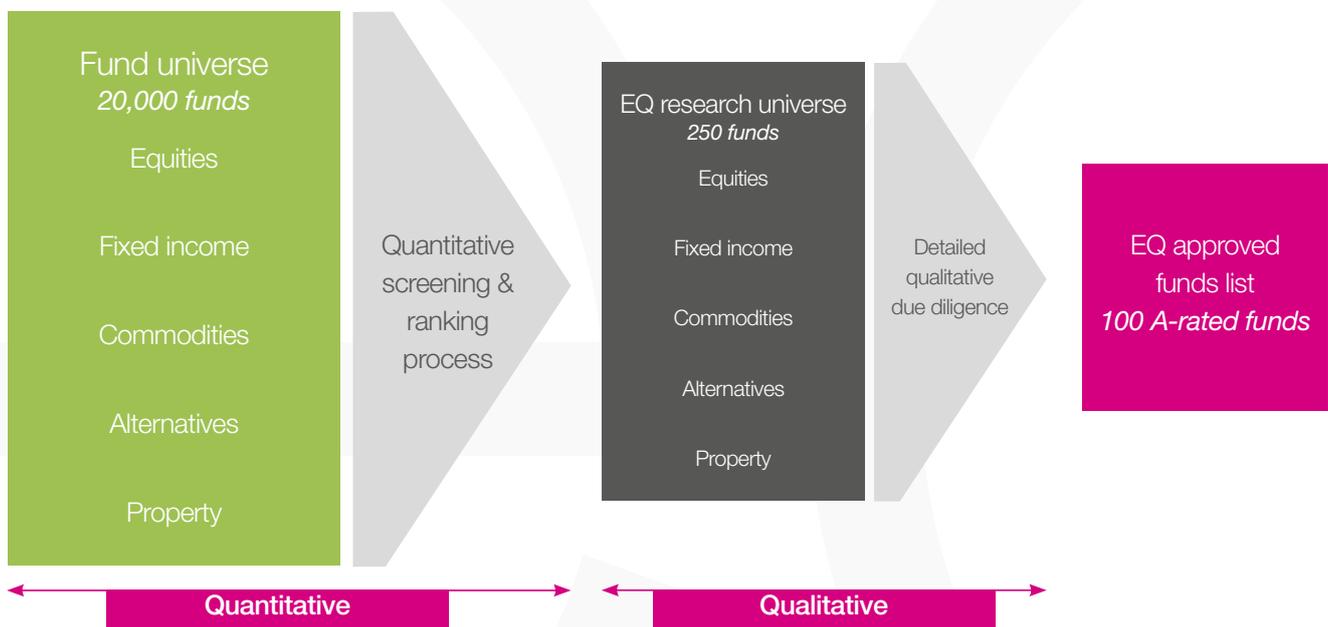
*A simple review of past performance is meaningless.*

Short term stock market movements are almost entirely random, so even a monkey taking decisions could get lucky and perform well for a while. We use sophisticated statistical techniques to examine the past performance of more than 20,000 funds, separating skill from luck.

Then we carry out structured interviews with fund managers to gain a thorough understanding of how they add value.

Finally a detailed report is produced and discussed by the EQ Fund Selection Committee.

Fewer than 1 in 5 fund managers can beat markets consistently



## Building the portfolios

*Building a portfolio has some similarities to creating a recipe: the ingredients not only need to be of high quality but they need to blend well together.*

The final part of our investment process is to build a portfolio in line with the agreed asset allocation guidelines from the small universe of funds that meet our quality standards.

The experience of our investment managers, combined with sophisticated analytical tools at our disposal help us to create the optimal risk adjusted mix.

Putting together the right portfolio for you

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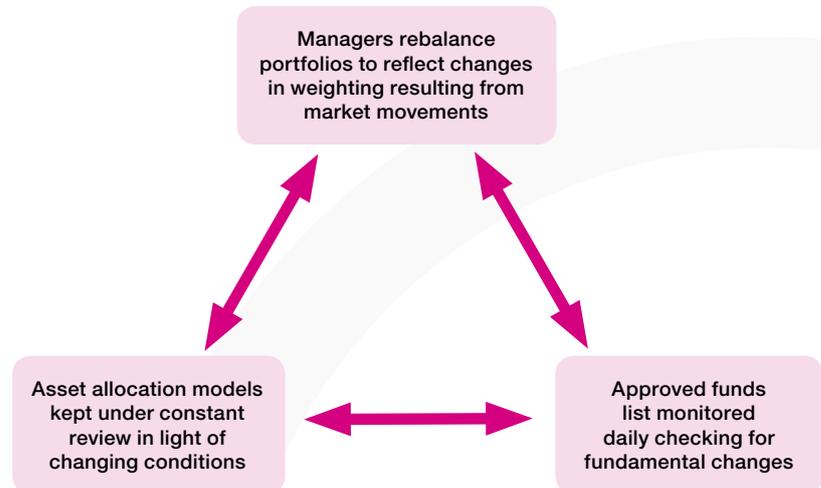
## Rebalancing and monitoring

*We are constantly on the lookout to ensure that your portfolio is correctly positioned.*

Over time the allocation of assets within a portfolio will change as markets move in different directions. The regular rebalancing of portfolios is therefore an important part of our review process which helps to improve their risk/reward profile. We also need to be alert for changes in fundamentals such as our view on markets, fund manager moves or new fund launches.

If you are using EQ Bespoke then we will also be taking steps to optimise your tax savings. This will include making full use of annual ISA and CGT allowances.

Portfolios are regularly reviewed by our Investment Committee to ensure they are being run in line with the agreed mandates.



## Why do we invest through funds?

*Some wealth managers build portfolios by selecting individual shares but we do not believe that is the best approach.*

### We invest globally

UK equities typically represent less than half of our portfolios, which leaves an investment universe of more than 45,000 securities. For each of these, prospects can change from day to day in the light of fresh news. No UK wealth manager has the resources to research these adequately. So the only sensible option is to invest through specialist fund managers who are experts in their field.

### The 'good old days' have gone

In order to beat the markets you need better information than your competitors. Fifty years ago less than half of all shares were owned by professional investors and many of those had a far from optimal process. Nowadays, highly trained and educated investment analysts assess all available research sources constantly. Computer based trading systems assess company announcements within milliseconds to exploit valuation anomalies.

In these circumstances, we believe that it makes sense for us to identify those specialist fund managers who can demonstrate a competitive edge.

### Funds are more tax efficient

When a fund manager sells shares at a profit in the portfolio this does not trigger a tax liability for holders.

### What about passive, index-tracking funds?

Actively managed funds rely on exploiting inefficiencies in markets. This is harder to achieve in some areas, especially when investing in the largest quoted companies where there is a multitude of high quality research available. If we are not convinced that the extra costs of active management can be compensated by superior performance then we will invest in cheaper passive funds. We also offer a range of **Low Cost** 'passive-only' portfolios to suit clients who want to keep costs down to a minimum.

## › Investment strategies

EQ offers a range of strategies to cater for the needs of specific investors. These can be accessed both through our Model Portfolio Service and our Bespoke service.

### Best Ideas

Our signature portfolios invest in the very best ideas unearthed by our research team. This includes both specialist, actively managed funds and passive tracker funds, with an overall aim of beating the market.

These are our longest-running model portfolios.



### Positive Impact

These portfolios positively screen for social and environmental impact.

They have been a great success since their launch in 2012, in line with growing evidence that companies run in a sustainable and responsible manner generate higher returns.



### Investing for charities

Our Bespoke team are able to design portfolios to suit the special needs of charitable endowments. We can also help with providing governance items such as Investment Policy documents and advise trustees about safe long term withdrawal rates.

In the current low yield environment many charities have struggled to achieve an adequate level of income to support their core activities. EQ can help develop a Total Return investment approach which allows natural income to be supplemented by capital growth. Alternatively we can provide an Absolute Return approach for trustees who are keen to reduce portfolio volatility or utilise our expertise with Positive Impact Portfolios for those who wish to invest ethically.

In each case our solution will be tailored to suit the specific needs of the organisation.

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## Income

These portfolios aim to produce an income of at least 3% per year, while also offering the potential for capital growth. They invest in equities, bonds, commercial property and alternatives.

They are the newest addition to our range of model portfolios.



## Low Cost

The name says it all – these portfolios invest mainly via low cost tracking funds.

There is a school of thought that investment markets are so efficient that it is impossible to beat them consistently. Therefore, it makes sense to track the indices and keep costs as low as possible.



## Absolute Return

This specialist portfolio is designed for investors who don't like the sharp swings that occur in stockmarket values, but are seeking higher returns than you can get from holding cash or government bonds.

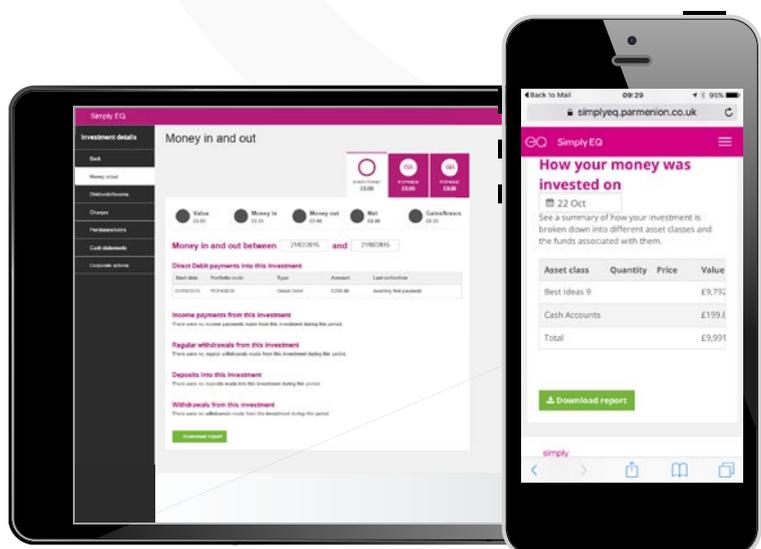
It aims to generate less volatile returns than the stockmarket by investing in a range of alternative funds.



## Keeping you informed

*We appreciate that you will want to be kept up to date with your portfolio.*

All of our services provide a 24/7 secure client portal which will enable you to check the valuation and contents of your portfolio whenever you like.



## Meet the investment team

*Achieving good investment returns requires an excellent team. We are proud to have attracted such a talented group to EQ and are confident that our people are the best in the business.*



### **John Spiers, CEO**

After gaining an MA in Engineering at Clare College, Cambridge John went into the City as an investment analyst for 10 years. In 1986 he set up Bestinvest and over the next 20 years it grew to become a leading private client advisory and wealth management business with over 50,000 clients. In 2007 Bestinvest was acquired by 3i. John remained as a director until 2014 and then acquired EQ.

John has retained a close interest in investment, being a Fellow of the Chartered Institute for Securities and Investment and a member of the Investment Committee for Clare College as well as being a member of the EQ Asset Allocation, Fund Selection and Investment Management committees.



### **Mike Neumann, Investment Director**

Mike heads up the Investment Management team. After completing his BSc in Chemistry at the University of London in 1985, he started his career in the financial markets as a bond trader before attending the Cranfield School of Management to complete an MBA in 1996. Mike joined EQ Investors in March 2016 with a mandate to protect the core values of providing clients with the very best possible service & investment performance. He is a Chartered Fellow of the Chartered Institute of Securities & Investments.



### **Daniel Bland, Investment Manager, Bespoke Team**

Daniel is a CFA charter holder with over 7 years' investment management experience. Daniel joined EQ Investors from Quilter Cheviot where he managed private client portfolios and developed expertise in specialist fixed interest and equity mandates.

Daniel began his career in Financial Services at RBS after graduating from the University of Nottingham and before joining EQ was part of the investment team at Bestinvest.



### **Andrew Rees, Investment Manager, Bespoke Team**

Andrew is a CFA charter holder with over 13 years' professional experience, and joined EQ Investors from Bestinvest where he was Associate Director of Investment Management.

Andrew specialises in managing bespoke portfolio mandates for private clients, trusts, charities and large family offices. He graduated from McGill University in Canada, and has a Masters in Wealth Management from the Chartered Institute for Securities and Investment and a MSc in Finance and Investment from BPP Business School in London.

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### **Sophie Muller, CFA, Head of Research**

Sophie is responsible for the research agenda across EQ, leading a six-strong team that covers open and closed-ended funds. Sophie leads the research on UK, US and global equities, as well as tax-efficient investments including the Enterprise Investment Scheme and Venture Capital Trusts.



### **Damien Lardoux, CFA, Portfolio Manager**

Damien has managed our **Positive Impact**, **Low Cost** and **Income** portfolios since their launch and leads our research on social and environmental impact as well as commercial property. He is a strong advocate for sustainable investing, presenting the case both for its financial and social benefits. Before joining EQ in 2012, he spent 4 years as an investment manager at Bank of America Merrill Lynch.



### **Kasim Zafar, CFA, Portfolio Manager**

Kasim leads our research on select investment themes and alternative investments. Since 2002 he has analysed everything from long-only equity funds to Madagascan chocolate manufacturers to hedge funds that forecast the weather. Kas helps steer our research agenda and picks the best ideas from across the team as portfolio manager of our **Best Ideas** and **Absolute Return** portfolios.



### **Josh Seager, Investment Analyst**

Josh is responsible for macro-economic and quantitative analysis. He graduated from Edinburgh with a mathematics degree in 2012, and supports the team to make asset allocation decisions using mathematical modelling to analyse valuations, track market trends and assess the likelihood of different outcomes.



### **Michael Born, Investment Analyst**

Michael is responsible for covering investment ideas within Asian and Japanese equities and bonds, selecting the funds that EQ invests in and meeting with fund managers to understand their positioning.



### **Tertius Bonnin, Junior Investment Analyst**

Tertius joined EQ after successfully completing a graduate internship in 2016. The newest member of our team, he supports our analysts and portfolio managers across a range of responsibilities whilst studying towards his investment analyst exams.

## Next steps:

To discuss our services in more detail please contact us:



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