

Our quarterly update focuses on specific investments made by the funds within the Positive Impact Portfolios. As well as avoiding harmful investments, we continually seek to find funds which aim to make a positive contribution to society or the environment, alongside an attractive financial return.

We assess every fund in the portfolio against 41 criteria for impact. This update will concentrate on three of them; financial inclusion, social care and sustainable agriculture.

1 PROBLEM: FINANCIAL INCLUSION

High levels of poverty in Latin America

According to the Borgen Project – a US-based anti-poverty charity¹ – one in five Latin Americans lives in chronic poverty conditions which cause premature death from hunger, malnutrition, lack of access to basic services and drugs. Poverty in Latin America encompasses both urban and rural areas and is as high as 50% in Guatemala. Whilst the number of people in poverty has significantly decreased since 2000 – mainly thanks to the boom in commodity prices² – the development of further economic opportunities will help to get more people out of poverty, particularly women who are overrepresented among the poor in most countries in the region³.

SOLUTION:

Financing micro-enterprises in Latin America



Mibanco, a subsidiary of Credicorp Ltd, is Latin America's largest microfinance institution. Microfinance is recognised for its ability to stimulate self-employment through the establishment of microenterprises that reduce reliance on informal, low wage jobs, and stimulate employment opportunities⁴. In 2016, Mibanco had a loan book equivalent to \$2.6 billion. This represented an increase of 10% from the previous year, giving 115,000 new people access to credit⁵. Mibanco also plays an important role in local communities by financing domestic water and sewage connections as well as promoting a waste recycling program.

FUND IN FOCUS:

BMO F&C Responsible Global Emerging Markets



The Peruvian-listed financial conglomerate Credicorp Ltd received investments from the BMO F&C Responsible Global Emerging Markets fund which favours companies providing solutions to the challenges of sustainability. Financing the Future is a key theme for the fund as the financial services industry plays an important role in promoting sustainable growth in emerging markets.

You can find out more about the BMO F&C Responsible Global Emerging Markets fund online, via the EQ Rated Funds page:

eqinvestors.co.uk/eq-rated-funds/



2 PROBLEM: SUSTAINABLE AGRICULTURE

Detecting pesticides in our food

Pesticides are substances intended to prevent or destroy pests and used to protect food from bacteria, weeds, mold, insects and rodents. Since the Second World War, a fast growing population combined with limited arable land pushed governments and industry to promote the usage of synthetic pesticides to increase yields⁶. Meanwhile there is growing scientific evidence that some synthetic pesticides are harmful to humans, increasing the risk of attention deficit disorder⁷, autism⁸, and other health problems. Authorities around the world have yet to develop a common approach to pesticide regulation, and face intense lobbying by the chemicals industry. As a result, with food supply chains becoming more and more global, it is increasingly difficult for the food industry to assess the level of pesticides within their products. A recent study showed that food often contains multiple pesticide residues⁹, which makes the task of assessing overall toxicity even more difficult.

FUND IN FOCUS:

Impax Environmental Leaders



Agilent Technologies received investments from the Impax Environmental Leaders fund which invests in companies helping to tackle environmental issues globally. Sustainable agriculture was introduced as a theme in 2014 and is becoming an increasing part of the strategy, including for example companies like Kubota – which we highlighted in our Summer 2014 Update.

Find out more via the EQ rated funds page:

eqinvestors.co.uk/eq-rated-funds/

SOLUTION:

Developing
technologies
to improve food safety testing



Agilent Technologies

Agilent Technologies is a world leading company in detecting pesticide contamination in our food. Confronted to a huge increase in the number of contaminants, the company has developed technologies used for high-throughput food safety testing which can be used across the food supply chain¹⁰.

A case study in point is Amitraz, an insecticide used to protect honeybee colonies against Varroa mites. Amitraz is now illegal in the EU, but as its molecules are highly unstable this makes it very difficult to detect. As a result beekeepers were still using it to protect honeybee colonies, despite the ban. However, use of Agilent's testing equipment has now made it possible for the EU's reference laboratories to consistently detect the pesticide in honey. As a result the use of Amitraz in the beekeeping industry has significantly decreased¹¹.

3 PROBLEM: SOCIAL CARE

The UK's housing shortage for people with learning disabilities

In the UK there are 1.4 million people with a learning disability¹² – or some form of intellectual impairment that results in them having difficulties performing everyday activities. 50% of people with a learning disability live in registered care homes or supported accommodation¹³. But there is still a lack of appropriate accommodation for others who may live in large institutions which are far away from home, or with family members who are increasingly unable to cope¹⁴. Alarmingly, nearly 20% of people with a learning disability known to local authorities live in accommodation that needs improvement¹⁵.



SOLUTION:

Providing quality housing that meets individuals' needs



Golden Lane Housing is a charity that provides supported housing for people with a learning disability, giving them choice over where they live, who they live with and what type of support they receive¹⁶. The charity has invested over £95 million to date, buying or leasing 700 homes for over 1,700 people with learning disabilities across England, Wales and Northern Ireland¹⁷. 90% of tenants report a high level of satisfaction with their homes and many have found a new lease of life as they are more confident and engaged in their local communities¹⁸. Their latest fundraising is enabling Golden Lane Housing to provide high quality, supported housing in the community for a further 120 tenants.

FUND IN FOCUS:

Rathbone Ethical Bond

Rathbones
Look forward

Golden Lane Housing received investments from the Rathbone Ethical Bond fund which invests in companies or institutions helping to tackle social and environmental issues, based mainly in the UK. Due to the lack of investment opportunities, social care is a relatively small theme within the portfolio in comparison to social change which we highlighted in our Winter 2017 update.

Find out more via the EQ rated funds page:

eqinvestors.co.uk/eq-rated-funds/

NOTES

- <https://borgenproject.org/10-facts-about-poverty-in-latin-america/>
- Latin America's Poverty Gains Due More to Higher Wages than Better Jobs, World Bank, June 2015
- United Nation Statistics, [https://unstats.un.org/unsd/demographic/products/worldswomen/WW2010%20Report_by%20chapter\(pdf\)/Poverty.pdf](https://unstats.un.org/unsd/demographic/products/worldswomen/WW2010%20Report_by%20chapter(pdf)/Poverty.pdf)
- <https://www.weforum.org/agenda/2015/09/5-reasons-why-we-need-financial-services-for-the-poor/>
- CrediCorp Annual Report 2016
- <http://www.rodalorganiclelife.com/food/when-did-we-start-using-pesticides>
- Attention-Deficit/Hyperactivity Disorder and Urinary Metabolites of Organophosphate Pesticides, Maryse F. Bouchard, David C. Bellinger, Robert O. Wright, and Marc G. Weisskopf, Pediatrics, 2010
- Neurodevelopmental Disorders and Prenatal Residential Proximity to Agricultural Pesticides: The CHARGE Study, Janie F. Shelton et al., 2014

- Properties and determination of pesticides in fruits and vegetables, Fenik J, Tankiewicz M, Biziuk M, 2011
- <http://www.agilent.com/about/features/food-contamination.html>
- <http://www.agilent.com/en-us/video/european-union-reference-laboratory-testimonial>
- <https://www.mencap.org.uk/learning-disability-explained/research-and-statistics>
- https://www.mencap.org.uk/sites/default/files/2016-08/2012.108-Housing-report_V7.pdf
- <http://www.goodfinance.org.uk/exploring-social-investment/case-studies/golden-lane-housing>
- https://www.mencap.org.uk/sites/default/files/2016-08/2012.108-Housing-report_V7.pdf
- <http://www.glh.org.uk/about/our-vision-mission-values-and-promise-2/>
- <http://www.glh.org.uk/about/>
- <http://www.goodfinance.org.uk/exploring-social-investment/case-studies/golden-lane-housing>

Next steps:

You can download a Positive Impact Portfolio brochure, view factsheets and invest online via the EQ website. Please get in touch for further information:



eqinvestors.co.uk

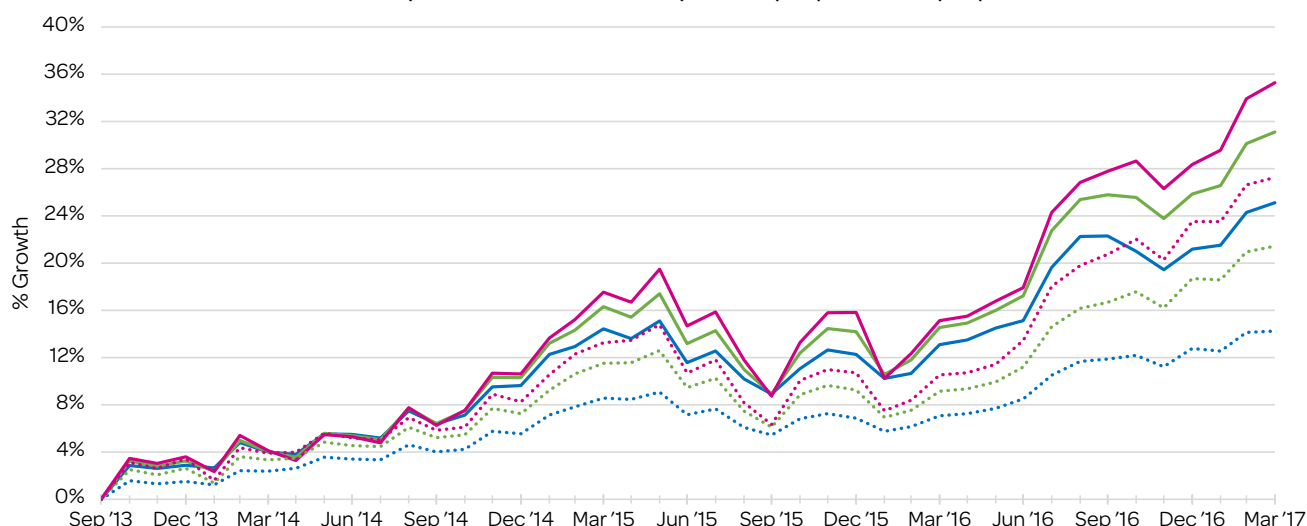


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Cumulative performance since inception 30/09/2013 to 31/03/2017



Annual performance		Apr '14 – Mar '15	Apr '15 – Mar '16	Apr '16 – Mar '17
Positive Impact Cautious	—	10.04%	-1.17%	10.62%
ARC Cautious *	...	6.04%	-1.38%	6.68%
Positive Impact Balanced	—	11.77%	-1.52%	14.45%
ARC Balanced *	...	7.93%	-2.12%	11.24%
Positive Impact Adventurous	—	12.89%	-2.06%	17.49%
ARC Steady Growth *	...	9.00%	-2.41%	15.12%

Risk warning

Past performance is not a guide to future performance. The value of investments and the income derived from them may go down as well as up and investors may get back less than they originally invested. The Positive Impact Portfolios are available in **seven** different risk profiles, of which **three** are shown here. Inception dates may vary: please see factsheets for full details.



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