



Investing in the low carbon transition

6th October 2020



Important information

- The information contained in these slides should not be considered either as a personal recommendation to invest or confirmation of suitability of any investment for you or your client's personal circumstances.
- Regulated financial advice should be sought before investing into our Positive Impact Portfolios.
- Past performance is not a guide to the future. The value of investments and the income derived from them can go down as well as up and clients can get back less than they originally invested.
- EQ Investors Limited is a trading name of EQ Investors which is registered in England & Wales at 6th Floor, 60 Gracechurch Street, London EC3V 0HR. Company Number 0722330.

Your speakers



Damien Lardoux,
Head of Impact Investing,
EQ Investors



Louisiana Salge,
Impact Specialist,
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Portfolio Manager, Ninety
One Asset Management



Keith Anderson,
UK CEO, Scottish Power
and Iberdrola

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Introduction to EQ Investors & Positive Impact Portfolios



Damien Lardoux, CFA
EQ Investors
Head of Impact Investing

Introduction to EQ Investors



- Founding UK B Corporation
- Staff-owned investment manager
- Committed to ESG, sustainable and impact investing
- Investing for impact since 2008

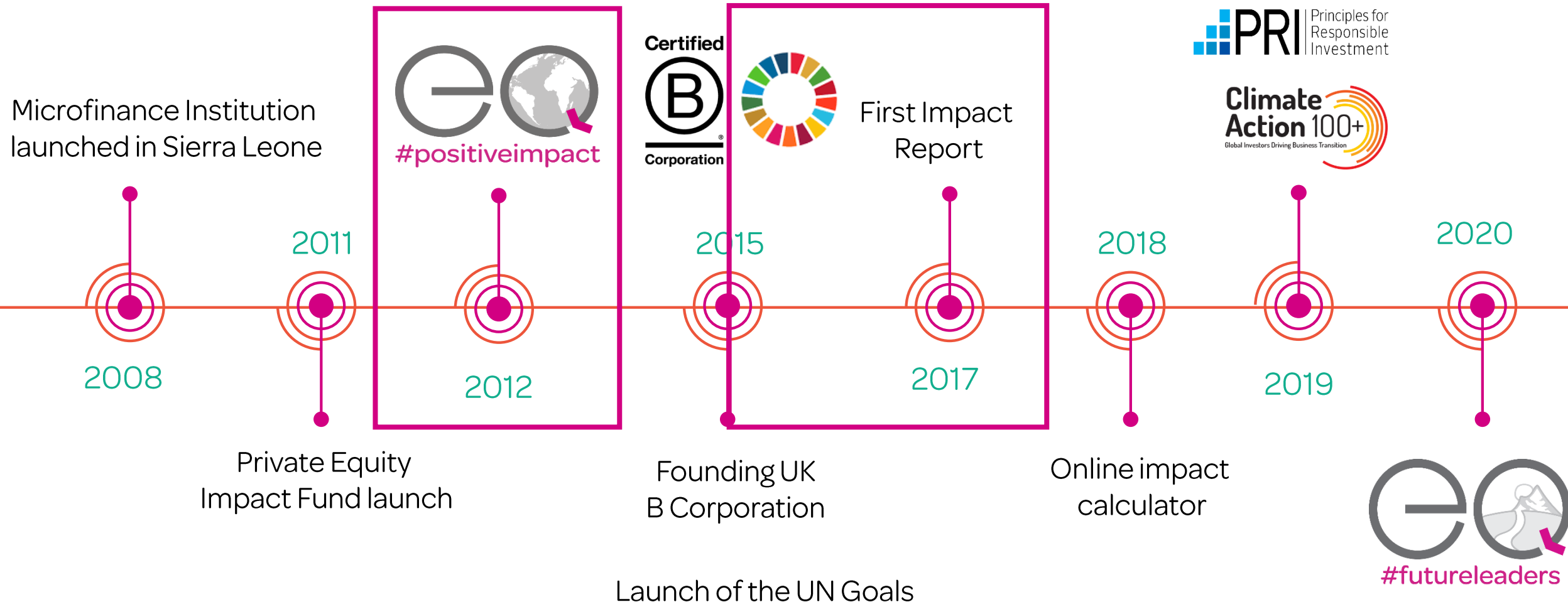


NET ZERO | 2030



This is a journey, our story so far

Our solution is a result of learning through doing



EQ Positive Impact Portfolios

Maximise impact

Products and services that deliver a measurable social or environmental impact



Maximise returns
For each risk profile



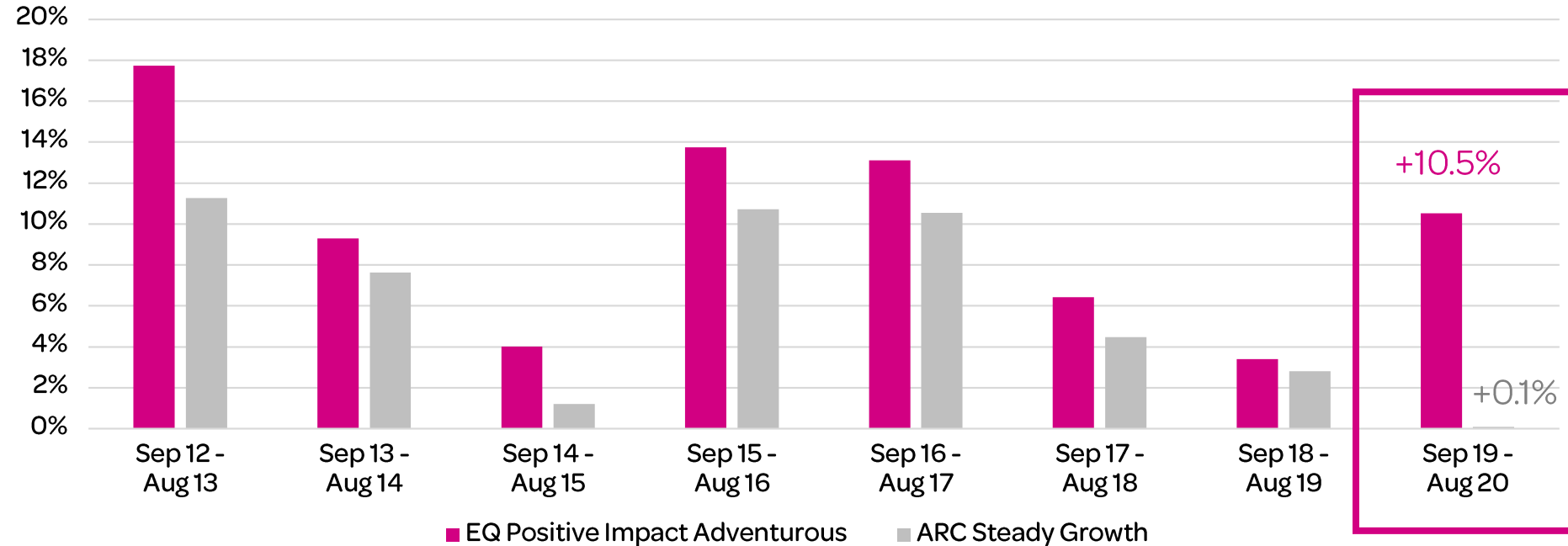
UN Sustainable Development Goals



Big picture framework for thinking about impact
\$5-7 trillion needed each year to achieve the goals

Celebrating eight years of performance

	8 year performance*	
	Cumulative	Annualised
EQ Positive Impact Adventurous Portfolio	109.4%	9.7%
ARC Steady Growth Benchmark	59.5%	6.0%



*Performance includes fund charges and EQ DFM fee. Data as of 31/08/2020. Source: EQ, Morningstar

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EQ Positive Impact Report 2020



Louisiana Salge,
EQ Investors
Impact Specialist

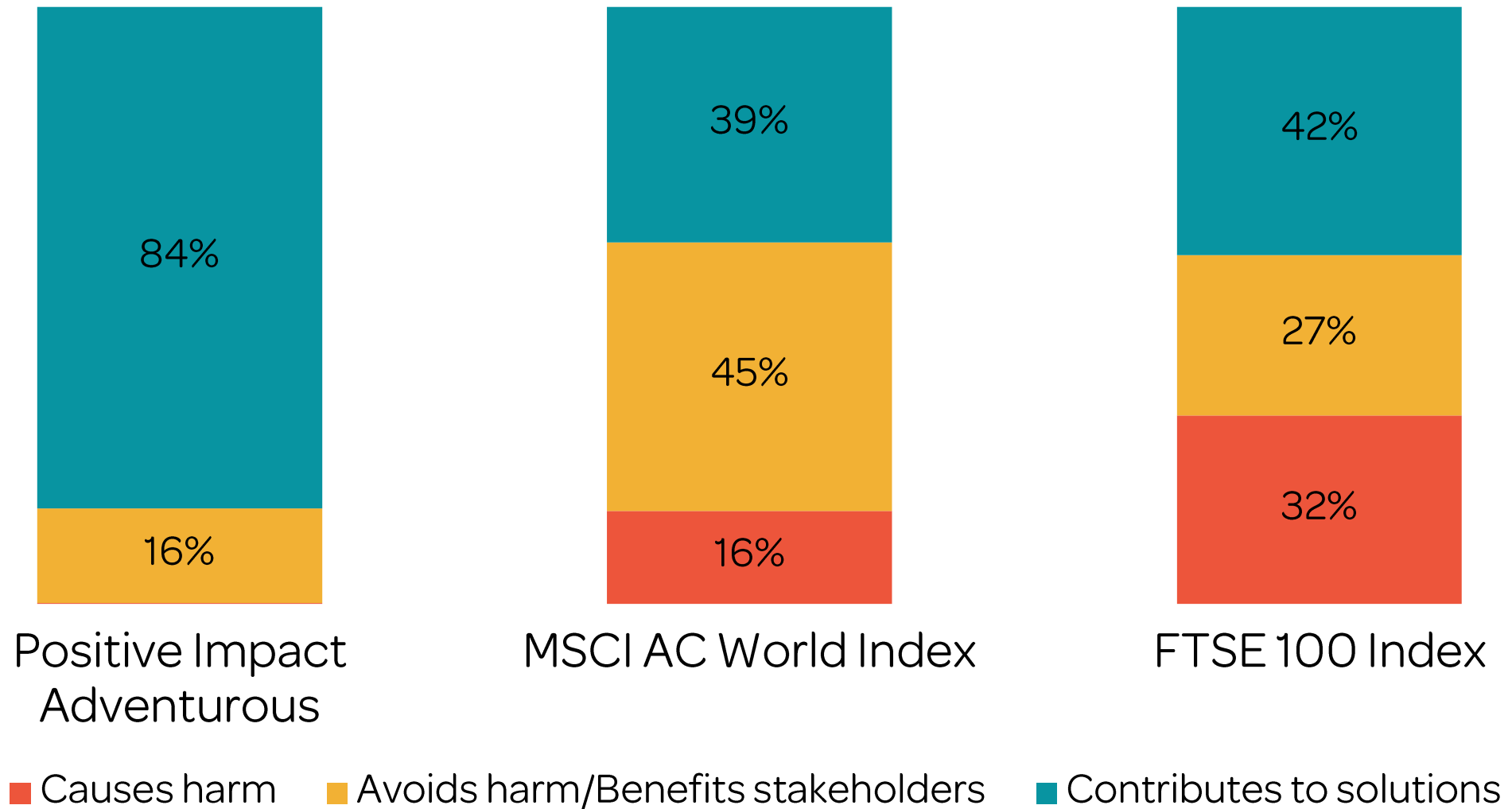
What's new?

Pushing the boundaries of what is possible with impact reporting



- Impact metrics – what have investments achieved in 2019?
- Investing in a pandemic, investing in the recovery
- A focus on carbon
- Reporting on our vision for change

How do we compare?



We invest to tackle global challenges

84% of portfolio is aligned to the UN Sustainable Development Goals

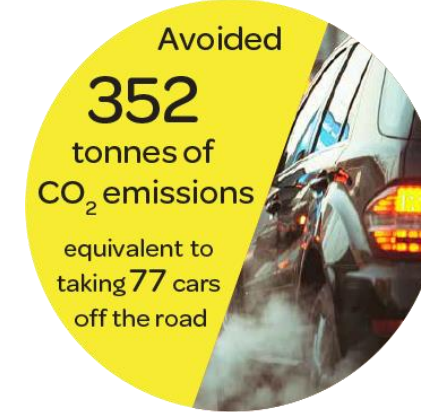
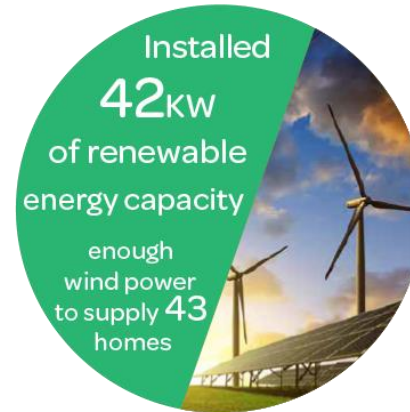
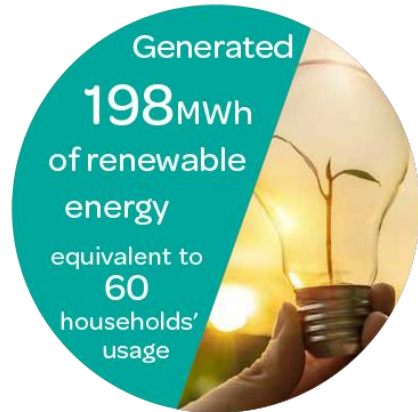


Climate change mitigation necessitates progress across the Global Goals

The Impact achieved

£1 million invested in the EQ Positive Impact Adventurous portfolio during 2019:

Environmental impacts



Building back better? - *A green recovery*

- Financial stimuli and support for green sectors
- Building back output while keeping environmental footprints low
- Creating a fair, prosperous, long-term employment opportunities

The EQ Positive Impact Portfolios invest in those sustainable businesses that can help shape a green recovery.

Building back better from the pandemic



Building back better from the pandemic

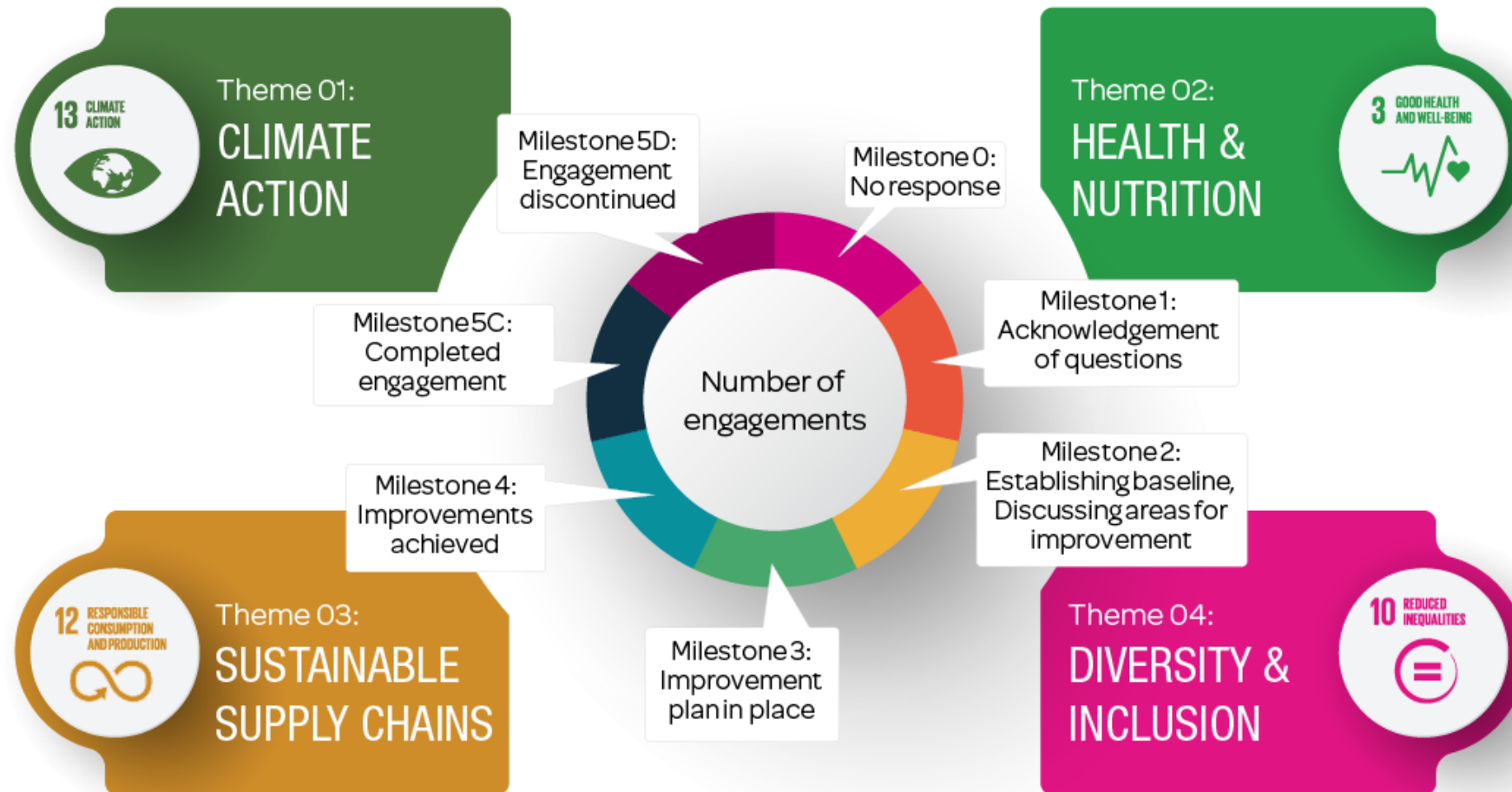


Why engage?

The first way we create positive impact is through how we invest.
The other way we make a positive impact is by engaging for change.

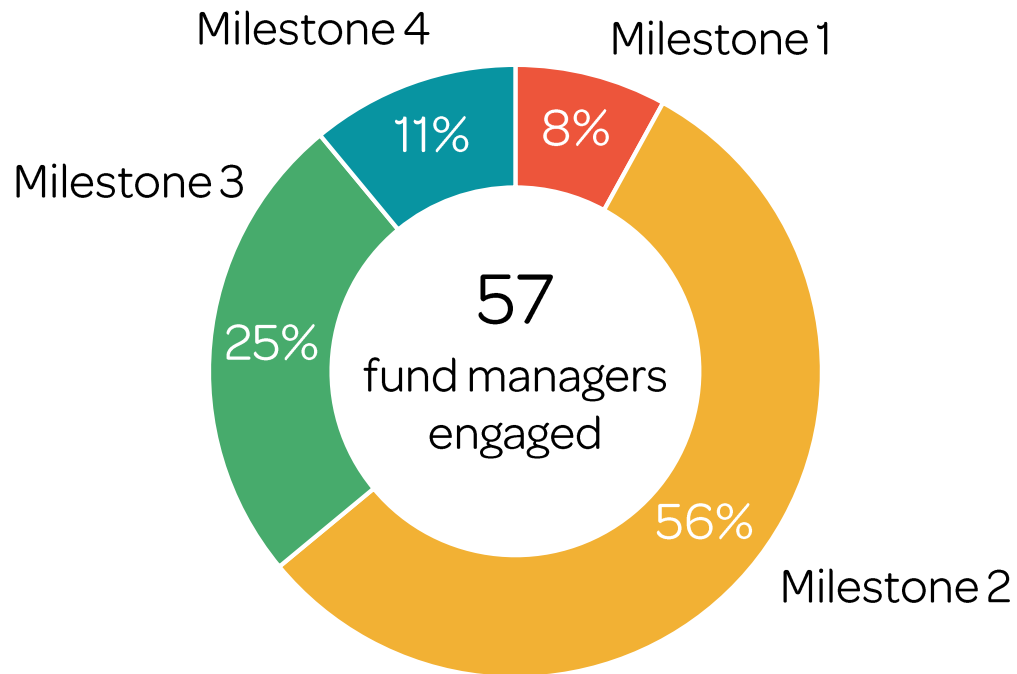


Our vision for change 2020



Engagement highlight: climate action

Advancing fund manager approaches



Collaborating to create positive change

ShareAction»



The EQ Positive Impact Report 2020

Download this report to discover more:



- Impact metrics – what have investments achieved in 2019?
- Investing in a pandemic, investing in the recovery
- A focus on carbon
- Reporting on our vision for change

Previously Investec
Asset Management

A focus on Carbon



Deirdre Cooper,
Ninety One Asset Management
Portfolio Manager



Target audience

Audience

This document is being provided for informational purposes for discussion with financial advisors and their select clients only. Circulation must be restricted accordingly.

Nothing herein should be construed as an offer to enter into any contract, investment advice, a recommendation of any kind, a solicitation of clients, or an offer to invest in any particular fund, product, investment vehicle or derivative.

General risks

The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth.

Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations.

Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made.

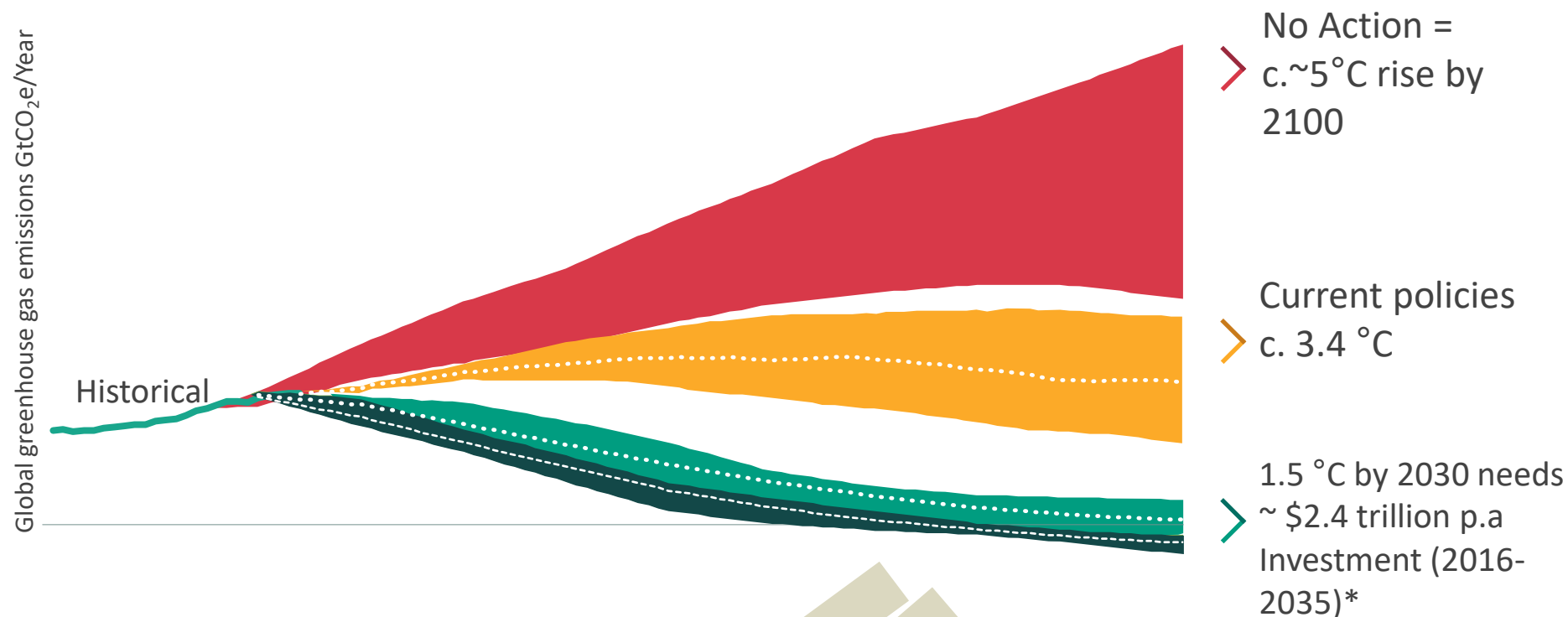
Specific Risk(s)

Commodity-related investment: Commodity prices can be extremely volatile and significant losses may be made. Concentrated portfolio: The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios. Currency exchange: Changes in the relative values of different currencies may adversely affect the value of investments and any related income. Derivatives: The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss. Emerging market (inc. China): These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems. Equity investment: The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company. Geographic / Sector: Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.



Accelerated investment needed to stay within 2°C

2100 Warming projections



“The challenges currently posed by climate change pale in significance compared with what might come. . . the more we invest with foresight; the less we will regret in hindsight”

Mark Carney, Governor of the Bank of England

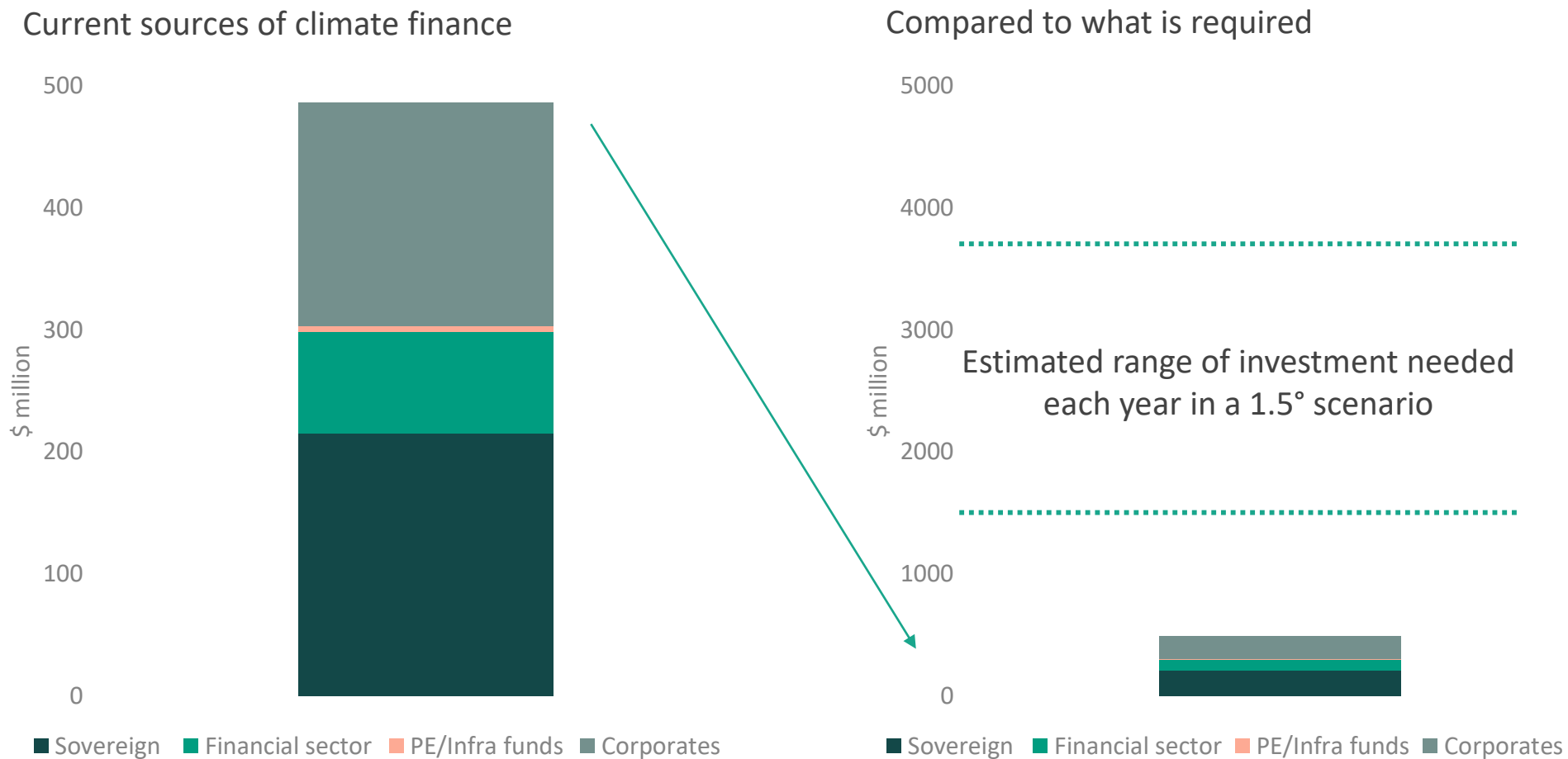
Forecasts are inherently limited and are not a reliable indicator of future results.

Source: Climate Action Tracker Project, 2017, *UN IPCC estimates, 2016 – 2035, <https://www.climate-kic.org/news/no-more-excuses-financing-1-5c>.



The current pace of investment falls way short of meeting the 1.5°C scenario

Requires both private and public capital to meet the funding gap

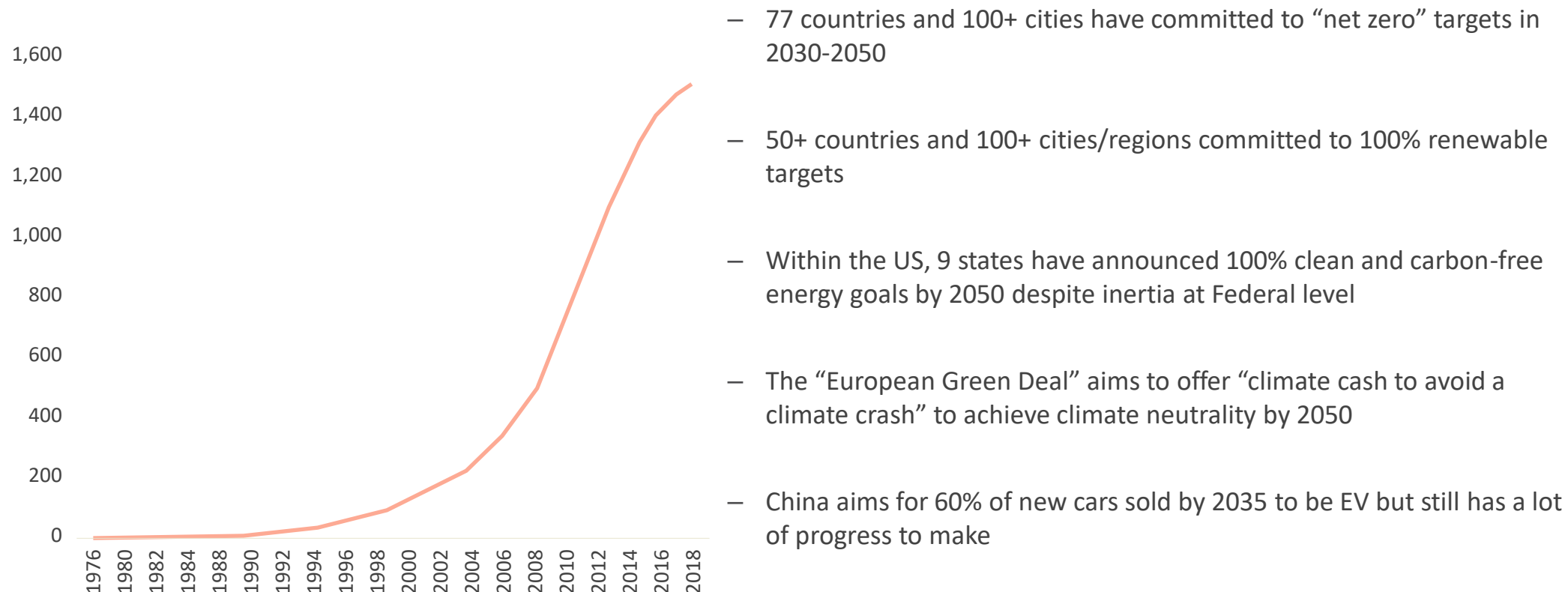




Drivers of decarbonisation - regulation

Climate laws globally have increased from 60 in 1997 to c. 1900 today

Cumulative number of national-level climate change legislation and policies globally, 1976-2018



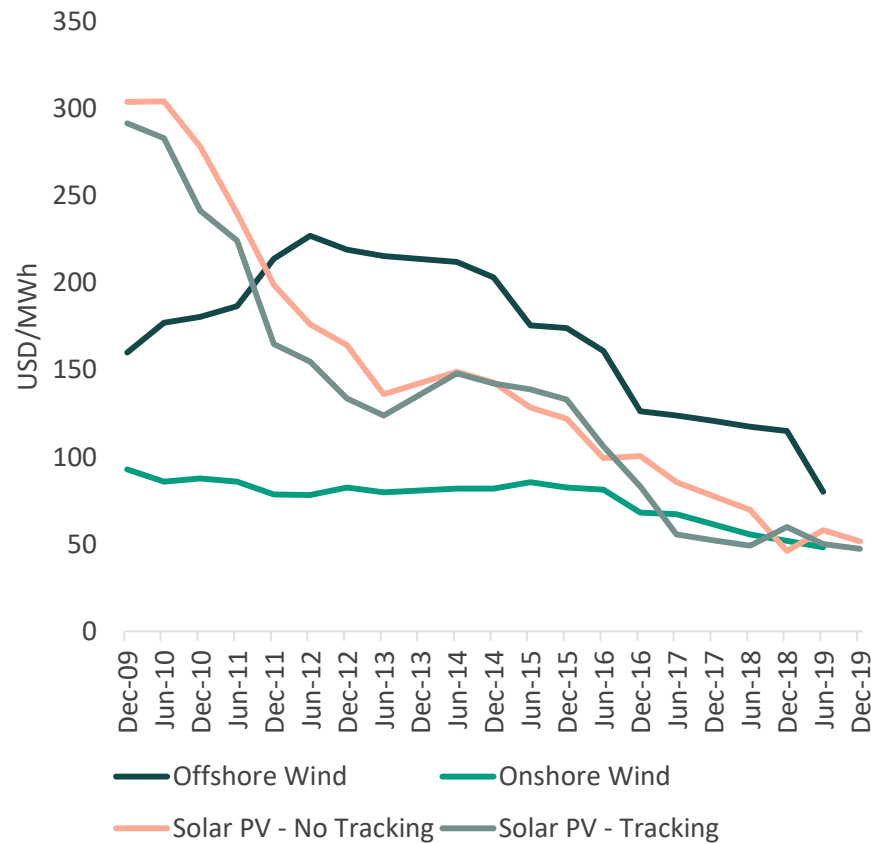
Regulations and policies are continually evolving and increasingly complex



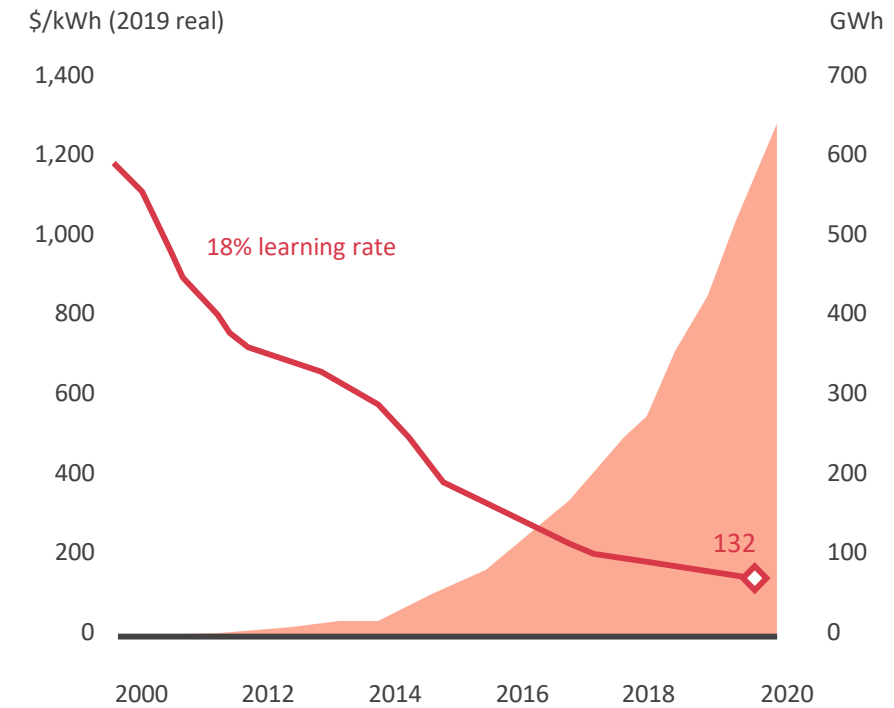
Drivers of decarbonisation – technology

Costs have fallen considerably as technologies have improved

Levelized cost of energy (USD/MWh, nominal) – wind and solar

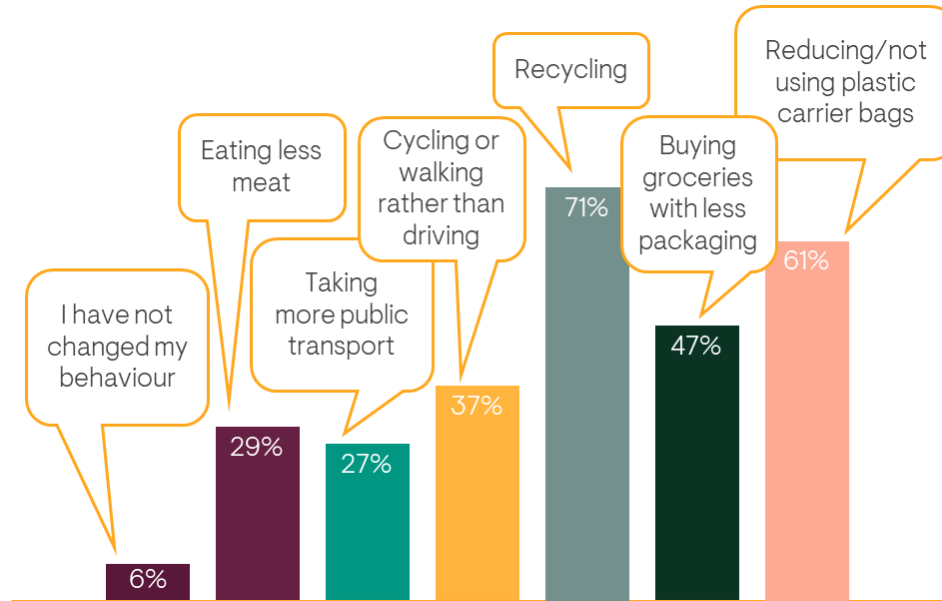


Li-ion batter pack price and demand

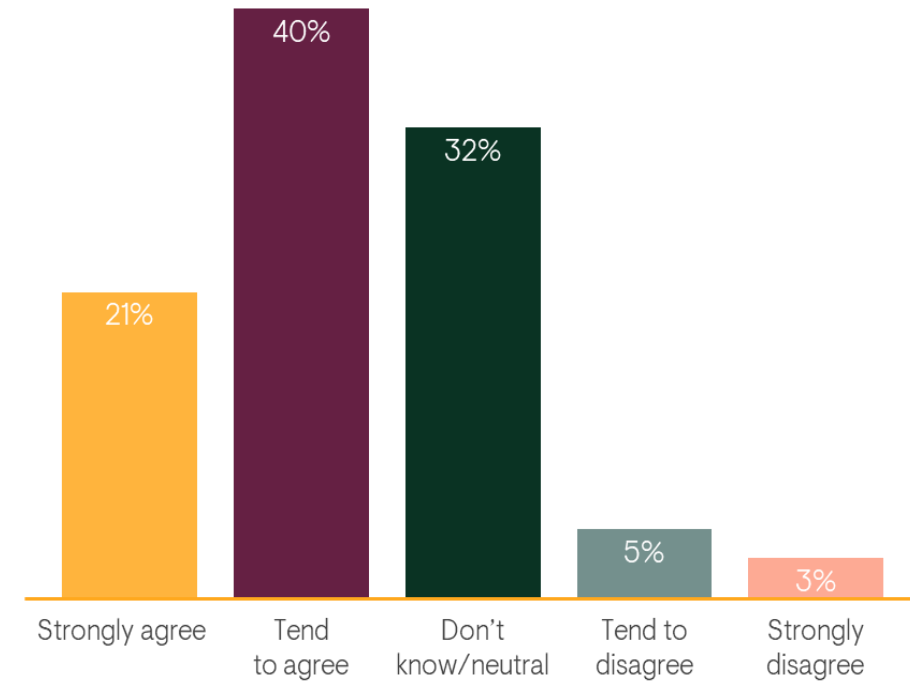


Surveys suggest increasing concerns about climate change and changing behaviours

What have you done to reduce your carbon footprint/environmental impact?



To what extent do you agree: "I would be comfortable for a proportion of my workplace pension to default into environmentally-focused investments"?





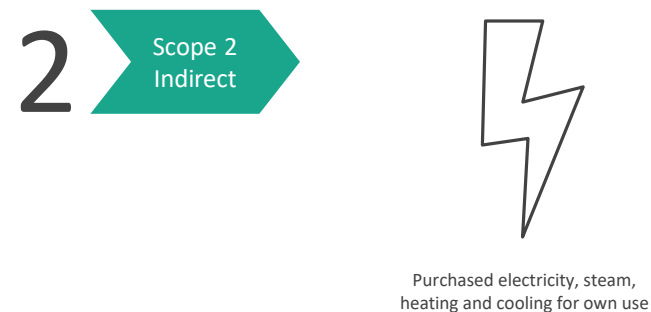
Assessing carbon risk

What is a Scope 1 & 2 footprint?



Scope 1 carbon emissions are the direct emissions from owned or controlled sources

- Fuel burned on site
- Owned vehicles



Scope 2 carbon emissions are the indirect emissions from the generation of purchased energy



Assessing carbon risk

What is a Scope 3 footprint?

3

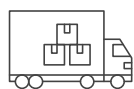
Scope 3
Indirect

There are 15 separate categories of scope 3 including

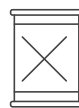
8 relating to
the supply
chain



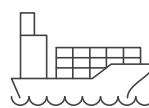
1. Purchased
goods and
services



2. Capital
goods



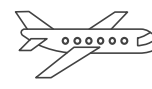
3. Fuel and
energy related
activities



4. Upstream
transportation
and distribution



5. Waste
generated in
operations



6. Business
travel

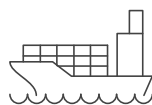


7. Employee
commuting



8. Upstream
leased assets

7 relating to the
emissions of the
products once they
are sold/used



9. Downstream
transportation
and distribution



10. Processing
of sold products



11. Use of
sold products



12. End-of-life
treatment of
sold products



13. Downstream
leased assets



14. Franchises



15. Investments

Carbon risk



Introducing “carbon avoided”

Carbon avoided compares products to the status quo



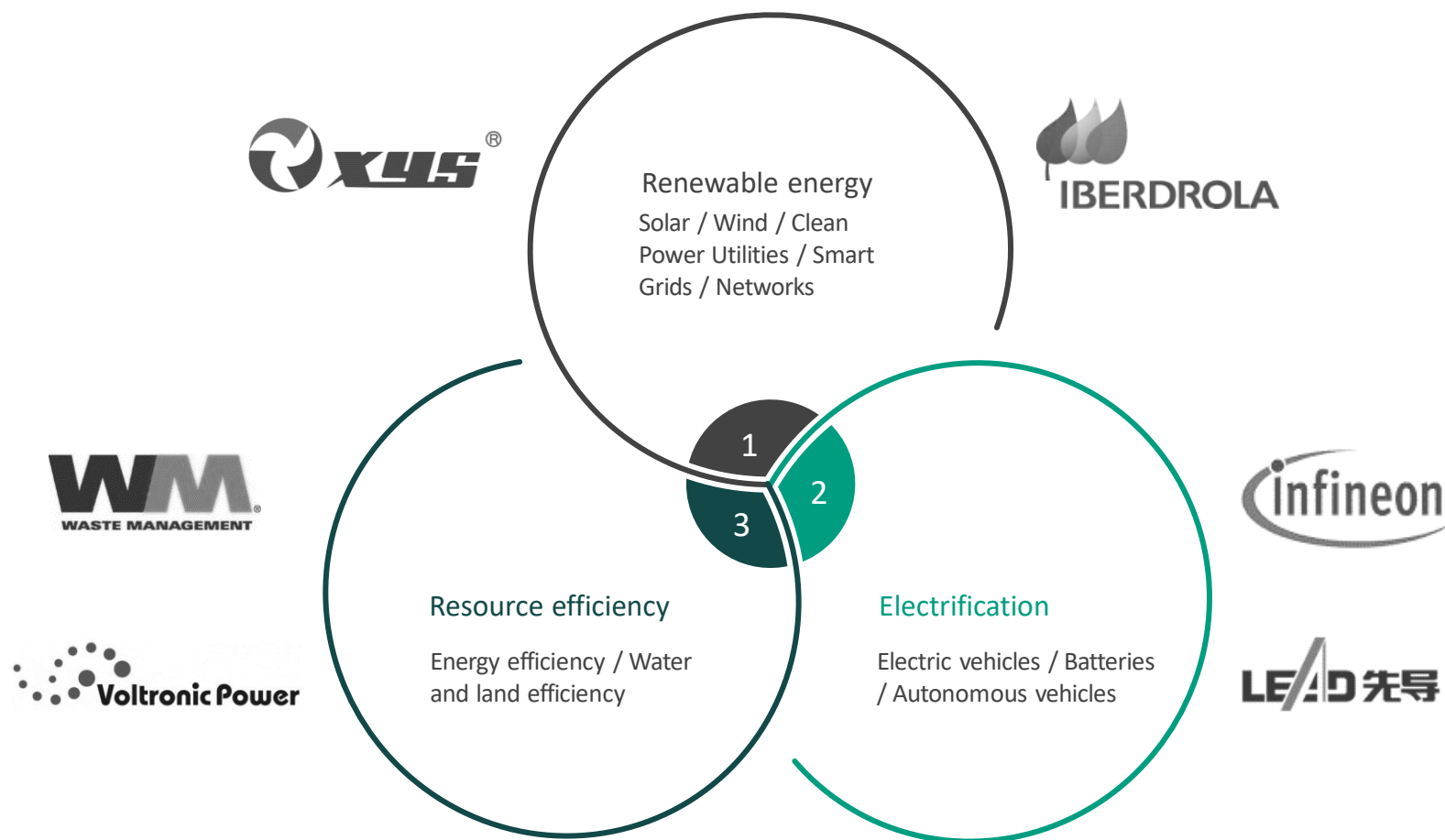
81g/km
Total Carbon avoided

Production	29g/km	57g/km
Use Phase	111g/km	2g/km (100% renewable)
Total	140g/km	59g/km

Carbon avoided is the carbon emissions avoided by using a product that has less carbon emissions than the status quo thereby contributing to decarbonisation



Investment opportunities throughout the value chain



Two stage screen:











No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past or that significant losses will be avoided.
1. Companies with >50% of their revenue from the sectors above included. Companies with >10% of their revenue from oil, gas and coal excluded.
This is not a recommendation to buy, sell or hold a particular security. For further information on specific portfolio names, please see the Important Information section.

2. Quantified carbon avoided



Global Environment Fund

Top 10 stock positions

Name	Opportunity	Description	%
 Vestas	Renewable Energy	Global leader in wind energy equipment	7.1
 NEXTERA ENERGY	Renewable energy	Largest owner of renewable energy in the United States and the owner of one of the lowest carbon utilities in the US, Florida Power and Light	6.6
 WM WASTE MANAGEMENT	Resource Efficiency	The leading environmental services provider in North America providing waste collection, disposal and recycling to 20m customers	6.2
 XYS	Renewable Energy	One of the largest producers of solar glass in the world	6.1
 Schneider Electric	Resource Efficiency Electrification	A leader in the digital transformation of the energy system and energy efficiency	5.4
 Orsted	Renewable Energy	Global leader in developing, building and operating offshore wind farms	5.0
 TE connectivity	Electrification	Global technology leader in highly engineered connectivity and sensor solutions	4.8
 • APTIV •	Electrification	Leading automotive supplier developing solutions for electrification and autonomy	4.7
 IBERDROLA	Renewable Energy	World's largest producer of wind energy and owner of regulated networks in Spain, the US, the UK and South America	4.4
 Voltronic Power	Resource Efficiency	Designs and manufactures uninterruptible power systems	4.2

Source: Ninety One, 31 August 2020.

The portfolio may change significantly over a short space of time. This is not a buy, sell or hold recommendation for any particular security.

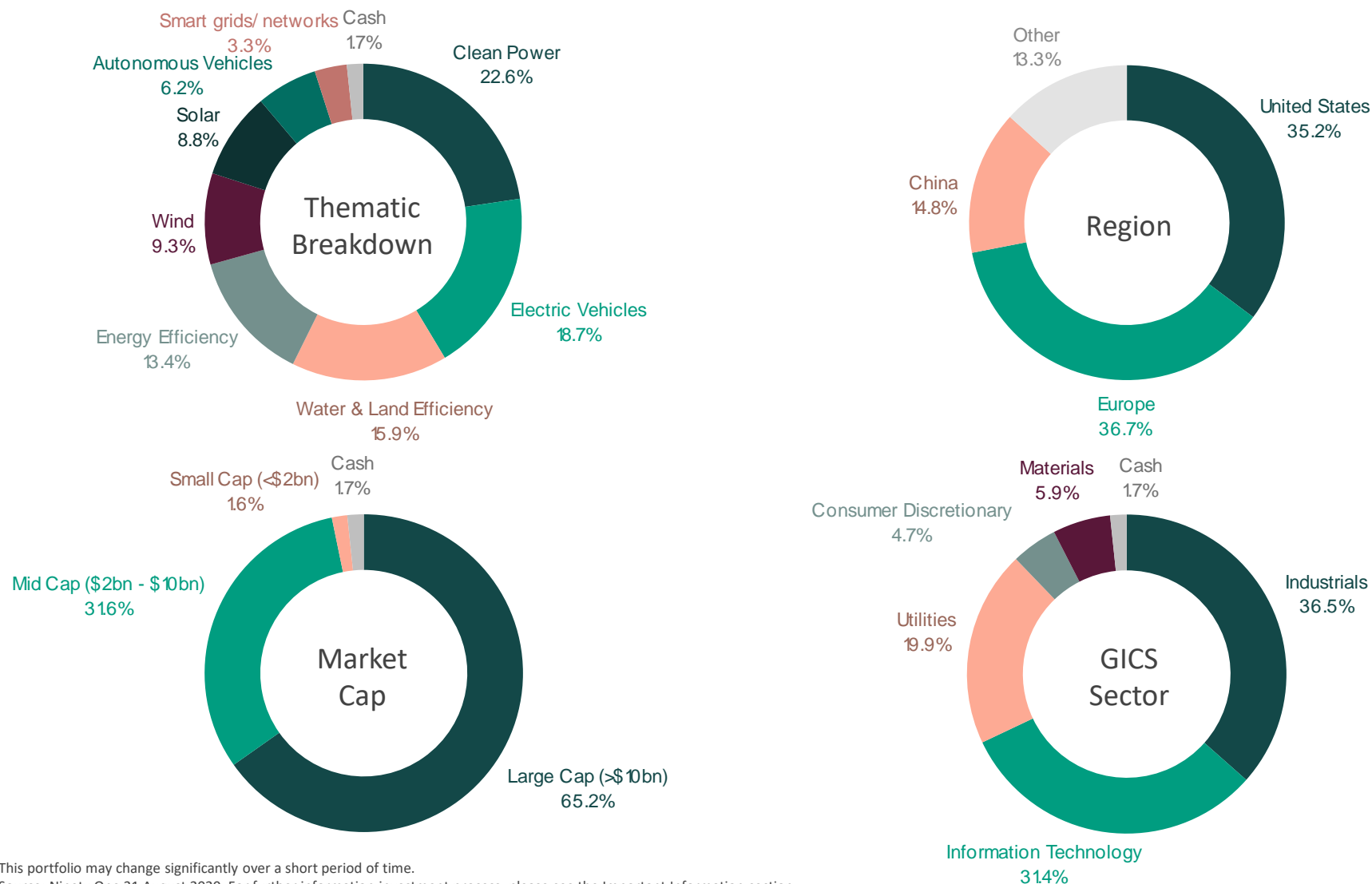
For further information on specific portfolio names, please see the Important Information section.

Based on a pooled vehicle within the strategy and is not available at the composite level.



Global Environment Fund

Diversified by sub-sector, technology and geography



This portfolio may change significantly over a short period of time.
Source: Ninety One 31 August 2020. For further information investment process, please see the Important Information section.



Important information

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Performance Target

The target is based on Manager's good faith estimate of the likelihood of the performance of the asset class under current market conditions. There can be no assurances that any Fund will generate such returns, that any client or investor will achieve comparable results or that the manager will be able to implement its investment strategy. Actual performance of Fund investments and the Fund overall may be adversely affected by a variety of factors, beyond the manager's control, such as, political and socio-economic events, adverse changes in the interest rate environment, changes to investment expenses, and a lack of suitable investment opportunities. Accordingly, target returns may be expected to change over time and may differ from previous reports.

Specific Portfolio Names

References to particular investments or strategies are for illustrative purposes only and should not be seen as a buy, sell or hold recommendation. Unless stated otherwise, the specific companies listed or discussed are included as representative of the Fund. Such references are not a complete list and other positions, strategies, or vehicles may experience results which differ, perhaps materially, from those presented herein due to different investment objectives, guidelines or market conditions. The securities or investment products mentioned in this document may not have been registered in any jurisdiction. More information is available upon request.

Indices

Indices are shown for illustrative purposes only, are unmanaged and do not take into account market conditions or the costs associated with investing. Further, the manager's strategy may deploy investment techniques and instruments not used to generate Index performance. For this reason, the performance of the manager and the Indices are not directly comparable.

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Yield

The yield reflects the amount that may be distributed over the next 12 months as a percentage of the Fund's net asset value per share, as at the date shown, based on a snapshot of the portfolio on that day. Where there is a yield number in brackets, it is calculated in the same way. However, as the charges of the share class are deducted from capital rather than income, it shows the level of yield had these charges been deducted from income. This has the effect of increasing the income payable whilst reducing capital to an equivalent extent. Yields do not include any preliminary charge and investors may be subject to tax on their distributions.

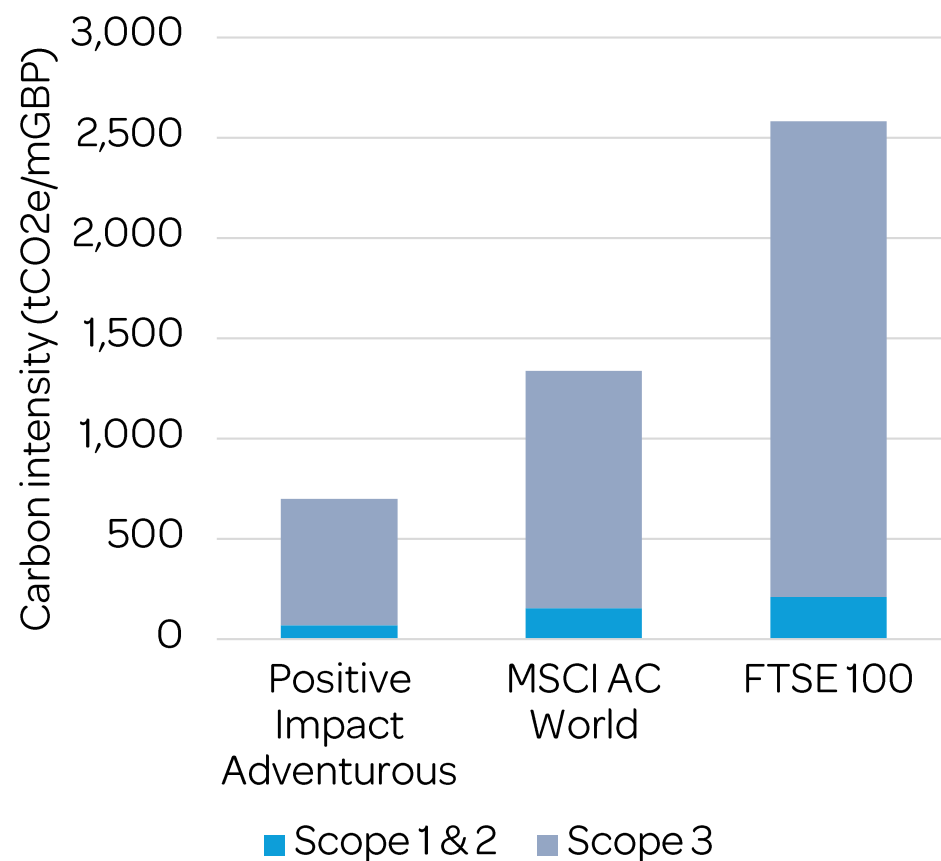
How are EQ Portfolios positioned?



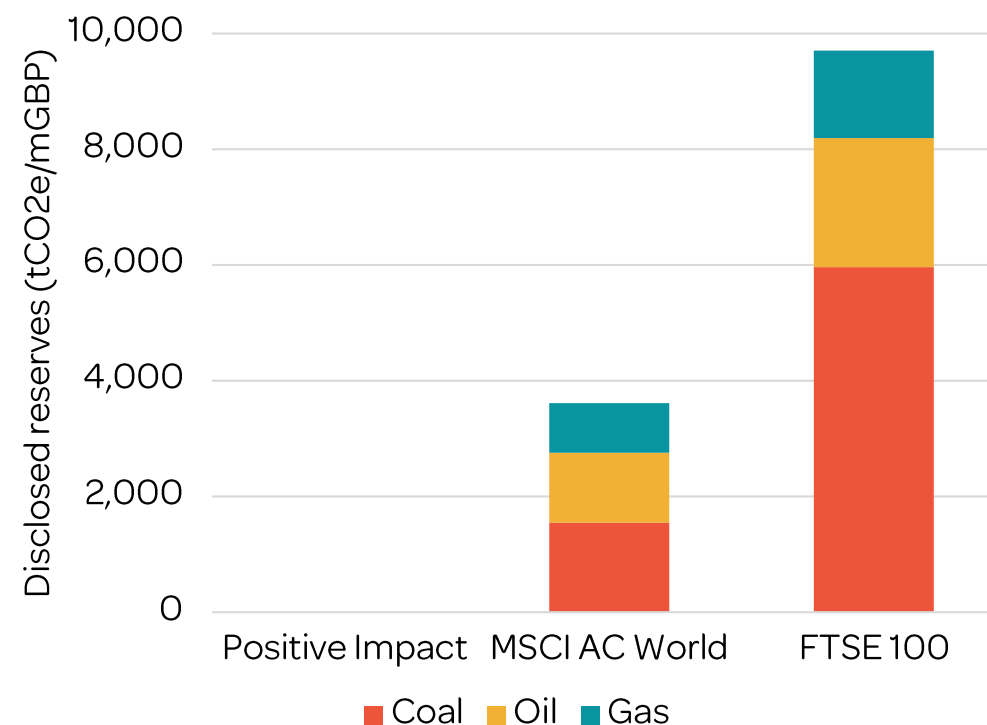
Louisiana Salge,
EQ Investors
Impact Specialist

Carbon analysis of the EQ Positive Impact Portfolios

Lower Scope 1,2 & 3 carbon footprints

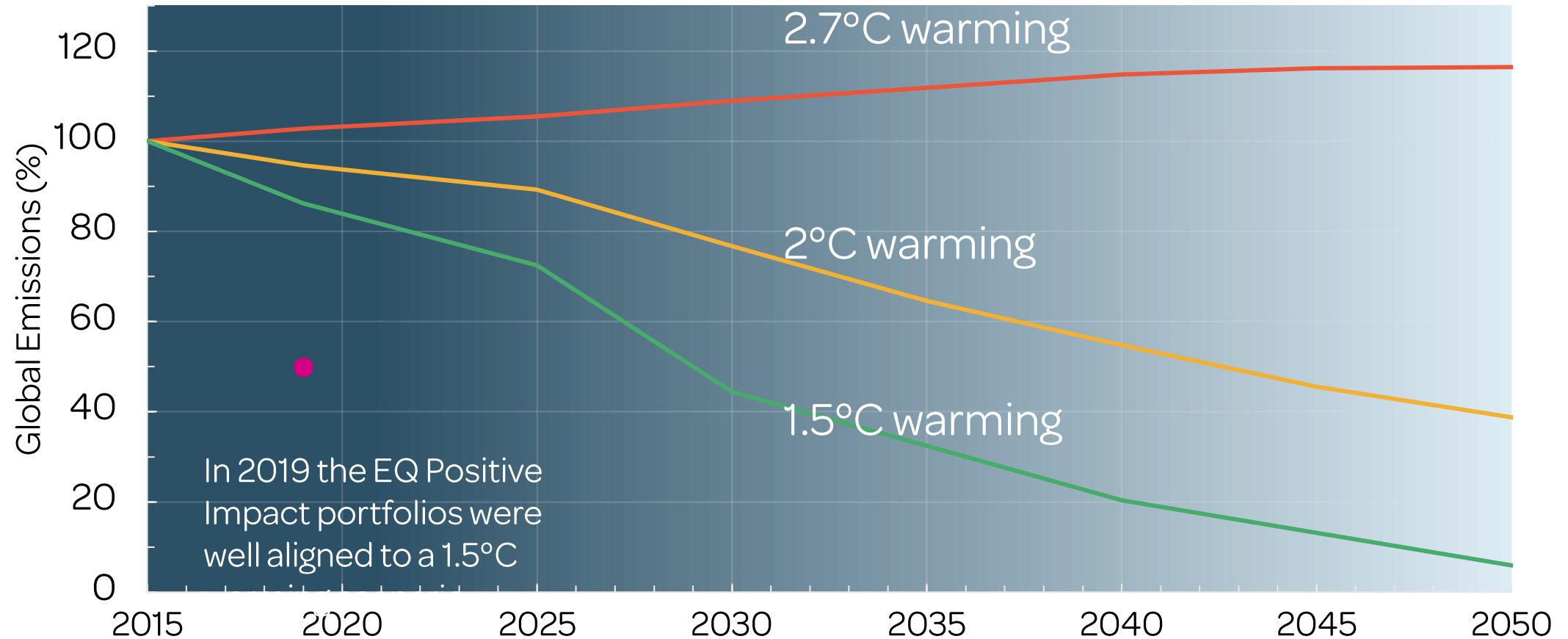


Zero fossil fuel reserves



Source: Urgentem, July 2020. This only covers the equity portion of the portfolios.

Climate change scenario analysis



Source: Urgentem, July 2020. This only covers the equity portion of the portfolios.

Previously Investec
Asset Management

Q&A



Louisiana Salge,
EQ Investors
Impact Specialist



Deirdre Cooper,
Ninety One Asset Management
Portfolio Manager

Positive impact case study



Keith Anderson
Chief Executive Officer
Scottish Power
Iberdrola UK

Q&A



Keith Anderson
Chief Executive Officer
Scottish Power
Iberdrola UK