



Introducing EQ Bespoke: how our service can benefit your sustainable proposition

Daniel Bland, Head of Sustainable Investment Management
Matt Hardy, DFM Business Development Manager

Your speakers



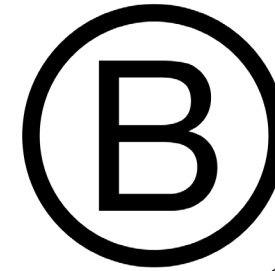
Daniel Bland
Head of Sustainable Investment Management



Matt Hardy
DFM Business Development Manager

- Staff-owned discretionary fund manager
- £1.3 billion AUM (May '21)
- Founding UK B Corporation
- Experts in sustainable investment solutions
- 8-year track record in sustainable and impact investing

Certified



Corporation

Abundance Investment, Adam Smith International, Allbirds, Allplants, Artfinder, Bates Wells, Bulb, C-Level, Carbon Analytics, ClimateCare, DAME, Davines, Delphis Eco, Do Nation, Don't Cry Wolf, Doppler, Dr. Bronner's, Easthall Farm, Ella's Kitchen, EQ Investors, Flooglebinder, Form Nutrition, Forster Communications, Freestar Drinks, Futerra, Gong Communications, Green Element, Humankind Research, innocent drinks, Intrepid Travel, Invivo Healthcare, L&Co



NET ZERO | 2030

LEAP, Living Alive, Mindful Chef, Montanaro Asset Management, On Purpose, One Stone Advisors, Patagonia, Pelorus Consulting, PROPER Snacks, Provenance, Pukka Herbs, TISC Report, Shoremount, Society, SunFresh Produce, Systemiq, The Body Shop, The Cheeky Panda, The Guardian, The TYF Group, Toast Ale, Tricordant, Verco Advisory Services, Volans, Waterbomb, Wessanen, WHEB Asset Management, Wholegrain Digital, Wildwood Ecology



Summary

Our bespoke service has a 6 year track record supporting advisers and their clients

	Model	Bespoke
Custody	Platforms	Direct (Pershing)
Investment universe	Open ended funds, ETFs	Open ended funds, Investment Trust, ETFs, REITs
Tax wrappers	Platform dependent	Open architecture
Portfolio tax considerations	None	Integrated in portfolio management
Investment strategy	Positive Impact or Future Leaders	Flexible to meet client needs
EQ Portal	No access	Fully bespoke reporting
Adviser charging	Platform dependent	Facilitated

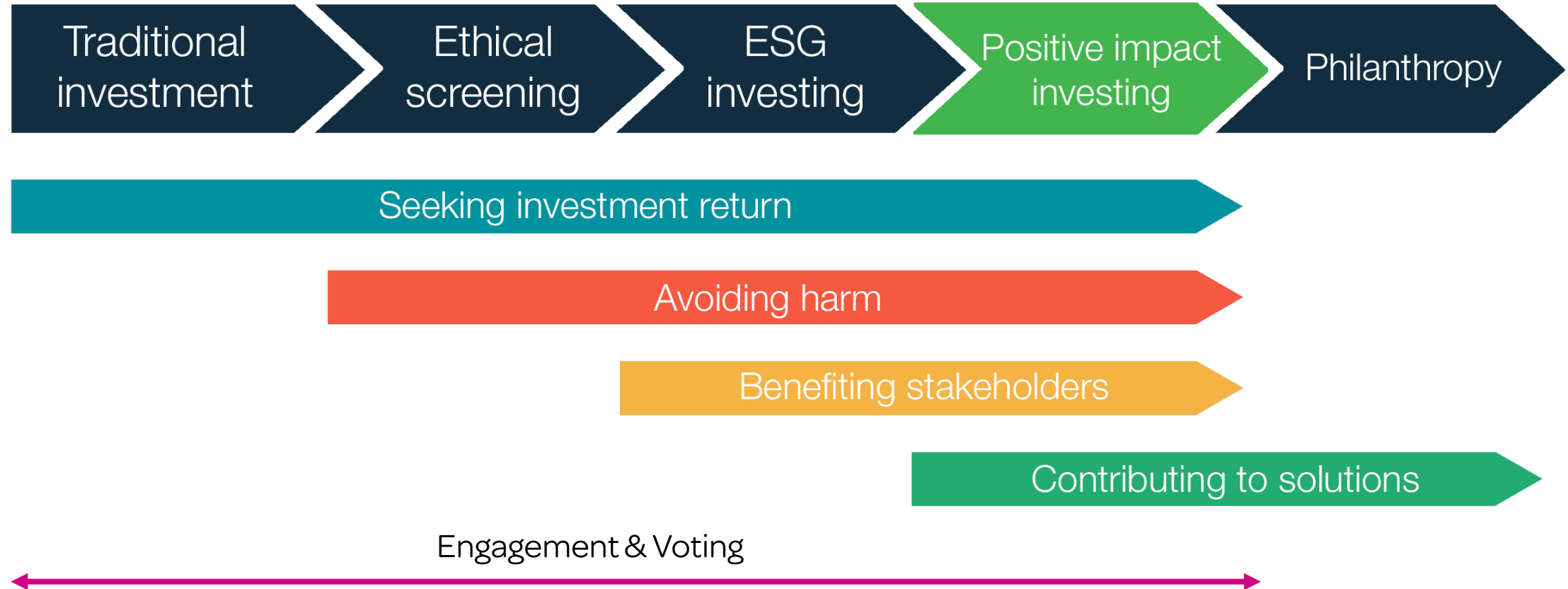
Agenda

- Sustainable investing: Differentiating ethical, ESG*, and impact investing
- EQ Bespoke service, case studies:
 - Transition to an impact strategy
 - Considering tax
 - Personalised portfolio construction
- Reporting & transparency

*ESG= environmental, social, governance factors

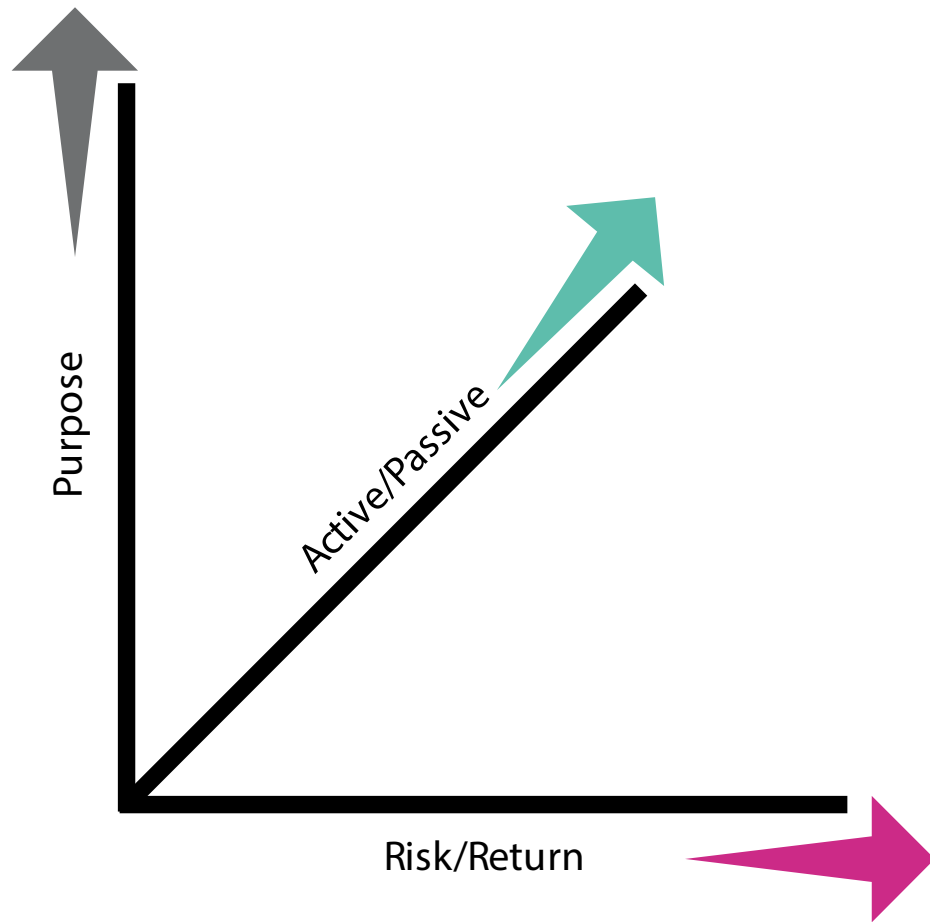
Defining sustainable investing

The spectrum of capital



(Source: EQ Investors, 2020, developed from Impact Management Project's "Spectrum of Capital" approach)

Sustainability in a traditional framework



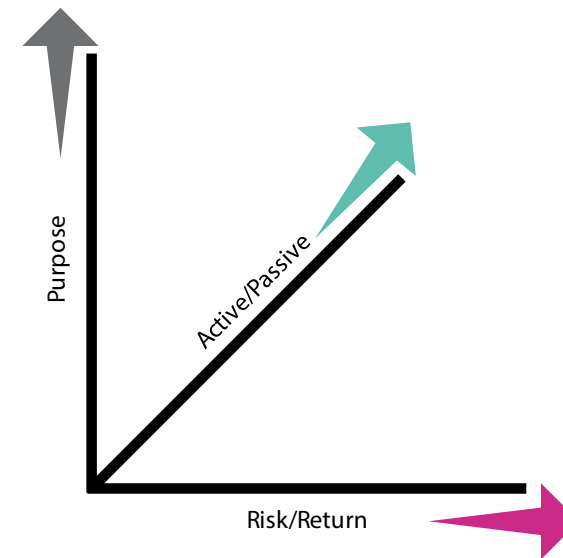
- Purpose
 - Where does the approach sit on the spectrum of capital?
- Risk
 - Consider drawdown, volatility, and liquidity
- Cost factors
 - Balancing cost sensitivity within overall portfolio construction

Case Study

Transitioning to an impact strategy

Background

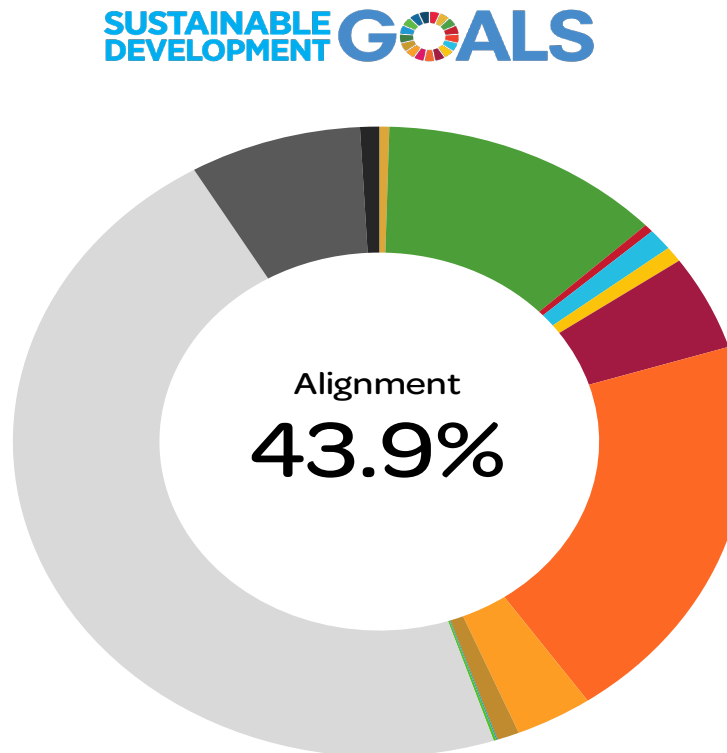
- Existing portfolio managed with an **'ethical'** tilt
- Specific focus on climate change risk and **desire for zero fossil fuel exposure**
- Concerned about inflation



Mapping to the UN SDGs

A largely neutral portfolio and 7.6% negatively aligned.

1	NO POVERTY	
2	ZERO HUNGER	
3	GOOD HEALTH & WELL-BEING	12.5%
4	QUALITY EDUCATION	
5	GENDER EQUALITY	
6	CLEAN WATER & SANITATION	1.1%
7	AFFORDABLE & CLEAN ENERGY	0.8%
8	DECENT WORK & ECONOMIC GROWTH	4.9%
9	INDUSTRY, INNOVATION & INFRASTRUCTURE	20.2%
10	REDUCED INEQUALITIES	



11	SUSTAINABLE CITIES & COMMUNITIES	3.4%
12	RESPONSIBLE CONSUMPTION & PRODUCTION	1.0%
13	CLIMATE ACTION*	
14	LIFE BELOW WATER	
15	LIFE ON LAND	
16	PEACE, JUSTICE & STRONG INSTITUTIONS	
17	PARTNERSHIP FOR THE GOALS	
	AVOIDS HARM	46.6%
	CAUSES HARM	7.6%
	UNMAPPED	0.8%

UN Sustainable Development Goals with no figure indicate that the portfolio has a 0% exposure; this is because either the Sustainable Development Goal presents very few investable opportunities, or that companies within the portfolio may give exposure to multiple goals and the more relevant goal has been selected.

Percentages may not add up to 100% as they are rounded to the nearest decimal.

*The Climate Action goal overlaps with some more specific goals, so we have instead mapped our exposure to these.

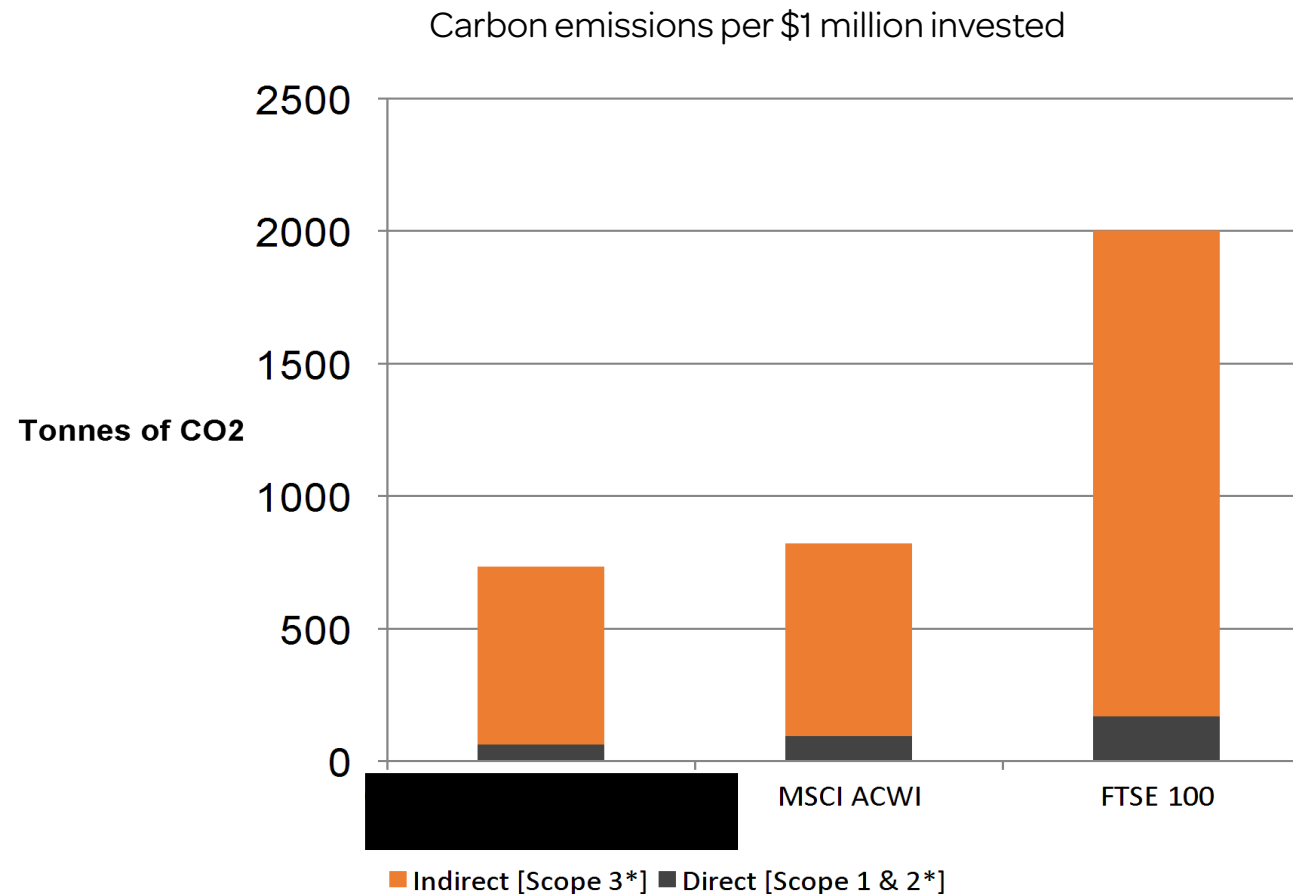
Deep dive into negative contributors

A range of sectors, but most concerning is fossil fuel exposure.

Sector	Holdings	Allocation	Example Holdings
Alcohol	21	0.90%	Anheuser-Busch, Heineken
Automotive Pollution	14	0.46%	Ford Motor Co, Daimler AG
Cruise Pollution	1	0.10%	Carnival Corp
Gambling	7	0.14%	GVC Holdings PLC, Evolution Gaming
Intensive Farming	2	0.08%	Tyson Foods WH Group
Military	10	0.84%	HEICO Corp, L3 Harris
Mining	33	1.35%	Rio Tinto, Newmont Gold Corp
Ocean Freight	7	0.04%	Nippon Express Co Ltd
Oil & Gas Distribution	1	0.17%	Atmos Energy Corp
Oil & Gas Extraction	10	0.17%	Tatneft PJSC, Saudi Arabian Oil Co
Oil & Gas Services	30	0.41%	SK Innocation, Gazprom, PetroChina
Oil, Gas, Coal (Electric Utilities)	2	0.09%	Sempra Energy
Palm Oil	4	0.02%	Genting Plantations, Kuala Lumpur Kepong
Pesticides	5	0.25%	Corteva, Bayer AG
Thermal Coal	1	0.01%	Genting Bhd
Tobacco	1	0%	BAT via Reinet Investments
Unhealthy Food & Beverage	17	2.54%	Nestle, PepsiCo, Mondelez
Total	169	7.59%	

Looking at carbon intensity

Emissions broadly in line with global equities



The plan of action

By investing with an impact lens we can align the investments clearly with the investors goals

- ✓ Remove exposure to harmful investments and fossil fuel reserves.
- ✓ Improve the alignment with the UN Sustainable Development Goals by 43.6%
- ✓ Using 'neutral' investments to build inflation protection
- ✓ Reduce the carbon intensity by 34.09%

Case Study

Considering taxation

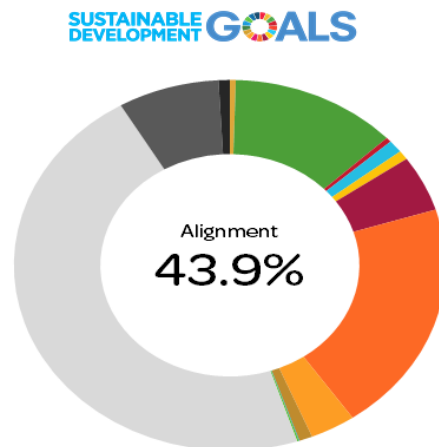
- Traditional taxable personal and trust portfolios
- Considerable accrued gains
- One additional rate tax payer
- Ambition to contribute towards a better environment and society

Planning with adviser

We worked with an adviser to identify how they can meet the ambition set by the client

- A model portfolio approach would lead to an unnecessary tax bill
- Source of the most harmful products and services identified

1	NO POVERTY	
2	ZERO HUNGER	
3	GOOD HEALTH & WELL-BEING	12.5%
4	QUALITY EDUCATION	
5	GENDER EQUALITY	
6	CLEAN WATER & SANITATION	1.1%
7	AFFORDABLE & CLEAN ENERGY	0.8%
8	DECENT WORK & ECONOMIC GROWTH	4.9%
9	INDUSTRY, INNOVATION & INFRASTRUCTURE	20.2%
10	REDUCED INEQUALITIES	



11	SUSTAINABLE CITIES & COMMUNITIES	3.4%
12	RESPONSIBLE CONSUMPTION & PRODUCTION	1.0%
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Total	169	7.59%	

A tax efficient transition

Utilising the flexibility of our bespoke service

- ✓ In specie transfer of assets
- ✓ Utilising capital gains allowances
- ✓ Inter spousal transfers

Case Study

Personalised portfolio construction

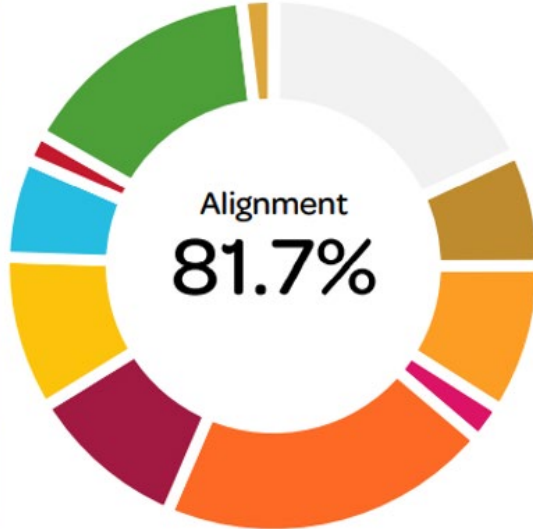
- Investor background led them to have a specific focus
- Invest to benefit from the take up of cleaner energy sources
- An overall preference to use capital purposefully, although not the primary driver

- Consider the risks of a focused investment strategy
 - Lower diversification
 - Concentrated sector and factor exposures
- Understand the opportunity set within the objectives
 - Clean energy
 - Electrification of transport
 - Circular economy and waste management



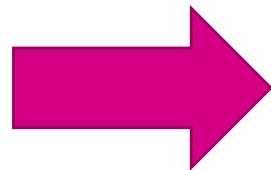
A portfolio approach to meet the objectives

2	ZERO HUNGER	1.9%
3	GOOD HEALTH & WELL-BEING	14.8%
4	QUALITY EDUCATION	1.7%
6	CLEAN WATER & SANITATION	6.0%
7	AFFORDABLE & CLEAN ENERGY	9.3%
8	DECENT WORK & ECONOMIC GROWTH	9.7%

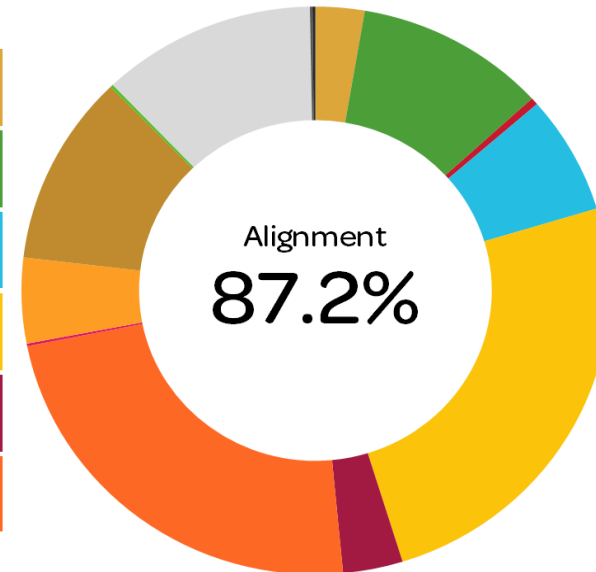


9	INDUSTRY, INNOVATION & INFRASTRUCTURE	20.2%
10	REDUCED INEQUALITIES	2.2%
11	SUSTAINABLE CITIES & COMMUNITIES	9.0%
12	RESPONSIBLE CONSUMPTION & PRODUCTION	6.9%
17	PARTNERSHIP FOR THE GOALS	
	NEUTRAL	17.9%
	NEGATIVE	0.1%

- A balanced approach extending beyond clean energy
- Wider sustainable themes, to ensure a diversification and a mix of return / revenue sources.



2	ZERO HUNGER	2.7%
3	GOOD HEALTH & WELL-BEING	10.5%
6	CLEAN WATER & SANITATION	6.7%
7	AFFORDABLE & CLEAN ENERGY	24.9%
8	DECENT WORK & ECONOMIC GROWTH	3.3%
9	INDUSTRY, INNOVATION & INFRASTRUCTURE	23.4%



11	SUSTAINABLE CITIES & COMMUNITIES	4.9%
12	RESPONSIBLE CONSUMPTION & PRODUCTION	10.9%
13	CLIMATE ACTION*	
16	PEACE, JUSTICE & STRONG INSTITUTIONS	
	AVOIDS HARM	11.8%

Bespoke Service

A differentiated offering

How do you hold us to account?

256 funds have rebranded as sustainable in 2020 and 127 in Q1 this year alone.

- ✓ Our impact reporting allows you to hold us to account
- ✓ Impact reporting sits alongside data on financial returns and risk

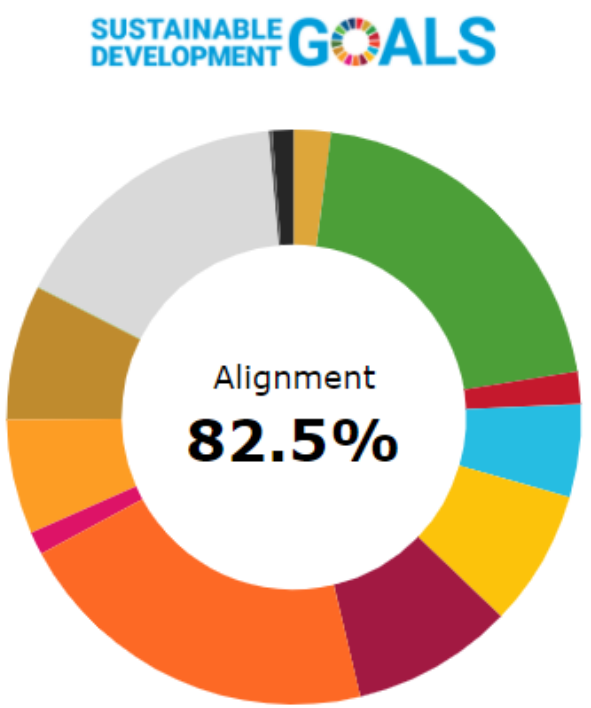
EQ Portal personalised impact reporting



- Portfolio Performance
- Asset Allocation
- Geography & Sectors
- Positive Impact
- Sustainable Development Goals
- Carbon Emissions

Portfolio alignment with the UN Sustainable Development Goals

1	No Poverty	
2	Zero Hunger	2.1%
3	Good Health & Well-Being	20.4%
4	Quality Education	1.8%
5	Gender Equality	0.0%
6	Clean Water & Sanitation	5.2%
7	Affordable & Clean Energy	7.7%
8	Decent Work & Economic Growth	9.1%
9	Industry, Innovation & Infrastructure	20.8%
10	Reduced Inequalities	1.3%



11	Sustainable Cities & Communities	6.4%
12	Responsible Consumption & Production	7.6%
13	Climate Action*	
14	Life Below Water	0.0%
15	Life on Land	0.0%
16	Peace, Justice & Strong Institutions	
17	Partnerships for the Goals	
	Avoids Harm	16.1%
	Causes Harm	0.2%
	Unmapped	1.2%

EQ Portal personalised impact reporting

Portfolio Performance

Asset Allocation

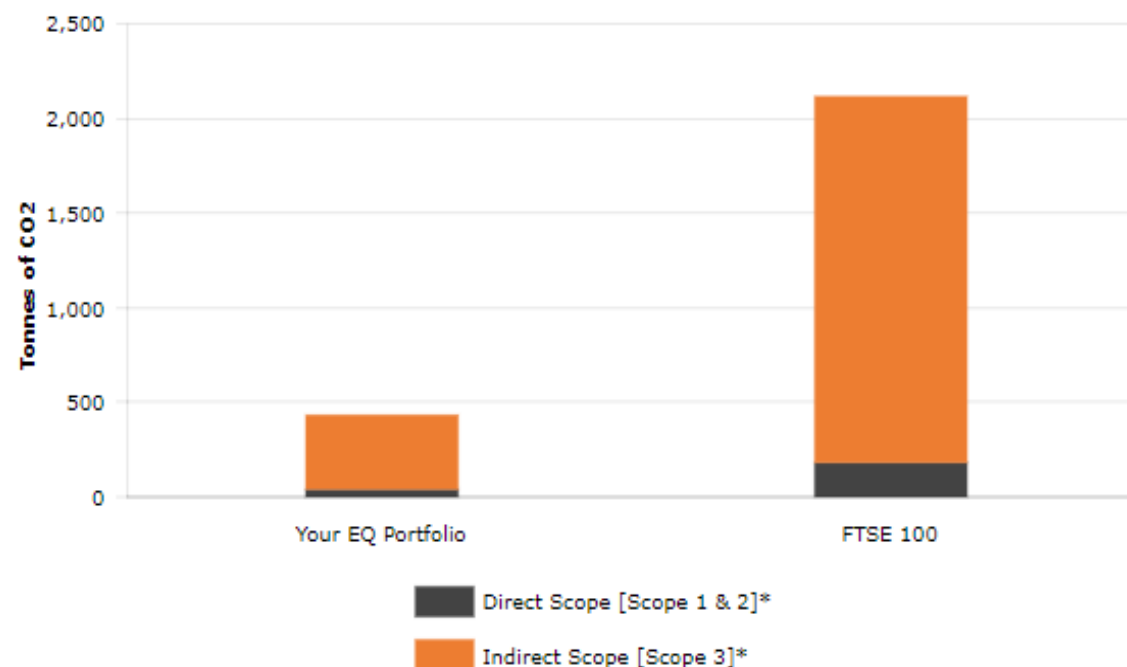
Geography & Sectors

Positive Impact

Sustainable Development Goals

Carbon Emissions

Carbon emissions



*Scope 1 & 2 represents direct emissions as well as indirect emissions from electricity usage, Scope 3 represents other indirect generation

The carbon footprint of your portfolio is:

- 79.33% lower than the FTSE 100 index

That's equivalent to...

- 🚗 taking 365 passenger cars off the road or
- 🏠 saving 415 UK household's total energy use or
- 🛢️ preventing 189 thousand gallons of gasoline from being burned

EQ Portal personalised impact reporting



EQ Portal detailed financial reporting

Portfolio Performance

Asset Allocation

Geography & Sectors

Positive Impact

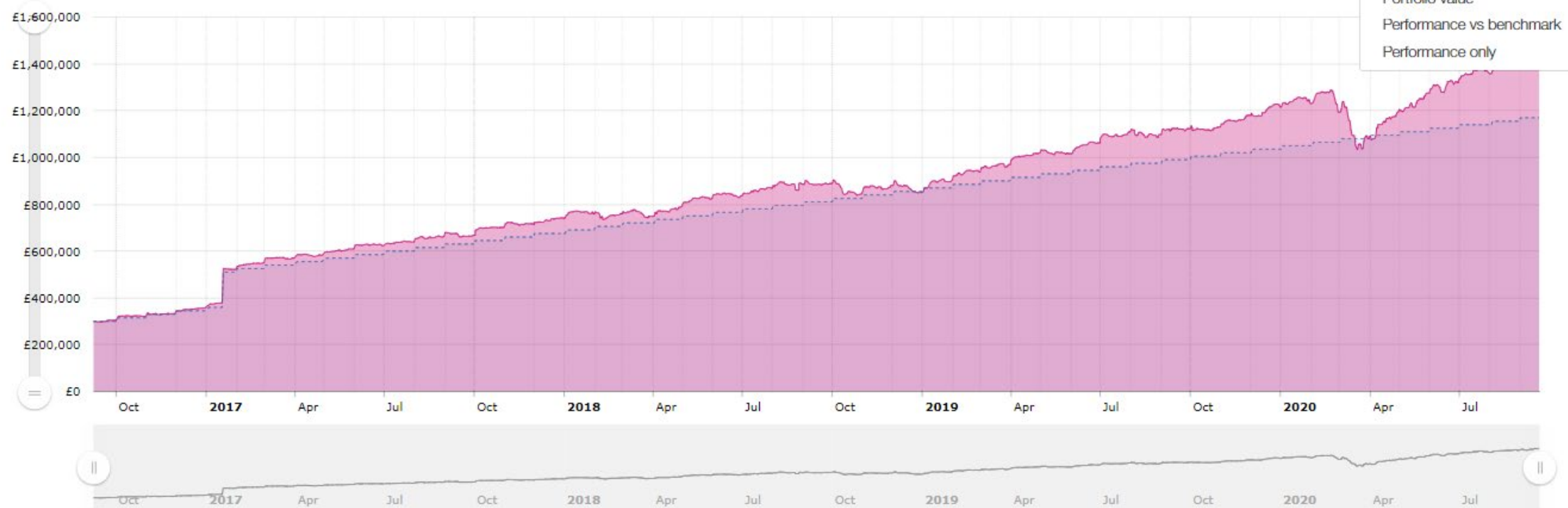
Sustainable Development Goals

Carbon Emissions

My Positive Impact PF: £1,441,812 (£271,812 lifetime growth)

PORTFOLIO VALUE ▾

EXPORT DATA



Portfolio value



Cumulative contributions and withdrawals

All time

12m

3m

QTD

Alternative investments

Wider range of investments that include alternatives and investment companies

- Schroder Big Society Capital Investment Trust
- Renewable energy infrastructure
- Keystone Positive Change



Our fees

Tiered on total portfolio value, and adviser charging paid quarterly

Portfolio Size	Management Fees p.a %
£1m - £1.5m*	0.70
£1.5m-£2.5m	0.60
£2.5m-£3.5m	0.55
£3.5m-£5m*	0.50

**Management fee >£5m negotiable*

	£1,000,000	£3,500,000
EQ Fee (custody and portfolio management)	0.70%	0.50%
VAT @20%	0.14%	0.10%
Underlying ongoing charges figure	0.25 – 0.60%	0.25 – 0.60%
Transaction charges	~0.10%	~0.03%
Total	1.19% - 1.54%	0.88% - 1.23%

Summary

Our Bespoke Service is designed to be flexible

We work with you to ensure the right outcomes for your clients

- ✓ Personalised impact reporting and analysis
- ✓ Tailored portfolios built using a wider investment universe
- ✓ Managed by a specialist sustainable investment manager, allowing you to leverage on our expertise

For further information

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Important information

The information contained in this presentation is for professional advisers only and should not be considered either as a personal recommendation to invest or confirmation of suitability of any investment for your clients.

Past performance is not a guide to the future. The value of investment and the income derived from it can go down as well as up and clients can get back less than they originally invested.

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