



EQ investors

Meeting unmet needs in emerging markets:
EQ Positive Impact Portfolios
Positive Impact Report 2021 Launch

Introducing EQ Investors



Staff owned sustainable investment manager

- £1.7 billion AUM (Sept 2021)
- Founding UK B Corporation
- Focusing on sustainable and impact investing since 2008



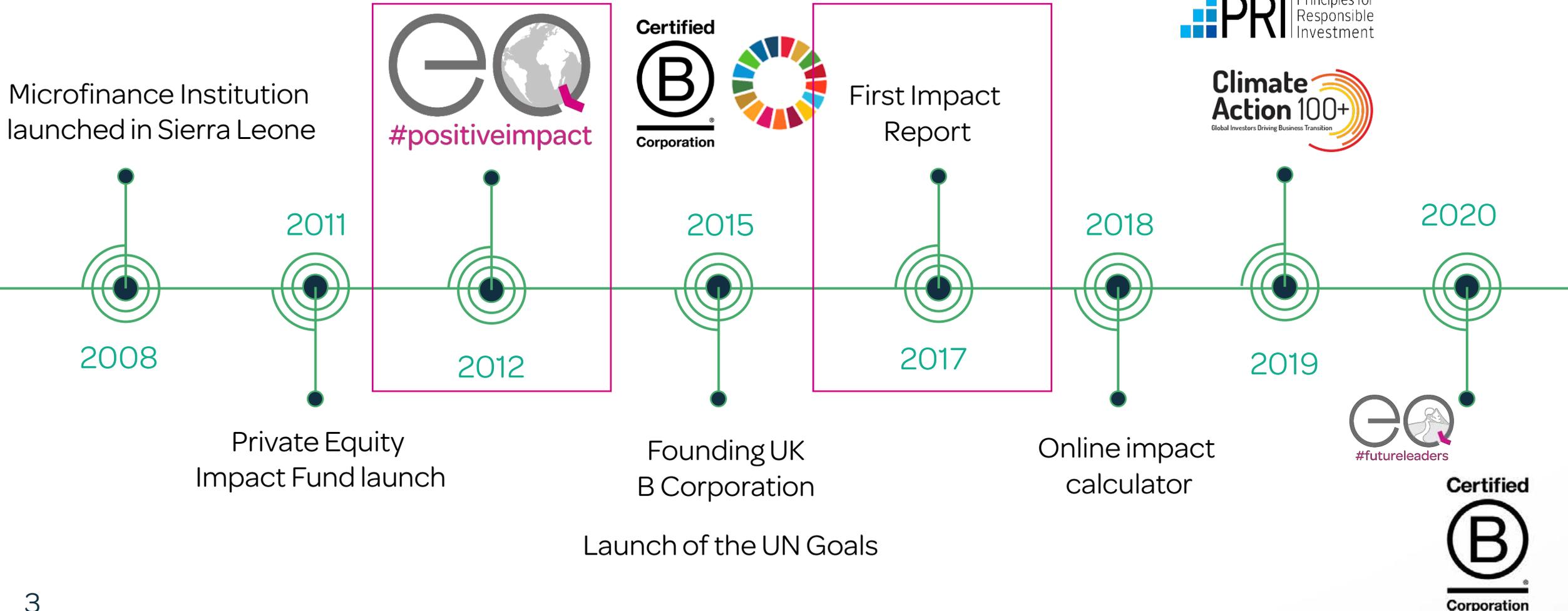
WINNER
WEALTH MANAGER:
FUND SELECTION TEAM
OF THE YEAR



This is a journey, our story so far



Our expertise in impact investing has built over time



Signatory of:



Ask for a copy!



Agenda



1	2021 Positive Impact Report: Key highlights – <i>Louisiana Salge (EQ)</i>
2	Q&A
3	Fund perspective: Impact investing for unmet needs – <i>Tim Crockford (Regnan)</i>
4	Investee case study: Afya – <i>Renata Costa Couto (IR manager)</i>
6	Q&A



2021 Positive Impact Report: Key highlights



Louisiana Salge,
EQ Investors
Senior Sustainability
Specialist



EQ Positive Impact Portfolios

Maximise impact
Products and services that deliver a measurable social or environmental impact

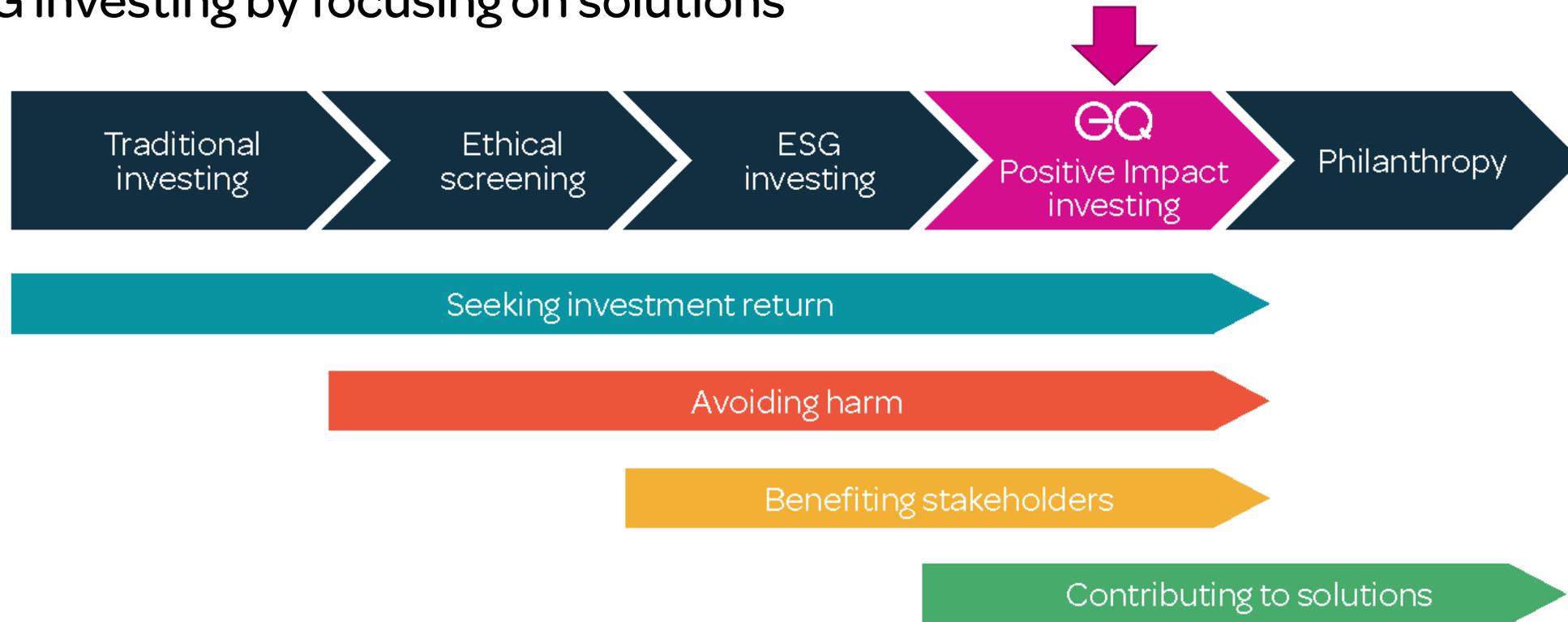
Maximise returns
For each risk profile



Our approach to impact investing



Our Positive Impact approach goes beyond ethical screening and ESG investing by focusing on solutions

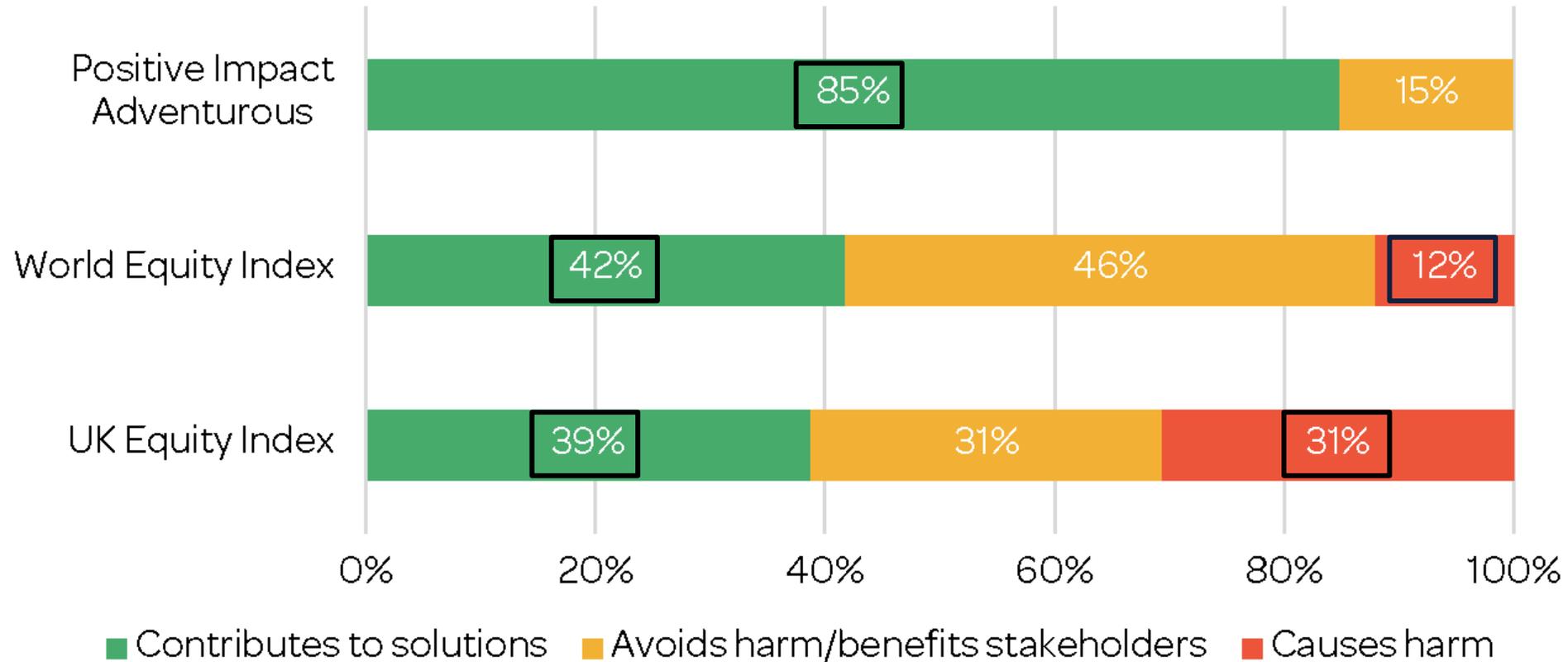


Adapted from: *The Bridges Spectrum of Capital*, Bridges Fund Management (2013) and the Impact Management Project



Spot the difference

Investing this way means that the EQ Positive Impact portfolios look quite different to traditional investments



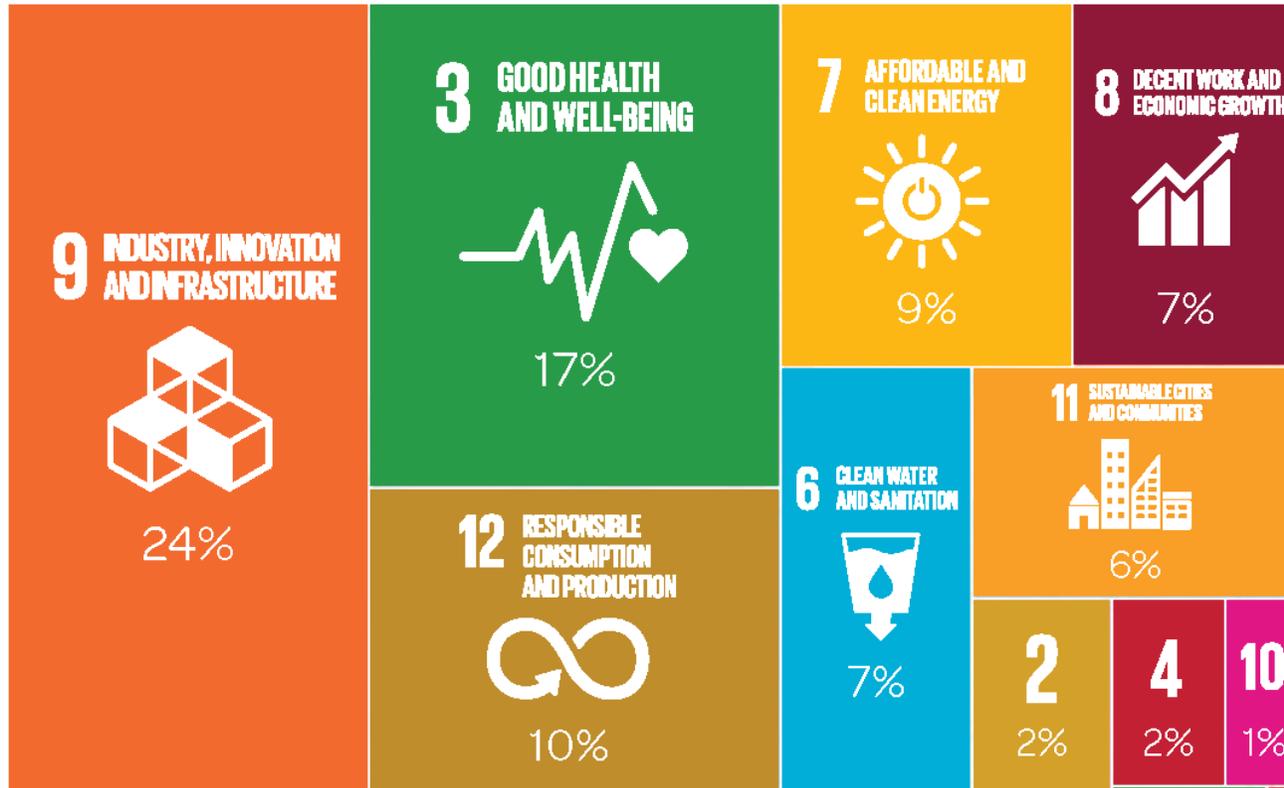
Our solutions



- ✓ Telecommunications
- ✓ Power networks
- ✓ Efficiency enablers

- ✓ Healthcare
- ✓ Medical research

- ✓ Wind, solar and hydro
- ✓ Green electric utilities



- ✓ Building societies
- ✓ Financial services in emerging markets



- ✓ Green buildings
- ✓ Affordable housing

- ✓ Charity sector bonds

- ✓ Circular economy
- ✓ Waste & recycling
- ✓ Pollution control

- ✓ Water treatment
- ✓ Water utilities

- ✓ Plant and animal health
- ✓ Farming equipment

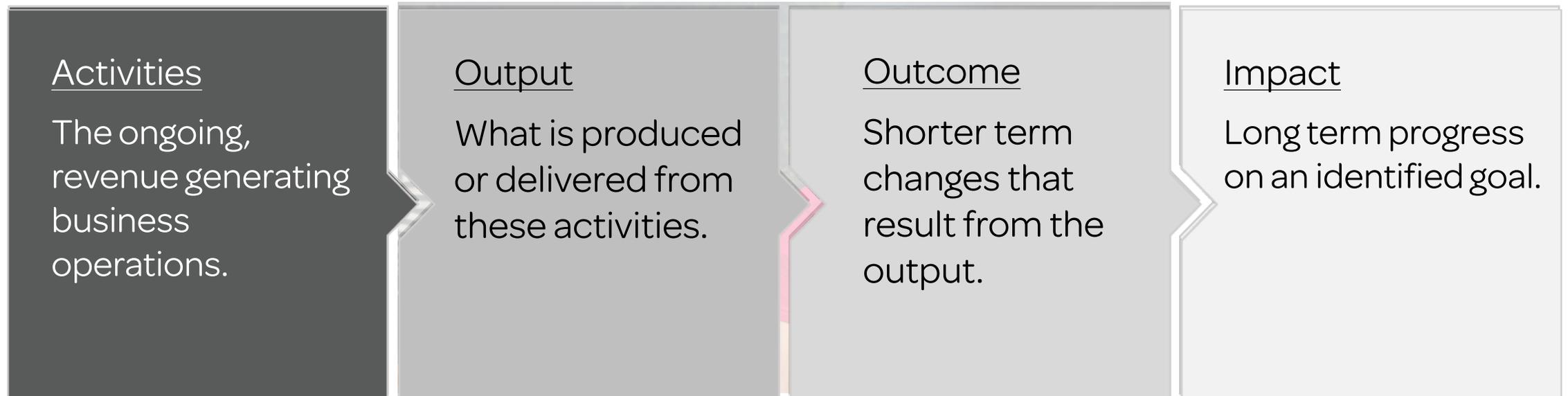
- ✓ Universities
- ✓ Education tech



Theory of change: reporting on solution impact



Example: How we measure impact on unmet needs



Full Portfolio Impact (Social)

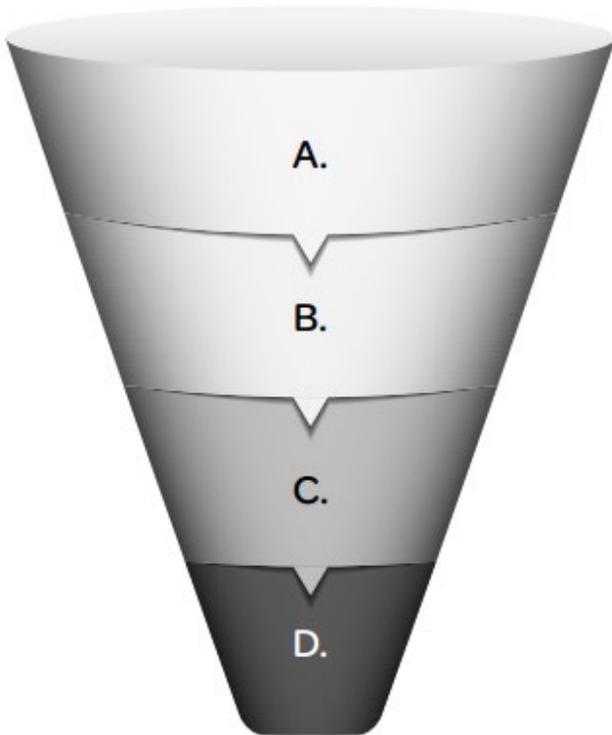
We measure how much our invested businesses have delivered on the green recovery. Impact associated with £1m invested in EQ Positive Impact Adventurous in 2020:



Investing (e.g. buying shares in a company) does not create these outputs and outcomes: they are generated by the activities of our underlying portfolio holdings. An investment can be associated with these measures based on company disclosures and share of ownership. Portfolio weightings as at 31 August 2021. For an in-depth explanation of our impact methodology see: eqinvestors.co.uk/advisers/blog/positive-impact-methodology/

Engaging for change

We engage with fund managers, policy makers and underlying companies as we continually look for opportunities to improve the net-positive impacts associated with our investments.



- A. Fund manager selection
- B. Portfolio monitoring
- C. Collaborative engagement
- D. Our strategic engagement themes

Engaging for change: modern slavery & human rights



We engage for change across a number of strategic themes

Best



Milestone 4



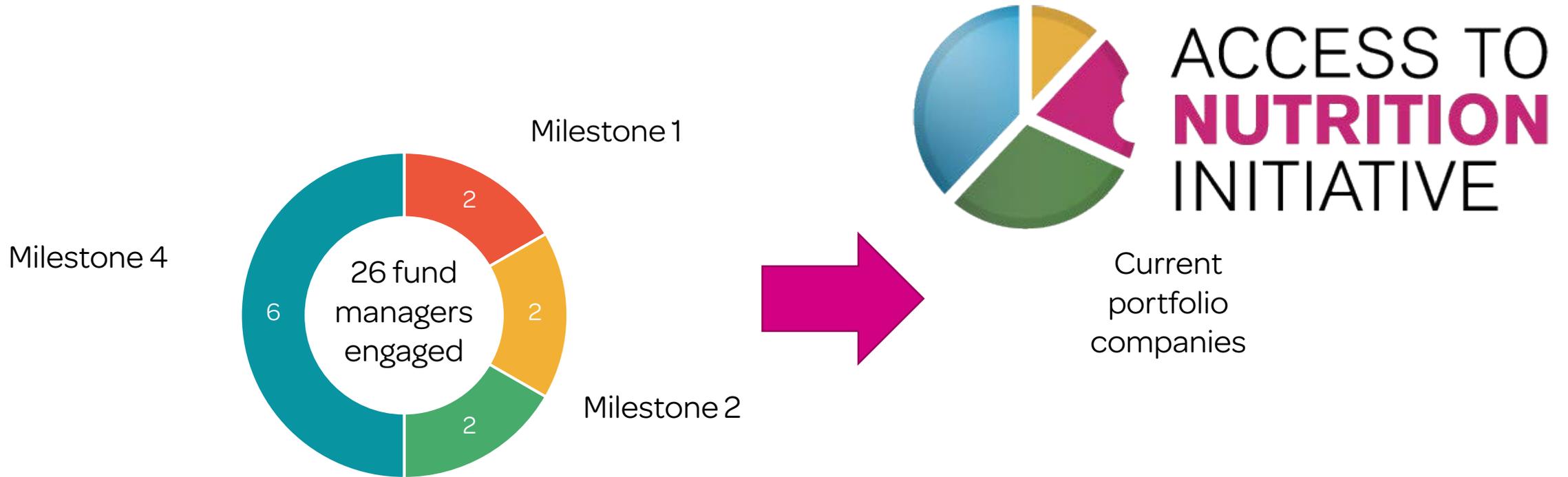
Milestone 2

Milestone 3



Engaging for change: healthy nutrition

We engage for change across a number of strategic themes



ShareAction»

Q&A



Fund perspective: Investing for global impact on unmet needs



Tim Crockford,
Fund manager for
Regnan Global Impact
Solutions Equity



Regnan

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Regnan Global Equity Impact Solutions Fund

Meeting unmet needs in emerging markets

October 2021



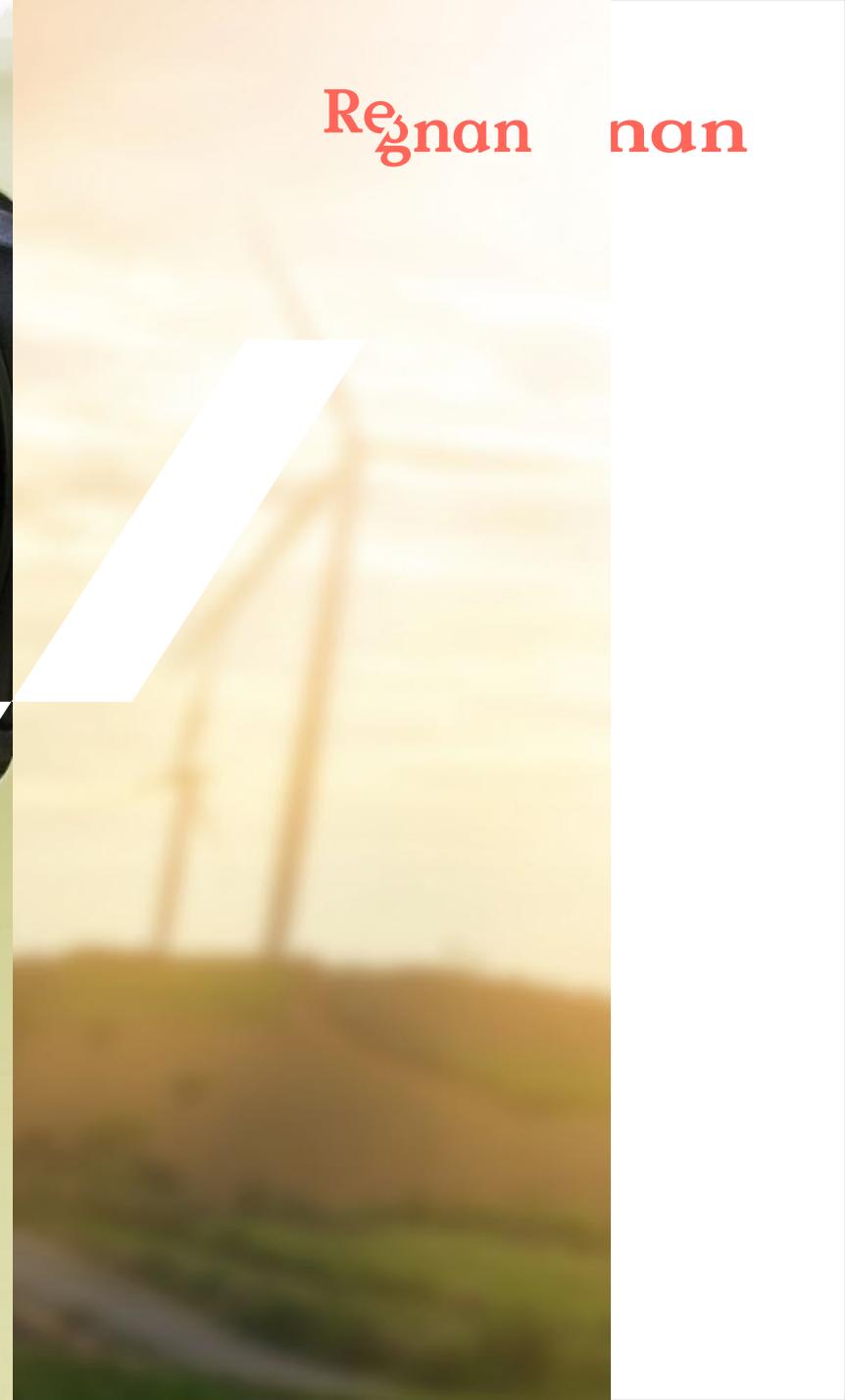
Regnan's Responsible Investment journey



Forward thinking on sustainability issues for **25 years**

Regnan Global Equity Impact **Solutions** Strategy

The impact case is the investment case



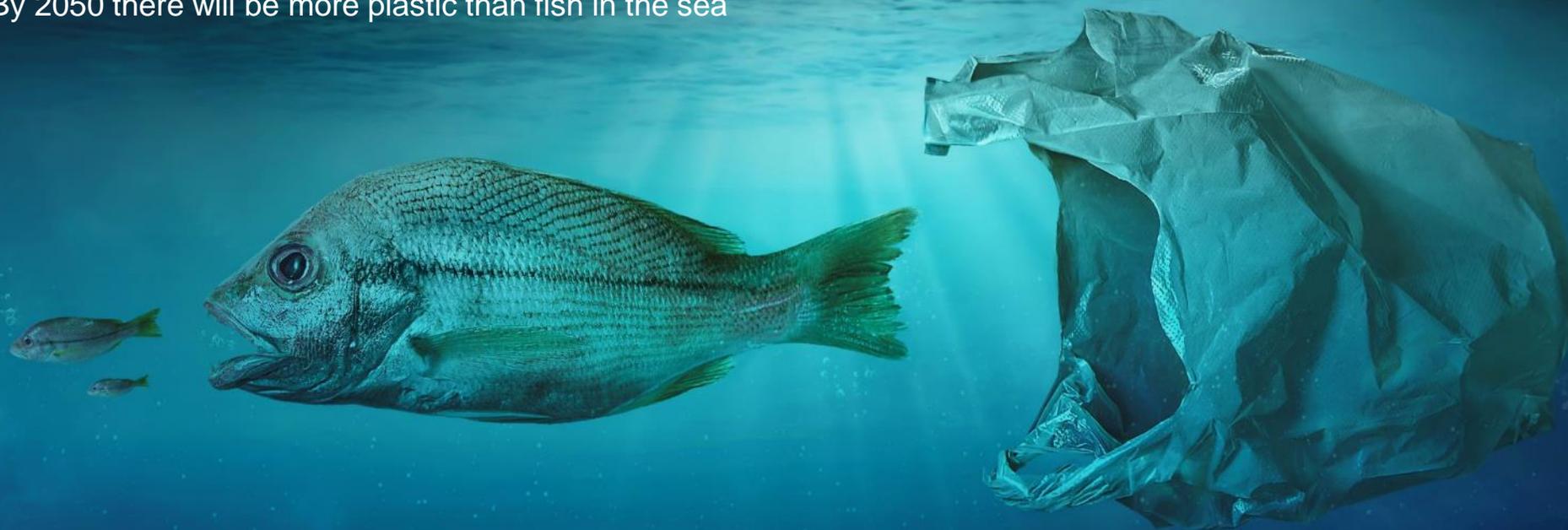
Our approach to impact investing

- ✓ **Impact for portfolio construction**
Impact analysis is integrated with investment analysis, starting with sustainable development goal targets, to identify companies with solutions.
- ✓ **Impact for alpha**
An impact investing approach of selecting companies with products and services that make a difference also drives portfolio growth and investment returns.
- ✓ **Impact for change**
Active ownership and engagement efforts help to drive positive change and generate consistent returns, with measurement and accountability.



The plastic problem

By 2050 there will be more plastic than fish in the sea



SRI

Exclude the worst



ESG

Reduce risks



IMPACT solution

Identify solutions



The Solution

Reverse vending machines for beverage container recycling

Regnan

Solving the problem drives the investment opportunity



Market potential

*Total Addressable Market (TAM) is an estimate of the revenue opportunity available for a product or service, derived from estimates from market research providers. TAM estimates obtained from market research providers and the team's estimate of TAM may differ.

Investment philosophy

We aim to outperform the broad global equity market:



Identify changing systems

with our taxonomy, which helps find new solutions to replace the old systems of growth



Uncover emerging growth opportunities

that meet a structural need and are positioned for demand, revenue, and earnings growth



Invest in companies

that positively impact people and planet, capturing opportunities that market inefficiencies miss

Portfolio companies making an impact in Emerging Markets





BEFESA

STOCK EXAMPLE

Befesa's activities contribute to the following SDG targets and Regnan themes:



- TARGET 12.2
- TARGET 12.4
- TARGET 12.5



- China is the world's largest steel producer, accounting for 53% of the global steel output.
- China's Electric Arc Furnace (EAF) share of steel production lags developed markets (41% in Europe, vs. 10% in China).
- However, the total addressable market (TAM) in China is already larger than in Europe (c.1.5Mt of steel dust vs. 1.0Mt).
- Befesa has started to construct the first and to date only steel dust recycling plants (state-of-the-art, 110kt each) in Henan and Jiangsu.
- We believe there is potential for Befesa, through its exposure to China to double, or triple its steel dust recycling business until 2030.

Source: Regnan, Befesa.

Circular economy

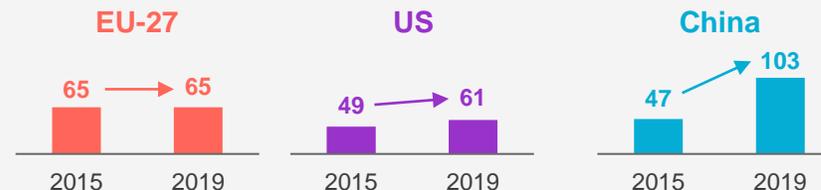
Befesa contributes by reintroducing valuable materials into the production process



Source: Befesa Sustainability Report 2019, p.3.

EAF steel production: EU-27 / US / China, million tonnes

- Primary steel consumes 7x more CO₂ vs. secondary steel
- Europe to grow to 50% EAF and China 40% by 2050



EAF % of total steel production:



China EAFD addressable market > 1.5 millions tonnes vs. c. 1.0-1.3 million tonnes in EU-27 and US each; Expected to grow in share and tonnage.

Source: IEA, October 2020.



Bank Rakyat activities contribute to the following SDG targets and Regnan themes:

TARGET 1.4 1 NO POVERTY 	TARGET 9.3 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	 <p>Financial Inclusion</p>
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- Over 200 million Indonesians live on less than \$4.50 per day and there are 96 million Indonesians on less than \$1.90 a day.
- Over 75,000 villages spread across thousands of archipelagos.
- Hired BRI Link agents (>465,000 branchless agents) and equipped them with an e-banking platform to reach out to unbanked communities.
- In Indonesia, only about 25% of SME's have access to lending. Despite this, over 56 million Micro Small Medium Enterprises (MSME) contributed greater than 50% of Indonesian GDP.



What do MF customers look like, and what do they value?

The typical Micro outlet: small, low-manpower and no-frills; unimposing to Micro customers



YDUQS



YDUQS

STOCK EXAMPLE

YDUQS's activities contribute to the following SDG targets and Regnan themes:

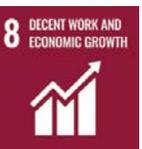
TARGET 3.8



TARGET 4.3



TARGET 8.6



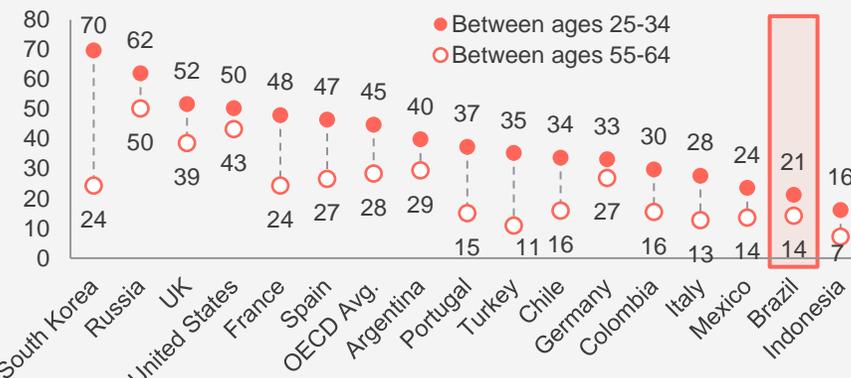
TARGET 10.1



- Today only 21% of Brazil's population aged 25-34 have a degree level education.
- Degree holders earn a 2.4x higher salary versus high school leavers in Brazil.
- YDUQS educates 750,000 students across 119 campuses and 1,225 distance learning centers.
- YDUQS is nearly 10% of the distance learning market in Brazil and expects to reach 1 million students on its distance learning platform by 2022 from 380,000 in 2020

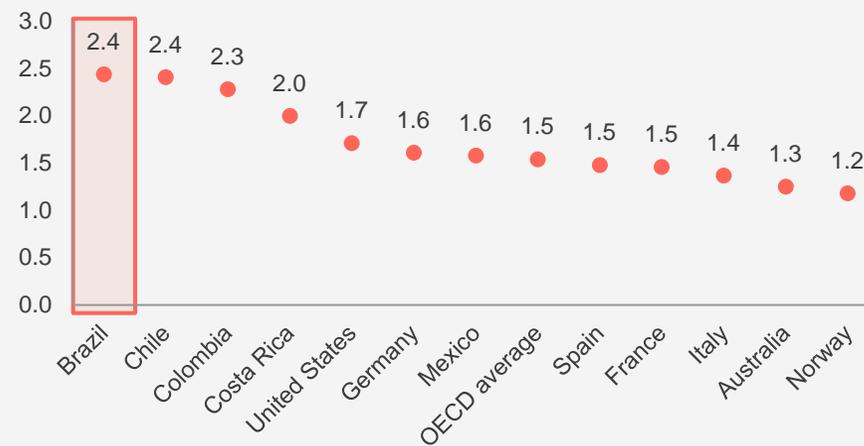
Higher education in Brazil still underpenetrated vs. the world

Percentage of population with higher degree by age group (%)

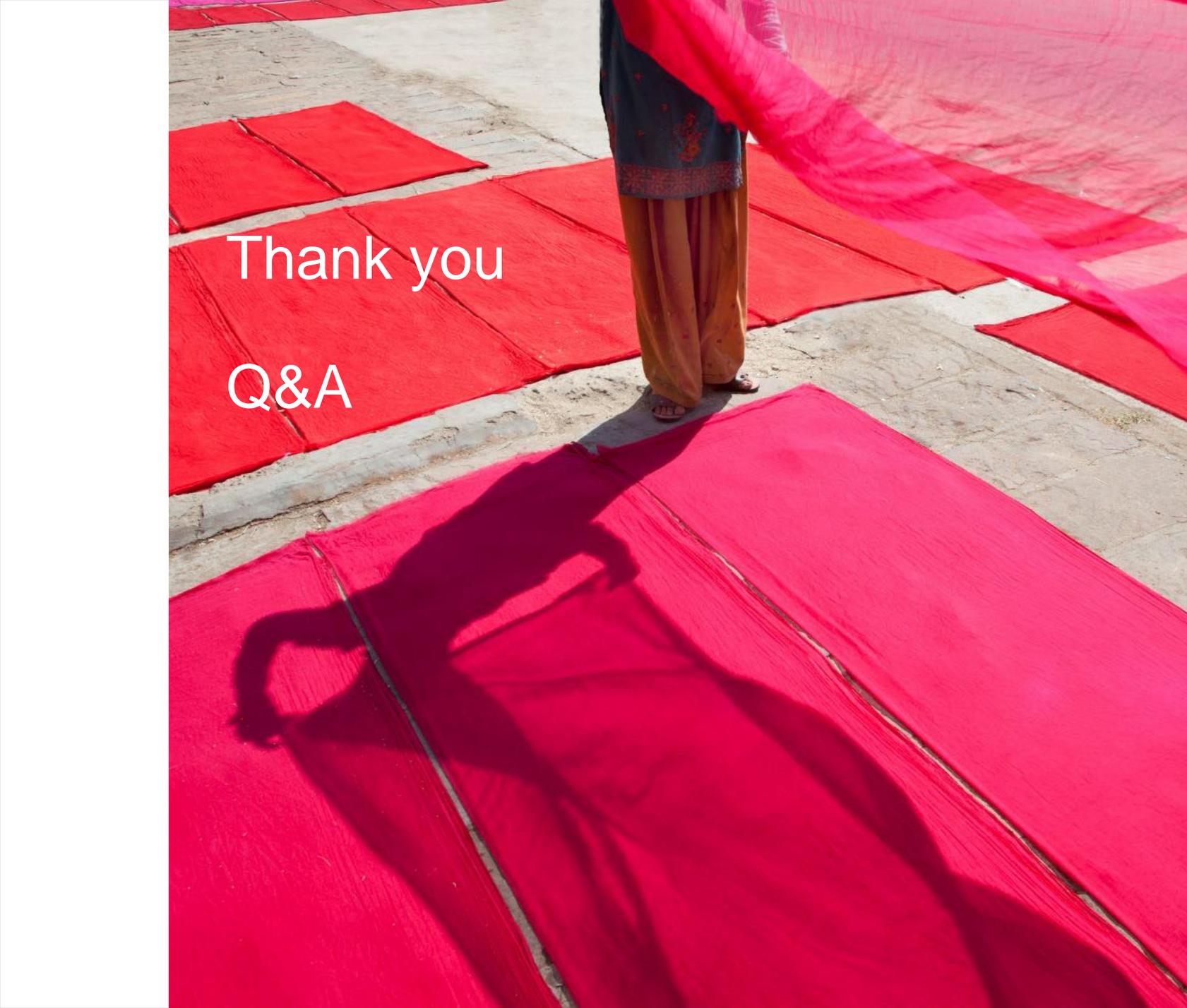


Source: OECD, 2016.

Average salary increase for degree holders vs. high school graduates

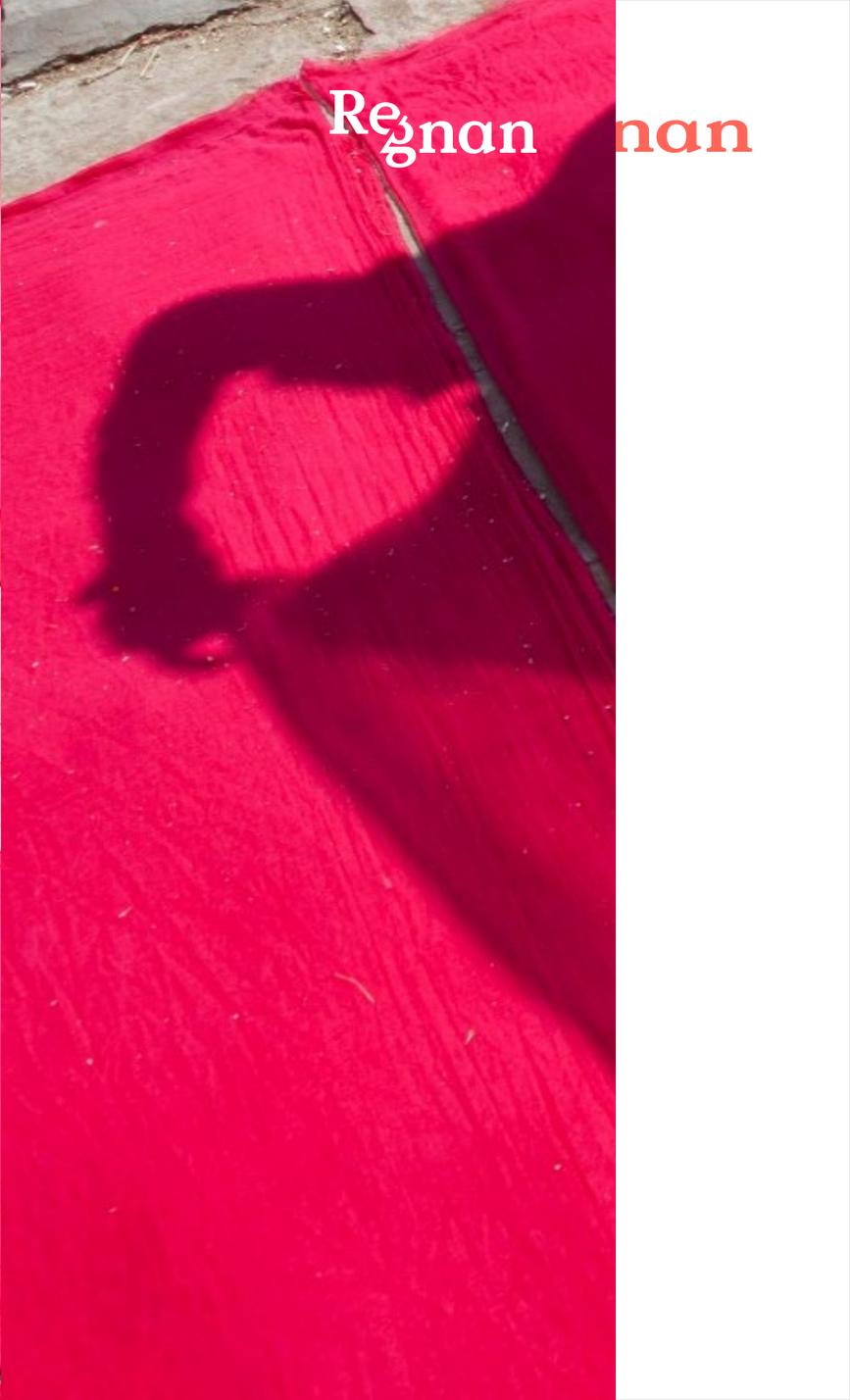


Source: OECD, 2016.



Thank you

Q&A



Regnan nan

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Investee case study: Afya



Renata Costa Couto,
IR Manager at Afya



THESE RESULTS ARE THE FIRST OF SEVERAL
THAT WILL BE RELEASED FROM THE STUDY

Q&A



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