

The background image shows two women in a market stall. The woman on the left has her hair styled in many small braids and is wearing a dark blue patterned top. The woman on the right is wearing a red top and a dark blue hijab. They are both looking at their smartphones. In the background, there are baskets of red tomatoes and other produce.

# 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



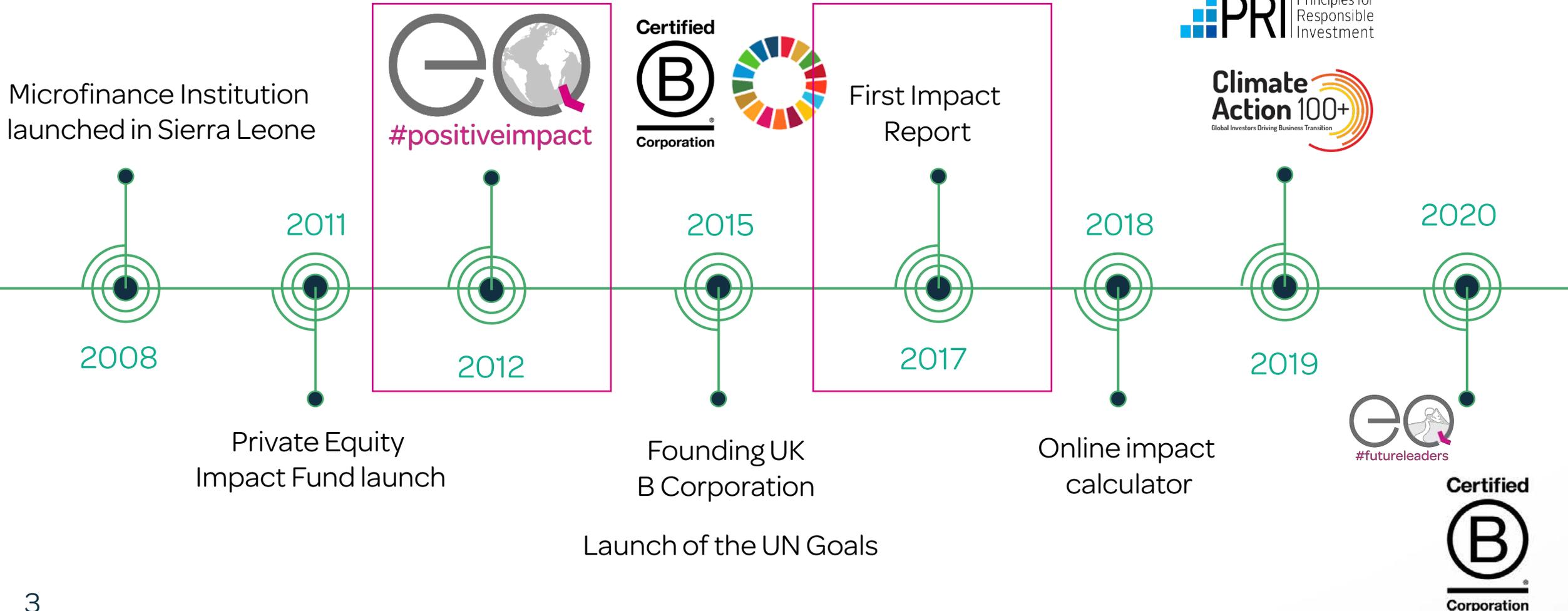
**WINNER**  
WEALTH MANAGER:  
FUND SELECTION TEAM  
OF THE YEAR



# This is a journey, our story so far



Our expertise in impact investing has built over time



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

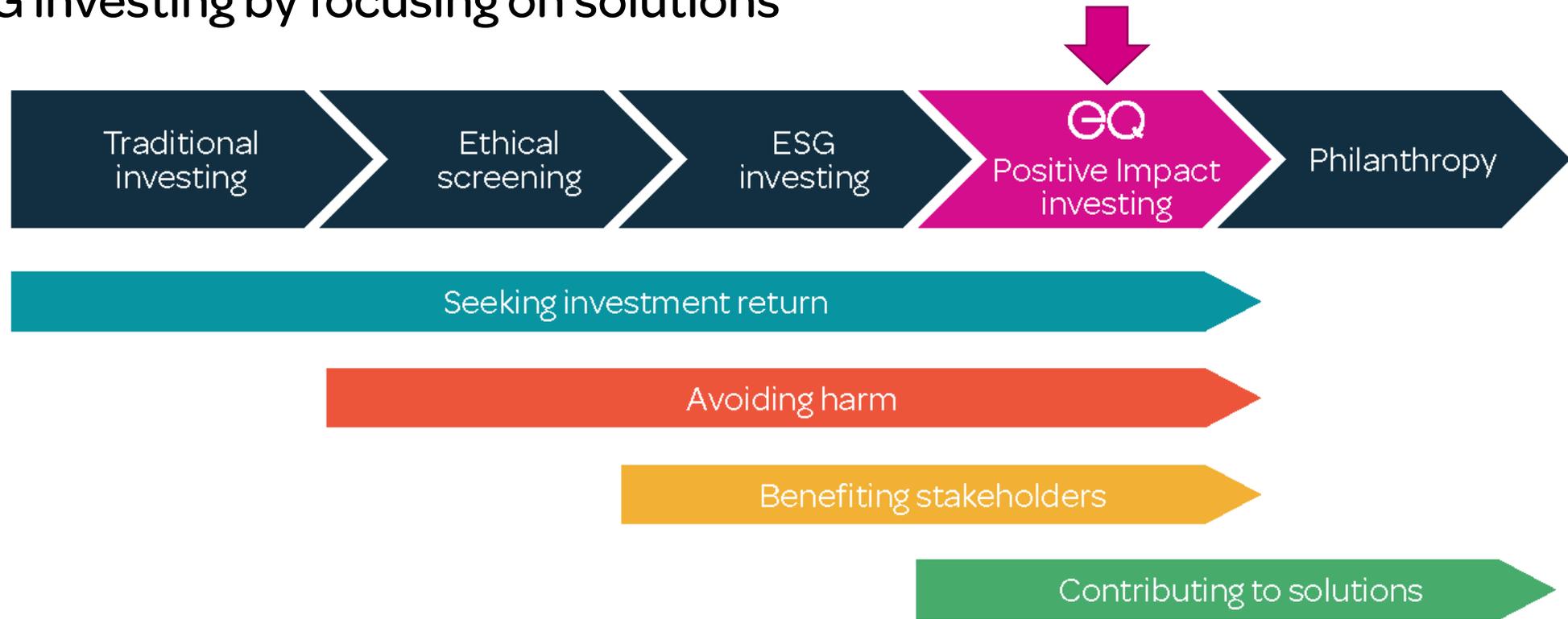
**Maximise returns**  
For each risk profile



# Our approach to impact investing



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

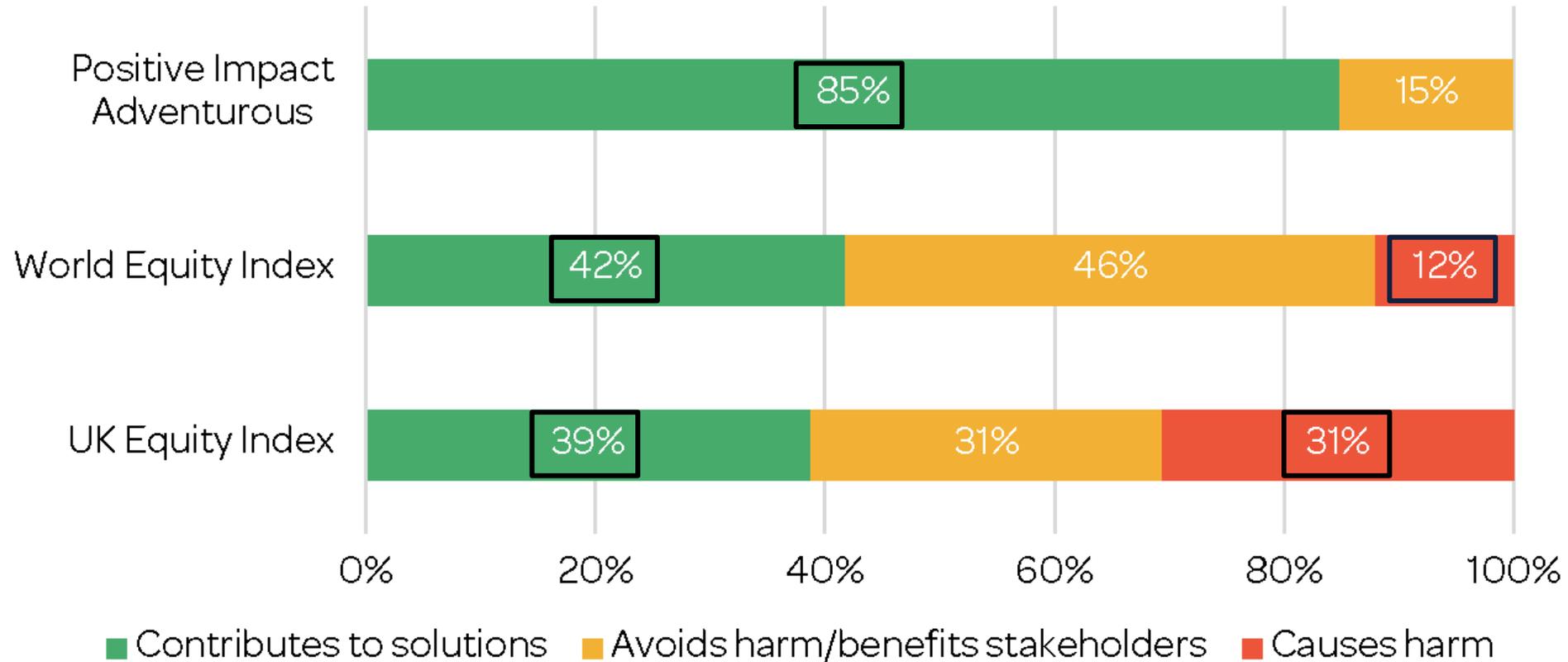


Adapted from: *The Bridges Spectrum of Capital*, Bridges Fund Management (2013) and the Impact Management Project



# Spot the difference

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



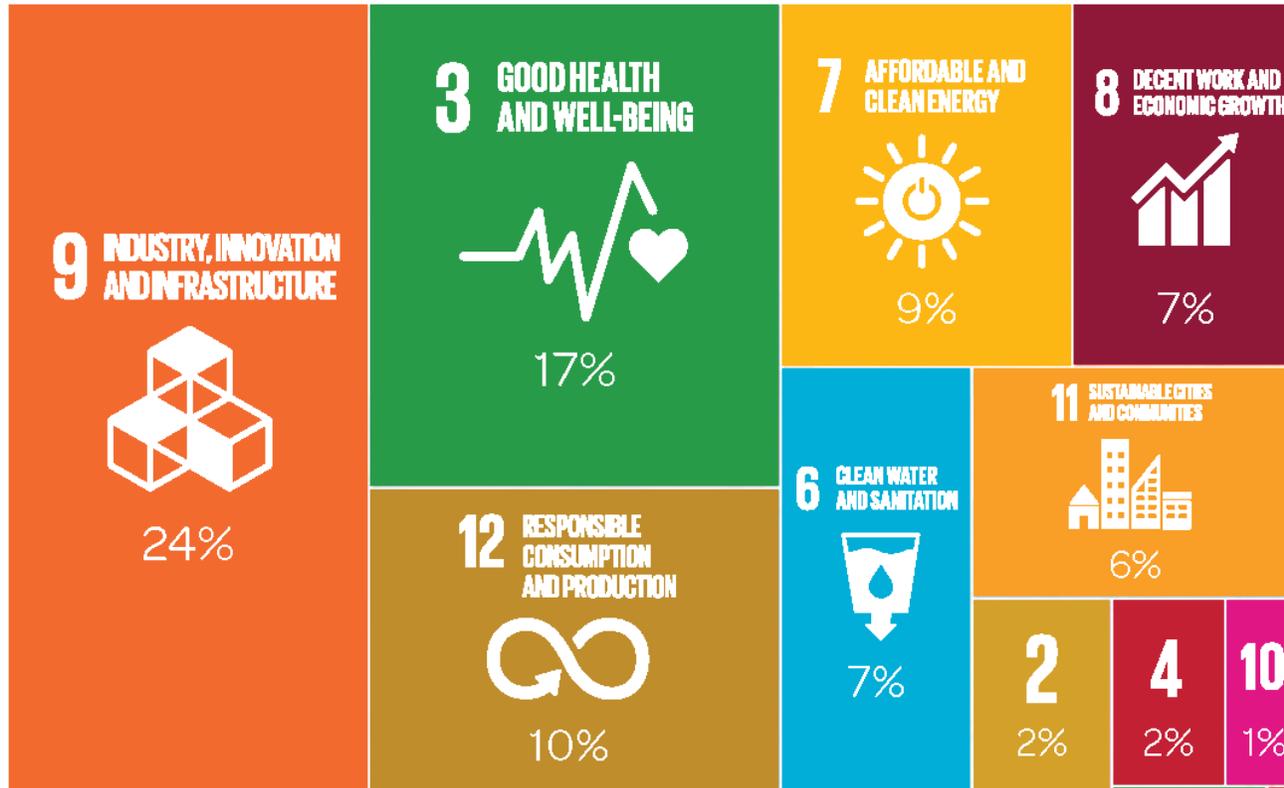
# Our solutions



- ✓ 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

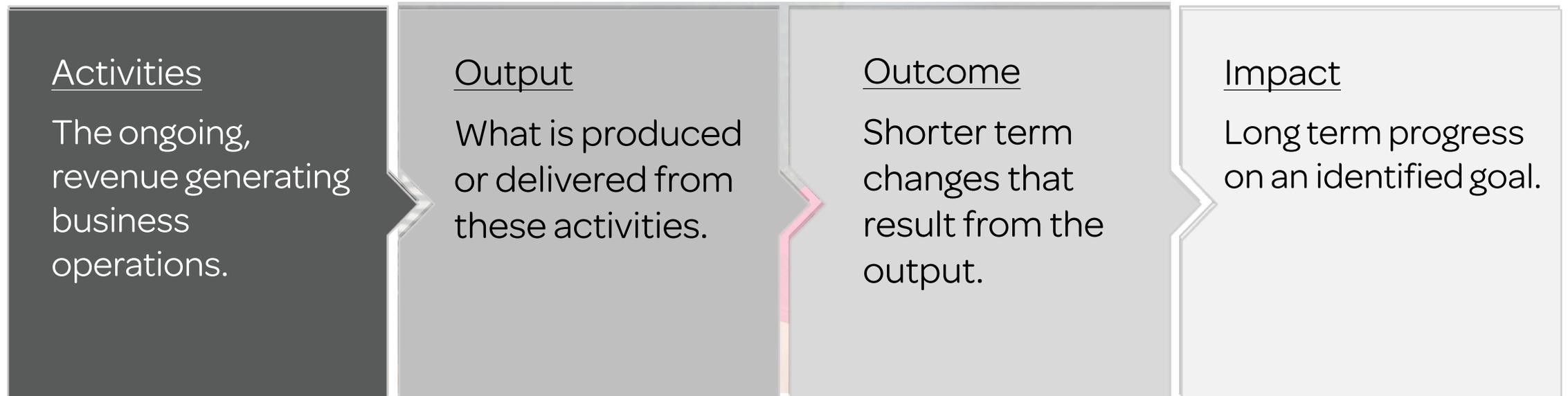
- ✓ Universities
- ✓ Education tech



# Theory of change: reporting on solution impact



Example: How we measure impact on unmet needs



# Full Portfolio Impact (Social)

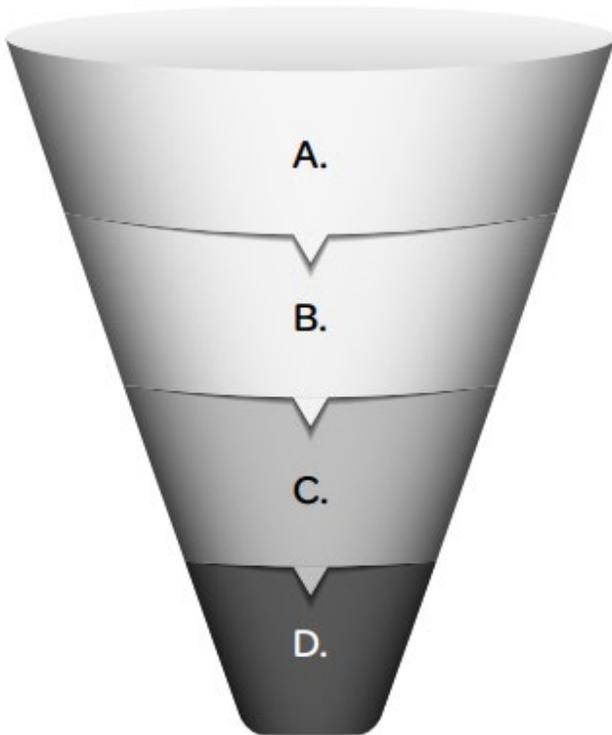
We measure how much our invested businesses have delivered on the green recovery. Impact associated with £1m invested in EQ Positive Impact Adventurous in 2020:



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/](https://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



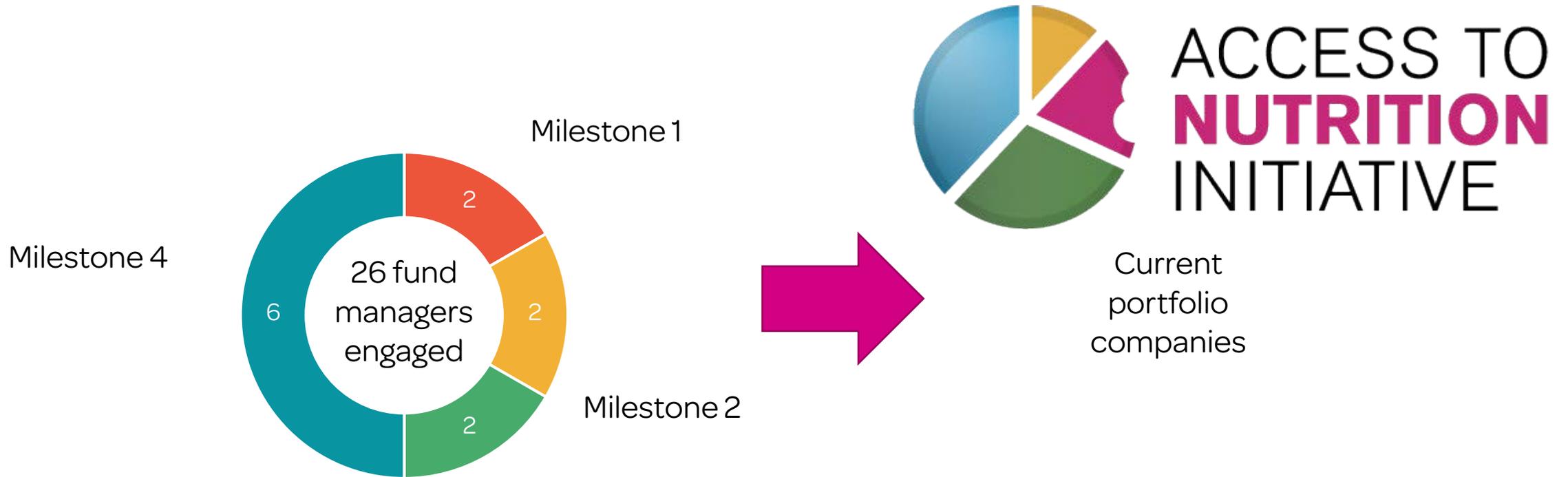
Milestone 2

Milestone 3



# Engaging for change: healthy nutrition

We engage for change across a number of strategic themes



Milestone 3

# 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



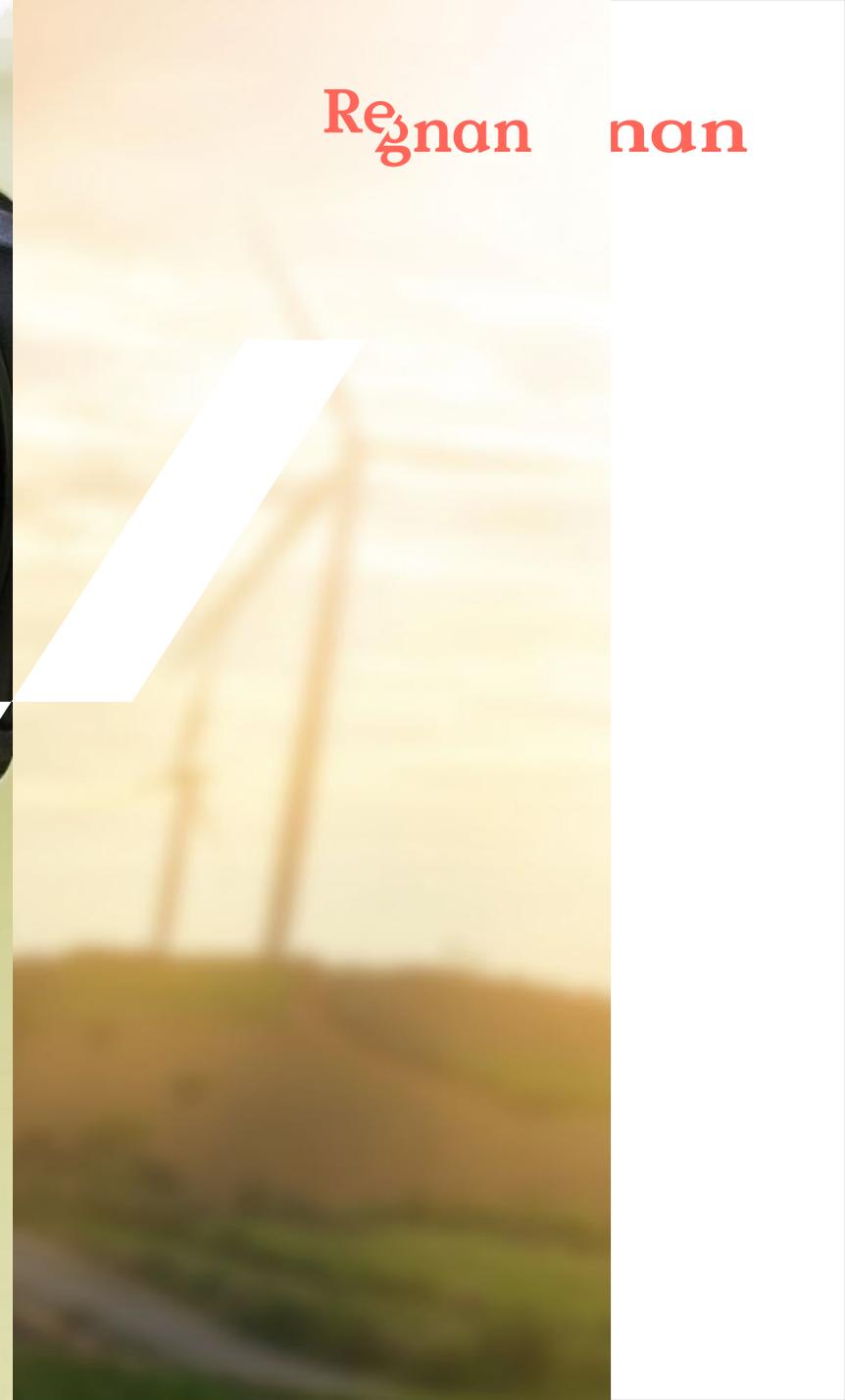
# Regnan's Responsible Investment journey



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

# Regnan Global Equity Impact **Solutions** Strategy

The impact case is the investment case



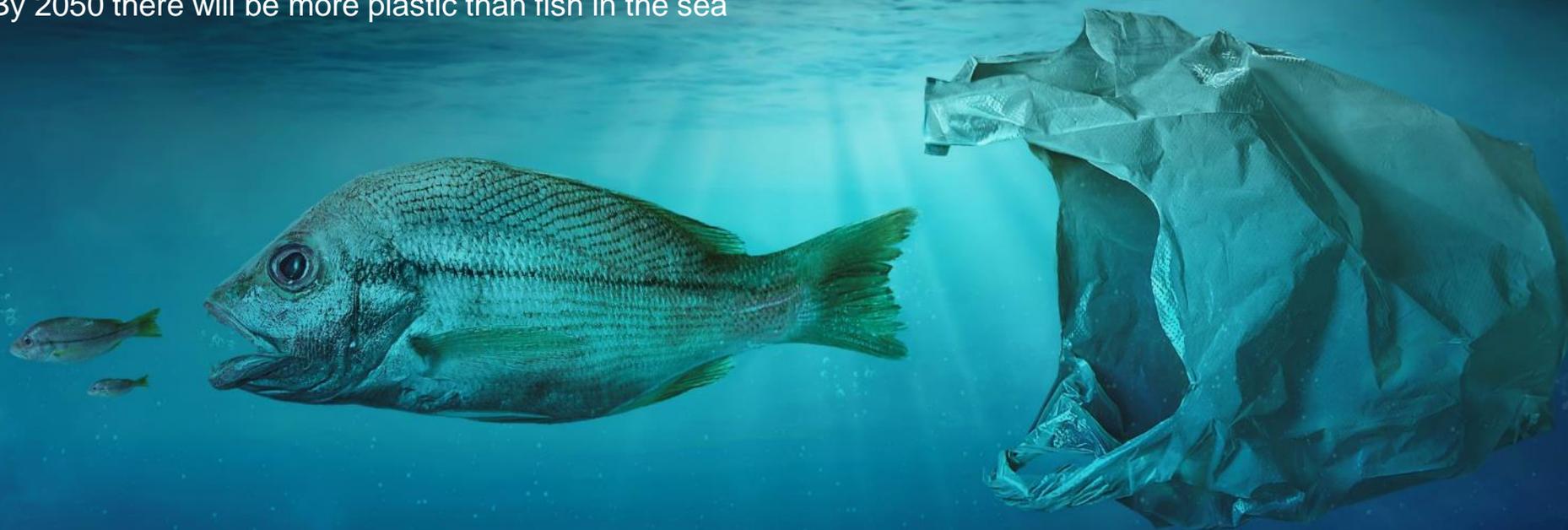
# Our approach to impact investing

- ✓ **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

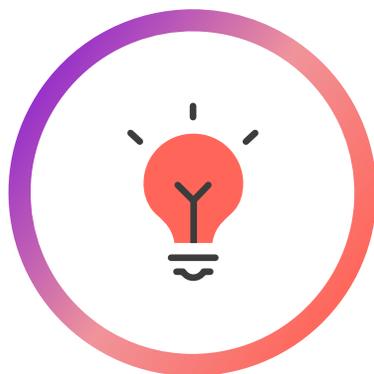


## Market potential

\*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

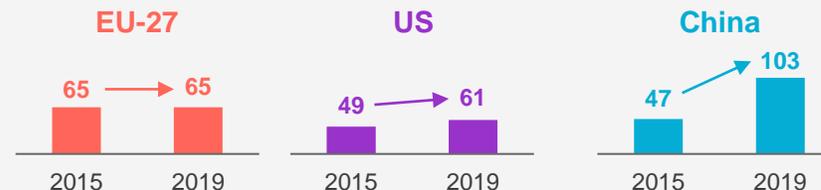
Befesa contributes by reintroducing valuable materials into the production process



Source: Befesa Sustainability Report 2019, p.3.

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

- Primary steel consumes 7x more CO<sub>2</sub> 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:

<b>TARGET 1.4</b>	<b>TARGET 9.3</b>
<b>1 NO POVERTY</b> 	<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 



- 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**

**3** GOOD HEALTH AND WELL-BEING

**TARGET 4.3**

**4** QUALITY EDUCATION

**TARGET 8.6**

**8** DECENT WORK AND ECONOMIC GROWTH

**TARGET 10.1**

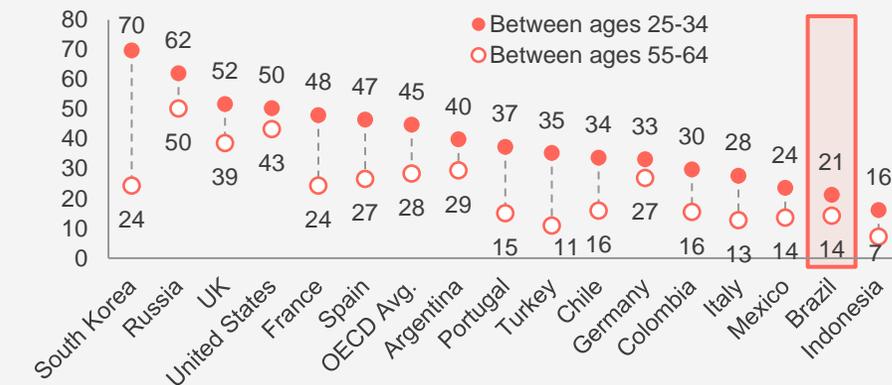
**10** REDUCED INEQUALITIES

- 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

Source: Regnan, OECD.

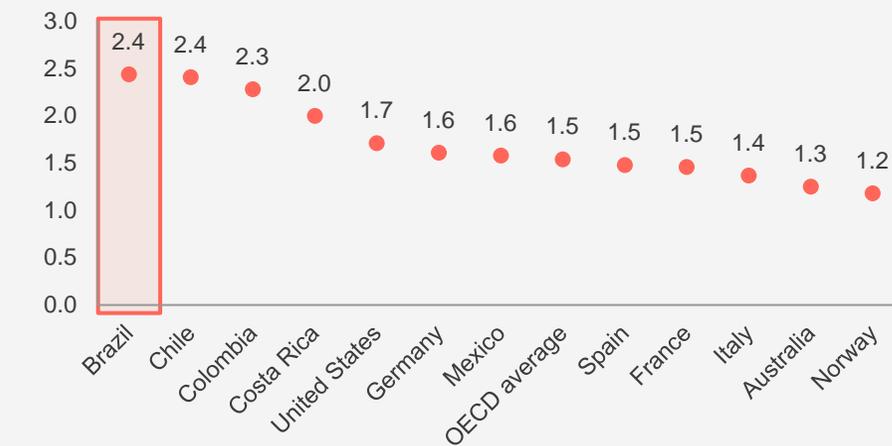
## Higher education in Brazil still underpenetrated vs. the world

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



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# Investee case study: Afya



Renata Costa Couto,  
IR Manager at Afya



THESE ARE THE CHALLENGES WE FACE AS WE  
BUILD THE FUTURE OF OUR COUNTRY AND INDUSTRY

# Q&A



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