eQ investors — Model Portfolio Service

	#futureleaders	#climateaction	#positiveimpact
Objectives *The strategy for achieving the client's goals.*	1) Maximise risk adjusted financial returns. 2) Maximise sustainability credentials. 3) Keep costs low.	1) Maximise risk adjusted financial returns. 2) Support the transition to net zero. 3) Lower carbon footprint than the benchmark.	1) Maximise risk adjusted financial returns. 2) Maximise alignment to positive impacts on the world's significant environmental and social challenges.
Targeted profile of underlying companies *The types of companies you will find in the portfolio.*	Core exposure to companies with strong Environmental, Social & Governance (ESG) credentials across industries. Satellite exposure to companies providing products & services to solve social or environmental challenges, aligned to the UN Sustainable Development Goals. Diversified across sectors and regions.	Core exposure to: • Solutions: companies providing products & services to mitigate and adapt to climate change. • Low Carbon: companies that are leaders in carbon efficiency. • Transition: companies on a credible, science-based path to decarbonisation. Satellite exposure to "Laggard" companies not aligned to net zero, but who can be engaged with for change. Diversified across sectors and regions.	Core exposure to companies providing products & services to solve social or environmental challenges, creating an intentional, material, and additional impact on the UN Sustainable Development Goals. Satellite exposure to companies with strong ESG credentials. Diversified across sectors and regions.
Investment approach	Passive	Hybrid	Active
Underlying fund cost *MiFID II Total Cost (OCF + Transactional + Incidental costs)*	~0.25%	~0.6%	~0.7%
DFM fee *No VAT. Fee depends on AUM.*	0.10–0.24%	0.18–0.32%	0.18–0.32%

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Investor profile *Illustrating different client needs and priorities.*	• Wants to invest sustainably at low cost. • Prioritises cost over, e.g. sustainability preferences. • Wants to support sustainability leaders across most sectors.	• Conscious about climate change, wants to support transition to net zero. • Concerned with climate change over other sustainability challenges. • Interested in influencing transition to a green economy through shareholder voting and engagement. • Wants to invest in solutions to the world's climate challenges • Believes there is significant opportunity in aligning investments to a low carbon world, and risks to not doing so.	• Wants to maximise their positive social and environmental impact • Wants to target solutions to global problems. • Interested in advancing impact across social and environmental issues. • Wants to see the measurable impact of their investments. • Passionate about sustainability in their personal life. • Wants to exclude as many controversial activities as possible.
Negative screens / exclusions *The types of companies you will NOT find in the portfolio.*	EQ's minimum exclusions: • Armaments • Gambling • Pornography • Tobacco • Thermal coal Additional exclusions: • Fossil fuel exploration and production • Fossil fuel reserves • Alcohol	EQ's minimum exclusions: • Armaments • Gambling • Pornography • Tobacco • Thermal coal Additional exclusions: • Fossil fuel exploration and production	Naturally avoids most controversial sectors and business activities preventing progress towards the UN Goals, including: • Air travel • Alcohol • Armaments • Fossil fuel exploration, production, distribution and service • Gambling • Military contracting • Mining • Palm oil • Pesticides • Poor labour standards • Tobacco • Unhealthy food and beverages

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Impact / sustainability reporting *Measurements available*	Carbon footprinting Carbon calculator UN Sustainable Development Goal (SDG) alignment Quarterly company case studies	Carbon footprinting Carbon calculator Science Based Targets initiative alignment Quarterly company case studies	Carbon footprinting Carbon calculator UN Sustainable Development Goal alignment Impact calculator Quarterly company case studies
SDG alignment *Proportion of the portfolio that positively contributes to at least one of the SDGs.*	c. 60–70%	Not relevant for this proposition	>80%
Negative impact *Proportion of the portfolio that negatively impacts on (any) SDG.*	<5%	Not relevant for this proposition	<1%
Carbon footprint *Carbon intensity (market value) covering Scope 1, 2 & 3 within the portfolio*	~40% lower than global equities	~45% lower than global equities	~50% lower than global equities
Climate alignment *The proportion of the portfolio in companies that are contributing to decarbonisation*	Not relevant for this proposition	85% via: • Solutions (core products & services) • Low Carbon (industry-leading practices regarding climate management) • Transition (credible plans in place to decarbonise their business model)	Not relevant for this proposition

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Style bias	The exclusions lead to a moderate bias away from the value style. The focus on ESG Leaders leads to a moderate bias towards the quality factor.	The exclusions lead to a moderate bias away from the value style.	The focus on companies evolving in fast growing themes leads to a structural bias to the growth style.
Market cap bias	The use of passives leads to a structural bias towards large sized companies.	The use of passives leads to a structural bias towards large sized companies.	The focus on companies evolving in fast growing themes leads to a structural bias towards medium sized companies.
Performance divergence (ie tracking error) vs traditional portfolios / indices	Low to moderate tracking error due to limited negative exclusions and limited style and market cap biases.	Low to moderate tracking error due to limited negative exclusions and limited style and market cap biases.	Moderate to high tracking error due to higher number of sector exclusions and style and market-cap biases.
Concentration of holdings (Balanced risk profile)	1,005 equity holdings 2,338 bond holdings (As at 30/09/22)	812 equity holdings 939 bond holdings (As at 30/09/22)	444 equity holdings 701 bond holdings (As at 30/09/22)

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This document has been drafted solely to put potential investors into an informed position regarding the objectives, targeted profile of the underlying companies and excluded company types of our model portfolio range. It does not constitute a personal recommendation. These model portfolios are not suitable for all investors: investments may only be undertaken based on a recommendation from a financial adviser. Past performance is not a guide to future performance. The value of investments and the income derived from them can go down as well as up so you could get back less than you originally invested.