eQ investors

Model Portfolio Service

	#futureleaders	#climateaction	#positiveimpact
Objectives *The strategy for achieving the client's goals.*	Dual mandate 1) To achieve long-term capital growth, 2) By investing in the most responsibly run businesses and avoiding the most controversial activities. This is achieved by investing in low cost passive funds that invest in well-run businesses, showing leadership within their sector in managing relevant environmental, social and governance (ESG) risks, and that avoid the most controversial activities. This is complemented by sustainable thematic funds.	Dual mandate 1) To achieve long-term capital growth, 2) By investing in companies that demonstrate climate change leadership. This is achieved through a well diversified investment approach, selecting active and passive funds investing in climate leadership across three lenses: companies providing climate solutions, companies that show low carbon footprints in their sector, and climate improvers aiming to decarbonise on a science-based pathway. This is complemented with an intentional focus on engagement to support companies on this path.	Dual mandate 1) To achieve long-term capital growth, 2) By investing in the most responsibly run businesses and avoiding the most controversial activities. This is achieved by investing in actively managed funds, focused on companies that deliver positive impact through their products and services, while also being responsibly run. This positive impact approach naturally excludes controversial activities. companies on this path.
Targeted profile of underlying companies *The types of companies you will find in the portfolio.*	Core: Companies with strong Environmental, Social & Governance (ESG) credentials across industries. Satellite: Includes specific exposure to companies with products and services that solve social or environmental problems, which are aligned with the UN Sustainable Development Goals (SDGs). Diversified across sectors and regions.	Companies with low carbon footprint relative to industry peers (low carbon leaders). Companies with higher emissions but with a credible plan to decarbonise (improvers). Companies whose products and services provide solutions to climate change mitigation and adaption. Diversified across sectors and regions.	Companies whose products and services solve social and environmental problems, providing intentional, material, and additional impact on the UN Sustainable Development Goals (SDGs). Companies also need to show leading and/or improving ESG credentials. Diversified across sectors and regions.

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Investment approach	Passive	Hybrid	Active
Underlying fund cost *MiFID II Total Cost (OCF + Transactional + Incidental costs)*	0.25%	0.46%	0.56%
DFM fee *No VAT. Fee depends on AUM.*	0.10–0.20%	0.18–0.32%	0.18–0.32%
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.* *Negative screens are applied on companies flagging in a given category beyond a minimum threshold of revenues, which is usually >5% but varies by category. Please see full exclusion policy document here.*	EQ's minimum exclusions: • Armaments • Gambling • Pornography • Tobacco • Thermal coal Additional exclusions: • Fossil fuel exploration and production • 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 UN Sustainable Development Goal (SDG) alignment Annual Future Leaders Sustainability Report Quarterly case study reporting	Carbon footprinting Annual Climate Action Progress Report Quarterly case study reporting	Carbon footprinting UN Sustainable Development Goal (SDG) alignment Impact calculator Annual Positive Impact Report Quarterly case study reporting
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*	61% lower than MSCI ACWI IMI Index (All Equity Portfolio, May '24)	53% lower than MSCI ACWI IMI Index (All Equity Portfolio, May '24)	43% lower than MSCI ACWI IMI Index (All Equity Portfolio, May '24)
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 of fossil fuels, armament and tobacco mean that the portfolios have an underweight to value vs a more traditional benchmark or peer group	The exclusions of fossil fuels, armament and tobacco mean that the portfolios have an underweight to value vs a more traditional benchmark or peer group.	The exclusions of mining, fossil fuels, armament and tobacco mean that the portfolios have an underweight to value vs a more traditional benchmark or peer group. The focus on companies evolving in fast growing themes mean that the portfolios are likely to have an overweight to growth vs a more traditional benchmark or peer group.
Market cap bias	Structural bias towards large size companies.	Structural bias towards larger size companies due to the hybrid approach.	<1% Structural bias towards medium size growth 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)	933 underlying equity holdings 5,031 underlying bond holdings	1,518 underlying equity holdings 747 underlying bond holdings	381 underlying equity holdings 954 underlying bond holdings

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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.