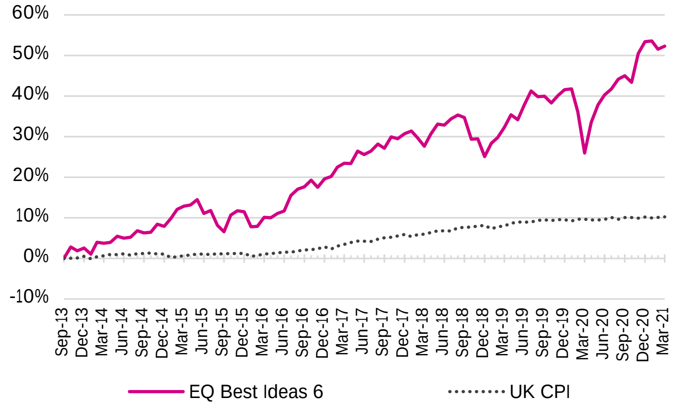
Best Ideas 6 - Balanced
Model Portfolio Factsheet

31 Mar 2021

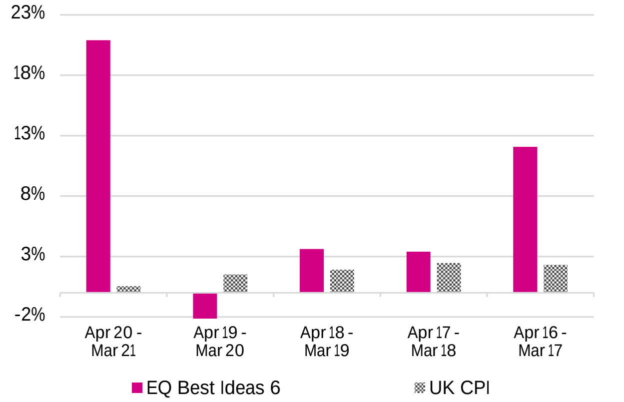
Our signature strategy invests in the very best ideas unearthed by our research team. This includes both specialist, actively managed funds and passive tracker funds, with an overall aim of beating the market.

This portfolio has a range of investments with different risks, where equity holdings are limited to 70%. It aims to reduce investment risk by diversifying across regions and asset classes, and achieve a balance of capital protection and participation in equity market growth. We benchmark this portfolio against the UK Consumer Price Index (UK CPI).

Past performance since inception: 30/09/2013 to 31/03/2021



Discrete performance



Cumulative performance	3M	6M	1Y	3Y	5Y	Since incep.
EQ Best Ideas 6	-0.73%	5.01%	20.90%	19.31%	38.27%	52.29%
UK CPI	0.05%	0.15%	0.54%	4.02%	9.05%	10.25%

Discrete performance	Apr 20 - Mar 21	Apr 19 - Mar 20	Apr 18 - Mar 19	Apr 17 - Mar 18	Apr 16 - Mar 17
EQ Best Ideas 6	20.90%	-4.77%	3.63%	3.40%	12.08%
UK CPI	0.54%	1.52%	1.91%	2.46%	2.32%

Volatility	1Y	3Y	5Y	Since incep.
EQ Best Ideas 6	7.70%	8.75%	7.28%	6.87%
UK CPI	0.88%	1.01%	1.02%	1.08%

Underlying fund charges & yield	
Ongoing charges	0.63%
12 month indicative yield	1.03%

Portfolio manager

Kasim Zafar, CFA

Kasim is EQ's Investment Strategist and also the Investment Manager for the EQ Investors Best Ideas and Low Cost model portfolios. He leads EQ's research in portfolio strategy and supports the investment team's fund research across all asset classes. He began his career in investments in 2002 at a boutique alternative investment specialist, moving into multi-asset investing in 2010. He has gained experience as an investment manager and analyst across global capital markets, building portfolios with varying risk and return objectives. Kasim is a CFA charter holder, being a regular member of the CFA Institute and CFA UK. He graduated with a BSc (Hons) in Physics from Imperial College.

Model performance is shown in sterling, net of underlying fund charges and an EQ management fee of 0.59% (including VAT) per annum, but excludes platform and advice fees. Underlying fund charges may vary depending on platform. All income reinvested; actual returns may vary. UK Consumer Price Index (CPI) is the commonly accepted measure of domestic inflation, following average month on month changes in the prices of goods and services purchased by UK households. Due to significant lag on CPI valuation, the previous month's CPI figure is carried over to the latest month. Data sources: EQ, Morningstar.

Past performance is not a reliable indicator of future performance. The value of investments and income derived from them can go down as well as up and you may get back less than originally invested.

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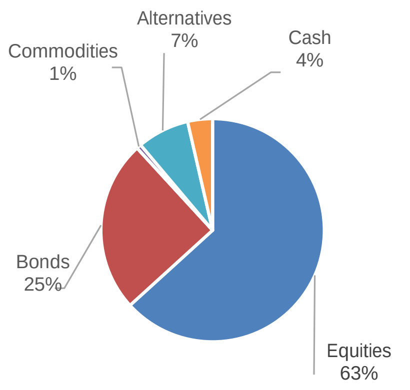
Asset allocation



Asset class outlook

Equities: We share in the optimism that vaccination programmes will lead us out of lockdown and back towards normality. Powerful monetary and fiscal measures should support markets, but we maintain some caution given the risk of long term economic scarring. Markets have come a long way since November but on balance we increase our exposure to growth assets slightly. Within growth assets, we reduce exposure to defensive sectors in favour of more cyclical sectors.

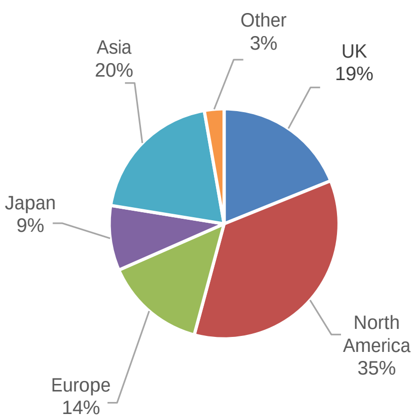
Bonds: While holding ourselves back from a more overtly bullish outlook, we maintain a neutral exposure to the defensive qualities of bonds. Given the corporate bond purchase programmes of various central banks, we are comfortable holding corporate debt alongside government debt. That said, we are growing wary of rising risks to bonds from higher inflation. Hence we prefer inflation linked bonds and those with a shorter time left to maturity as a good store of value.

Property: Our view on other asset classes is more constructive than property and so we maintain a low exposure in the short term. As economies reopen and we can get a better picture of economic scarring, offices and retail could prove to be attractive and commercial property could once again offer a compelling alternative to low yielding bonds.

Alternatives: Our preference continues to be for discretionary strategies that can wade through the highly abnormal environment. We continue to avoid systematic strategies with the one exception of trend following which we think should soon return to form as global uncertainty levels fall.

Cash: We maintain cash levels at neutral.

Equities breakdown



Equities outlook

North America: Positive sentiment given a new US administration and highly efficacious coronavirus vaccines is compounded by supportive monetary and fiscal policy. Unemployment levels are very high, but survey data suggests companies are intent on hiring. This will take time to work through, with monetary policy likely to remain supportive for a while. Valuations are far from cheap, so we maintain neutral.

UK: Brexit is done and Britain is now free to forge an independent path. But first we need to get our domestic economy back up and running before planning global conquests. The good news is UK companies enjoy a high proportion of foreign earnings and valuations have been depressed, so we tactically upgrade our outlook for the UK. On a longer-term view, we think the sector composition of the UK equity market is less attractive than other regions.

Europe: European equities are more heavily geared towards industrial and manufacturing activity than they are to discretionary consumer spending. So, while European vaccination programmes are ramping up and the economic recovery continues apace in Asia, European equity markets should be ok. There is still some weakness with European consumers, so for now we maintain a neutral view.

Japan: The Japanese market is highly geared to manufacturing activity around the world. Its market is dominated by industrial companies making machinery and technology companies involved in automation. Given lower market valuations relative to other regions, we see merit in being slightly overweight.

Asia: It is likely China will face a coordinated opposition from Western allies. We see China's growth strategy pivoting toward rural development, infrastructure and fostering a stronger domestic consumer economy. This strategy will benefit trade ties to the rest of Asia, which warrants an upgrade to our outlook.

Top holdings	Asset class	Category	Weighting
Sanlam Artificial Intelligence	Equities	Thematic	7.0%
Janus Henderson Strategic Bond	Bonds	Flexible Bonds	6.5%
Federated Hermes Global Emerging Markets	Equities	Emerging Markets	6.0%
Liontrust Special Situations	Equities	UK	6.0%
Vanguard US Government Bond Index	Bonds	Government	6.0%
Trojan Ethical	Mixed Investments	Equity 20-60%	5.5%
Baillie Gifford Positive Change	Equities	Global	5.0%
Ninety One Global Environment	Equities	Global	5.0%
Trojan Global Income	Equities	Global	4.5%
Baillie Gifford Japanese	Equities	Japan	3.5%

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