



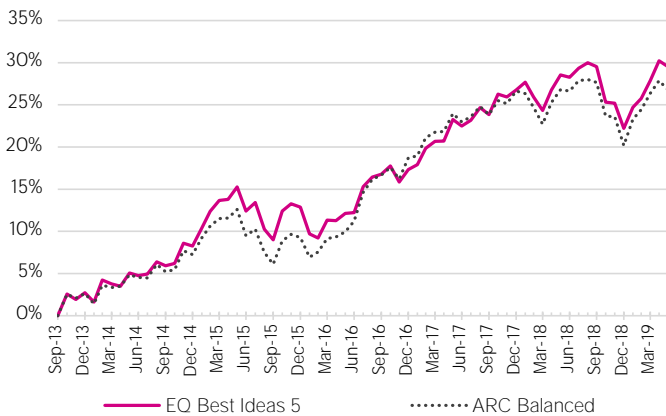
# Best Ideas 5 - Cautious Plus Model Portfolio Factsheet

31 May 2019

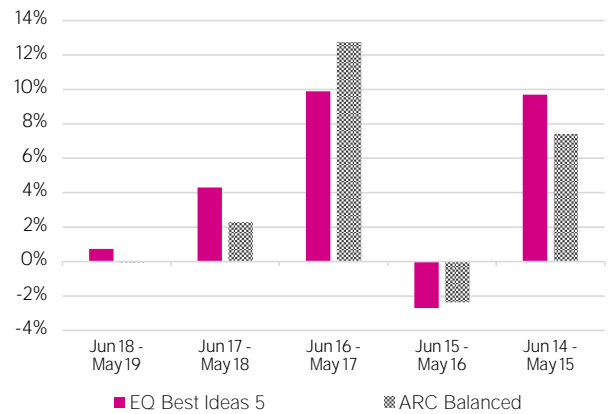
EO's Best Ideas portfolios invest in the very best ideas unearthed by our research team. They invest across a full range of asset classes including equities, fixed interest bonds, commercial property, alternatives and commodities. They consist of specialist, actively managed funds, but we may also select passive funds where we see these adding additional value.

This portfolio maintains a bias towards lower volatility investments with equity holdings limited to 60%. It focuses on capital protection with a moderate participation in equity market growth, and aims to reduce investment risk by diversifying across regions and asset classes. We benchmark this portfolio against the Asset Risk Consultants (ARC) Balanced Benchmark.

## Past performance since inception: 30/09/2013 to 31/05/2019



## Discrete performance



Cumulative performance	3M	6M	1Y	3Y	5Y	Since incep.
EQ Best Ideas 5	2.99%	3.43%	0.74%	15.47%	23.24%	29.49%
ARC Balanced	1.86%	2.52%	-0.05%	15.27%	20.88%	26.73%

Discrete performance	Jun 18 - May 19	Jun 17 - May 18	Jun 16 - May 17	Jun 15 - May 16	Jun 14 - May 15
EQ Best Ideas 5	0.74%	4.30%	9.90%	-2.70%	9.70%
ARC Balanced	-0.05%	2.28%	12.76%	-2.37%	7.40%

Volatility	1Y	3Y	5Y	Since incep.
EQ Best Ideas 5	5.61%	4.58%	4.85%	4.84%
ARC Balanced	5.81%	4.79%	4.77%	4.72%

Underlying fund charges & yield	
Ongoing charges	0.72%
12 month yield	1.65%

## Portfolio manager



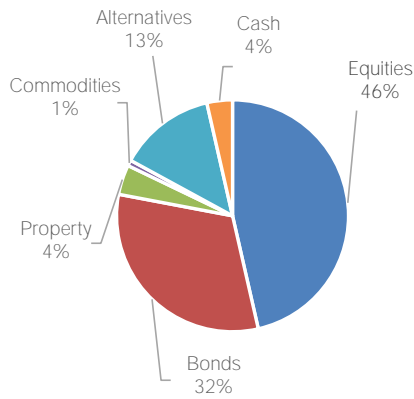
### Kasim Zafar, CFA

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. ARC benchmark figures are based on participating investment managers' actual performance data, net of fees, following the last quarter end; benchmark figures for the current quarter will be based on ARC's estimates which are subject to revision. 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.

## Asset allocation



## Asset class outlook

**Equities:** Equities have rallied globally on the pause in central bank policy tightening. More recent weakness has been driven by rising risk of trade barriers between the US & China in particular. The potential for easing monetary policy counterbalances this, however, leading us to a more neutral outlook.

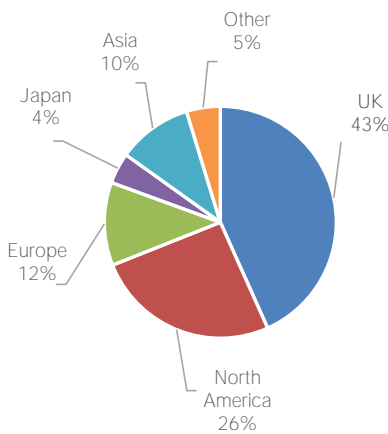
**Bonds:** With interest rates having risen considerably in the US and with the aggregate market demonstrating late cycle characteristics, we prefer government bonds which we believe will provide an element of protection.

**Alternatives:** The environment has returned to one driven more by macro risk sentiment rather than individual business fundamentals. These environments can cause trouble for a variety of alternative strategies, especially systematic ones. We have reduced our investments and focused on discretionary managers.

**Property:** We maintain our preference for prime property with long leases within the industrial and alternatives sectors as we see headwinds for the standard retail and office segments of the market.

**Cash:** We remain neutral on our cash weighting but ready to increase tactically if we see deterioration in global financial conditions and if risks to the global economy from the US-China

## Equities breakdown



## Equities outlook

**UK:** UK industrial activity bounced in March as Brexit got bumped to October. We remain neutral on and balanced within UK equities, ready for any Brexit outcome.

**North America:** The US economy is still growing but weakening from the supercharged growth of 2017 and early 2018. As with other regions, the weakness is found mainly in the industrial sector but consumer facing sectors are starting to show some weakness also.

**Europe:** European business activity has slowed down alarmingly, but there are signs of change. European exports to China are a significant contributor to business activity. If the recent uptick in Chinese PMI data is sustained, we could see a recovery in European exports too.

**Japan:** Japanese consumers weaken and industrial production has nose dived. We have slightly reduced our exposure again, waiting for more positive signs of growth.

**Asia:** China's recent economic stimulus has boosted manufacturing, but was much smaller and more targeted than that delivered in 2015. We turn slightly positive on the region, held back from further optimism given ongoing trade tensions with the US.

## Top 10 holdings

Top 10 holdings	Asset class	Category	Weighting
Troy Trojan	Mixed Investments	Flexible	8.0%
Henderson Strategic Bond	Bonds	Flexible Bonds	7.5%
Threadneedle UK Equity Income	Equities	UK	7.5%
Fundsmith Equity	Equities	Global	6.0%
Liontrust Special Situations	Equities	UK	5.0%
MAN GLG Innovation Equity	Alternatives	Long/Short	4.5%
BlackRock Fixed Income Global Opportunities	Bonds	Flexible Bonds	4.0%
BMO UK Property	Property	Property	4.0%
Twentyfour Dynamic Bond	Bonds	Flexible Bonds	4.0%
Goldman Sachs Global Strategic Macro Bond	Alternatives	Relative Value	3.5%

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This model portfolio factsheet is for illustrative purposes only. The performance of portfolios linked to this model may differ from the performance of the model itself, due to the variation in timing of the initial and subsequent investments. Percentages may not add up to 100% as they are rounded to the nearest percent. This model portfolio is not suitable for all investors: investments may only be undertaken based on a recommendation from a financial adviser. While the information in this factsheet is believed to be correct, it cannot be guaranteed. No representation or warranty, expressed or implied, is given as to its accuracy or completeness. The Ongoing Charges relates to the MIFID II Ex-Ante Ongoing Charge of the underlying funds for re-occurring fees during the fiscal year. The charge includes adviser, administration, custodian, legal and any other fees that will typically not vary from year to year. It will not include any one-off charges (e.g. Entry, Exit or switching charges), Incidental Costs (e.g. performance fees) or Transaction Costs (the costs of buying or selling assets for the fund). The Ongoing Cost is a forward looking estimate, based on the last financial year's information and may vary from year to year. For newly launched funds, which do not have the previous year's information to calculate the Ongoing Cost, the figure is estimated. The Ongoing Cost used for this portfolio is based on the share classes available on the Novia platform, charges may vary across platforms based on share classes available. EQ Investors Limited ("EQ"), its partners and employees accept no liability for the consequences of you or your advisers acting upon the information contained herein. This factsheet constitutes neither investment advice, nor an offer to sell, nor is it a solicitation of an offer to purchase any security or any other investment or product. This factsheet may not be reproduced or distributed in any format without EQ's prior written consent.

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