

# EQ Climate Action Cautious Plus

Model Portfolio Factsheet

FOR FINANCIAL ADVISERS & CLIENTS

Mar 2024

*Invest in the path to a Net-Zero economy.*

## Company Description

EQ Investors is an award-winning discretionary fund manager focused on sustainable and impact investing. Proud to be a Certified B Corporation (B Corp), we firmly believe investors can achieve their goals while doing good for people and the planet.

## Key Facts

Factsheet Date	31/03/2024
Launch Date	28/02/2022
Portfolio Yield (indicative)	1.20%
EQ Management Charge	0.32%
Underlying fund MiFID II Charges <sup>2</sup>	
Ongoing	0.38%
Transactional	0.07%
Incidental	0.00%
Total	0.45%

Source: EQ, Morningstar

## Investment Team



**Damien Lardoux, CFA**  
Portfolio Manager  
Head of Impact Investing



**Tertius Bonnin**  
Assistant Portfolio Manager  
Investment Analyst



**Louisiana Salge**  
Head of Sustainability

## Awards



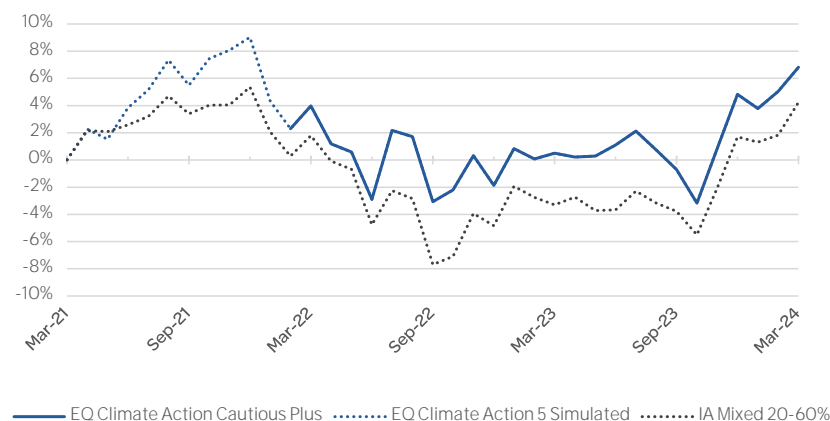
## Platform Availability

7IM, abrdn Wrap, AJ Bell, Aviva, Fundment, Hubwise, Morningstar, Novia, Nucleus, Parmenion, P1, Quilter, Scottish Widows and Transact.

## Portfolio Objective

The Climate Action portfolios have been designed with a dual mandate, to maximise financial returns and contribute to a low carbon economy. This strategy selects funds that invest in companies providing environmental solutions and driving transition in the Path to Net Zero, while avoiding controversial sectors. The strategy is comprised of specialist, actively managed and passive tracker funds. This Cautious Plus portfolio is diversified across a mix of equities, fixed income, infrastructure and cash.

## Portfolio Performance<sup>1</sup>



Cumulative Performance (%)	3M	6M	1Y	3Y	Since Inception 02/2022
EQ Climate Action Cautious Plus	1.90	7.58	6.29	6.82	4.42
IA Mixed 20-60%	2.50	8.33	7.80	4.24	3.95

Discrete Performance (%)	Apr 23 Mar 24	Apr 22 Mar 23	Apr 21 Mar 22	Apr 20 Mar 21	Apr 19 Mar 20
EQ Climate Action Cautious Plus	6.29	-3.34	3.97	-	-
IA Mixed 20-60%	7.80	-5.00	1.79	20.05	-7.14

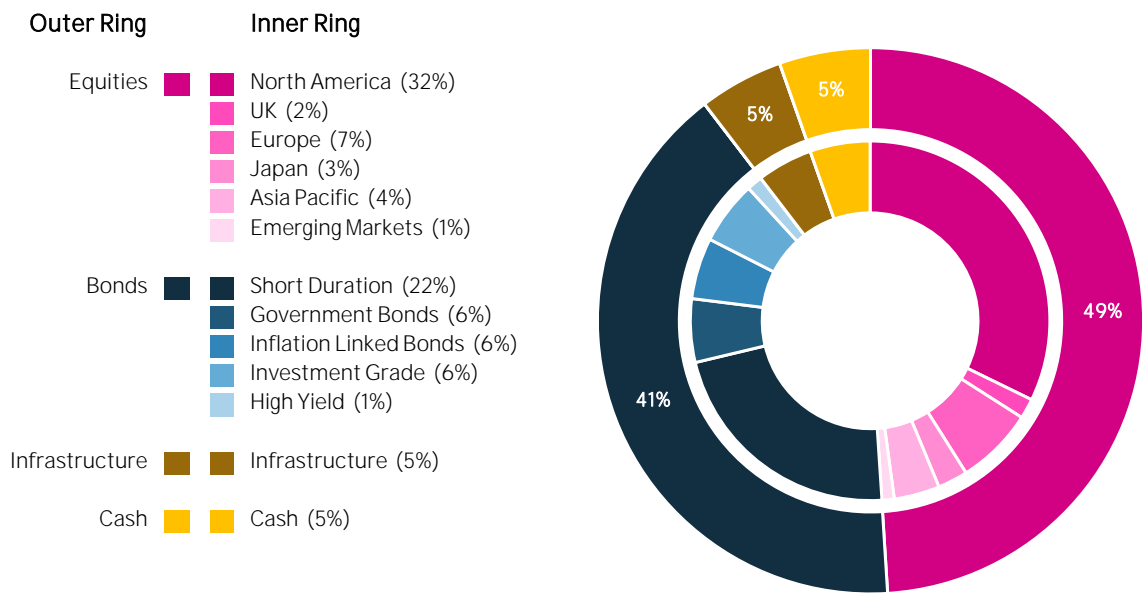
Volatility (%)	1Y	3Y	Since Inception 02/2022
EQ Climate Action Cautious Plus	7.14	8.02	8.41
IA Mixed 20-60%	6.34	7.00	8.50

Past performance is not a reliable indicator of future performance. All performance is shown in sterling, net of EQ's management fee (0.32%) and underlying fund charges. It does not include platform or adviser fees. Investment Association (IA) is a universe index comprising multi asset funds that has a set equity exposure range. Source: EQ, Morningstar.



Asset Allocation

The chart below shows the short-term asset allocations of the portfolio. Percentages are subject to rounding.



Top 5 fund holdings

Amundi MSCI USA SRI PAB Index
Pimco GIS Climate Bond
AXA ACT Green Bond Short Duration
AB Global Low Carbon Equity
TwentyFour Sustainable S-T Bond Income

Description

North American stocks with a sustainable & Paris Aligned overlay.
Multi-sector green bonds, aiding the transition to a net zero carbon economy.
Financing the energy & ecology transition, with a positive environmental impact.
Significantly lower carbon exposure than global equity markets.
Invests in primarily short dated bonds with a sustainable screen.

Weighting

17.3%
10.3%
8.5%
8.0%
7.8%

Top 10 underlying companies

Microsoft
Adobe
Alphabet
Home Depot
UnitedHealth Group
Schneider Electric
Novo Nordisk
Tesla
Becton Dickinson and Co
Visa

Description

💡	Provider of cloud infrastructure, enabling decarbonisation of its clients
🌀	Multinational multimedia and creativity software company
🌍	Provides cloud computing and software, and is a low carbon leader
🌍	Home improvement retailer with low carbon operations and building materials
🌍	Healthcare and insurance provider, and a low carbon industry leader
💡	Provider of sustainable energy and efficiency technology
🌍	Pharmaceutical breakthroughs against diabetes and chronic diseases
💡	Manufacturer of electric vehicles, battery storage systems & clean energy
🌍	Improving medical discovery, diagnostics, and care via medical technology
💡	Retail electronic payments network, and a low carbon industry leader

Weighting

2.3%
1.0%
0.8%
0.7%
0.7%
0.7%
0.7%
0.7%
0.5%
0.5%

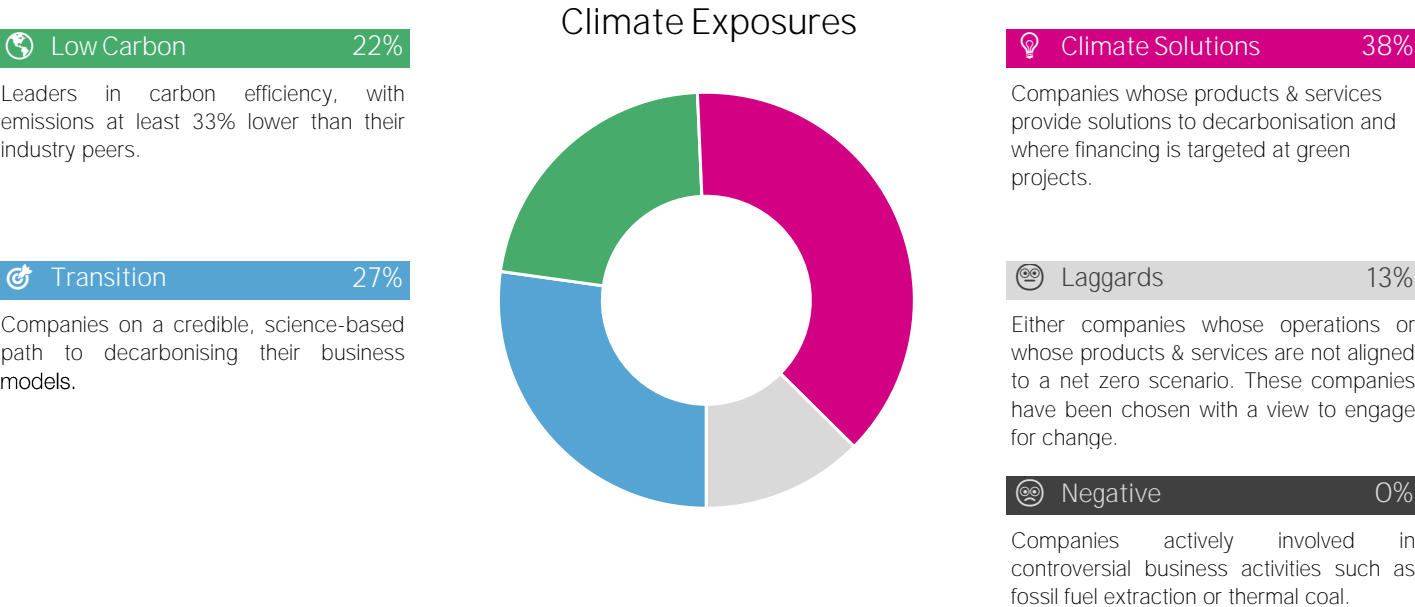
The top 10 underlying equity holdings represent the top 10 equity exposures held in an aggregated list of each funds' underlying holdings in the portfolio. Multiple issues of a single company are aggregated in this list. Icons represent the overall company alignment to our Climate Buckets. To produce this data, we use a snapshot of the funds held at the last rebalance.



## Optimising Climate Exposure

Alongside investing in Low Carbon Leaders, investment in the climate transition and in climate solutions can be a catalyst for further change by signalling to companies and governments that this is priority for owners of capital.

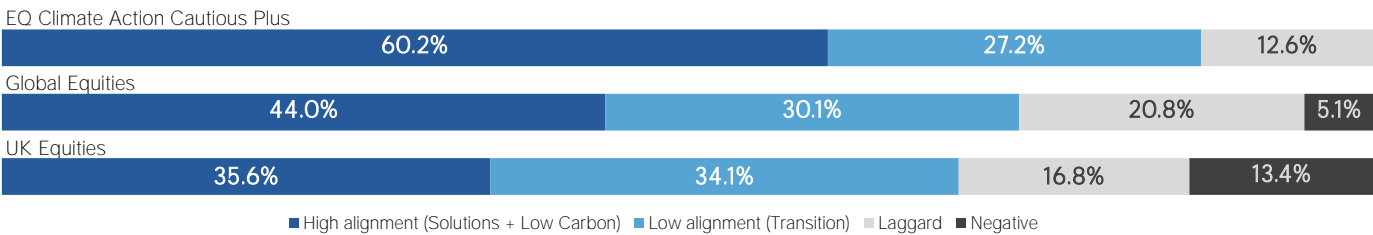
Companies that provide solutions to climate change are likely to experience a strong increase in revenues by solving unmet needs. In the meantime, companies that are not transitioning quickly enough to a low carbon economy are likely to suffer write-downs, a potential drop in future revenues, and a rise in operating cost as the impact of regulatory instruments such as carbon taxes begin to bite into bottom lines.



Data source: MSCI, Analysis: EQ Investors, data as at the last rebalance.

Climate exposures reference the equity portion of the portfolio only. Percentages may not add up to 100% as they are rounded to the nearest decimal. All percentages are rescaled to exclude any unmapped exposures.

## Portfolio climate comparison to Global Equities & UK Equities



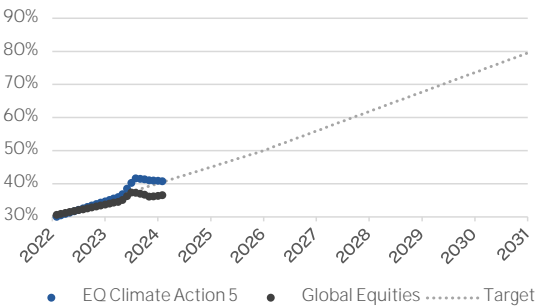
To calculate the alignment for 'Global Equities' and 'UK Equities', we use data from ETFs tracking the performance of MSCI ACWI and FTSE 100, respectively.

## Science Based Targets (SBTs)

Launched in 2015, the Science Based Targets initiative (SBTi) has been the gold standard for Net Zero emissions targets and is backed by four prestigious global bodies.<sup>3</sup>

The initiative intends to increase corporate ambition on climate action by mobilising companies to set greenhouse gas emission reduction targets consistent with the level of decarbonisation required by science to limit warming to less than 1.5°C / 2°C compared to preindustrial temperatures.

The chart alongside shows the EQ Climate Action Balanced portfolio's company alignment to the SBTs. At EQ our Climate Action portfolios are committed to becoming 50% aligned by 2025 and 80% by 2030.



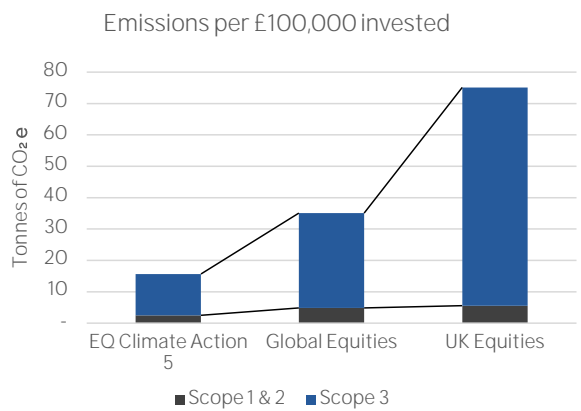
<sup>3</sup> Carbon Disclosure Project (CDP), UN Global Compact (UNGC), World Resource Institute (WRI) and World Wide Fund for Nature (WWF).

To produce this data, we use a snapshot of the funds held at the last rebalance. Underlying fund holdings are updated on a quarterly basis. Percentages may not add up to 100% as they are rounded to the nearest decimal. All holdings are analysed against EQ's proprietary taxonomy of SDG aligned products/services and the list of harmful product/services.



## What's the carbon footprint of your portfolio?

All investments carry a carbon footprint, by investing in businesses that emit greenhouse gases through their activities.



% difference in carbon emissions vs UK Equities

-79.1%

£100,000 GBP investment in the EQ Climate Action Cautious Plus portfolio has 59 tonnes less associated emissions, compared to investing the same amount into a broad UK Equities index. To illustrate the scale of this difference, we have converted it into commonly known equivalents:

- 13 average passenger cars driven within one year;
- 15 UK household's energy use within one year; or
- 6.7 thousand gallons of gasoline burned.

Data source: MSCI, Analysis: EQ Investors, data as at the last rebalance.

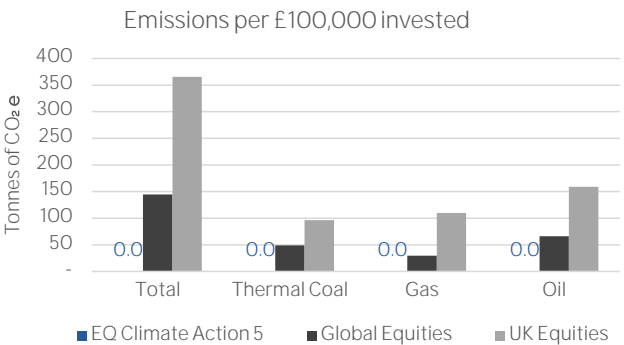
Please note that switching your investments does not directly save emissions in the real world and does not offset your personal carbon footprint.

We use an industry standard methodology, which lets us associate the tonnes of CO<sub>2</sub> equivalent emitted per 1m GBP invested, and scale it to any amount of shareholding. We use the "Financed carbon emissions method", using Enterprise Value including Cash (EVIC) as recommended in the PCAF carbon accounting standard.<sup>4</sup>

## Potential Emissions from Fossil Fuel Reserves

Currently, only 20% of the Earth's existing fossil fuel reserves can be burned while limiting global warming to the 1.5 degrees target by 2050, making the rest un-usable. To compare fuel reserves, we express potential emissions to greenhouse gas emissions as tons of CO<sub>2</sub>.

Certain fuels such as thermal coal, oil sands, shale oil/gas have a higher carbon content than other types. In addition to carbon intensity, extraction can be costly and climate unfriendly because of geological, technical and environmental challenges.



Data source: MSCI, Analysis: EQ Investors, data as at the last rebalance.

To calculate the alignment for 'Global Equities' and 'UK Equities', we use data from ETFs tracking the performance of MSCI ACWI and FTSE 100, respectively.

This factsheet constitutes neither an offer, solicitation, nor investment advice to buy or sell any security or any other investment or product. It should not be reproduced or distributed in any format without EQ's prior written consent. The information in this factsheet is for illustrative purposes only and while believed to be correct, no representation or warranty, expressed or implied, is given as to its accuracy or completeness. Percentages may not add up to 100% as they are rounded to the nearest percent. 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. The Portfolio aims to rebalance quarterly during Feb, May, Aug and Nov, but is not limited to these dates.

<sup>1</sup> The value of investments and income derived from them may fluctuate and investors may not get back the amount originally invested. The performance of portfolios linked to this model may differ from the model itself, due to the variation in timing of the initial and subsequent investments. This portfolio is not suitable for all investors: investments may only be undertaken based on a recommendation from a financial adviser. All performance prior to the portfolio inception date (28 Feb 2022) is simulated. Simulated performance uses the same funds and weights held in the portfolio since inception. If a fund does not have sufficient track record, a proxy index is used to calculate performance. The proxy index is representative of the fund's benchmark with underlying fund fees deducted on a monthly basis. Simulated performance is not actual performance and is made for informational purposes only, where there is insufficient live data to display.

<sup>2</sup> The MIFID II Ex-Ante charges are forward looking estimates based on the previous fiscal year's information and may vary year to year. 'Ongoing Costs' include adviser, administration, custodian, legal and other fees that typically do not vary year to year. 'Transaction Costs' include the costs of buying or selling assets for the fund. 'Incidental Costs' include performance fees. For newly launched funds that do not have historical data available, the Ex-Ante figure is estimated. The fund charges shown are based on the share classes available on the Pershing platform; charges may vary across platforms based on share class availability.

<sup>4</sup> We only focus on the equity portion of the portfolio to enable comparability with a standard market index, and include direct and indirect carbon emissions from the businesses (Scope 1, 2 and 3 as defined by the greenhouse gas protocol). Scope 1 & 2 covers direct emissions and those from purchased energy. We also chose to include Scope 3 emissions, which are all the indirect upstream and downstream emissions of a business, e.g. providers/suppliers or from the use of their products and services. Please note that naturally, the associated Scope 3 emissions may include some double counting when investing in businesses sharing the same supply chains. The underlying Scope 1, 2 and 3 carbon emissions data is sourced by MSCI and reflect most recent portfolio holdings and disclosed carbon data.

For a full methodology: Visit: <https://eqinvestors.co.uk/headless/wp-content/uploads/2023/03/CarbonCalculatorMethodV2.pdf>