



# EQ Future Leaders Balanced Plus

Model Portfolio Factsheet

FOR FINANCIAL ADVISERS & CLIENTS

Dec 2023

*Invest sustainably at a low cost.*

## 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	31/12/2023
Launch Date	29/02/2020
Portfolio Yield (indicative)	0.74%
EQ Management Charge	0.20%
Underlying fund MIFID II Charges**	
Ongoing	0.21%
Transactional	0.07%
Incidental	0.00%
Total	0.28%

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



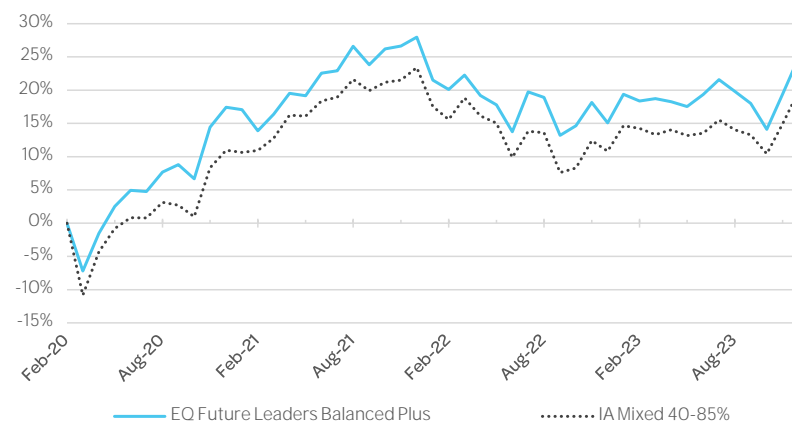
## Platform Availability

7IM, abrdn Wrap, Aegon ARC, AJ Bell, Aviva, Embark, Fundment, Fusion Wealth, Hubwise, M&G Wealth, Morningstar, Novia, Nucleus, Parmenion, P1, Quilter, Transact and True Potential.

## Portfolio Objective

The Future Leaders portfolios invest in passively managed funds, with the aim of providing strong returns at a reduced cost. This strategy selects passively managed 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 sectors (armaments, tobacco, gambling). This is complemented by sustainable thematic funds targeting specific positive impacts. This Balanced Plus portfolio is diversified across a mix of equities, fixed income and cash.

## Portfolio Performance\*

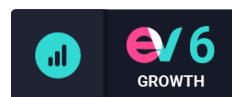


Cumulative Performance (%)	3M	6M	1Y	3Y	5Y	Since launch
EQ Future Leaders Balanced Plus	5.78	4.60	8.49	6.30	-	24.84
IA Mixed 40-85%	5.76	5.53	8.09	7.99	32.08	19.81

Discrete Performance (%)	Jan 23 Dec 23	Jan 22 Dec 22	Jan 21 Dec 21	Jan 20 Dec 20	Jan 19 Dec 19
EQ Future Leaders Balanced Plus	8.49	-10.08	8.97	-	-
IA Mixed 40-85%	8.09	-10.18	11.22	5.50	15.94

Volatility (%)	1Y	3Y	5Y	Since launch
EQ Future Leaders Balanced Plus	8.91	9.12	-	10.53
IA Mixed 40-85%	7.69	8.31	10.30	10.95

## DFM Risk Profiler



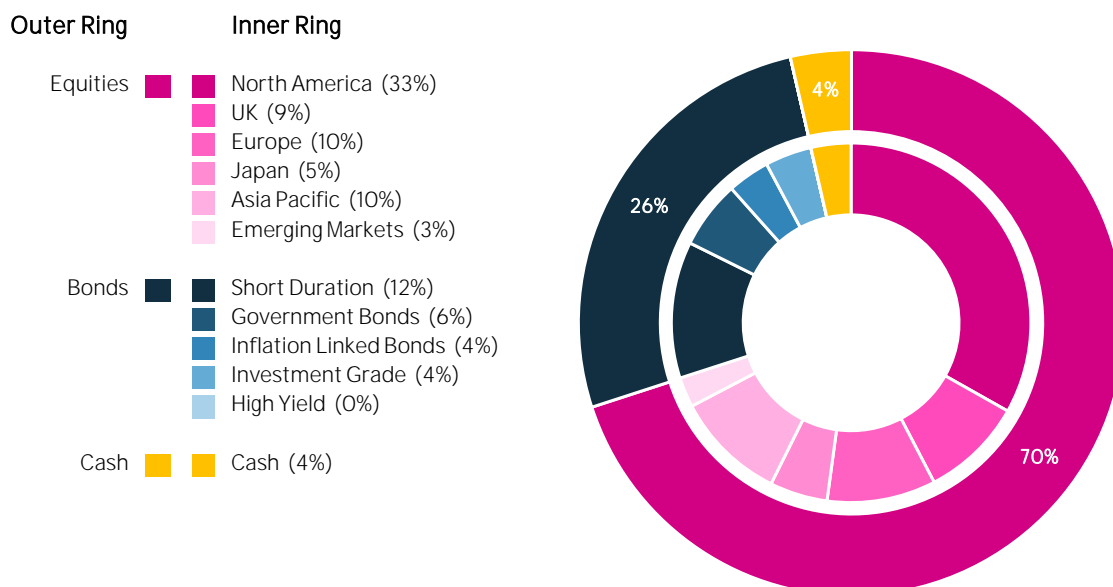
Oxford Risk 3 / 5  
4 / 7



Past performance is not a reliable indicator of future performance. All performance is shown in sterling, net of EQ's management fee (0.2%) 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

	Description	Weighting
Amundi MSCI USA SRI PAB Index	North American stocks with a sustainable & Paris Aligned overlay.	22.0%
UBS Sustainable Development Bank Bonds ETF	High quality international bank bonds, funding projects to improve society.	10.5%
Amundi MSCI EM SRI PAB Index	Emerging Markets stocks with a sustainable & Paris Aligned overlay.	7.8%
Amundi MSCI UK IMI SRI PAB Index	Exposure to UK stocks with a sustainable & Paris Aligned overlay.	7.5%
Amundi MSCI Europe SRI PAB Index	Europe stocks with a sustainable & Paris Aligned overlay.	7.5%

## Top 10 underlying companies

	Description	Weighting
Tesla	11 Manufacturer of electric vehicles, battery storage systems & clean energy	1.5%
Microsoft	9 Cloud infrastructure, developer of soft and hardware technology solutions	1.1%
Home Depot	Home improvement retailer of tools, construction products, and services	0.9%
Danaher Corp	3 Medical, industrial and commercial conglomerate, Improving quality of life	0.7%
Texas Instruments	9 Innovator in semiconductors, making electronics more affordable	0.6%
Adobe	Multinational multimedia and creativity software company	0.6%
RELX	4 Information and analytics company, including for academic research	0.6%
Reckitt Benckiser Group	3 Producer of hygiene, health, and nutritional consumer goods	0.5%
Novo Nordisk	3 Pharmaceutical breakthroughs against diabetes and chronic diseases	0.5%
AstraZeneca	3 Pharmaceutical and biotech company producing medicines and vaccines	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 the UN Sustainable Development Goals. To produce this data, we use a snapshot of the funds held at the last rebalance.

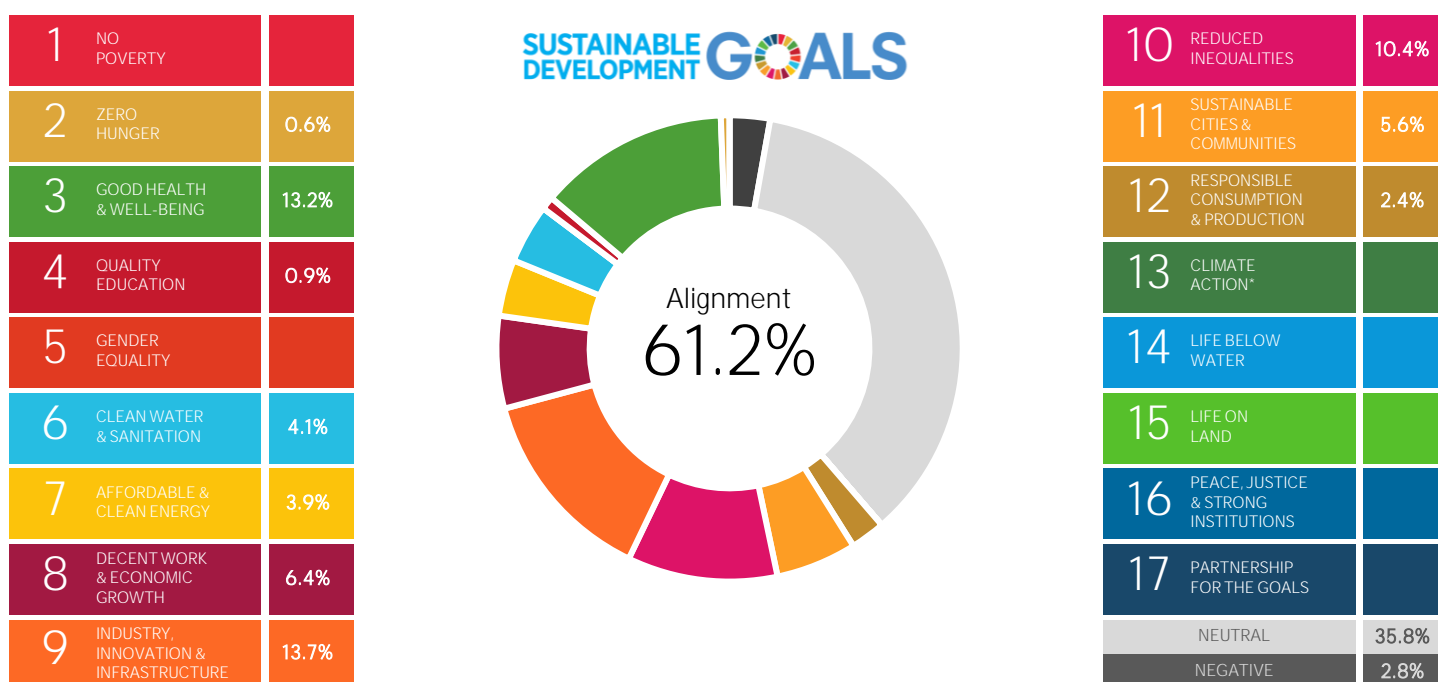


## UN Sustainable Development Goals: A framework for impact

The 17 UN Sustainable Development Goals (“Global Goals”) describe the world’s greatest social and environmental challenges. These have been agreed as the global call to action by over 190 countries around the world. We use the Global Goals as our framework for impact, positively selecting investments that contribute to solutions to these diverse unmet needs, while excluding investments that harm progress on the goals.

Some Global Goals can be tackled by a company’s core products and services; here we invest in funds positively selecting companies providing these solutions. Other Global Goals are more directly targeted through companies’ operations; here we expect funds to select responsibly run companies driving positive change through their management.

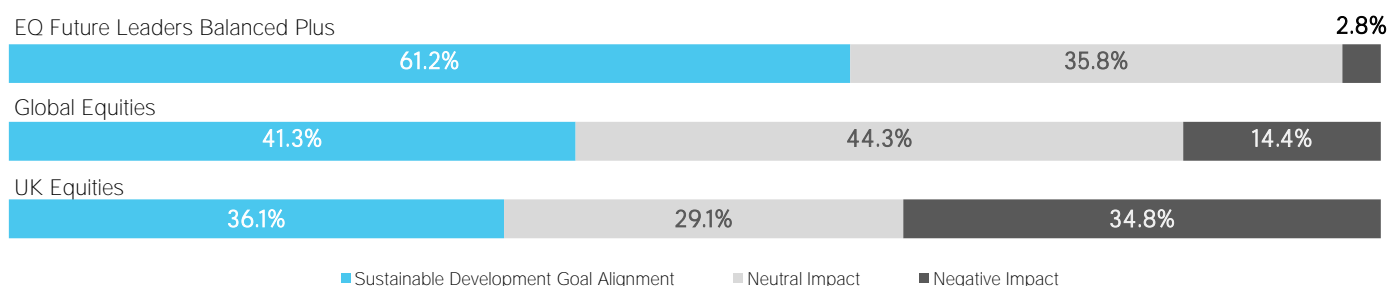
## Portfolio alignment with the UN Sustainable Development Goals



Global Goals with no figure indicate the portfolio has 0% exposure; this is because either the Global Goal presents few investable opportunities, or companies within the portfolio provide exposure to multiple goals and the most relevant goal has been selected. \*The Climate Action goal overlaps with more specific goals, so we have instead mapped our exposure to these.

To produce this data, we use a snapshot of the funds held at the last rebalance. Underlying fund holdings are updated on an annual basis in July. New funds added to the portfolio use the latest holding data available at the time. Percentages may not add up to 100% as they are rounded to the nearest decimal. Portfolio data may differ depending on the platform used.

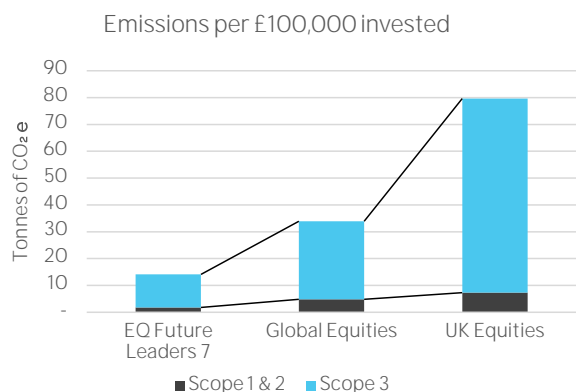
## Portfolio impact comparison to Global Equities & UK Equities



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.



## Carbon Footprint



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

% reduction in carbon emissions vs UK Equities

**-82.3%**

£100,000 GBP invested in the EQ Future Leaders Balanced Plus portfolio implied an annual emissions reduction of 66 tonnes of carbon dioxide equivalent, compared to investing the same amount into UK Equities.

The difference in reduction is equivalent to the annual emissions of:

- 14 average passenger cars driven within one year;
- 16 UK household's energy use within one year; or
- 7.4 thousand gallons of gasoline burned.

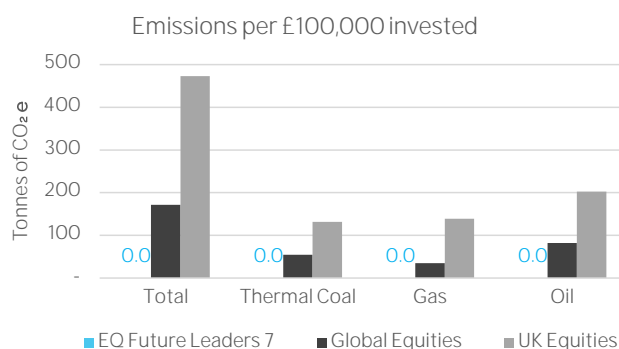
## Climate Change Scenarios

Climate change's current path is still uncertain, and depends on how fast the global economy responds to the challenge to cut global carbon emissions - which are the main driver of global climate change. It is therefore relevant to understand whether the companies within a portfolio are aligned to a desirable emission reduction pathway for us. Climate scientists and global leaders have agreed that limiting global temperature rise to 1.5°C is the most desirable and yet realistic scenario.

## 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.

We use an industry standard methodology, which lets us associate the tonnes of CO<sub>2</sub> equivalent emitted per 1m GBP invested, scaled down to 100,000 GBP invested. We use the "Financed carbon emissions method", using Enterprise Value including Cash (EVIC) as recommended in the PCAF carbon accounting standard<sup>1</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)<sup>2</sup>.

<sup>1</sup> For more information, please visit <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>.

<sup>2</sup> For more information, please visit <https://ghgprotocol.org/calculation-tools>

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\*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.

\*\*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.