



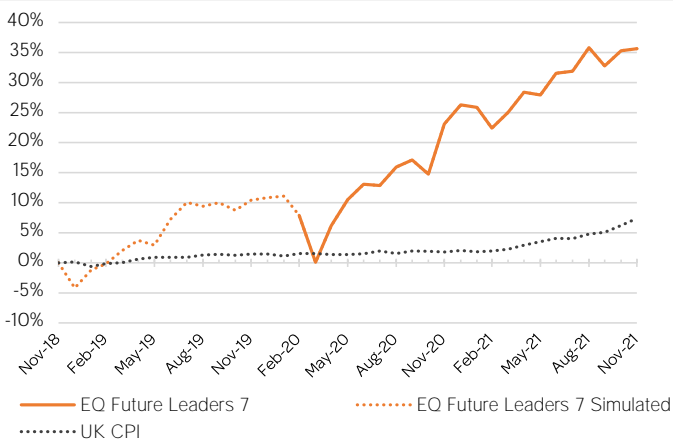
# Future Leaders 7 - Balanced Plus Model Portfolio Factsheet

30 Nov 2021

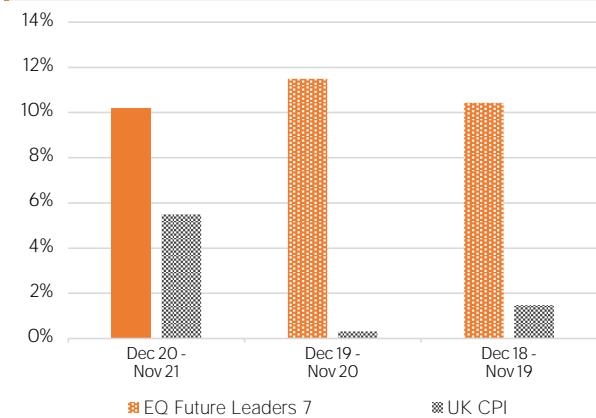
*This strategy selects passively managed funds that invest in well-run businesses, showing leadership within their sector in managing relevant environmental, social and governance (ESG) risks, and that avoid the most controversial sectors (armaments, tobacco, gambling). This is complemented by the addition of sustainable thematic funds targeting specific positive impacts.*

This portfolio has a range of investments with different risks, where equity holdings are limited to 80%. 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).

### 3Y simulated performance with actual inception as at 29/02/2020



### Discrete performance



Cumulative performance	3M	6M	1Y	3Y	Since Inception 02/2020
EQ Future Leaders 7	-0.12%	6.02%	10.19%	35.65%	25.73%
UK CPI	2.49%	3.72%	5.50%	7.39%	5.74%

Discrete performance	Dec 20 - Nov 21	Dec 19 - Nov 20	Dec 18 - Nov 19
EQ Future Leaders 7	10.19%	11.49%	10.42%
UK CPI	5.50%	0.32%	1.47%

Volatility	1Y	3Y	Since Inception 02/2020
EQ Future Leaders 7	6.88%	9.68%	10.97%
UK CPI	1.39%	1.33%	1.40%

Underlying fund charges & yield	
Ongoing charges	0.25%
12 month indicative yield	0.29%

### Portfolio manager



#### Damien Lardoux, CFA

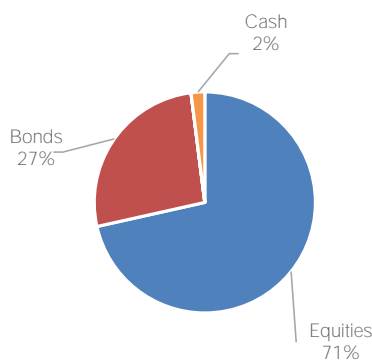
Damien manages our Positive Impact and Future Leaders portfolios, and is actively involved in our fund and asset allocation research. Before joining EQ, he was responsible for asset allocation, security selection and portfolio construction at Bank of America Merrill Lynch. Damien has an MSc in Management from Reims Management School and an MSc in Wealth and Asset Management from ESCP-EAP Paris Business School. He is a CFA charter holder.

Simulated 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.

All performance presented prior to the portfolio inception date (29 Feb 2020) is simulated performance. The simulated calculations use the same funds and weights as the portfolio since portfolio inception. In the event a fund does not have sufficient track record, a proxy index will be used to calculate performance. The proxy index will be representative of the fund's benchmark with any underlying fund fees deducted on a monthly basis. Simulated data is made with the benefit of hindsight and is provided for informational purposes only. The idea is to indicate historical performance for the portfolio where there is insufficient live data to display. Simulated performance is not actual performance, but is hypothetical. Actual past performance (29 Feb 2020 onwards) 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

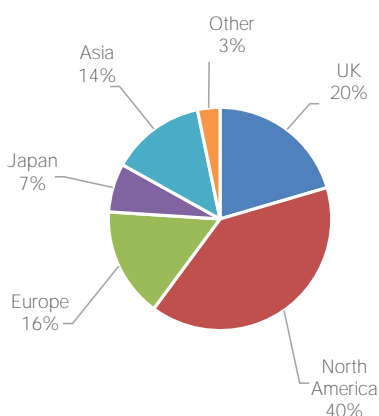
**Equities:** We have a cautiously positive outlook based on the ongoing recovery in the major global economies. The pace of growth should slow relative to the rebound from reopening economies, which is good for corporate earnings. Tempering our enthusiasm is the new variant's potential to create renewed economic disruption; the risk of inflation; and uncertainty from the heavy-handed regulatory crackdown on Chinese internet companies.

**Bonds:** While holding ourselves back from an overtly bullish outlook, we maintain a neutral exposure to the defensive qualities of bonds. But given risks from higher inflation and rising interest rates, we prefer inflation linked bonds and those with a shorter time left to maturity as a good store of value.

**Property:** We currently see limited value in this asset class and so have removed our exposure to listed real estate investment companies.

**Cash:** We maintain cash levels at neutral.

## Equities breakdown



## Equities outlook

**North America:** While slowing from the rebound of economic re-opening, business sentiment is still strong. Supply chains to companies are stretched, with businesses reporting order backlogs and low inventories. Equity market valuations are getting less expensive, and earnings reports are strong. We maintain a slight underweight.

**UK:** Arrival of the omicron variant casts a shadow over the apparent severed link between rising case numbers and hospitalisations. Rising orders for capital goods is a good indication that businesses are starting to make long term plans with the uncertainty of Brexit behind us. We maintain a neutral stance for now.

**Europe:** The accelerating vaccination programme and robust global demand is improving confidence. Meanwhile, expertise in environmental equities should provide a tailwind to growth. We maintain our overweight.

**Japan:** The increase in corporate investment for the future should support Japan's manufacturing industry given its expertise in robotics & automation. Improved vaccination rates should also lead to an improvement in consumer sentiment. We maintain a slight overweight.

**Asia:** Asian equities are dominated by i) Chinese internet companies which are under increasing regulatory pressure and ii) the region's semiconductor companies which are enjoying strong global demand. The region's zero tolerance approach to COVID creates some disruption, which could increase further with the new variant. We reduce our overweight.

## Top 5 holdings

Top 5 holdings	Asset class	Category	Weighting
Amundi MSCI UK IMI SRI	Equities	UK	12.8%
Amundi MSCI USA SRI Index	Equities	United States	12.5%
Amundi MSCI Europe SRI Index	Equities	Europe	9.0%
iShares \$ TIPS 0-5 ETF	Bonds	Inflation Linked	8.8%
UBS Sustainable Development Bank Bonds ETF	Bonds	Government	8.3%

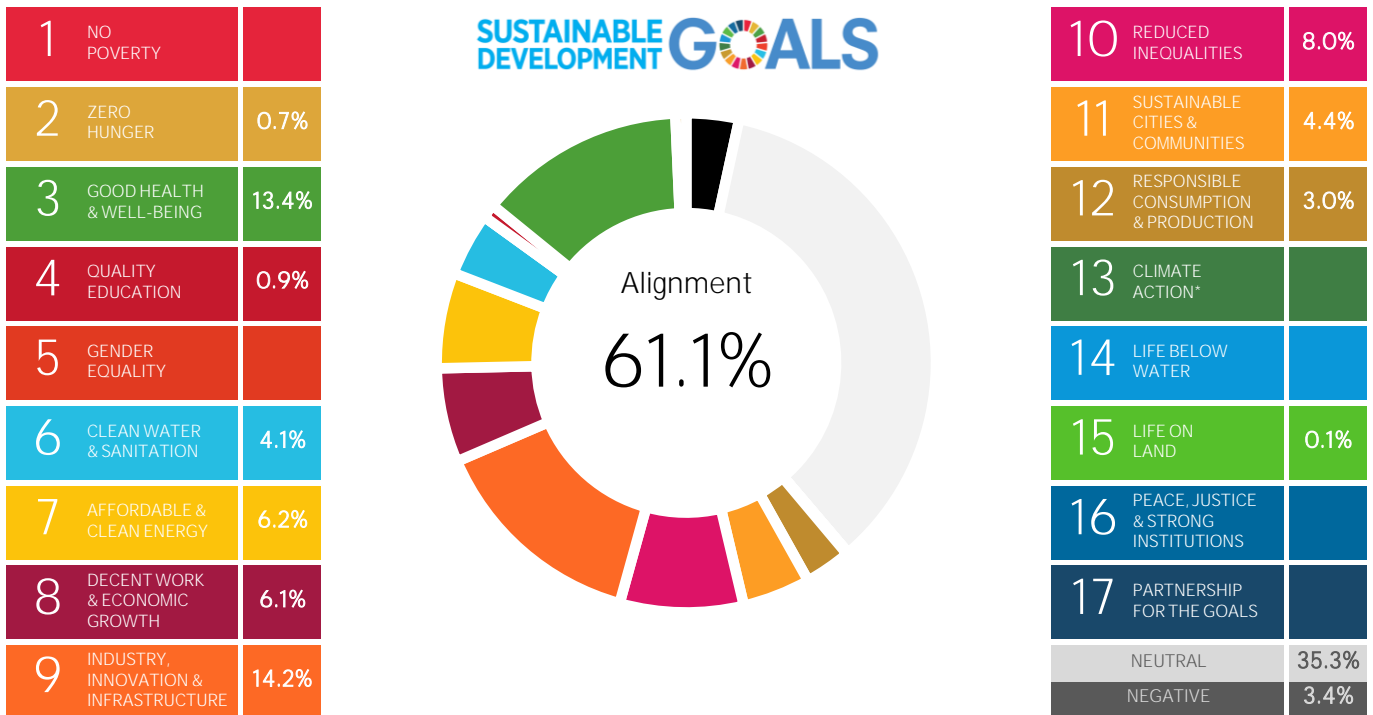
This model portfolio factsheet is for illustrative purposes only. The simulated performance of portfolios linked to this model may differ from the performance of the model itself, due to the variation in timing of the initial and subsequent investments. Percentages may not add up to 100% as they are 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 Pershing 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.

## What are the UN Sustainable Development Goals?

Launched following the 2015 UN Summit in Paris, the 17 Sustainable Development Goals address the issues the UN sees as most challenging to our world. The UN Sustainable Development Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet.

All underlying securities in the funds are screened using our proprietary scoring system. This allows to highlight those companies that are aligned with a UN SDGs by providing solutions to a range of social and environmental problems. It also allows to highlight those that are negatively aligned with the SDGs and which we aim to minimise exposure to in the portfolio.

## Portfolio alignment with the UN Sustainable Development Goals



UN Sustainable Development Goals with no figure indicate that the portfolio has a 0% exposure: this is because either the Sustainable Development Goal presents very few investable opportunities, or that companies within the portfolio may give exposure to multiple goals and the more relevant goal has been selected.

Percentages may not add up to 100% as they are rounded to the nearest decimal.

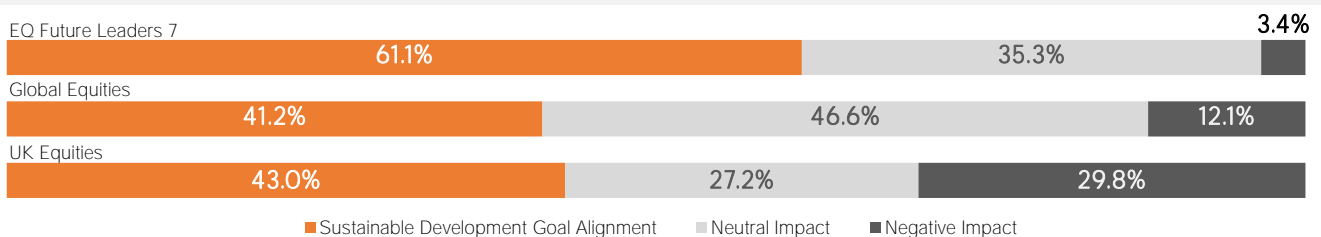
\*The Climate Action goal overlaps with some more specific goals, so we have instead mapped our exposure to these.

## A framework for impact

We have analysed the impact of each company's core products and services and actual alignment with the UN Sustainable Development Goals. In the case of a company aligning with multiple Goals, we have selected the most relevant based on contribution to revenues.

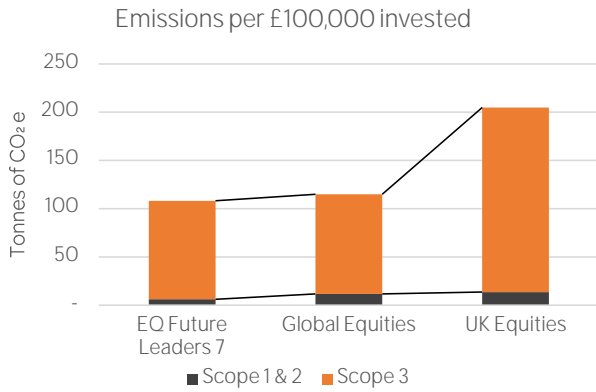
Negative impact relates to companies whose core products or services have a detrimental impact on society or the environment, such as alcohol, armaments, fossil fuels, gambling, mining or tobacco. Neutral impact relates to those companies whose core products or services do not have a clear positive or negative impact on society or the environment.

## Portfolio impact comparison to Global Equities & UK Equities



To produce this data we looked at all of the funds held within the portfolio with weightings as of the last rebalance. In regards to the fund's holding data, we are referring to the data used in the last annual Impact Report. The above data may slightly differ depending on the platform being used.

## Carbon Footprint






Data: Urgentem, Analysis: EQ Investors, data as at the last rebalance

% reduction in carbon emissions vs UK Equities

**-47.2%**

£100,000 GBP invested in the EQ Future Leaders 7 portfolio implied an annual emissions reduction of 97 tons of carbon dioxide equivalent, compared to investing the same amount into UK Equities.

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

-  21 average passenger cars driven within one year;
-  24 UK household's energy use within one year; or
-  10.9 thousand gallons of gasoline burned.

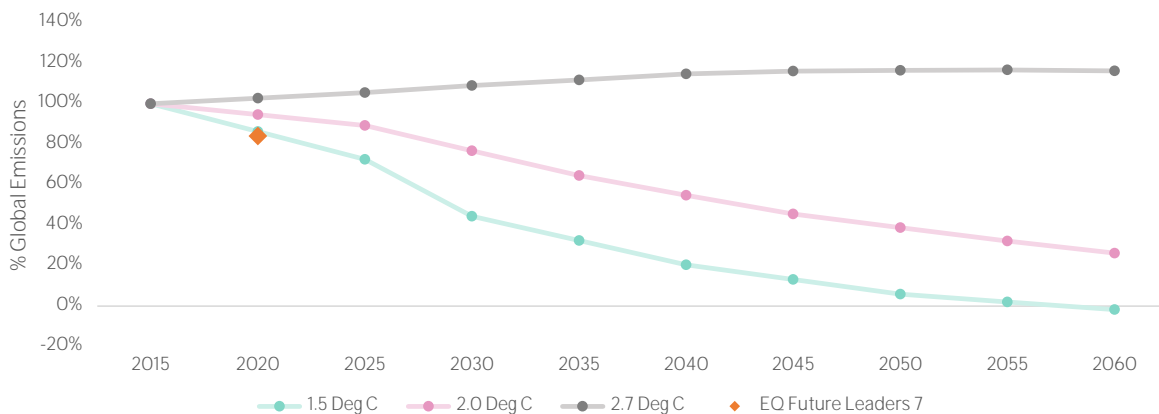
## Climate change scenarios

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.

The chart below shows three different scenarios for carbon emissions, corresponding to a 1.5°C, 2.0°C and 2.7°C rise in global temperatures by 2060. Climate scientists and global leaders have agreed that limiting temperature rise to 1.5°C is the most desirable and yet realistic scenario. Our analysis shows that the Future Leaders portfolio is aligned to this scenario. Further details on methodology can be provided on request.

## Portfolio Scenario Analysis

### Future Leaders aligned for a low carbon economy



Data and Analysis: Urgentem, February 2020

To produce this data we looked at all of the equity funds held within the portfolio with weightings as of the February 2020 rebalance. The above data may slightly differ depending on the platform being used.

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 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)\*\*

\*For more information, please visit <https://www.tcfhub.org/Downloads/pdfs/E09%20-%20Carbon%20footprinting%20-%20metrics.pdf>  
 \*\*\*For more information, please visit <https://ghgprotocol.org/calculation-tools>

020 7488 7110

enquiries@eqinvestors.co.uk

@eqinvestors

EQ Investors

EQ Investors, Centennium House, 100 Lower Thames Street, London EC3R 6DL

EQ Investors Limited is authorised and regulated by the Financial Conduct Authority.

Registered in England & Wales at 6th Floor, 60 Gracechurch Street, London EC3V 0HR. Company Number 07223330.

