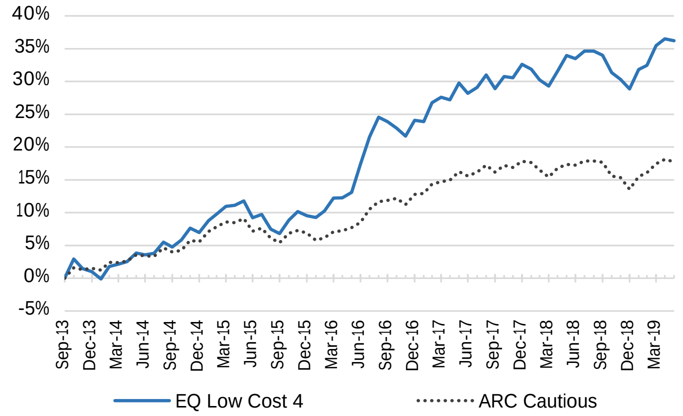
Low Cost 4 - Cautious
Model Portfolio Factsheet

31 May 2019

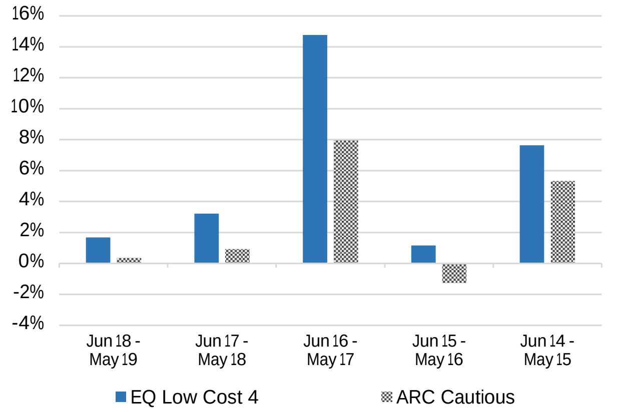
EQ's Low Cost portfolios invest primarily in third party index-tracking, passive funds which offer lower costs than active fund managers. We will only select an active fund in cases where we have concerns about the passive options.

This portfolio maintains a bias towards lower volatility investments with equity holdings limited to 50%. 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) Cautious Benchmark.

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



Discrete performance



Cumulative performance	3M	6M	1Y	3Y	5Y	Since incep.
EQ Low Cost 4	2.83%	4.51%	1.68%	20.45%	31.16%	36.20%
ARC Cautious	1.45%	2.12%	0.35%	9.35%	13.70%	17.77%

Discrete performance	Jun 18 - May 19	Jun 17 - May 18	Jun 16 - May 17	Jun 15 - May 16	Jun 14 - May 15
EQ Low Cost 4	1.68%	3.21%	14.77%	1.17%	7.64%
ARC Cautious	0.35%	0.93%	7.95%	-1.27%	5.32%

Volatility	1Y	3Y	5Y	Since incep.
EQ Low Cost 4	4.41%	5.14%	4.67%	4.69%
ARC Cautious	3.45%	3.02%	2.98%	2.91%

Underlying fund charges & yield	
Ongoing charges	0.17%
12 month yield	2.02%

Portfolio manager

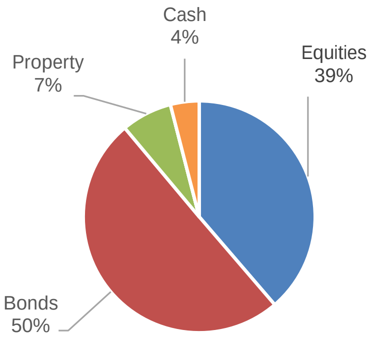
Kasim Zafar, CFA

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 0.39% (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

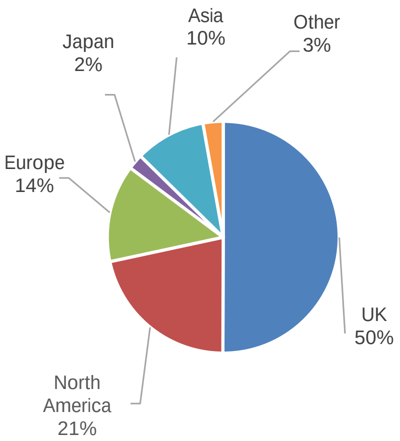
Equities: Equities have rallied globally on the pause in central bank policy tightening. More recent weakness has been driven by rising risk of trade barriers between the US & China in particular. The potential for easing monetary policy counterbalances this, however, leading us to a more neutral outlook.

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.

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 trade war intensify.

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	Asset class	Category	Weighting
L&G Sterling Corporate Bond Index	Bonds	Investment Grade	36.5%
Fidelity Index UK	Equities	UK	21.0%
Vanguard UK Government Bond Index	Bonds	Government	13.7%
Vanguard US Equity Index	Equities	United States	7.6%
BMO UK Property	Property	Property	7.1%
iShares Continental European Equity Index	Equities	Europe	4.8%
iShares Emerging Markets Equity Index	Equities	Emerging Markets	2.8%
L&G Pacific Index	Equities	Asia	1.7%
Fidelity Index Japan	Equities	Japan	0.8%

020 7488 7110 enquiries@eqinvestors.co.uk @eqinvestors EQ Investors

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

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