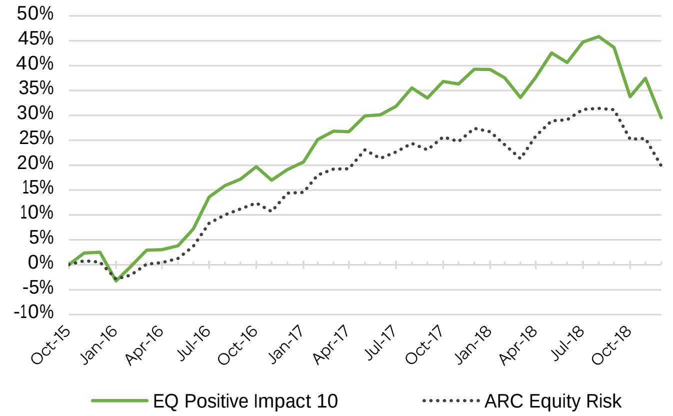
Positive Impact 10 - High Octane Model Portfolio Factsheet

31 Dec 2018

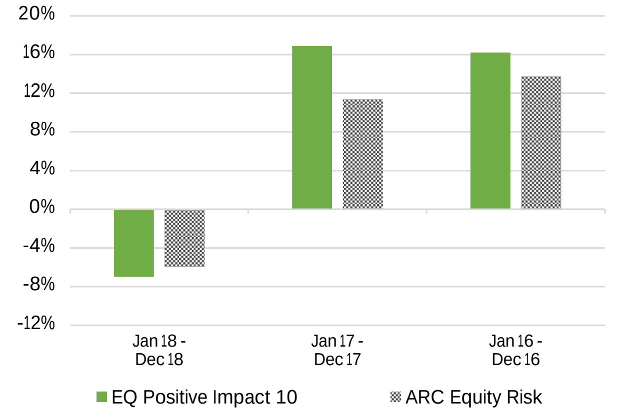
EQ's Positive Impact portfolios take a fresh look at the ethical and socially responsible universe. They identify fund managers who actively seek out companies whose products and services solve social and environmental challenges such as climate change, education or healthcare. In addition, they will avoid exposure to the most controversial sectors such as tobacco, armaments, pornography or gambling.

This portfolio is designed for the most adventurous risk profile, with up to 100% invested in equity funds. It is unconstrained in its selection criteria from within the universe of available equity funds, and can make concentrated investments, use sector specific funds, and invest in any geographic region. As a high risk portfolio, its performance is expected to be volatile. We benchmark this portfolio against the Asset Risk Consultants (ARC) Equity Risk Benchmark.

Past performance since inception: 31/10/2015 to 31/12/2018



Discrete performance



Performance includes the Ongoing Charges Figure (OCF), the transactional and incidental costs for the underlying funds and EQ discretionary management fee.

Cumulative performance	3M	6M	1Y	3Y	5Y	Since incep.
EQ Positive Impact 10	-9.82%	-7.91%	-6.99%	26.33%	-	29.54%
ARC Equity Risk	-8.61%	-7.17%	-5.93%	19.18%	26.59%	19.86%

Discrete performance	Jan 18 - Dec 18	Jan 17 - Dec 17	Jan 16 - Dec 16	Jan 15 - Dec 15	Jan 14 - Dec 14
EQ Positive Impact 10	-6.99%	16.89%	16.19%	-	-
ARC Equity Risk	-5.93%	11.39%	13.73%	2.06%	4.07%

Volatility

	1Y	3Y	5Y	Since incep.
EQ Positive Impact 10	11.86%	9.76%	-	9.55%
ARC Equity Risk	8.68%	7.41%	7.34%	7.22%

Underlying fund charges & yield

Ongoing charges	0.91%
12 month yield	1.47%

Portfolio manager

Damien Lardoux, CFA

Damien manages our Positive Impact and Low Cost 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.

Model performance is shown in sterling, net of underlying fund charges and an EQ management fee of 0.42% (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.

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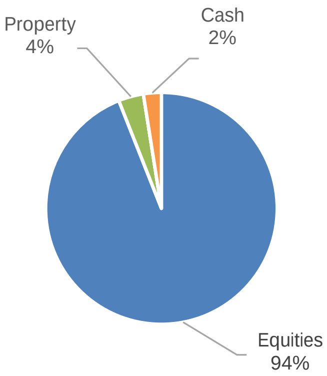
Asset allocation



Asset class outlook

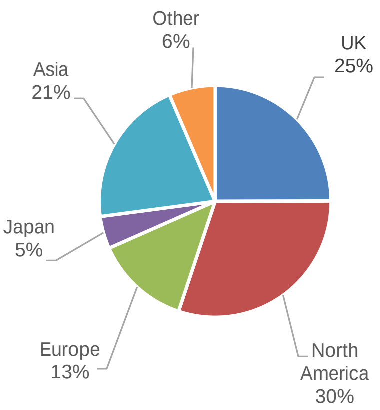
Equities: Equities have recently benefited from a pick-up in growth globally but a slight moderation coupled with uncertainty surrounding rising trade barriers and monetary policy tightening leads us to a more neutral outlook.

Bonds: Overall we are still slightly underweight bonds, but with interest rates having risen considerably in the US and with the aggregate market demonstrating late cycle characteristics, we have reduced our underweight to build additional resilience in portfolios.

Property: We currently see limited value in this asset class so our exposure is restricted to listed real estate investment companies.

Cash: In the absence of suitable alternatives investments, cash is used for risk management purposes. Our view on cash is neutral as although we expect elevated levels of volatility in equities, we think there is still a reasonable chance of sterling weakness.

Equities breakdown



Equities outlook

UK: We maintain a neutral position to the UK despite concerns around implications of Brexit negotiations as the equity market offers exposure to the global economy. While consumer and healthcare stocks are defensively exposed to global growth, the former will benefit from a strengthening global consumer.

North America: The US economy continues to display remarkable strength. Both business surveys and measured economic activity are healthy. We see very few signs of a recession although some moderation in growth is possible from elevated levels. The trade dispute with China remains the region's greatest threat.

Europe: Eurozone industrial activity has slowed down as the prospect of slowing Chinese growth and increased trade barriers hits sentiment. Meanwhile, the Italian government's initial budget proposal was rejected by Brussels. We don't think we are looking at another Eurozone sovereign debt crisis, but we have further dialled back our European equity exposure with the expectation of a better buying opportunity.

Japan: We have reduced our overweight, patiently waiting for a sustained improvement in retail, a turn in industrial production and/ or some form of Chinese economic stimulus to support the region.

Asia: Though longer term growth prospects for the region are very strong, tightening monetary policy and the impact of potential trade barriers with the US have led us to close our overweight position.

Top 10 holdings	Asset class	Category	Weighting
BMO Responsible Global Emerging Markets	Equities	Emerging Markets	13.5%
Impax Asian Environmental Markets	Equities	Thematic	8.5%
EdenTree Amity UK	Equities	UK	7.5%
Pictet Water	Equities	Thematic	7.0%
Royal London Sustainable Leaders	Equities	UK	7.0%
SLI UK Ethical	Equities	UK	7.0%
Sarasin Food & Agriculture Opportunities	Equities	Thematic	6.8%
Impax Environmental Markets	Equities	Thematic	6.0%
Polar Capital Biotechnology	Equities	Thematic	6.0%
WHEB Sustainability	Equities	Thematic	5.0%

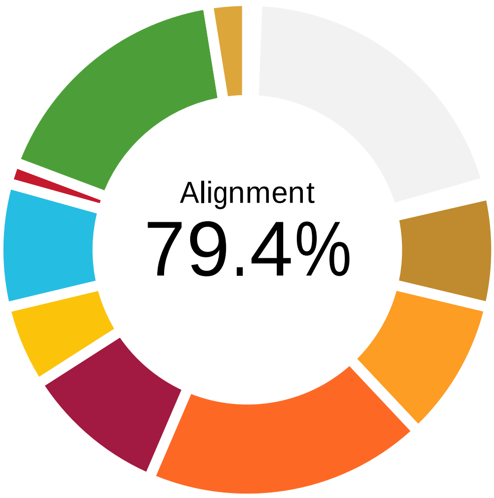
What are the UN Sustainable Development Goals?

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.

Funds in the portfolio are screened using our proprietary scoring system, which focuses on companies providing solutions to a range of social and environmental problems while screening out companies responsible for creating these problems. Further detail is outlined in our annual Impact Report. To download a copy, please visit https://eqinvestors.co.uk/blog/celebrating-five-years-positive-impact/

Portfolio alignment with the UN Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS



1 NO POVERTY		10 REDUCED INEQUALITIES	
2 ZERO HUNGER	2.5%	11 SUSTAINABLE CITIES & COMMUNITIES	9.3%
3 GOOD HEALTH & WELL-BEING	16.7%	12 RESPONSIBLE CONSUMPTION & PRODUCTION	7.3%
4 QUALITY EDUCATION	1.4%	13 CLIMATE ACTION*	
5 GENDER EQUALITY		14 LIFE BELOW WATER	0.6%
6 CLEAN WATER & SANITATION	8.1%	15 LIFE ON LAND	0.2%
7 AFFORDABLE & CLEAN ENERGY	5.3%	16 PEACE, JUSTICE & STRONG INSTITUTIONS	
8 DECENT WORK & ECONOMIC GROWTH	9.5%	17 PARTNERSHIP FOR THE GOALS	
9 INDUSTRY, INNOVATION & INFRASTRUCTURE	18.5%	NEUTRAL	20.0%
		NEGATIVE	0.6%

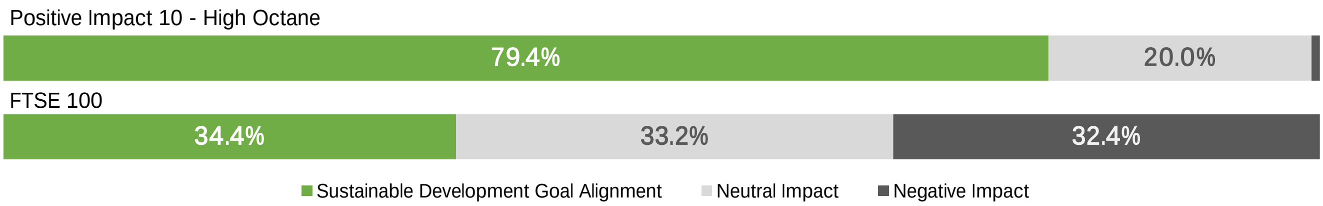
UN Sustainable Development Goals with no figure indicate that the portfolio has a 0% exposure; this is because either the Sustainable Development Goal presents very few investable opportunities, or that companies within the portfolio may give exposure to multiple goals and the more relevant goal has 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 FTSE 100



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 refering to the data used in the last annual Impact Report.

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