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# AXA WF ACT Social Progress

April 2022



Label ISR\* is a tool for choosing sustainable and responsible investments, created and supported by the Finance Ministry. The label goal is to increase the visibility of SRI products among savers in France and Europe.



The Towards Sustainability label\*\* is a tool to help retail and institutional investors looking for more sustainable savings and investment solutions. It is under the independent supervision of the Central Labeling Agency (CLA).



## Building an investment strategy aligned with AXA IM's purpose



At AXA IM, we strongly believe that **as investors, we have a role to play in society, in shaping a more sustainable future not only for our clients, but also for our communities and the world we live in.**

### Fund objective

Our Social Progress strategy is designed to **invest and engage with companies that will help drive human progress.** Protection will be a key element of our approach as, faced with growing inequalities, global transformations triggered by climate change and unprecedented health crises such as the Covid-19 crisis, we have the ambition to **participate in our way for the collective good and progress.**

Source: AXA IM

# Global challenges need Impact capital

## The UN Sustainable Development Goals (SDGs)

*We have identified 10 SDGs which directly or indirectly address people needs*

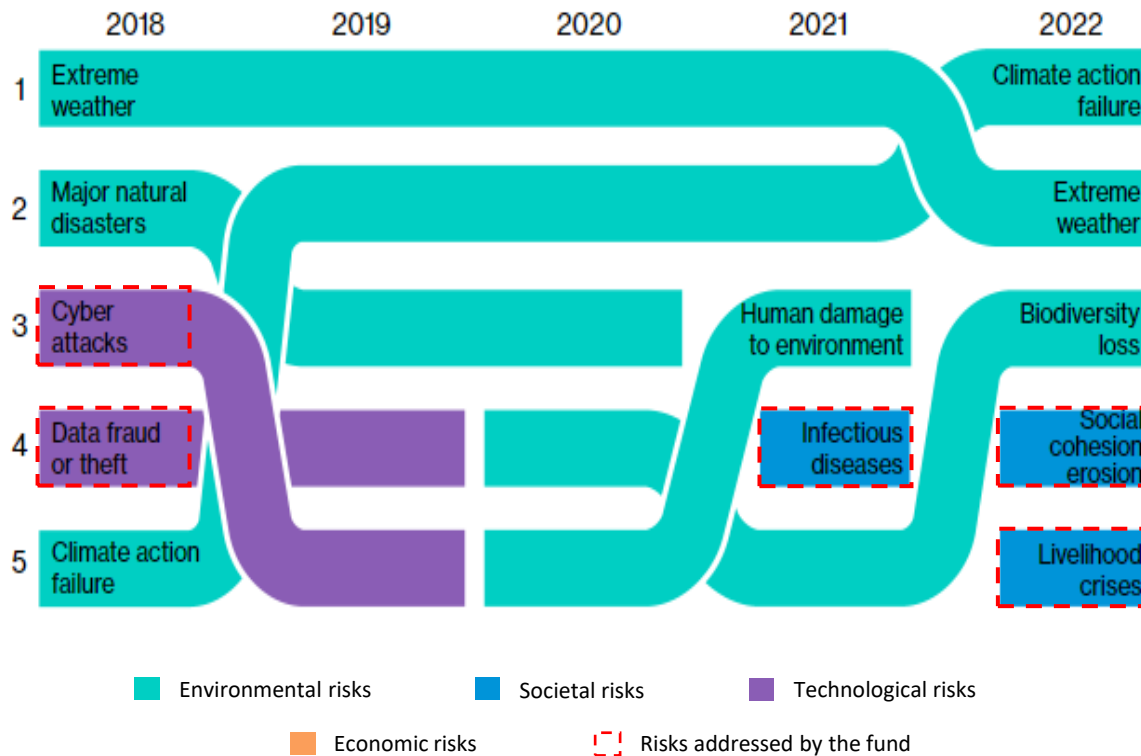


Source: The Sustainable Development Goals Report 2018.

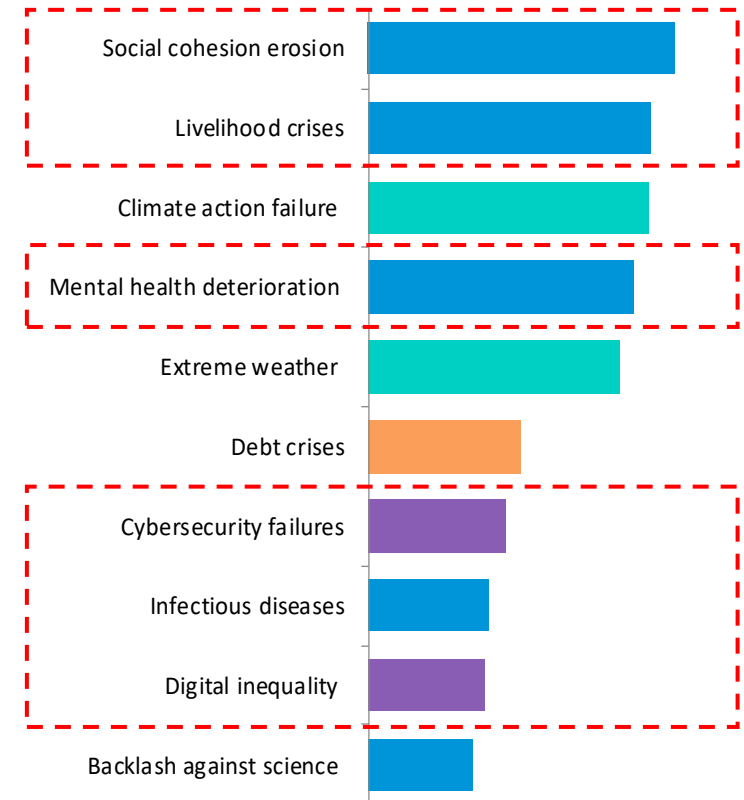
# Respond to the world's biggest risks

Societal issues are becoming a major concerns since the start of Covid-19 pandemic

Likelihood of top risks to occur over the next 10 years



Top 10 risks that worsened since Covid-19 pandemic



Source: AXA IM/World Economic Forum, Global Risks report 2022, 17<sup>th</sup> Edition. For illustrative purposes only. No guarantee or representation is made that investment objectives stated will be achieved. Each specific client or investor's experience may vary.

# Social cannot be overlooked anymore

Social awareness is a rising topic leading to huge changes in society driven by:



## Medical progress

is drastically accelerating thanks to public health and safety topics being raised at the top of organization's agendas, with an increased importance around hygiene and prevention.

In **Q4 2020 alone**, in private markets, **\$14.7bn** were invested globally in Biotechnology, Medical Devices & Equipment and other healthcare-related industries<sup>1</sup>.



## Technology democratization

is bringing fast-pace change, transforming the way underserved parts of the population can access essential services. Entrepreneurs are flourishing thanks to enhanced tools, as well as the much lower barriers to global market entry.



## The rise of developing nations

is becoming clearer by the day, with huge swathe of the world population elevating their needs and aspirations. From 2009 to 2030, the World's middle-class growth is expected to be **84% in Asia**, **60% in Middle East/Africa** and **42% in Latin America**<sup>2</sup>.

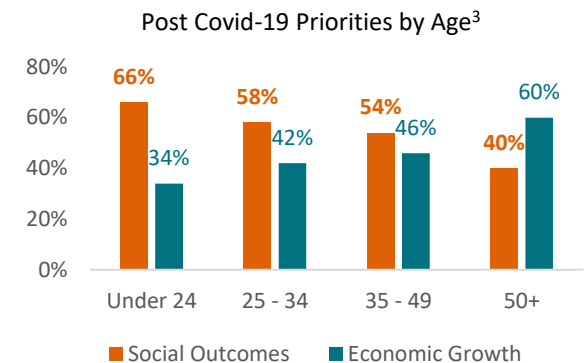


## Regulatory safety standards

are being enforced and enhanced across industries to better protect human lives and reduce risks of fraud, accidental injuries and deaths.



## COVID-19 AND THE CALL FOR SOCIAL PROGRESS



Sources: 1. Healthcare MoneyTree Report Q4 2020, PwC, CB Insights, 4 January 2021. 2. AXA IM/OECD as at December 2018. 3. [Why social progress is critical to thriving societies and businesses](#), IPSOS, 2020. For illustrative purposes only. Past performance is not a guide to future performance. No guarantee or representation is made that investment objectives stated will be achieved Each specific client or investor's experience may vary.

# 3 key sub-themes aligned with primary UN SDGs

## Social Progress strategy

### Access

**Affordable Housing**

**Essential Infrastructure**

**Financial & Digital inclusion**

Improving access and providing services to increase inclusion will help create economic moats in large addressable markets  
**Tag Immobilien – Bank Rakyat – Helios Towers**

### Protect

**Healthcare solutions**

**Safety**

Getting the right protection will allow people to focus on other material aspects of their lives  
**Eurofins – Rentokil – Everbridge**

### Progress

**Education**

**Entrepreneurship**

**Wellbeing**

People want to aspire to improving their conditions, and to thrive in their lives  
**Bright Horizons – IDP Education – Pageseguro**

### Direct SDGs targeted across the portfolio



### Indirect SDGs targeted across the portfolio



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# AXA IM Equity common investment approach for impact strategies

## Conviction

- Typically 40-60 names
- Weight scheme driven by a mix of **conviction of return, business impact, market cap/liquidity and risk.**

## Long term Investment Horizon

- Long term investor with low turnover.
- Sell discipline – ongoing review of investment thesis and theme exposure.

## Absolute risk mindset

- High active share vs MSCI ACWI
- No tracking error limits, **risks well diversified** across portfolio.

Measure	Metrics
<b>Investable universe (&gt;\$500m market cap)</b>	Typically 200-300 companies in the listed impact universe
<b>Impact exposure</b>	Typically >70% in impact leaders & contributors
<b>Stock concentration</b>	Typically 40-60 stocks
<b>Active Share (vs. ACWI)</b>	Typical >80% Min >60%
<b>Turnover</b>	Circa 30%
<b>Typical weighting at cost:</b>	
<b>High conviction/impact</b>	2-4%
<b>Smaller cap</b>	1-3%
<b>Max single position</b>	Max 6%

Source: AXA IM as at 31/03/2022. For illustrative purposes only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion. No guarantee or representation is made that investment objectives stated will be achieved. Each specific client or investor's experience may vary. There can be no assurance that the strategy will achieve the results illustrated or achieve its objectives. CR12547/04-20

# Investment Team

A team of equity and ESG experts with access to large resources



**Anne Tolmunen**

Global equities team

- 14 yrs' investment experience



**Caroline Moleux**

Global Small Cap equities team

- 18 yrs' investment experience



**Peter Hughes**

Global Equities team

- 7 yrs' investment experience

## Listed Equity Impact analyst team



**Gautier Bonnécuelle**

Head of ESG & Impact Research

- 14 yrs' investment experience



**Lisa Kladitis**

Impact Analyst

- 3 yrs' experience



**Jihane El Haidoudi**

Impact Analyst

- 7 yrs' experience



**Jules Arnaud**

Impact Analyst

- 3 yrs' experience

## Impact Theme Pod Leaders



**Anne Tolmunen**  
Impact Theme:  
Wellbeing & Safety  
14 yrs' experience



**Caroline Moleux**  
Impact Theme:  
Diversity & Human Capital  
18 yrs' experience



**Peter Hughes**  
Impact Theme:  
Healthcare Solutions  
7 yrs' experience



**Simon Weston**  
Impact Theme:  
Housing & Essential Infrastructure  
33 yrs' experience



**Antoine De Crepy**  
Impact Theme:  
Financial & Digital Inclusion  
23 yrs' experience



**Benoist Leveque**  
Impact Theme:  
Education & SMEs  
5 yrs' experience

**AXA IM Equity Investment team**  
(59 Portfolio managers)

**Core Investment Analytics team**  
(10 analysts)

**ESG & Impact team**  
(8 dedicated analysts)

**Responsible Investment**  
(27 dedicated professionals)

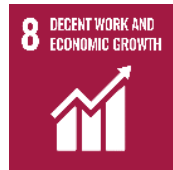
**Macroeconomic Research**  
(14 economists)

Source: AXA IM as at 31/03/2022. Staff figure updated on quarterly basis (31/12/2021). Information about AXA Investment Managers' staff is only informative. We do not guarantee the fact that staff remain employed by AXA Investment Managers or continue to exercise at AXA Investment Managers.



# Stock example

PT Bank Rakyat Indonesia – Impact Leader



Bank Rakyat (BRI) is an Indonesian bank providing banking services to MSME<sup>1</sup>, consumer and corporate customers



### Intentionality

MSME<sup>1</sup> and micro loans increase access to financial services. **BRI aims to be a champion of financial inclusion**



### Materiality

BRI focuses on the large **underbanked population** in Indonesia and BRI reached **11.8m micro borrowers in 2020**



### Additionality

BRI focuses on reaching the underserved segment and provides **BRILink, a branchless banking service for financial inclusion** which reaches remote areas in Indonesia



### Negative Externalities

**BRI finances environmentally harmful activities**, such as palm oil commodities. BRI has a detailed green financing policy that requires debtors to obtain palm oil certification (ISPO or RSPO)<sup>2</sup>



### Measurability

The company measures impact of products and services effectively, **offering KPIs for financial inclusion** such a micro borrowers reached

### KPIs monitored

	2018	2019	2020
Micro Borrowers (in millions)	10.0	10.6	11.8
Number of BRILink Agents	401,550	422,160	504,233

Source: AXA IM December 2021, PT Bank Rakyat Indonesia, Morgan Stanley, Bernstein. 1: MSME: Micro, Small and Medium Enterprises. 2: Indonesian Sustainable Palm Oil or Roundtable on Sustainable Palm Oil. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy. KPIs are not indicative of future results.

# Qualitative impact analysis

Eurofins Scientific – Impact Leader



Eurofins is a Luxemburg life science company providing analytical testing services across multiple industries



## Intentionality

Facilitate the development of **novel drugs**, improve the **safety, environmental impact** and ensure **compliance with regulation**.



## Materiality

Eurofins focuses on testing services for **environment, food, pharmaceutical and clinical applications**.



## Additionality

Eurofins places **strong emphasis on innovation**, contributing to science, investing in R&D and in growing its testing capacities.



## Negative Externalities

There is a lack of KPI that allow us to adequately monitor impact. However, **the company shown some intentionality** on this topic.



## Measurability

Impact KPI reporting remains anecdotal, **provides some commentary and information** on operational footprint, policies and approaches.

## KPIs monitored

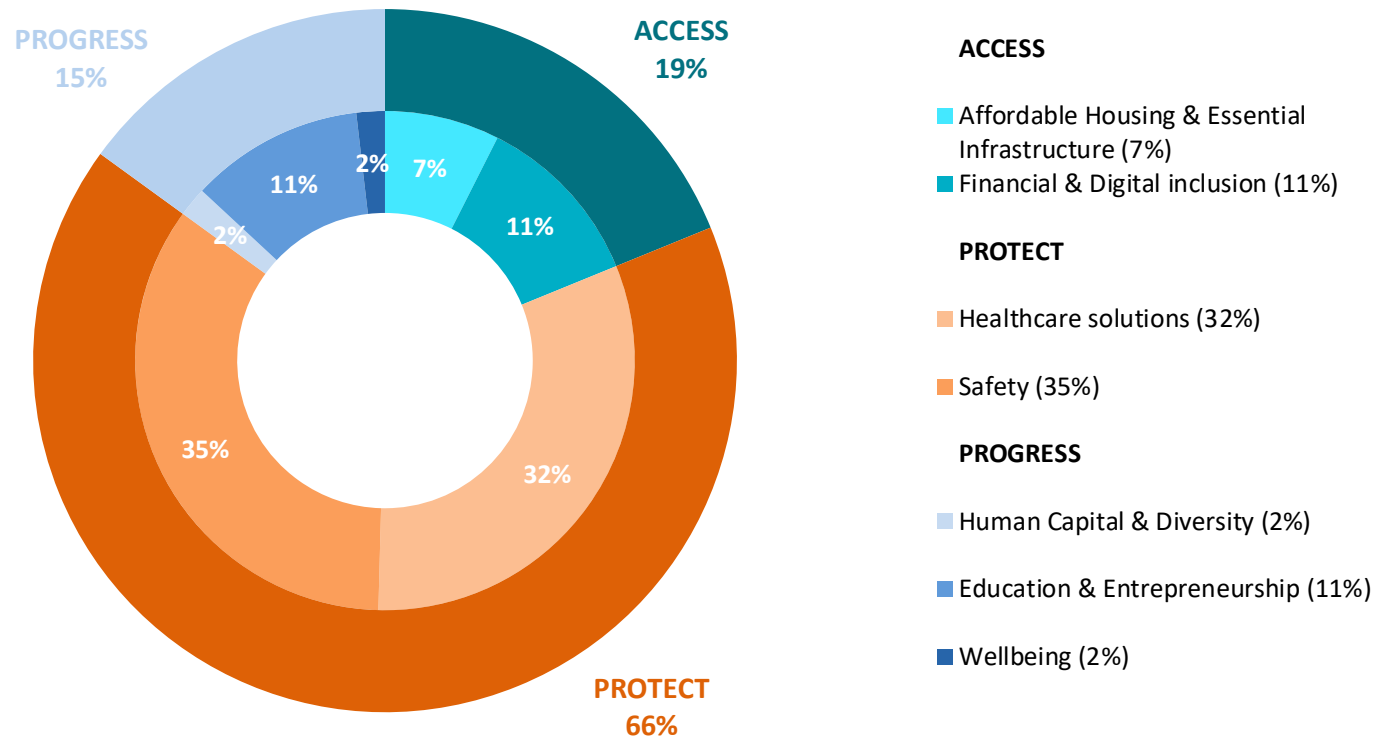
	2018	2019	2020
Number of laboratories	800	800	854
Analytical methods	130,000	200,000	200,000

Source: AXA IM December 2021, Eurofins Annual report. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy. KPIs are not indicative of future results.

# AXA WF ACT Social Progress

## Portfolio structure

### Themes breakdown



Source: AXA IM as at 31/03/2022. For illustrative purposes only. Totals may not add up due to rounding. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Past positioning is not indicative of future positioning.

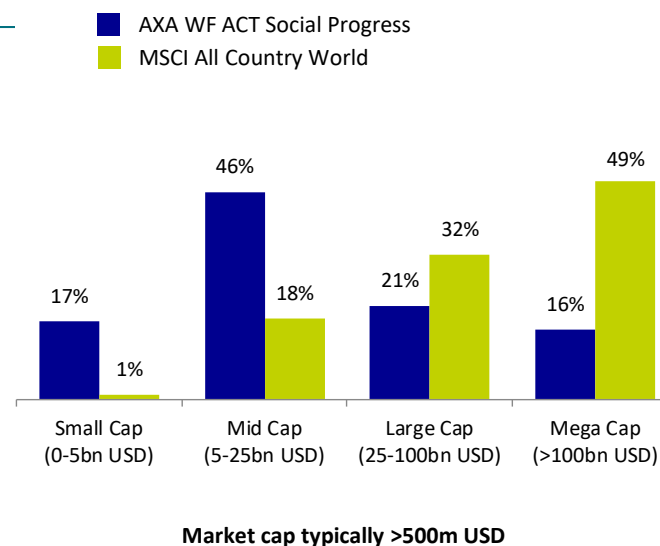
# AXA WF ACT Social Progress

## Top 15 active weights & market cap breakdown

### Top 15 active weights

Company	Active Weight %	Sub-Theme	Country	Market Cap (in \$Bn)
1 Dexcom Inc	2.7	Healthcare solutions	United States	49.8
2 AstraZeneca PLC	2.5	Healthcare solutions	United Kingdom	206.7
3 Bank Rakyat Indonesia Persero	2.5	Financial inclusion	Indonesia	49.2
4 CSL Ltd	2.5	Healthcare solutions	Australia	97.0
5 Rentokil Initial PLC	2.4	Hygiene	United Kingdom	12.9
6 Capitec Bank Holdings Ltd	2.4	Financial inclusion	South Africa	18.6
7 Clicks Group Ltd	2.3	Pharmacies	South Africa	5.2
8 Regeneron Pharmaceuticals Inc	2.3	Healthcare solutions	United States	75.8
9 Rapid7 Inc	2.3	Digital security	United States	6.5
10 Teradyne Inc	2.2	Work safety	United States	19.2
11 AIA Group Ltd	2.2	Health insurance	Hong Kong	127.4
12 Centene Corp	2.2	Health insurance	United States	49.1
13 Croda International PLC	2.2	Food safety	United Kingdom	14.5
14 Stryker Corp	2.1	Healthcare solutions	United States	101.0
15 IDP Education Ltd	2.1	Education	Australia	6.6
<b>Total</b>	<b>34.8</b>			
<b>Number of Stocks</b>	<b>53</b>			

### Market Cap breakdown



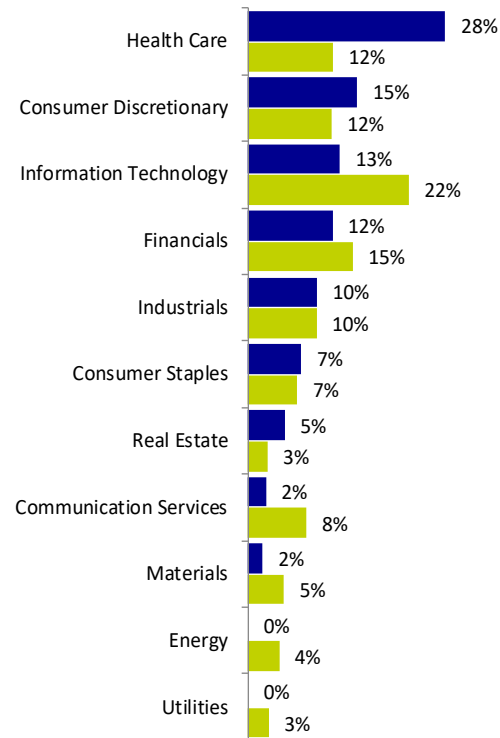
Source: AXA IM as at 31/03/2022. For illustrative purposes only. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Past positioning is not indicative of future positioning. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy.



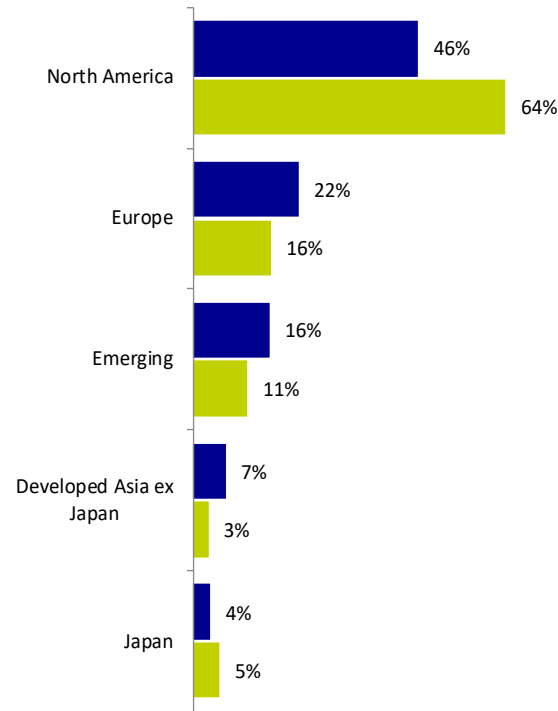
# AXA WF ACT Social Progress

## Sector, geographic & regional sales split

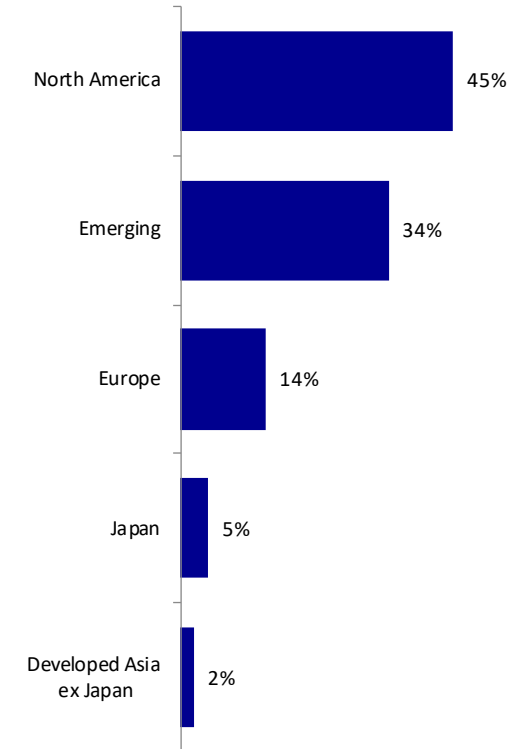
Sector split



Geographical split



Geographical sales split



■ AXA WF ACT Social Progress

■ MSCI All Country World

Source: AXA IM as at 31/03/2022. Geographical sales split data as at 31/12/2021 (update on a quarterly basis). For illustrative purposes only. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Past positioning is not indicative of future positioning.

# AXA WF ACT Social Progress

## Portfolio structure

### Portfolio metrics

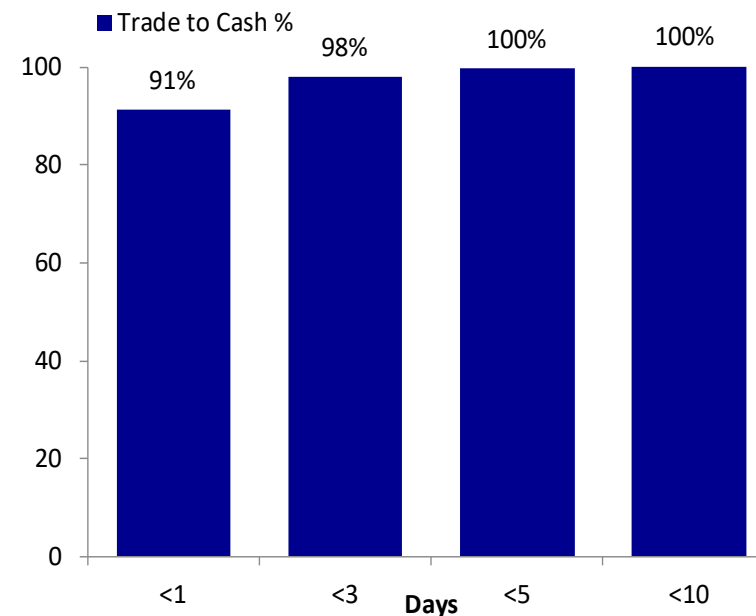
Tracking Error	6.5%
Active Share	97.9%
Predicted Beta	1.12

VALUE	AXA WF ACT Social Progress	MSCI All Country World
Price to Book	4.1	2.8
Dividend Yield (12m Forward) %	1.1	2.1
Price to Earnings (12m Forward)	24.4	16.7
Price to Sales	3.4	2.4
Price to EBITDA	19.4	11.4
EV/EBITDA	23.2	14.0

### GROWTH / QUALITY

3 Year Sales Growth (Historic) %	14.3	8.8
12M Sales Growth (Forward) %	12.8	10.6
3 Year EPS Growth (Historic) %	9.3	14.3
12M EPS Growth (Forward) %	15.2	11.3
ROE	16.1	21.3
ROIC	10.4	14.3
Net Debt/Equity %	28.2	42.3

### Liquidity\* profile

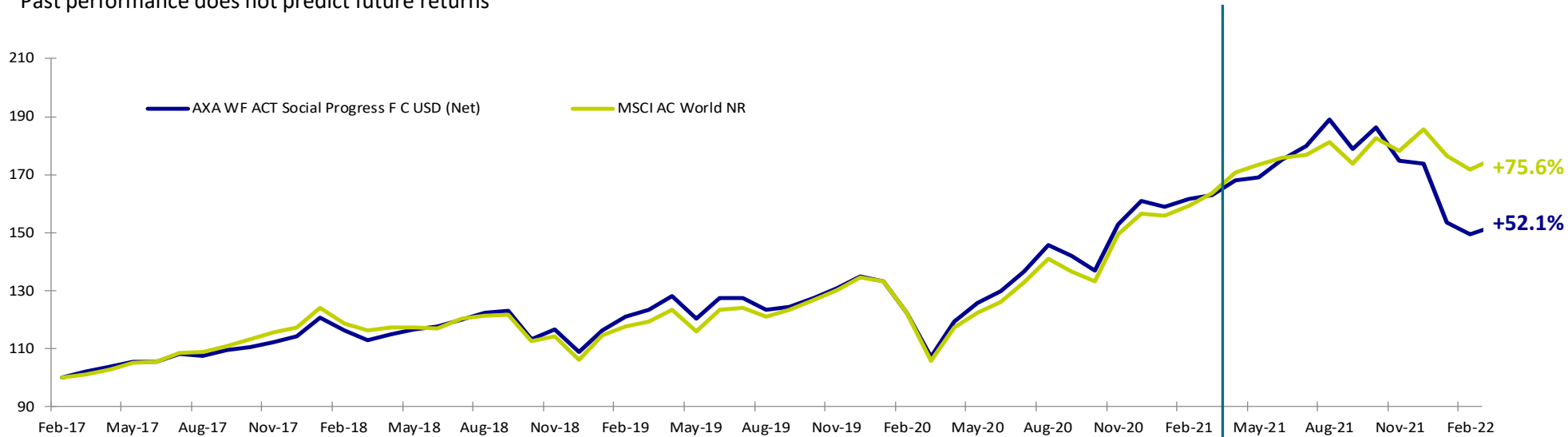


Source: Barra/FactSet/AXA IM as at 31/03/2022. Strategy unconstrained - MSCI All Country World used for comparative purposes. Liquidity data as at 31/03/2022. \*The liquidation is calculated under normal market conditions and for illustrative purpose. The liquidity and days to cash are calculated based on a 20% participation rate of the 90 day average volume for each stock in the portfolio. These figures are based on reported volumes. As such, it may understate liquidity as off exchange activity is excluded. Positions which have no liquidity data available have been excluded from the above analysis. CR10085/08-19

# AXA WF ACT Social Progress

## Performance since inception\*

Past performance does not predict future returns



As of April 10th, 2021, the AXA WF Framlington Women Empowerment fund is renamed AXA WF ACT Social Progress and expands its investment universe to address more widely all of the United Nations Sustainable Development Goals with a social focus

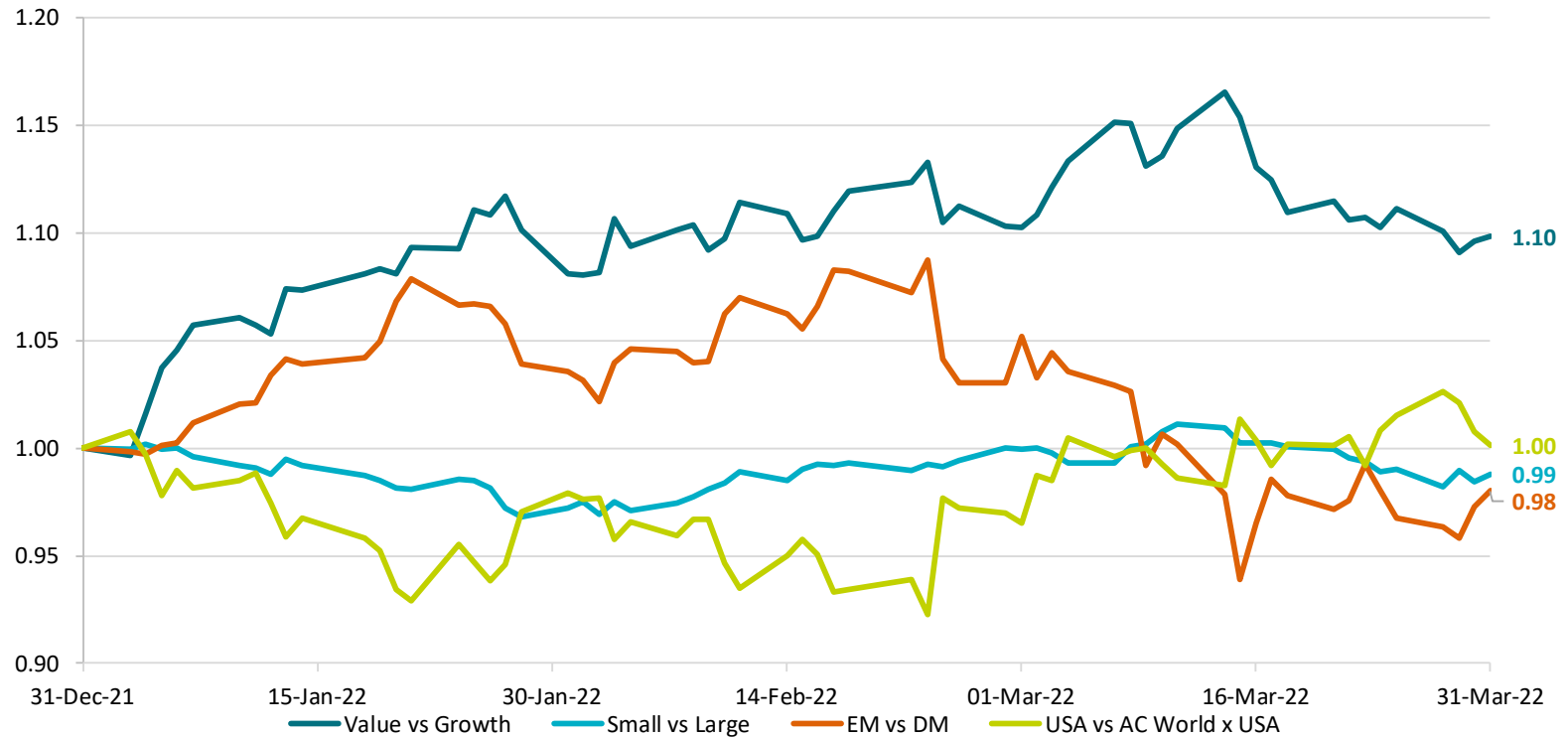
Performance AXA WF ACT Social Progress - F share, in %	YTD	1 YR	3 YR	5 YR	SL* (cum)	3Y (ann)	5Y (ann)	SL* (ann)	2021	2020	2019	2018
<b>AXA WF ACT Social Progress (Net) USD</b>	<b>-12.6</b>	<b>-6.8</b>	<b>23.3</b>	<b>49.0</b>	<b>52.1</b>	<b>7.2</b>	<b>8.3</b>	<b>8.6</b>	<b>8.2</b>	<b>19.2</b>	<b>23.9</b>	<b>-4.6</b>
MSCI AC World NR USD	-5.4	7.3	47.2	73.4	75.6	13.7	11.6	11.7	18.5	16.2	26.6	-9.4

AXA WF ACT Social Progress is **subject to risks** including Emerging Markets; Global Investments; ESG ; Impact ; Investments in small and/or micro capitalisation universe; Investments in specific sectors or asset classes.

Source: AXA IM, FactSet as at 31/03/2022. Basis: F USD share class, Single Price NAV, Net Income Total Return, Net fees in USD. Comparative benchmark: MSCI ACWI. Performance and income are susceptible of varying considerably due to the fluctuations of the exchange rate. \*Inception date refers to 28/02/2017. The figures provided relate to previous months or years and past performance is not a reliable indicator as to future performance. Performance calculations are based on the reinvestment of dividends. Index's performance is calculated on the basis of dividends. The fund's benchmark, the MSCI All Country World NR Index, is given as a basis for comparison only. As of April 10, the AXA WF Framlington Women Empowerment fund is renamed AXA WF ACT Social Progress and expands its investment universe to address more widely all of the United Nations Sustainable Development Goals with a social focus. **Return may increase or decrease as a result of currency fluctuations.**

# Market summary

## Relative index performance – Q1 2022



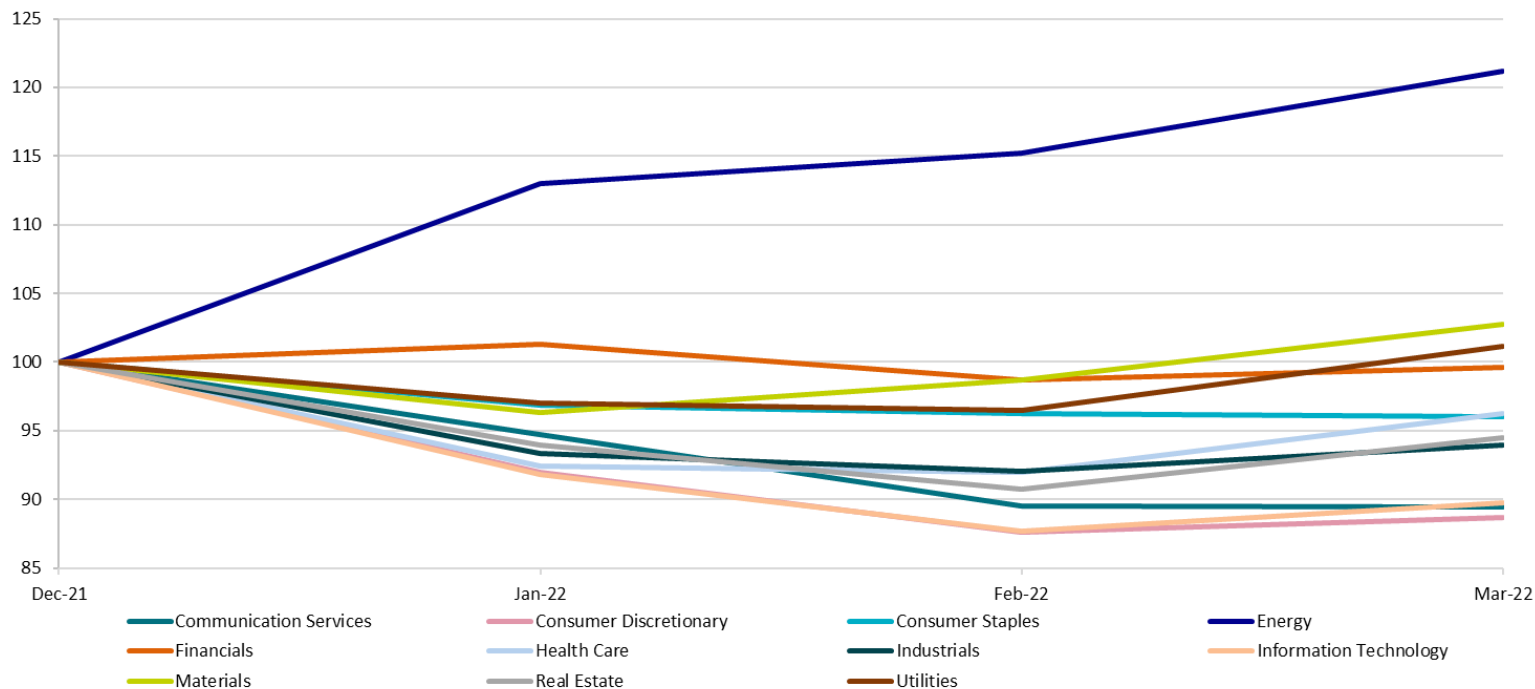
- We have seen in January a sharp rotation from Growth to Value style as investors favoured short duration and low valuation names in a context of rising interest rates and persistent elevated inflation levels, compounded by industry bottlenecks and geopolitical uncertainty
- After a strong start, Emerging Markets have underperformed Developed Markets in the wake of the Russia-Ukraine war and the announcement of strict large-scale lockdowns in China to fight recent Covid-19 breakouts

Source: AXA IM, Factset, as at 31/03/2022. The figures provided relate to previous months or years and past performance is not a reliable indicator as to future performance. Performance calculations are based on the reinvestment of dividends. Performance calculations are gross of management fees. The portfolio composition may evolve anytime.



# Market summary

## Sectors performance – Q1 2022



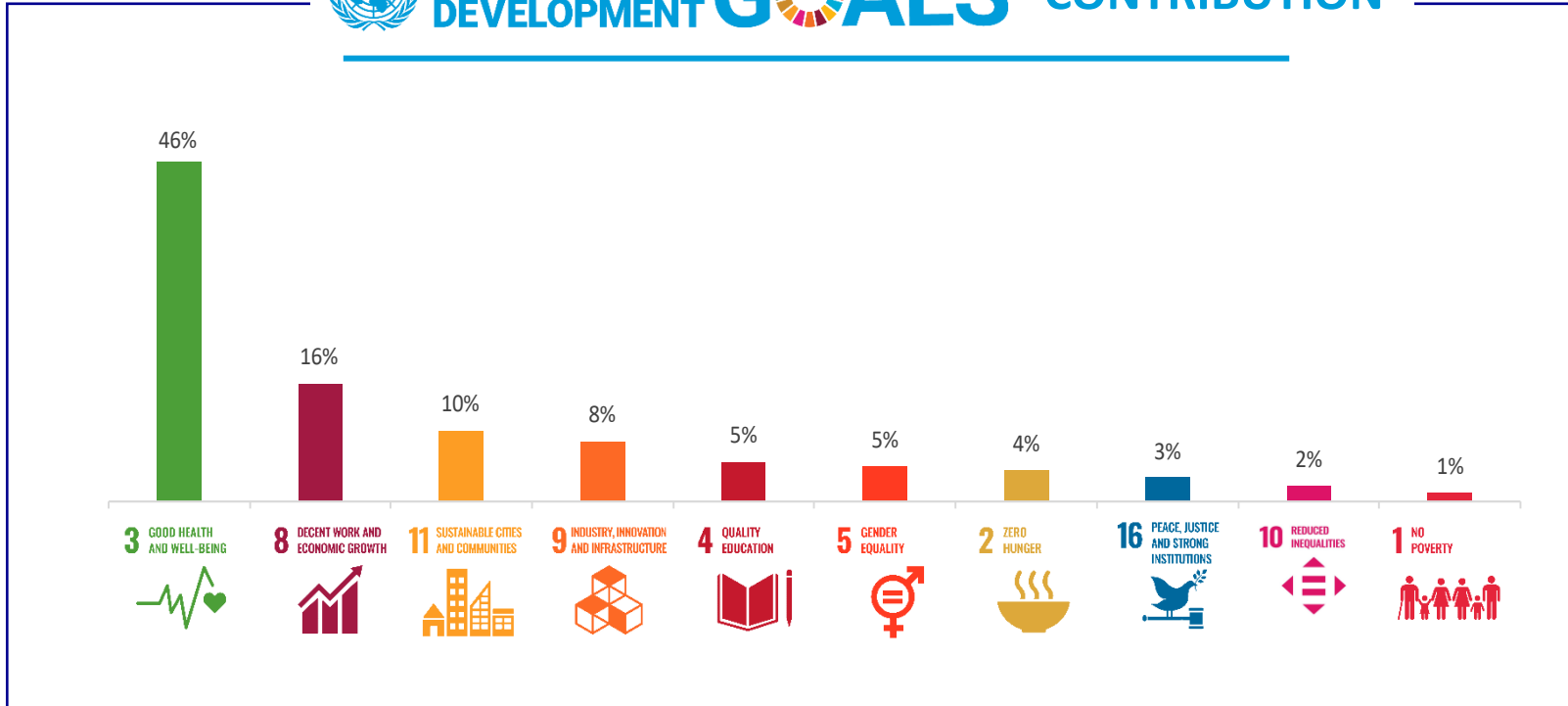
	Energy	Materials	Utilities	Financials	Health Care	Consumer Staples	Real Estate	Industrials	Information Technology	Communication Services	Consumer Discretionary
Q1 2022 sector return (%)	+21.15	+2.75	+1.16	-0.42	-3.78	-4.00	-5.51	-6.02	-10.28	-10.58	-11.34

# AXA WF ACT Social Progress

## UN SDG Contributions



### SUSTAINABLE DEVELOPMENT GOALS CONTRIBUTION



Source: AXA IM as at 31/03/2022. For illustrative purposes only. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Past positioning is not indicative of future positioning. SDG contribution methodology: each company is assigned a primary and secondary by our Impact analysts. The company SDG contribution is then split across the SDGs targeted by the fund as follow: Primary/Secondary SDGs : 65%/35% of the stock weight.

# Social Progress Strategy

## Social Impact Report

### Stock level impact examples

#### Financial inclusion

Bank Rakyat

Provided access to micro loans for at least 11.8 million people in Indonesia<sup>1</sup> in 2020



Equivalent to the entire population of Jakarta in Indonesia

#### People safety – Hygiene

Godrej

Reached 3.5 million people with their “Elimination of Mosquito Borne Endemic Disease Programme”<sup>2</sup>



#### Healthcare solutions

Regeneron  
Pharmaceuticals

Provided free medicine to more than 39,000 uninsured and/or low-income patients in 2020<sup>3</sup>



#### Education

IDP Education

38,100 students placed in foreign universities in 2021<sup>4</sup>



Source: AXA IM as at December 2021. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy. 1. Bank Rakyat Indonesia Annual Report. 2. Godrej Consumers Annual Report. 3. Regeneron Pharmaceuticals Annual Report. 4. IDP Education Annual Report.

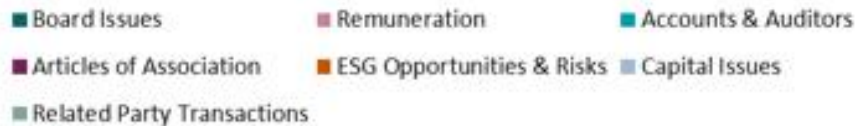
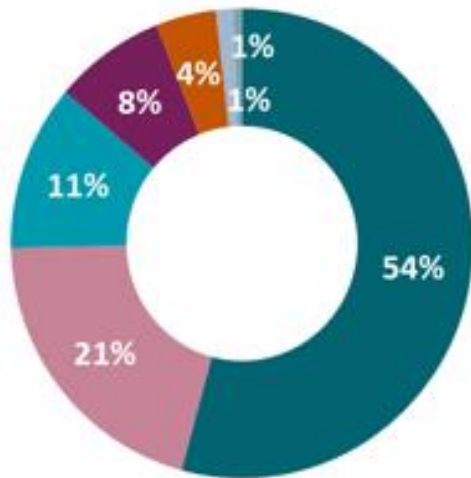
# Social Progress Strategy

## Voting & Engagement

### Voting activity

Over 2021, we participated in **72** meetings, voting on **802** Resolutions, on which **21%** were against the management.

#### Voting against Management



#### Engagements in 2021:

- **Bank Rakyat:** Sustainable Palm Oil Financing
- **AstraZeneca:** Public Health (Access to Medicine)
- **Katitas:** Sustainability
- **Kerry Group:** Public Health (Nutrition)
- **TAG Immobilien:** Corporate Governance
- **Generac:** Clean Energy

Source: AXA IM as of December 2021. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy.



# AXA IM's Philanthropy initiative

A new initiative to underscore our role in society

A unique long-term commitment across a range of Impact funds, to make long-lasting positive changes

# 5%

## of Impact Funds Management fees donated to charities

- Selected charities will address themes and SDGs aligned with our Impact and Research focus
- Applies to all AXA IM Impact funds
- Effective from July 2020



access to  
medicine  
FOUNDATION



## Reinforced Partnership with the Access to Medicine Foundation (ATMF)

- Working closely with pharmaceutical companies and key stakeholders in healthcare communities for a **systematic effect**, helping to ensure that those who need them have **access to essential antibiotics and vaccines**
- AXA IM is the first asset manager to sponsor the ATMF
- € 500k grant

Source: AXA IM, for illustrative purpose only.

# Conclusion

AXA WF ACT Social Progress

1



**Dual objective**

Seeking **long-term financial returns** while achieving **positive impact** on society

2



**Differentiated solution**

Three key themes aligned with social SDGs: **Access, Protect, Progress**

3



**Proprietary impact framework**

Companies rigorously scored across **five key pillars** to qualify as Impact

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