



Not for Retail distribution: this document is intended exclusively for Professional, Institutional, Qualified or Wholesale Investors / Clients, as defined by applicable local laws and regulation. Circulation must be restricted accordingly

# Long term thematic investing Investing in the Clean Economy

Mark Hargraves, Head of Framlington Equities

Amanda O'Toole, Portfolio Manager

September 2021

Citywire Berlin

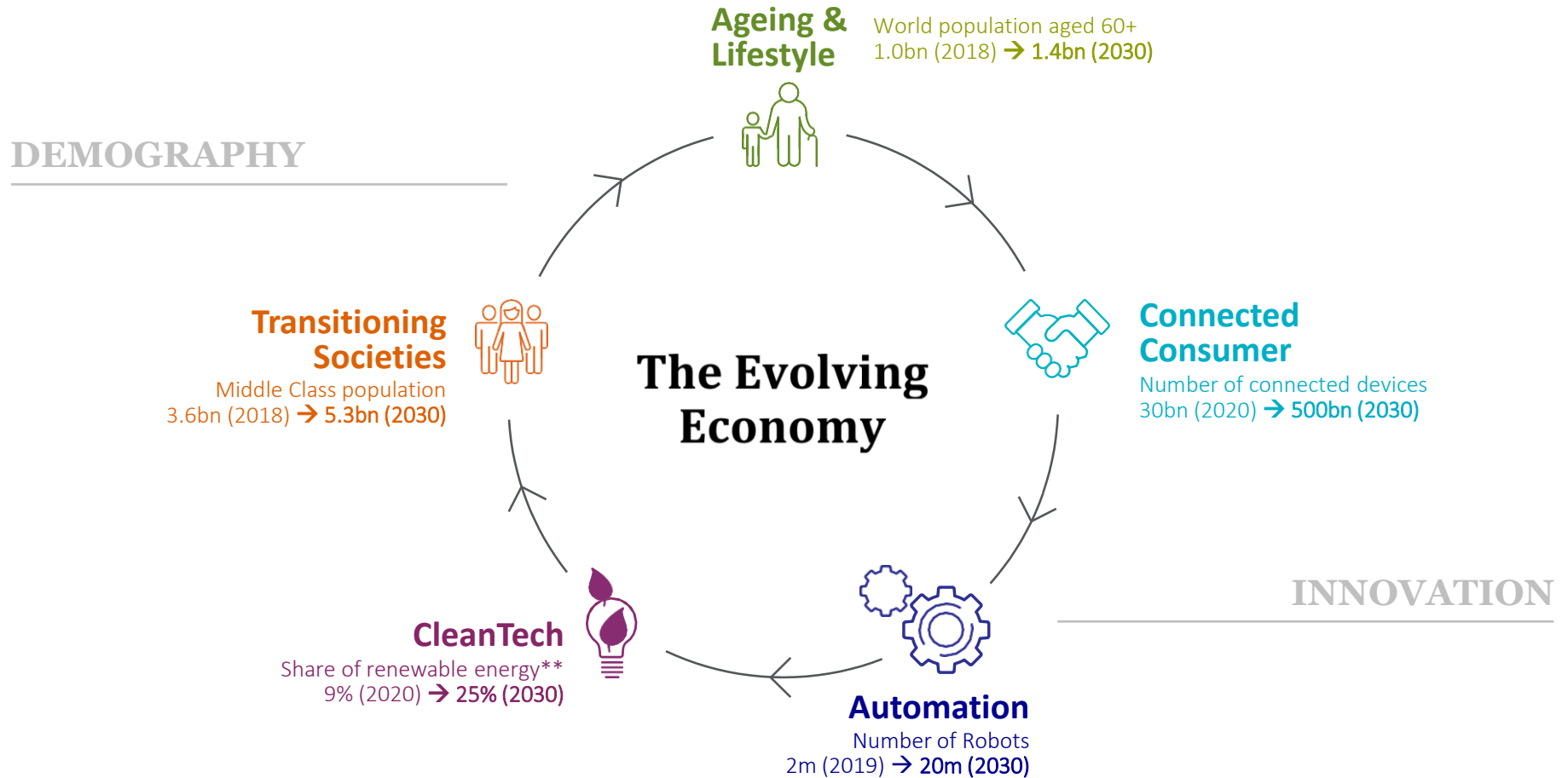


**Label ISR\*** is a tool for choosing sustainable and responsible investments, created and supported by the Finance Ministry. The label goal is to increase the visibility of SRI products among savers in France and Europe.



**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).

# Evolving Economy investment themes at Framlington Equities



Source: AXA IM, BofAML "Transforming World: The 2020s", November 2019. BofAML Global Research, UN, Internet World Stats, Cybersecurity Ventures, Cisco, ITU 2015, Kharas, Brookings Institution, Oxford Economics, BNEF 2019 \*EB: Exabyte. An exabyte is a unit of digital information storage used to denote the size of data. It is equivalent to 1 billion gigabytes (GB). \*\*Renewable energy: variable renewables.

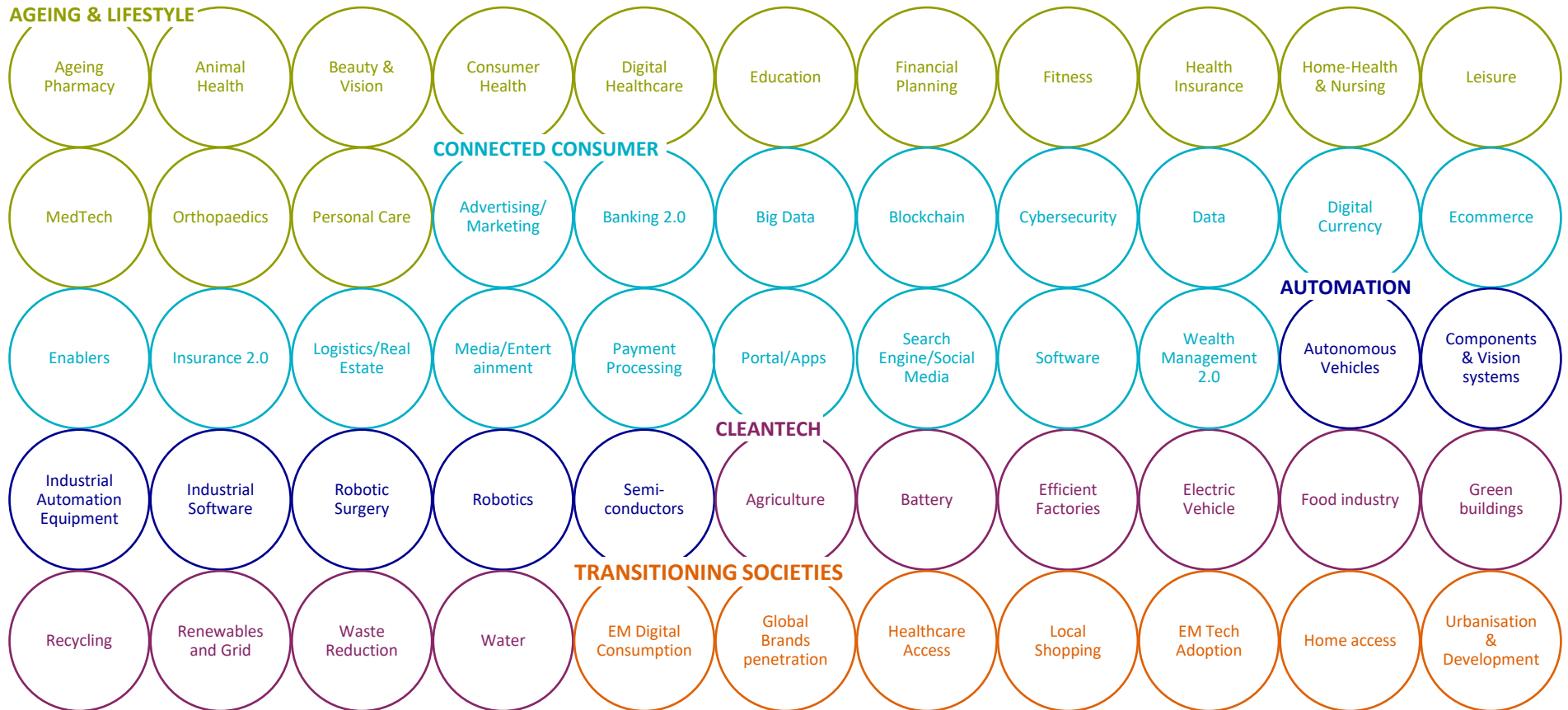
# Evolving Economy investment themes at Framlington Equities



Source: AXA IM. For illustrative purposes only

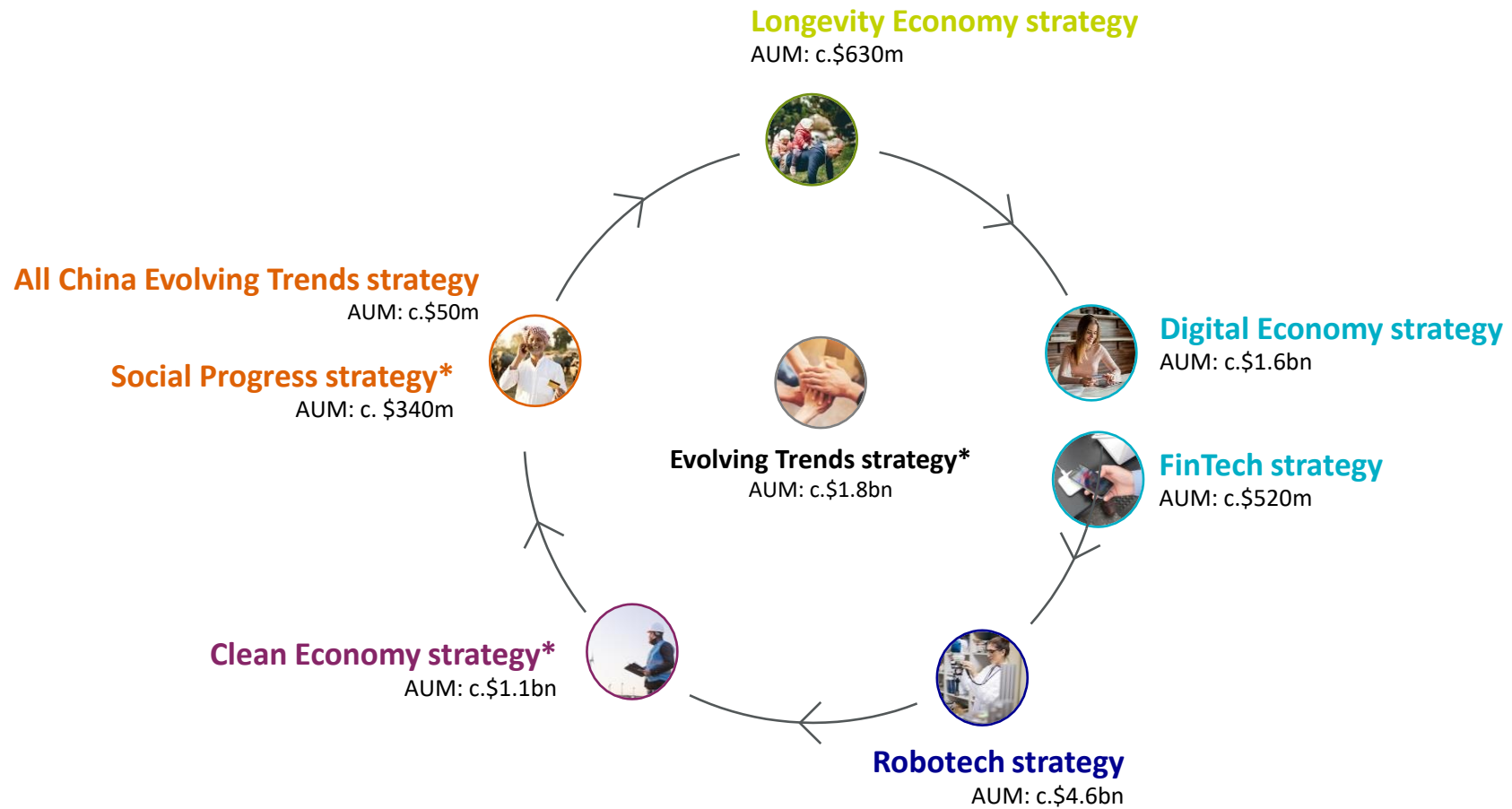
# Evolving Economy: more than just 5 themes

Themes already invested by our portfolio managers



Source: AXA IM for illustrative purposes only. Please note that some of the above listed areas may be listed across several main themes (e.g. "Enablers" applies for CONNECTED CONSUMER, but also CLEANTECH and also AUTOMATION themes).

# Evolving Economy investment strategies at Framlington Equities

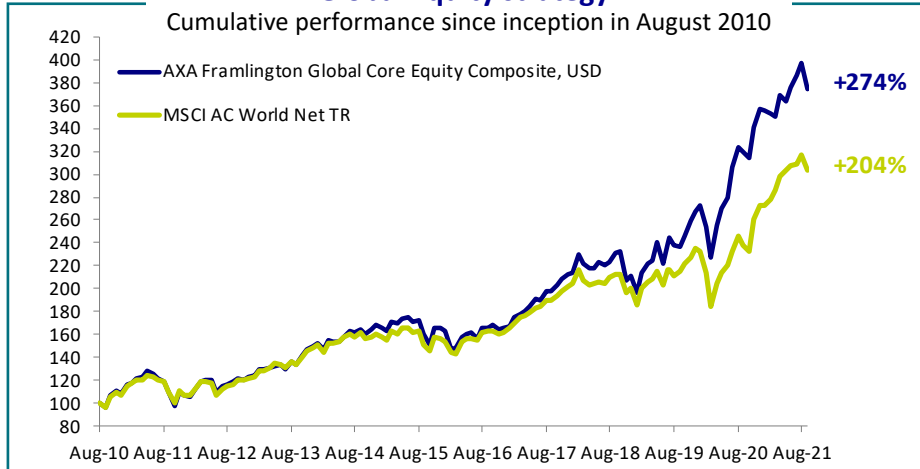


\*SFDR Art 9

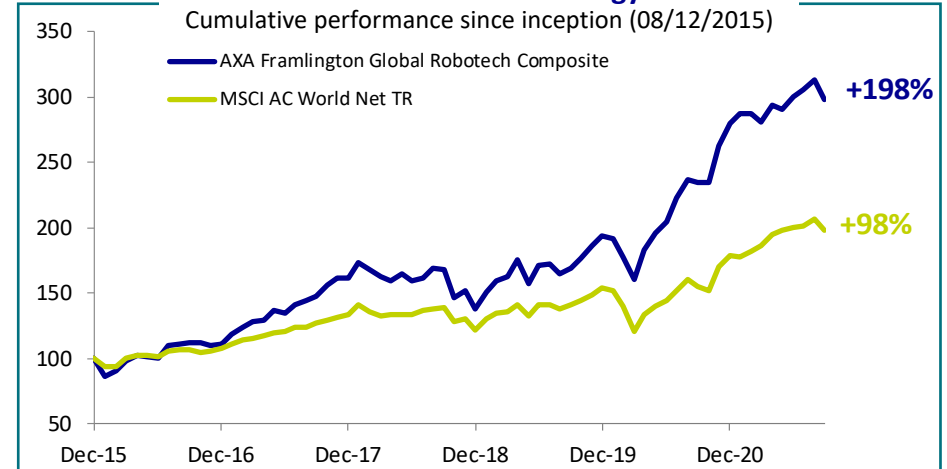
Source: FactSet as at 30/09/2021. For illustrative purposes only.

# Existing expertise in global and disruptive themes

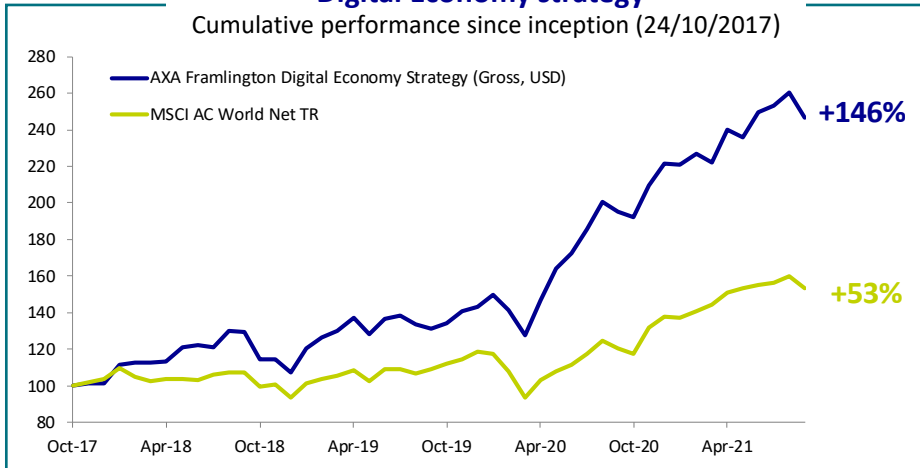
## Global Equity strategy<sup>1</sup>



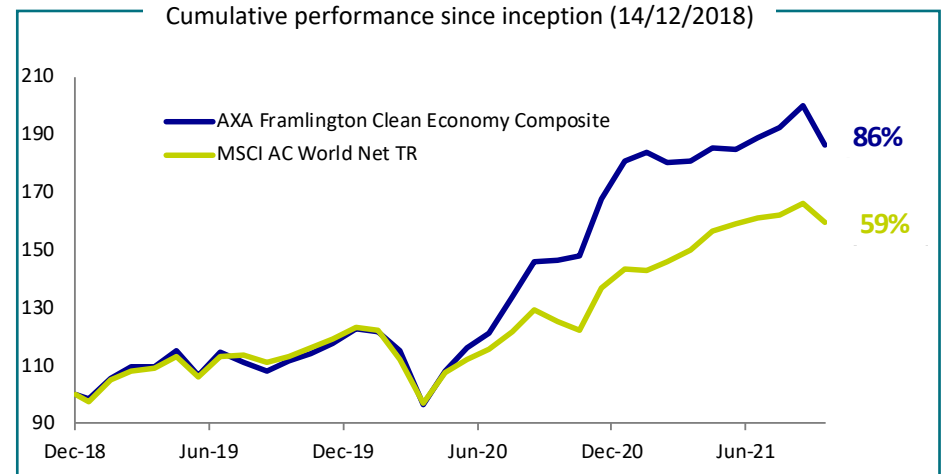
## Global Robotech strategy<sup>2</sup>



## Digital Economy strategy<sup>3</sup>



## Clean Economy strategy<sup>4</sup>



The Global Equity, Global Robotech, Digital Economy and Clean Economy strategies above mentioned **are exposed to risks** including ; Equity; Smaller companies; Industry; Sector; Region; Changing technology; Emerging markets; Concentration and; Global Investments risks.

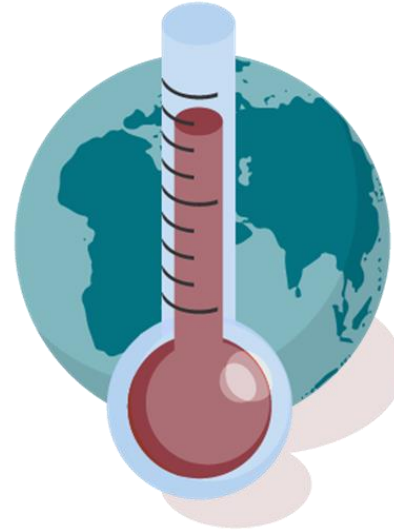
Source AXA IM and FactSet as at 30/09/2021. 1: Performance of the Global Equity. Basis: Gross of Fees in USD. Comparative benchmark: MSCI AC World Net TR. 2: Performance of the Global Robotech. Basis: Gross of Fees in USD. Comparative benchmark: MSCI AC World Net TR. 3: Performance of the Digital Economy Equity. Source FactSet, Basis: Gross of Fees in USD. Comparative benchmark: MSCI AC World Net TR 4: Performance of the AXA Framlington Clean Economy. Basis: Gross of Fees in USD. Comparative benchmark: MSCI World Information Technology Net TR. ... The deduction of fees reduces the level of return. Past performance is not a guide to future performance. AXA IM claims compliance with the \*Global Investment Performance Standards (GIPS). Please refer to the full GIPS Compliant Report attached at the end of this presentation for overall information.

# Investing in the Clean Economy

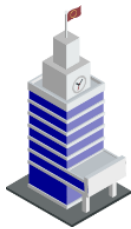
## Clean Economy – Adoption is on the way

Net zero commitments  
represent

**c. 68%<sup>1</sup>**  
of global GDP<sup>2</sup>



Consumers, governments and companies are all realising the urgency of the environmental situation



**Governments**



**Consumers**



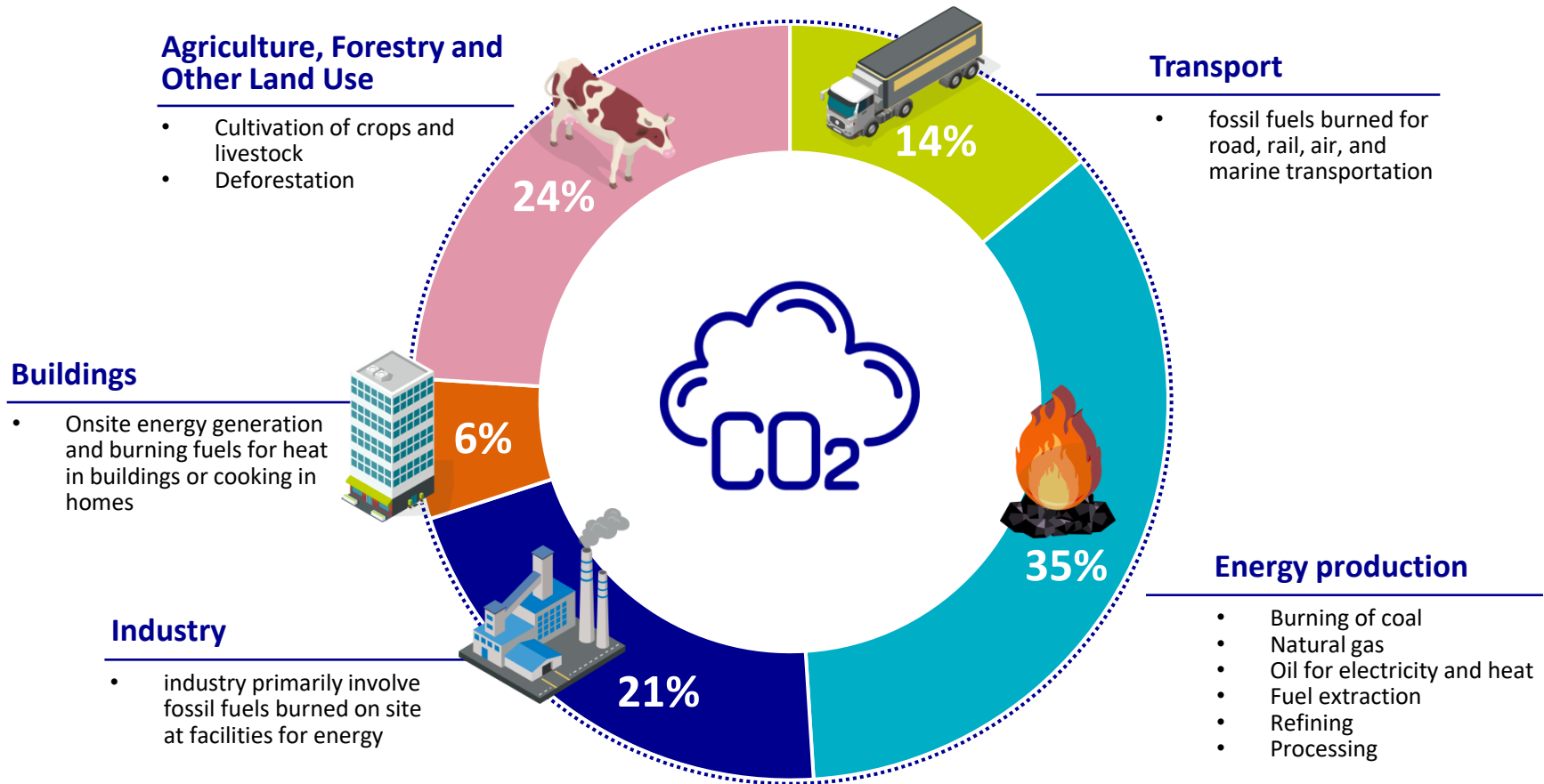
**Corporates**

Source: AXA IM à titre d'illustration. 1: University of Oxford, March 21. 2: GDP: Gross Domestic Product



# Contributions of economic sectors to global greenhouse gas emissions

Investing in companies which provide products and solutions supporting the energy transition



Source: AXA IM, BofAM, 2018. Pictures Getty images. CR12547/04-20

# 4 key sub-themes aligned with primary UN SDGs

## Clean Economy strategy

### LOW CARBON TRANSPORT

### SMART ENERGY

### AGRICULTURE & FOOD INDUSTRY

### NATURAL RESOURCE PRESERVATION



**Electric vehicles (EVs) – Battery  
– Enablers**

**Renewables & Grid – Green  
Buildings – Efficient Factories**

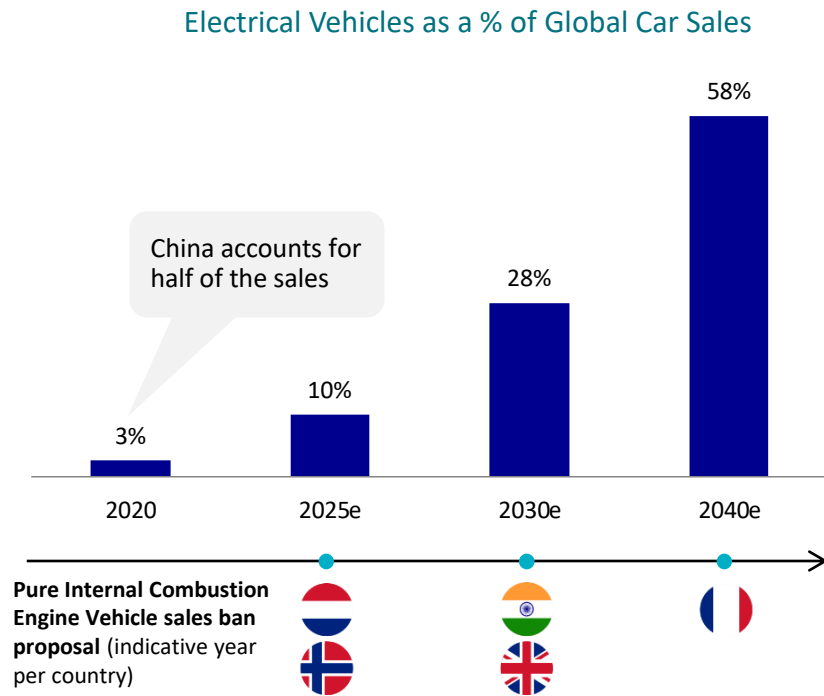
**Agriculture – Food Industry**

**Water – Recycling – Waste  
Management**



Source: AXA IM as at 30/09/2021. For illustrative purposes only. Information regarding the portfolio characteristics above is provided for reference only and does not represent the experience of the strategy nor is it intended as a representation or warranty by AXA IM or any other persons or entity as to the actual composition of or performance of any future investment. No assurance can be given that the strategy will be successful or achieve its objectives AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion. These are internal guidelines which are subject to change without notice. Please refer to the prospectus for the fund's full investment guidelines and risks. CR12547/04-20

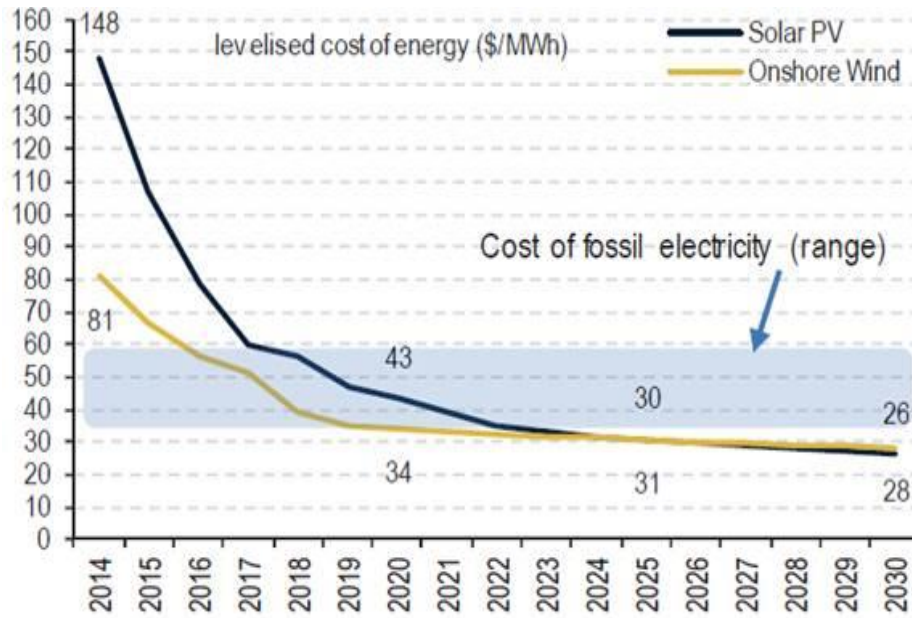
# Low carbon transport



Source: Left chart: BNEF estimates, 2020. Right picture: TE connectivity investors relation. Stock shown for illustrative purposes and should not be considered as advice or a recommendation for an investment strategy.

# Smart Energy

Solar and onshore wind costs now similar or below fossil electricity



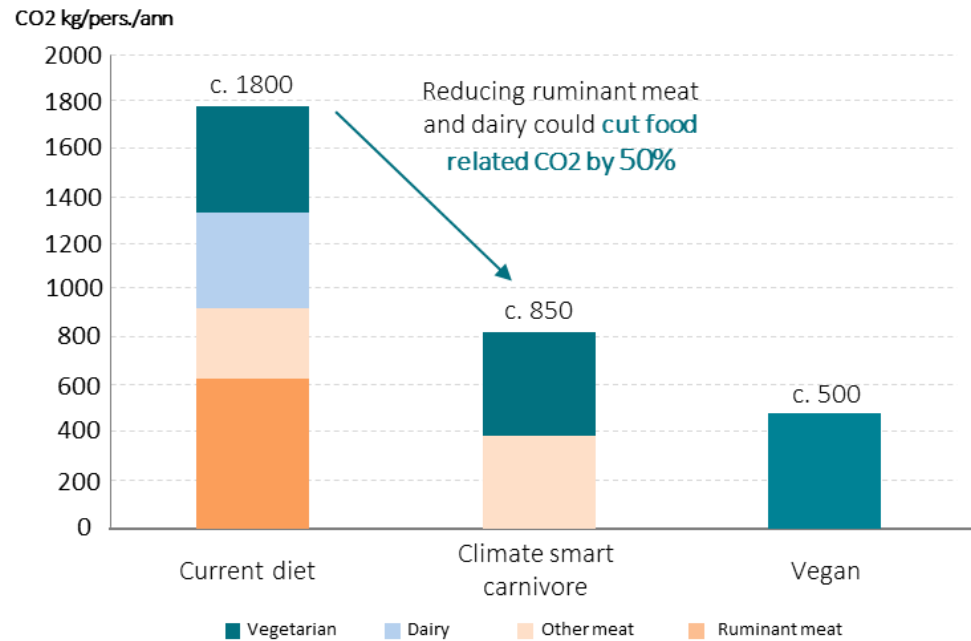
NEXTERA ENERGY

Providers of wind and solar energy

Source: Left chart: Bloomberg NEF. Data, BofA Global Research graphic. Right picture: NextEra Energy website. Stock shown for illustrative purposes and should not be considered as advice or a recommendation for an investment strategy.

# Agriculture & Food Industry

Food related CO2 emission by type of dairy



Developed innovative animal nutritions that have the potential to significantly improve agricultural productivity

Source: BofAM Climate Change, Jan 2020. Stock shown for illustrative purposes and should not be considered as advice or a recommendation for an investment strategy.

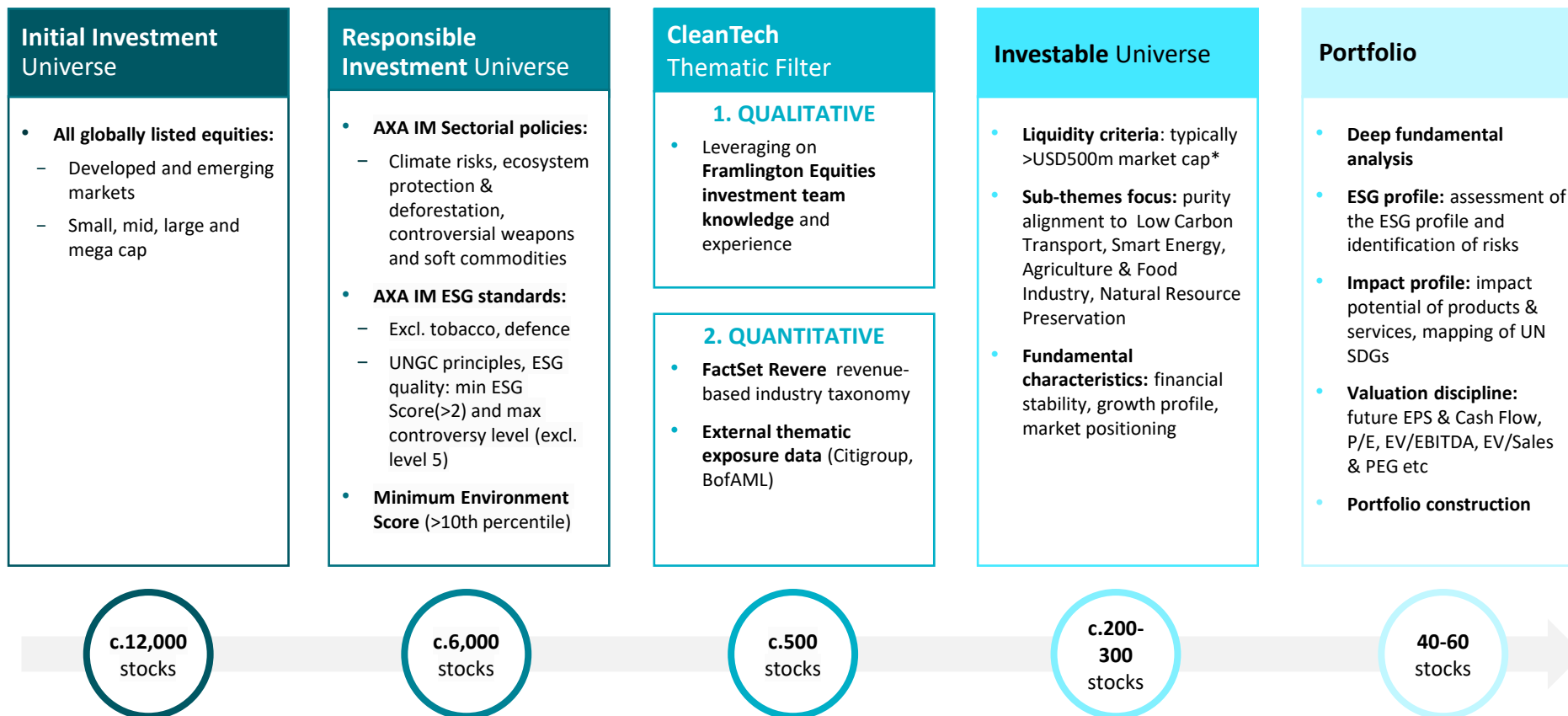
**c. 320bn**  
aluminium cans  
are sold globally each year



As an infinitely recyclable material, aluminium is the most circular alternative to single-use plastics

Source: BofAML 2020. Befesa website. Stock shown for illustrative purposes and should not be considered as advice or a recommendation for an investment strategy.

# From idea generation to portfolio construction



Source: AXA IM – for illustrative purposes only. \* we would rarely invest in companies with a market cap below \$500 million. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. AXA IM reserves the right to modify any of the investment process described herein at its discretion. CR12246/04-20

# A proprietary impact methodology

5 key pillars to differentiate it from other approaches to responsible investing



## Intentionality

Investments should be made with an upfront objective of positive outcomes. **Companies can also demonstrate an intentional, strategic commitment to positive impact**



## Materiality

Invest in companies where the **positive outcomes are of material significance** to the beneficiaries, the company, or to both.



## Additionality

The extent to which a company is making its 'needed' products and services more **accessible or commercially viable**, for example through innovative new solutions or lower pricing.



## Negative Externalities

Company's corporate practices, or products and services, may significantly **undermine the positive impact it is generating elsewhere**. Therefore, we monitor areas of possible negative impact



## Measurability

There needs to be a **clear methodology and commitment to measuring and reporting** the social and environmental performance of investments.

Source: AXA IM as at 30/09/2021.



## Stock example

Ameresco – Impact Leader

Ameresco is a **US energy services company** offering a range of energy efficiency and renewable energy services



### Intentionality

Ameresco offers **energy efficiency** solutions which **enable resource and cost savings** for customers



### Materiality

The primary goal is to **increase energy efficiency**, which contributes materially to **UN SDG 7**



### Additionality

Ameresco places emphasis on **cost efficiency and offers a variety of financing solutions**, often ensuring projects are **budget neutral**



### Negative Externalities

**Minimal negatives.** Energy efficiency is central for all customers due to the alignment with cost savings, regardless of project type



### Measurability

Ameresco **offers a figure for CO2 avoided through customer projects but** can improve by disclosing more detailed KPIs

### KPIs monitored

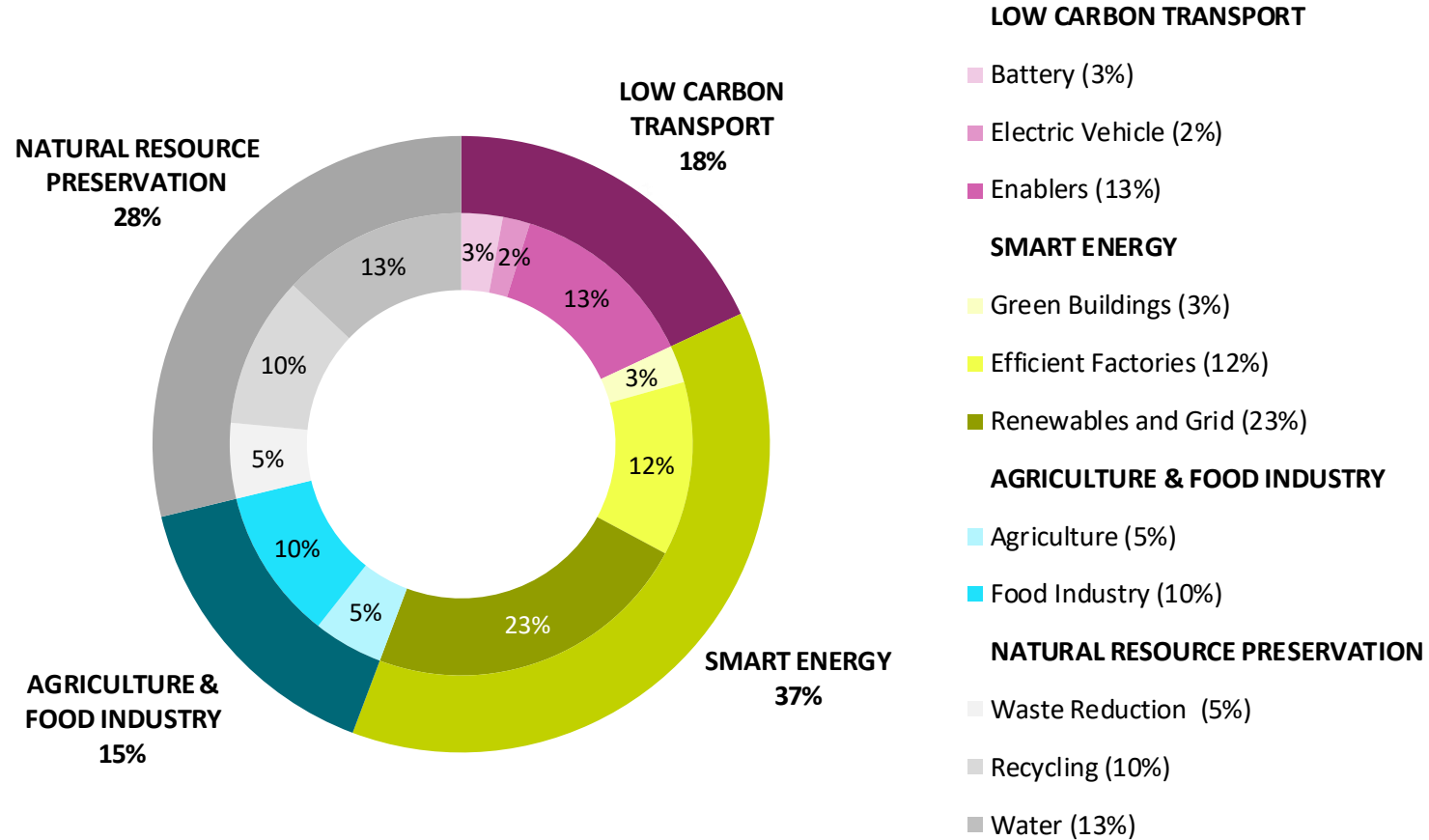
	2019	2020
Aggregate CO2 avoided per year (metric tons CO2e)	11.2 m	12.6 m
Owned renewable assets in operation (MWe)	225	287

Source: AXA IM December 2020, Ameresco, Morgan Stanley. 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 Framlington Clean Economy

## Portfolio structure

### Themes/Sub-Themes breakdown

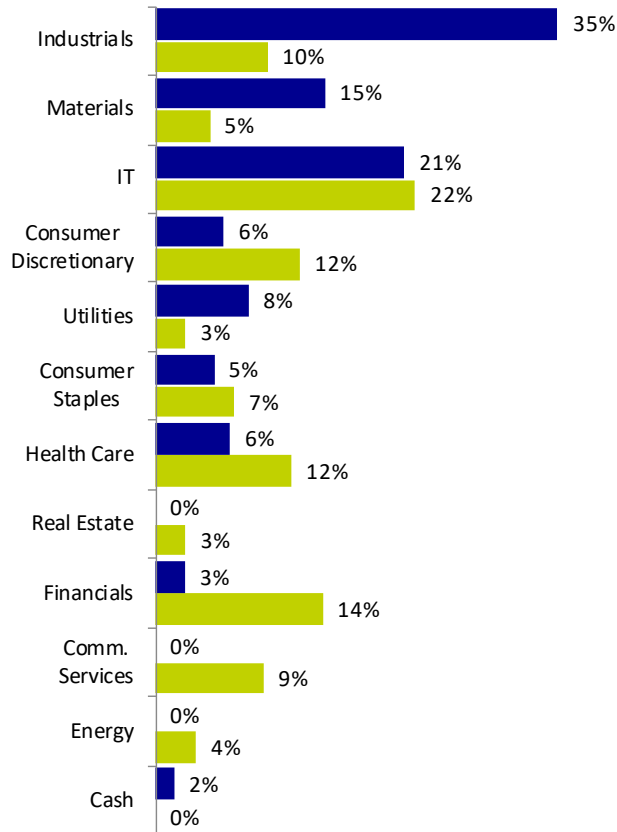


Source: AXA IM as at 30/09/2021. For illustrative purpose only. Past positioning is not indicative of future positioning. CR12547/04-20

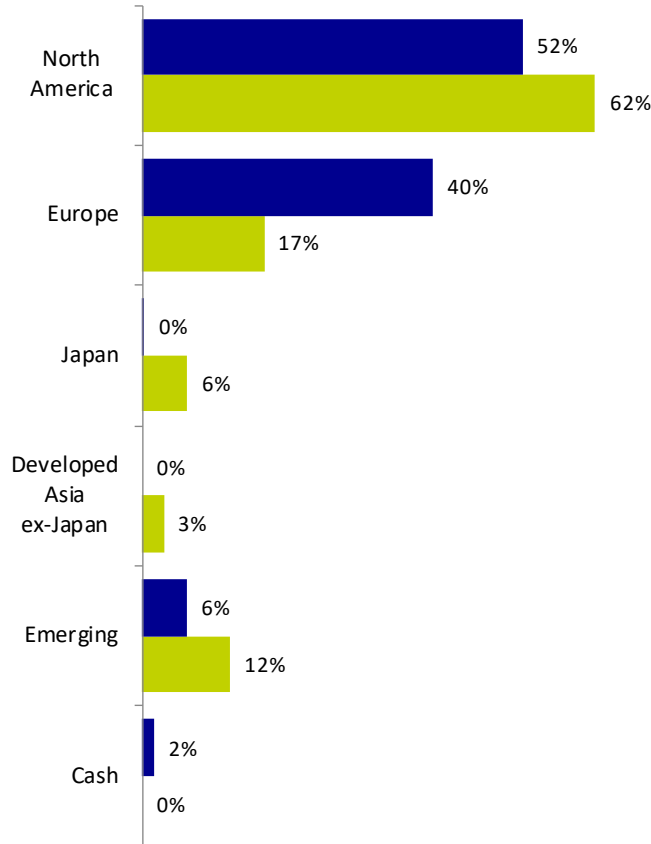
# AXA WF ACT Framlington Clean Economy

## Sector, geographic & regional sales split

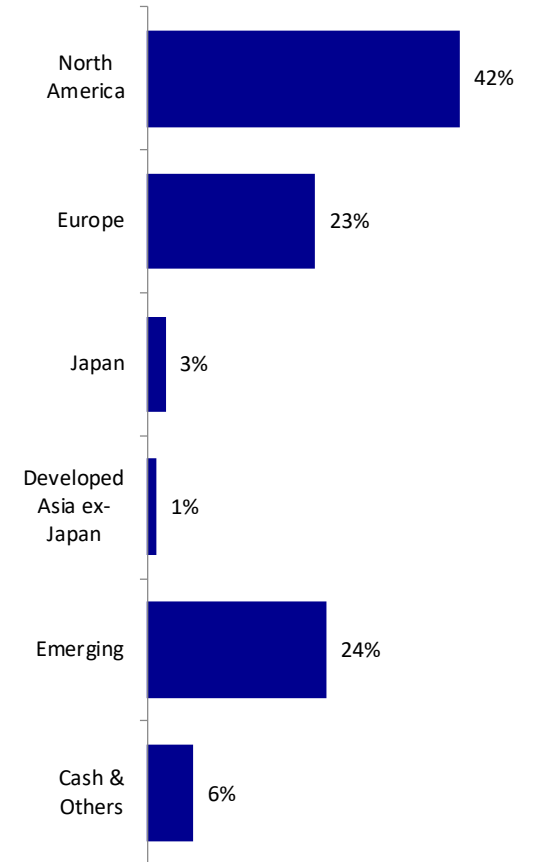
 Sector split



 Geographical split



 Regional sales split



■ AXA WF ACT Framlington Clean Economy ■ MSCI All Country World

Source: AXA IM as at 30/09/2021. 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. CR12547/04-20

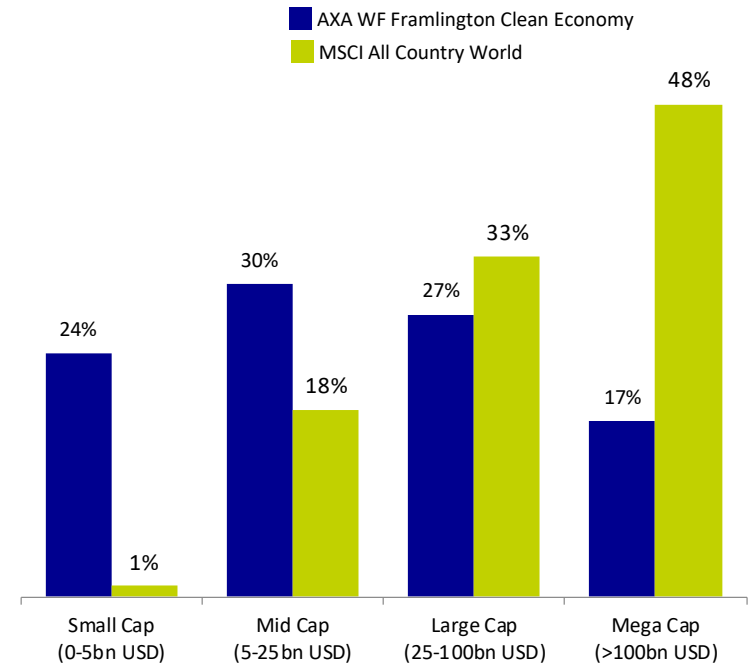
# AXA WF ACT Framlington Clean Economy

## Top 15 holdings & market cap breakdown

### Top 15 holdings

Top 15 holdings	Fund %	Sub Theme	Country	Market Cap
Ameresco, Inc. Class A	3.4	Renewables and Grid	United States	3.0
NextEra Energy, Inc.	3.3	Renewables and Grid	United States	154.0
Darling Ingredients Inc.	3.0	Recycling	United States	11.7
TE Connectivity Ltd.	2.8	Enablers	United States	45.0
Taiwan Semiconductor Manufactu	2.8	Efficient Factories	Taiwan	539.8
Infineon Technologies AG	2.8	Enablers	Germany	53.8
Schneider Electric SE	2.7	Efficient Factories	France	94.9
Aptiv PLC	2.6	Enablers	United States	40.3
Trimble Inc.	2.6	Agriculture	United States	20.7
Hannon Armstrong Sustainable Inf	2.6	Green buildings	United States	4.2
Evoqua Water Technologies Corp	2.5	Water	United States	4.5
Thermo Fisher Scientific Inc.	2.5	Water	United States	224.8
Waste Connections, Inc.	2.5	Recycling	Canada	32.8
Befesa SA	2.4	Recycling	Germany	3.1
Xylem Inc.	2.4	Water	United States	22.3
<b>Total</b>	<b>41.2</b>			
<b>Number of Stocks</b>	<b>57</b>			

### Market Cap breakdown

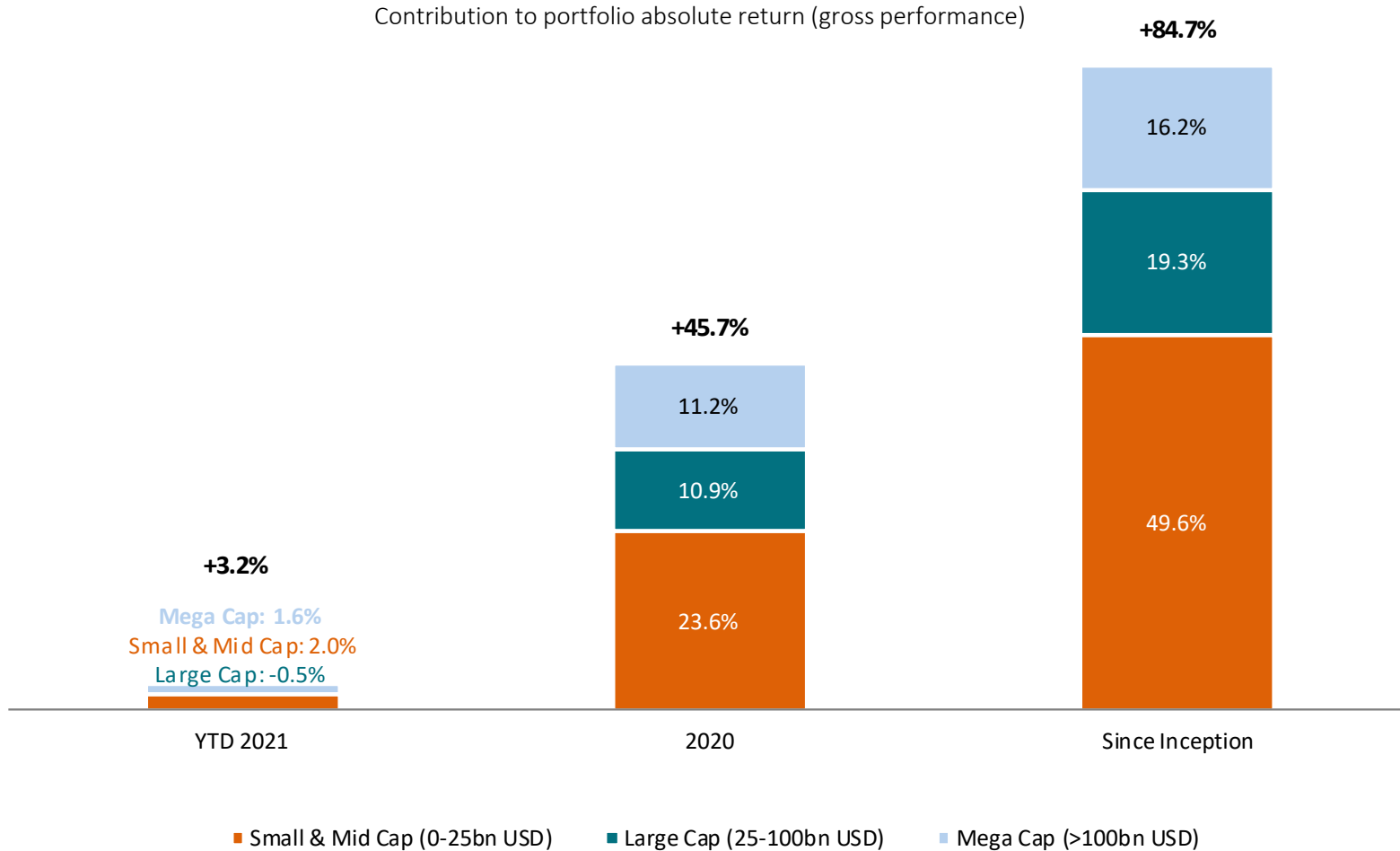


Market cap typically >500m USD

Source: AXA IM as at 30/09/2021. 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.

# Performance contribution by market capitalisation

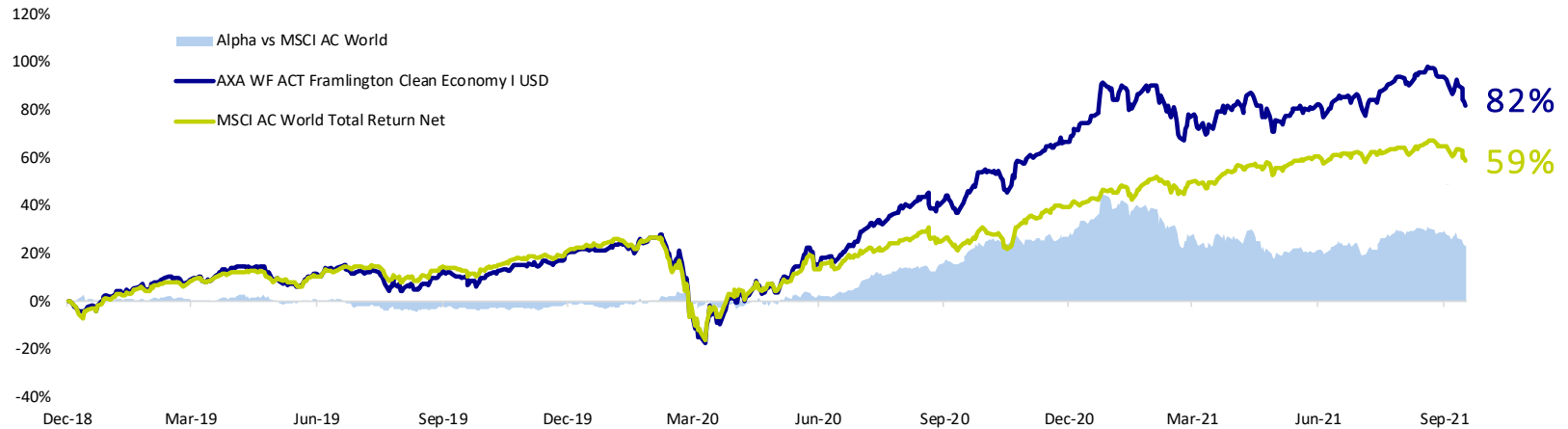
Small & Mid Cap stocks are a rich source of added value



Source: AXA IM at 30/09/2021 in USD. 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.

# AXA WF ACT Framlington Clean Economy

## Performance since inception\*



Performance table

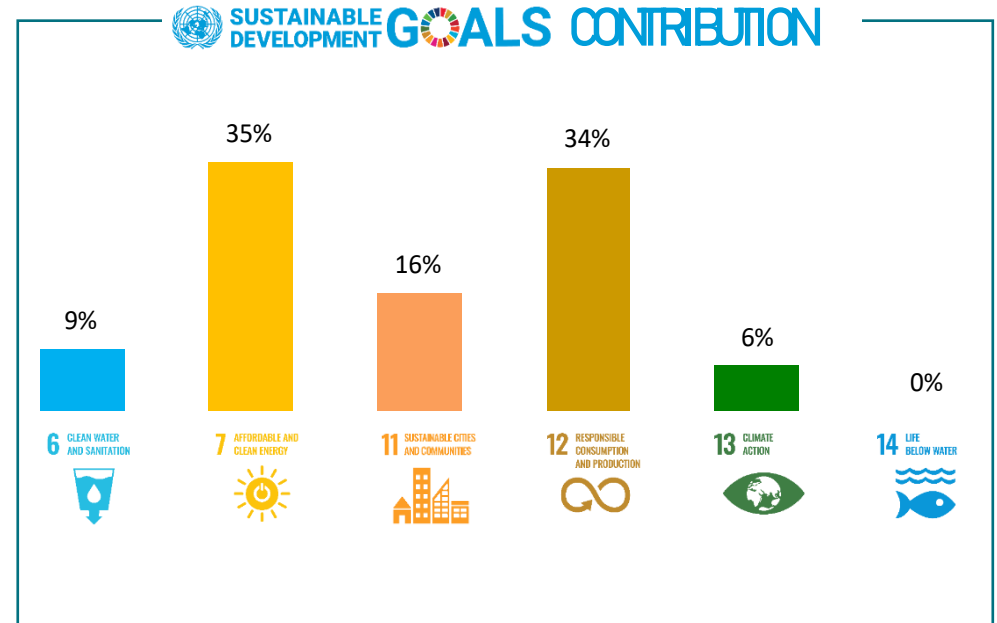
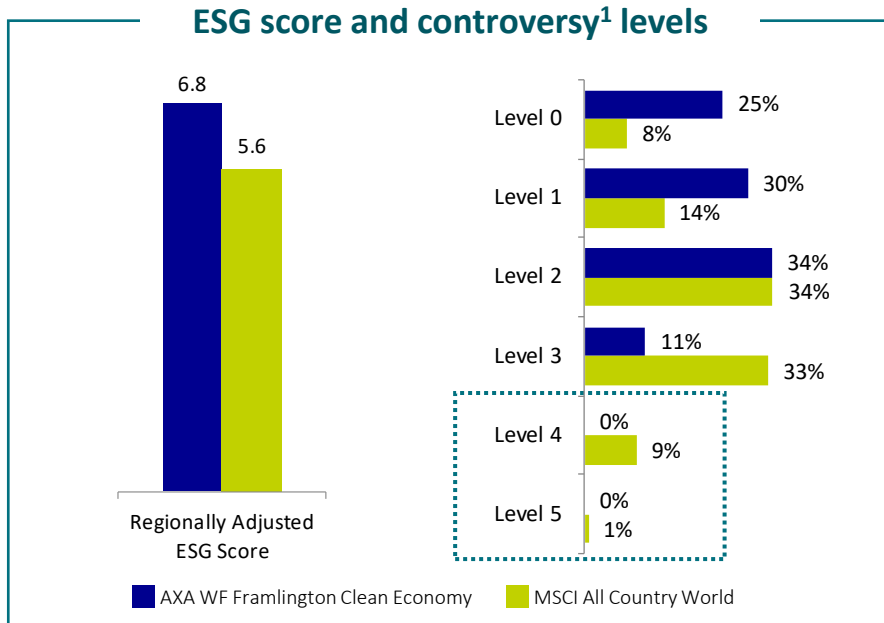
	YTD	2020	2019	Since Inception*
AXA WF ACT Framlington Clean Economy I USD - Net	2.5	46.0	24.1	82.2
MSCI AC World Total Return Net	11.1	16.3	26.6	59.2
<b>Net relative performance</b>	<b>-8.6</b>	<b>29.8</b>	<b>-2.5</b>	<b>23.0</b>

AXA WF Framlington Clean Economy is **subject to risks** including Equity; Emerging Markets; Global Investments; Investments in small and/or micro capitalisation universe; Investments in specific sectors or asset classes; ESG.

Source: FactSet/Morningstar as at 30/09/2021. Basis: I 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 14/12/2018. 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. Performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

# AXA WF ACT Framlington Clean Economy

## Environmental Impact Report and ESG score at portfolio level



Every million USD invested in the Clean Economy fund is saving

**231**

tonnes of CO2 emissions<sup>2</sup>



**50**

Cars off the road<sup>3</sup>  
(per million \$ invested)



Source: AXA IM as of September 2021. Updated on a quarterly basis. ESG, controversy data and SDG contribution as at 30/09/2021. 1: A controversy is an incident that may have a negative impact on a company's reputation or that may affect its relationship with its stakeholders. 2: Estimated by AXA IM using a proprietary methodology. Emissions avoided is a measure of carbon emissions per million US dollars of market value relative to peers. Emissions avoided differs from carbon intensity because carbon emissions are expressed relative to market value instead of revenue and it is measured relative to aggregate sector values. Please find more details in the appendix. 3: We assume the typical level of passenger vehicle emissions in metric tons of carbon dioxide per year is 4.6 according to the US Environmental Protection Agency (2018).

## Why invest in the Clean Economy strategy?



# 1

### Dual objective

Seeking **long-term returns** while achieving **positive impact on environment**

# 2

### Growth Opportunity

Diversified access **to multi-decade growth opportunities** arising from the transition to a **clean economy**

# 3

### Differentiated solution

Benefitting from an **active, multi-cap** portfolio with a **dual thematic/impact investing** approach

Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document, which provide full product details including investment charges and risks. The information contained herein is not a substitute for those documents or for professional external advice. For illustrative purposes only. Past performance is not a reliable indicator of future performance. Some of the funds mentioned may not be available in some jurisdictions. We invite you to check with the management company or directly on its website <https://www.axa-im.com/en/registration-map> for the list of countries in which they are registered.



# Disclaimer

**This document is intended exclusively for Belfius. Not for Retail distribution: this document is intended exclusively for Professional, Institutional, Qualified or Wholesale Investors / Clients, as defined by applicable local laws and regulation. Circulation must be restricted accordingly.**

This document is being provided for informational purposes only. The information contained herein may not be reproduced or transmitted, in whole or in part, by any means, to third parties without the prior consent of the AXA Investment Managers. Nothing herein is or should be construed as an offer to enter into any contract, investment advice, a recommendation of any kind, a solicitation of clients, or an offer to sell or an offer to invest in any particular fund, product, investment vehicle or derivative. The information contained herein may not be complete, may not be current, and is subject to change. AXA Investment Managers is under no obligation to update such information. Certain information herein has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy or completeness cannot be guaranteed.

Investing involves risk and past performance does not guarantee future results. There is no guarantee that the objectives of the investment strategies described herein will be achieved.

AXA Investment Managers is not a tax or legal advisor. Prospective investors should consult their tax and/or legal advisors before making tax-related and/or legal-related investment decisions.

Information concerning portfolio holdings and sector allocation is subject to change and, unless otherwise noted herein, is representative of the target portfolio for the investment strategy described herein and does not reflect an actual account. The performance information shown herein reflects the performance of a composite of accounts that does not necessarily reflect the performance that any particular account investing in the same or similar securities may have had during the period. Actual portfolios may differ as a result of client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations.

Gross Performance: Performance shown gross of fees is calculated before the deduction of applicable management fees and other expenses. An investor's actual return will be reduced by management fees and other expenses the investor may incur. Further information on the firm's fees may be found in its Form ADV Part 2 (for US investors) or provided upon request. The collection of management fees produces a compounding effect on the total rate of return net of management fees. [As an example, the effect of management fees on the total value of an investor's portfolio assuming a) quarterly fee assessment, b) \$1,000,000 investment, c) portfolio return of 8% a year, and d) 1.00% annual investment management fee would be \$10,416 in the first year, and cumulatively \$59,816 over five years and \$143,430 over ten years.]

**Custom Index Universes:** Past performance of the AXA IM constructed thematic universes are not a guide to future performance. The figures provided do not relate to actual portfolios in the strategy. Actual portfolios are subject to the risks of portfolio management and trading, including but not limited to trading costs, market impact and fill rates, and may not resemble the universes presented herein as a result. The strategy is not yet live and to the extent it becomes available for investment, an investor's actual experience may vary. The relative benchmark for the thematic universes is the S&P Global Broad Market Index. The returns and fundamental characteristics presented are for thematic universes constructed by AXA IM – Ageing & Lifestyle, Connected Consumer, Automation, CleanTech and Transitioning Societies. Thematic universe inclusion is based on revenue exposure and constituent weightings of the S&P Global Broad Market Index. The “Evolving Economy” universe contains index constituents with high or medium exposure to our themes. The “Old Economy” universe contains constituents with low and no exposure, which accounted for 52% of the S&P Global Broad Market Index market capitalisation as of 31/12/2017. The weighted average of the universes will equal the S&P Global Broad Market Index.

**Model Portfolios:** Information regarding the model portfolio characteristics above is provided for reference only and does not represent the experience of the strategy nor is it intended as a representation or warranty by AXA IM or any other persons or entity as to the actual composition of or performance of any future investment. No assurance can be given that the strategy will be successful or achieve its objectives. The figures provided do not relate to actual portfolios in the strategy. Actual portfolios are subject to the risks of portfolio management and trading, including but not limited to trading costs, market impact and fill rates, and may not resemble the model portfolio information presented herein as a result. The examples provided above are for illustrative purposes only and are intended to reflect the typical securities, sectors, and/or geographies that could be deployed by the strategy to generate the target returns, and should not be considered a recommendation or solicitation to buy or sell any particular security. The strategy is not yet live and to the extent it becomes available for investment, an investor's actual experience may vary.

## Important notice

The MSCI Emerging Markets Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 834 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries. With 2,484 constituents, the index covers approximately 85% of the global investable equity opportunity set.

The MSCI World Information Technology Index is designed to capture the large and mid cap segments across 23 Developed Markets (DM) countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®). An index is unmanaged and is not available for direct investment.

The S&P Global BMI (Broad Market Index), which comprises the S&P Developed BMI and S&P Emerging BMI, is a comprehensive, rules-based index measuring global stock market performance.

It is not possible to invest directly in an unmanaged index. Index performance is not illustrative of strategy performance.

If MSCI information appears herein, it may only be used for your internal use, it may not be reproduced or disseminated in any form, and it may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msribarra.com](http://www.msribarra.com)).

© 2018 AXA Investment Managers, Inc. All rights reserved.