

# AXA World Funds Digital Economy



Even though it feels like e-commerce has been around for a long time, just 22%<sup>1</sup> of global retail sales are transacted online. We believe this growth is driven by technology, given the global adoption of smartphones, and demographics, with the online retail boom led by the younger and digitally-savvy generation.

AXA World Funds Digital Economy seeks to invest in global growth companies that contribute to the overall value chain of the digital economy, across the discovery, decision-making and delivery of goods and services. The Fund also invests in companies which act as ‘enablers’ for traditional businesses looking to transition to the digital economy. The Fund is actively managed and references MSCI AC World Total Return Net (the “Benchmark”) for comparative purposes only.



## WHO IS IT FOR? INVESTORS:

- › Seeking exposure to drivers of potential long-term growth
- › Searching for exposure to innovative digital companies with potential for long-term profitability and growth
- › Looking for portfolio diversification



## WHY AXA INVESTMENT MANAGERS?

- › Established history in long-term thematic investment
- › One of the first active thematic digital economy investors
- › 25+ years’ of asset management experience to help our clients reach their goals <sup>2</sup>

<sup>1</sup> Morgan Stanley- Stronger for Longer in Global E-Commerce- April 2022

<sup>2</sup> AXA IM as at March 2023

# What is the digital economy?

Rapid advances in technology have significantly improved consumers' experiences of shopping online, and digitally-savvy companies now offer a broader selection of goods, faster delivery, secure payments and 24/7 mobile access. E-commerce represents the part of this new digital economy that consumers are most familiar with today, with online retail continuing to take market share from offline retail around the world.

But the digital economy describes much more than individual retailers' digital stores, and new selling points have proliferated across social media, apps, search engines and web portals, all battling to monetise rising web traffic from potential customers. The digital economy then describes the vast universe of companies operating across all touchpoints of the consumer's online journey, from product discovery to delivery. It also includes companies which act as 'enablers' for traditional businesses looking to take advantage of the expanding digital opportunity set.

## Where does the AXA WF Digital Economy invest?



### Discovery of the product

How people search for and discover products and services, i.e. online search, digital marketing, advertising and social media.



### Decision-making

E-commerce companies, web portals and mobile apps which provide consumers with convenient and reliable product choices.



### Delivery

Companies that help facilitate payments and logistics to keep pace with consumers' increasing expectations of same-day delivery.



### Data and Enablers

Digital companies that act as 'enablers' for traditional businesses looking to adapt to the fast-evolving digital landscape.

## What is the investable universe today?

There are approximately 700 companies in the digital economy, which we have identified by using a variety of thematic and liquidity filters across the full market cap spectrum in both developed and emerging markets. Qualitatively analysing these companies' fundamentals for profitability and growth prospects reduces the investment universe to approximately 250 stocks, providing ample breadth for us to select our 50 or so top ideas to invest in.

## ...and tomorrow?

The digital economy revolution is still in its early stages, and there are an increasing number of new business segments emerging. For instance, many companies in the 'sharing economy' which are currently private, are likely to list in the coming years, expanding the investable universe and diversification opportunities.



**Jeremy Gleeson**  
Portfolio Manager

Jeremy Gleeson has more than 20 years' experience investing in the technology sector focusing on different themes and innovations.

“**The constant advances in data analytics and other enabling applications will continue to improve and evolve online consumer experiences as well as the digital presence of companies. While we are only at the beginning of this significant trend, it already represents a huge opportunity for investors.**”

## Why invest in AXA WF Digital Economy?

### 1 Access the long-term potential of the rapidly expanding digital economy.

Supported by mobile commerce growth in developed markets and rising internet usage in emerging markets, online retail continues to take market share from offline retail. We believe this represents a significant structural opportunity for investors seeking long-term growth.<sup>3</sup>

### 2 Gain exposure to a diversified and growing universe.

Even at the early stages of this long-term trend, the digital economy represents a diverse, multi-cap universe of companies operating across multiple sectors, not typically captured in traditional technology indices.

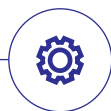
### 3 Benefit from an actively managed, unconstrained approach.

With more than 400 meetings with technology executives each year, our detailed coverage of the investment universe helps us identify companies that we believe to display above average growth prospects in this emerging theme.



Only  
**22%**

of global retail sales  
are transacted online<sup>4</sup>



**40-60**

stocks

Global multi-cap  
strategy investing in a  
concentrated portfolio<sup>5</sup>



**>70**

typically held in stocks  
with high and medium  
theme exposure<sup>6</sup>

<sup>3</sup> Please note that expectations of growth are no guarantee of future performance.

<sup>4</sup> Morgan Stanley, Stronger for Longer in Global E-Commerce, April 2022<sup>7</sup>

<sup>5,6</sup> Illustrative purposes only. These are internal guidelines which are subject to change without notice.

## How is the Fund different from AXA WF Robotech?

### Digital Economy

Focuses more on the overall online consumer experience, as well as sectors like media, fintech and logistics. The strategy also has little, if any, exposure to semiconductors, offering low overlap with traditional technology benchmarks.

### Robotech

Focuses more on the industrial applications of technology such as manufacturing, healthcare or automotive.

### Key risks — AXA World Funds Digital Economy

The capital of the Fund is not guaranteed.

The Fund is invested in financial markets and uses techniques and instruments which may be subject to sudden and significant variation, which may result in substantial gains or losses.

**Counterparty Risk:** Risk of bankruptcy, insolvency, or payment or delivery or failure of any of the Fund's counterparties, leading to a payment or delivery default.

**Impact of any techniques such as derivatives:** Certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets.

**The use of such strategies may also involve leverage, which may increase the effect of market movements on the Fund and may result in significant risk of losses.**

Please note that the list of risks is not exhaustive. Please consult the Fund's Prospectus for detailed information on risks related to investing into the Fund.

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