

# AXA IM Sustainable Equity Fund

This material is for Wholesale clients only

## Fund objective

The Fund aims to provide a superior risk adjusted return (total return divided by total risk (before fees, expenses and taxes) greater than the return of the MSCI ACWI ex Australia Index Net Dividend Withholding Tax (AUD) (the "Index") on a rolling six to eight year basis.

### ■ Investment process

- The Investment Manager will seek to achieve the investment objectives by screening the Index using proprietary screening and reweighting methodology with the goal of creating a portfolio with reduced exposure to what the Investment Manager believes to be undercompensated sources of risk in the equity market. Specifically, the Investment Manager will evaluate all stocks in the Index according to proprietary measures of sustainable earnings growth and distress risk, as well as stock Volatility, and speculation risk. Some stocks will be eliminated from the starting universe by virtue of not passing one or more of these fundamental screens. The screening process is complemented by a reweighting methodology called PowerRank™ that seeks to address concentration risk by diversifying the portfolio's positions away from, in part, the 'mega cap' names in the index. Finally, the Investment Manager will use individual equities' individual ESG score (a proprietary measure of ESG integration) to adjust the stocks final weight, or to eliminate stocks from the portfolio. The weight on any individual stock in the portfolio is therefore a function of how the stock fares in the fundamental screening process, the effect of the PowerRank process, and where available, the stock's ESG score.

### ■ Labour, environmental, social and ethical considerations

- We may take certain labour standards or environmental, social or ethical considerations into account when applying the Fund's ESG investment criteria in the process of making investment decisions. ESG refers to the three main areas of concern developed as central factors in measuring the sustainability, ethical impact, and corporate governance of a company or business. Within these areas are a broad set of concerns increasingly included in the non-financial factors that figure in the valuation of equity and other investments. The Investment Manager may use individual equities' individual ESG score (a proprietary measure of ESG integration) to up-weight, down-weight, or eliminate stocks from the portfolio.

## Key figures (AUD) as of 29/1/2021

Total asset under management (in million)	419.03	Current NAV	1.3091
		Entry price	1.3117
		Exit price	1.3064

## Fund performance (AUD) as of 29/1/2021

	Jan 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	1Y	* 3Y	* 5Y	* Since Inception
<b>AXA IM Sustainable Equity</b>									
Fund - Gross of Fees <sup>1</sup>	-1.17%	-6.98%	3.07%	3.17%	3.14%	-3.80%	10.23%	10.88%	13.33%
<b>AXA IM Sustainable Equity</b>									
Fund - Net of Fees <sup>2</sup>	-1.19%	-7.06%	2.98%	3.08%	3.05%	-4.13%	9.84%	10.50%	12.94%
Index <sup>3</sup>	0.11%	-9.41%	5.83%	3.96%	6.39%	2.25%	10.12%	12.14%	12.78%

Inception date: 7 August 2014

\* Annualised return

<sup>1</sup>Gross of Fees Return is the Total Net Return with on-going fees and expenses added back.

<sup>2</sup>Net of Fees Return is the Fund return after the deduction of ongoing fees and expenses and calculated from Fund's "Exit Price".

<sup>3</sup>The index is MSCI ACWI ex Australia Index Net Dividend Withholding Tax (AUD). Prior to 18th January 2019, the index was MSCI AC World Index Ex Australia Total Return Gross (AUD).

**Past performance is no guide to future performance. No representation is given that the investment objectives will be achieved.**

With effect from 23rd October 2017, the name of the Fund has been changed from "AXA IM ACWI SmartBeta Equity Fund" to "AXA IM Sustainable Equity Fund".

ROSENBERG EQUITIES  
**AXA IM Sustainable Equity Fund**

**Characteristics** as of 29/1/2021

	Fund	Index
Price / Earnings	24.50	30.09
Beta	0.84	1.00
Price / Earnings (Forecast) *	18.66	19.89
Price / Operating Income	11.22	11.90
Price / Cashflow	14.61	15.30
Price / Book	3.18	2.67
Debt / Equity	0.81	1.01
Return on Equity	16.23%	10.11%
ESG Score **	6.59	5.83
Adjusted Herfindahl ***	36.03%	48.23%
Weighted Average Market Cap (AUD mil)	358,715	422,168
Total Number of Stocks	497	2,775

\* Price/Earnings (Forecast) data based on IBES 1-year forward earnings forecast data.

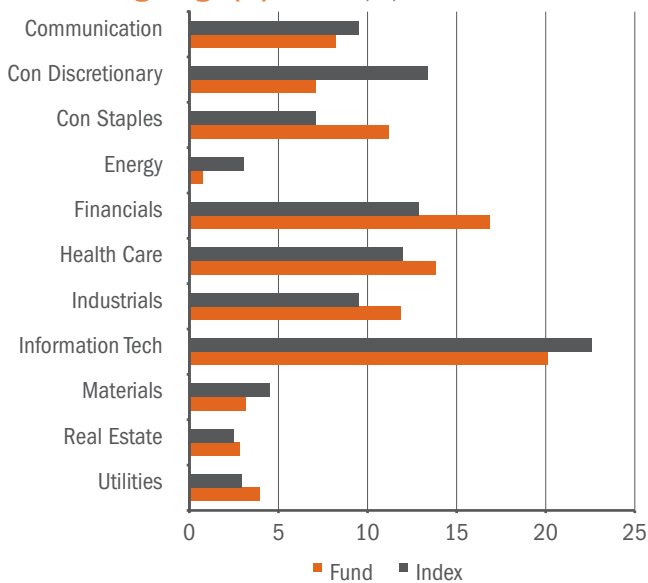
\*\* ESG Score is a proprietary measure of ESG integration. The higher the score, the better the ESG integration for the Fund or Index.

\*\*\* Adjusted Herfindahl Index is a measure of portfolio concentration, adjusted for the number of stocks in the Fund or Index. The higher the score the more concentrated the Fund or Index.

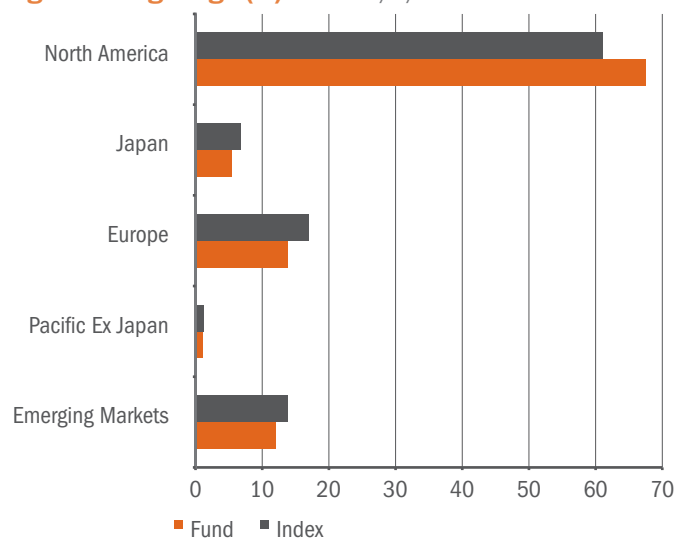
**Top ten holdings** as of 29/1/2021

	Fund (%)	Index (%)	No. of Shares	
			Held	Amount in AUD
Apple Inc	3.65	3.93	89,042	15,314,412
Microsoft Corp	2.69	2.95	37,300	11,276,778
Amazon.com Inc	1.78	2.44	1,788	7,471,731
Alphabet Inc	1.59	1.96	2,800	6,668,762
Johnson & Johnson	0.96	0.73	18,941	4,027,169
Visa Inc	0.84	0.57	14,057	3,540,587
Verizon Communications Inc	0.82	0.38	47,700	3,436,972
Berkshire Hathaway Inc	0.79	0.55	11,200	3,326,353
The Procter & Gamble Co	0.76	0.55	19,103	3,208,908
PepsiCo Inc	0.75	0.32	17,600	3,132,789

**Sector weightings (%)** as of 29/1/2021\*



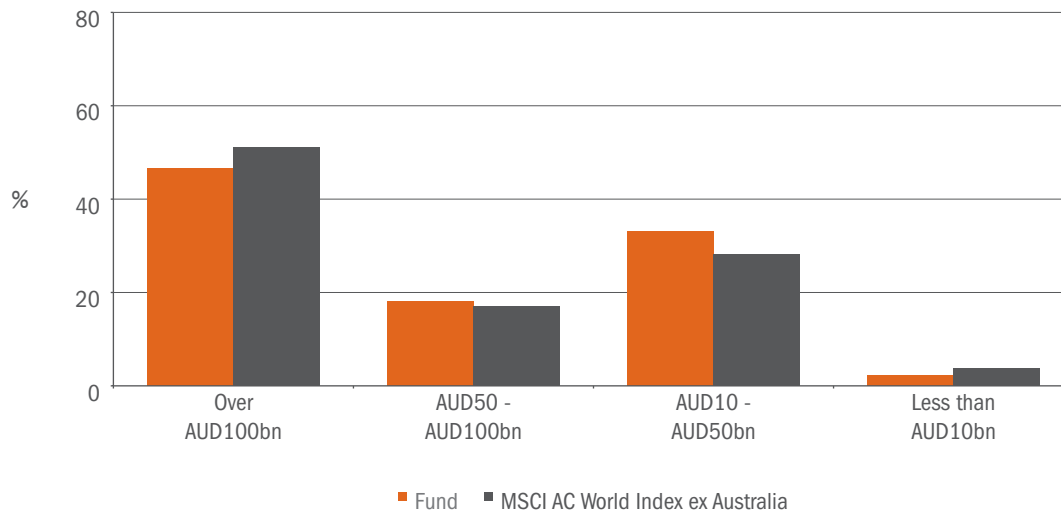
**Regional weightings (%)** as of 29/1/2021



\*Sector weightings based on GICS sector classifications

ROSENBERG EQUITIES  
**AXA IM Sustainable Equity Fund**

**Market Cap Breakdown** as of 29/1/2021



**About Rosenberg Equities**

Rosenberg Equities is AXA Investment Manager’s systematic equity team, with offices located in major financial markets worldwide. Rosenberg Equities has been synonymous with quantitative investing since 1985, and was among the first investment firms to develop advanced models of fundamental data to analyse millions of data points to identify investment opportunities. The team has built on over 30 years of heritage with investments in machine learning and alternative data to ensure portfolios are built using the best quantitative modelling techniques available. This experience extends to non-financial data, and Rosenberg Equities was one of the first quantitative managers to fully integrate Environmental, Social and Governance (ESG) considerations into all of its portfolios.

**About AXA IM RI Team**

Environmental, Social, and Governance factors are at the heart of Responsible Investment. At AXA IM, we believe that Responsible Investment (RI) can help deliver superior risk-adjusted returns for our clients over the long term. Our investment approach enables us to systematically incorporate ESG data directly and efficiently into our models. We take data from a variety of external vendors in addition to the corporate scoring framework that is maintained by the RI team. Once the data is in our system we can work with it in a variety of ways, from research and analysis to portfolio construction and reporting. For example, we add ESG scores and key performance indicator (KPI) targets alongside our traditional alpha and risk measures. In this way, we guarantee that ESG will be ‘part of the dialogue’ when it comes to driving portfolio positioning and real investment outcomes. That said, we are unwilling to sacrifice the traditional risk and reward profiles of our strategies when integrating ESG, so when faced with two stocks of identical ESG scores, our optimiser would always favour the one with the highest alpha, all other considerations being equal.

As a centre of excellence, the 16-strong dedicated RI team at AXA IM is supported by 17 RI specialists across the investment platforms. The team focuses on thematic research, corporate governance and shareholder engagement along with developing quantitative solutions. Within the Core investment platform, dedicated ESG analysts are responsible for ESG research and supporting portfolio managers in incorporating ESG considerations into their investment decisions.

The AXA IM Sustainable Equity strategy is an ESG integrated approach in which risk indicators and ESG risks factors will be used in combination to determine the final portfolio.

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