

# 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 objective by using proprietary methodologies to screen and reweight the stocks of the benchmark 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 volatility and speculation risk. Some stocks will be eliminated from the portfolio 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 benchmark. Finally, the Investment Manager may use individual equities' ESG (Environment, Social and Governance) score (a proprietary measure of ESG integration) to up-weight, down-weight, or further eliminate stocks from the portfolio. The weight on any individual stock in the portfolio is therefore a function of how the stock scores in the fundamental screening process, the effect of the PowerRank process, and where available, the stock's ESG score. The result is a portfolio that seeks to provide superior, long-term equity returns but with lower total volatility than the benchmark. By design, we would expect this strategy to perform best during down markets while capturing equity returns in rising markets.

### ■ 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 31/8/2020

Total asset under management (in million)	251.24	Current NAV	1.2748
		Entry price	1.2773
		Exit price	1.2722

## Fund performance (AUD) as of 31/8/2020

	Aug 2020	Q3 2019	Q4 2019	Q1 2020	Q2 2020	1Y	* 3Y	* 5Y	* Since Inception
<b>AXA IM Sustainable Equity</b>									
Fund - Gross of Fees <sup>1</sup>	1.45%	5.66%	1.80%	-6.98%	3.07%	1.63%	12.77%	10.24%	13.79%
<b>AXA IM Sustainable Equity</b>									
Fund - Net of Fees <sup>2</sup>	1.42%	5.56%	1.71%	-7.06%	2.98%	1.28%	12.38%	9.86%	13.40%
Index <sup>3</sup>	2.92%	4.05%	4.63%	-9.41%	5.83%	6.44%	11.95%	9.73%	12.56%

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 31/8/2020

	Fund	Index
Price / Earnings	23.24	27.96
Beta	0.83	0.99
Price / Earnings (Forecast) *	19.22	21.18
Price / Operating Income	10.46	10.71
Price / Cashflow	13.35	13.63
Price / Book	2.86	2.53
Debt / Equity	0.85	1.06
Return on Equity	15.21%	10.36%
ESG Score **	6.64	5.81
Adjusted Herfindahl ***	0.28%	0.57%
Weighted Average Market Cap (AUD mil)	304,436	455,309
Total Number of Stocks	518	2,827

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

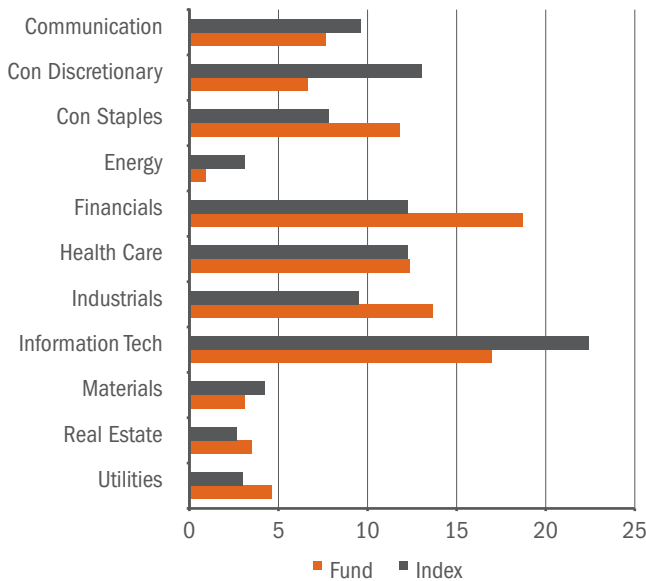
\*\* ESG Score is a proprietary measure of ESG integration. The higher the score, the better the ESG integration for the Fund or Index.

\*\*\* 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 31/08/2020

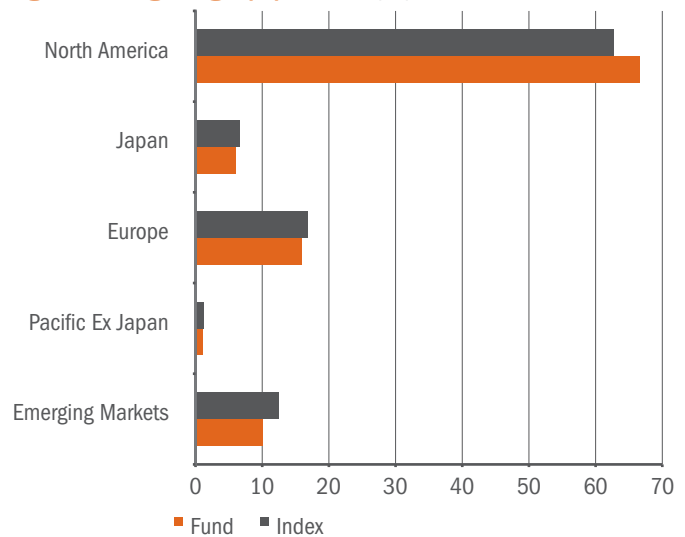
	Fund (%)	Index (%)	No. of Shares	
			Held	Amount in AUD
Apple Inc	2.69	4.46	39,016	6,807,687
Microsoft Corp	2.42	3.14	20,014	6,115,115
Alphabet Inc	1.13	1.91	1,292	2,846,802
Amazon.com Inc	0.98	2.84	532	2,482,470
Johnson & Johnson	0.97	0.77	11,800	2,459,829
Visa Inc	0.94	0.69	8,300	2,382,034
The Procter & Gamble Co	0.92	0.66	12,400	2,319,373
Adobe Inc	0.88	0.49	3,200	2,221,416
PepsiCo Inc	0.84	0.37	11,212	2,123,390
Medtronic PLC	0.81	0.28	14,000	2,034,453

**Sector weightings (%)** as of 31/8/2020\*



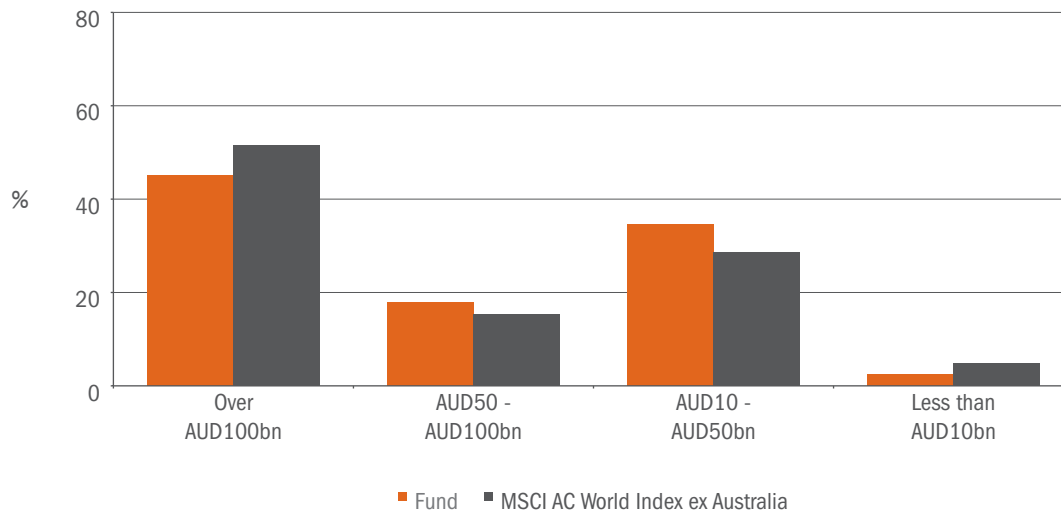
\*Sector weightings based on GICS sector classifications

**Regional weightings (%)** as of 31/8/2020



ROSENBERG EQUITIES  
**AXA IM Sustainable Equity Fund**

**Market Cap Breakdown** as of 31/8/2020



**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. We have a strong relationship with the RI team and 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. The RI team is composed of 14 professionals with 15 years’ experience on average in both ESG and traditional analysis. We use RI Search©, AXA IM’s proprietary ESG platform, to integrate fundamental and quantitative ESG research into our investment decisions. Leveraging AXA IM’s multi-expert model, we embed global ESG research across all asset classes and provide investors the opportunity to select the level of ESG integration that best fits their needs and objectives. Smart beta and responsible investment are both garnering greater attention from investors. They may seem unrelated, but both approaches reflect a move by investors away from the unintentional and often uncompensated risks associated with traditional index tracking and a greater willingness by investors to make their own determinations about desired exposures, risks and expected returns. The AXA IM Sustainable Equity strategy is an ESG-embedded approach in which risk indicators and ESG risks factors will be used in combination to determine the final portfolio.

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