

# Investing in the Clean Economy

**Amanda O'Toole** - Portfolio Manager

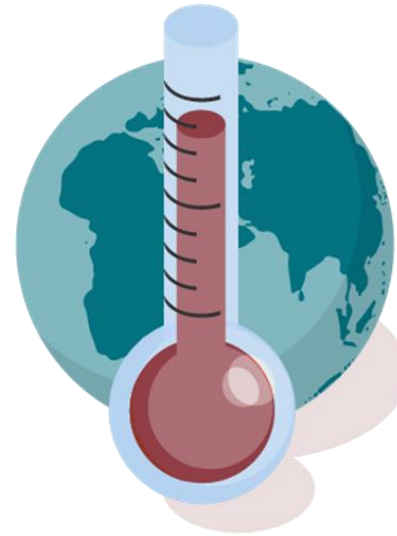
September 2021

Adoption is on the way

**c. 61%<sup>1</sup>** of global emissions

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

**c. 52%<sup>1</sup>** of the global population



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



**Governments**



**Consumers**

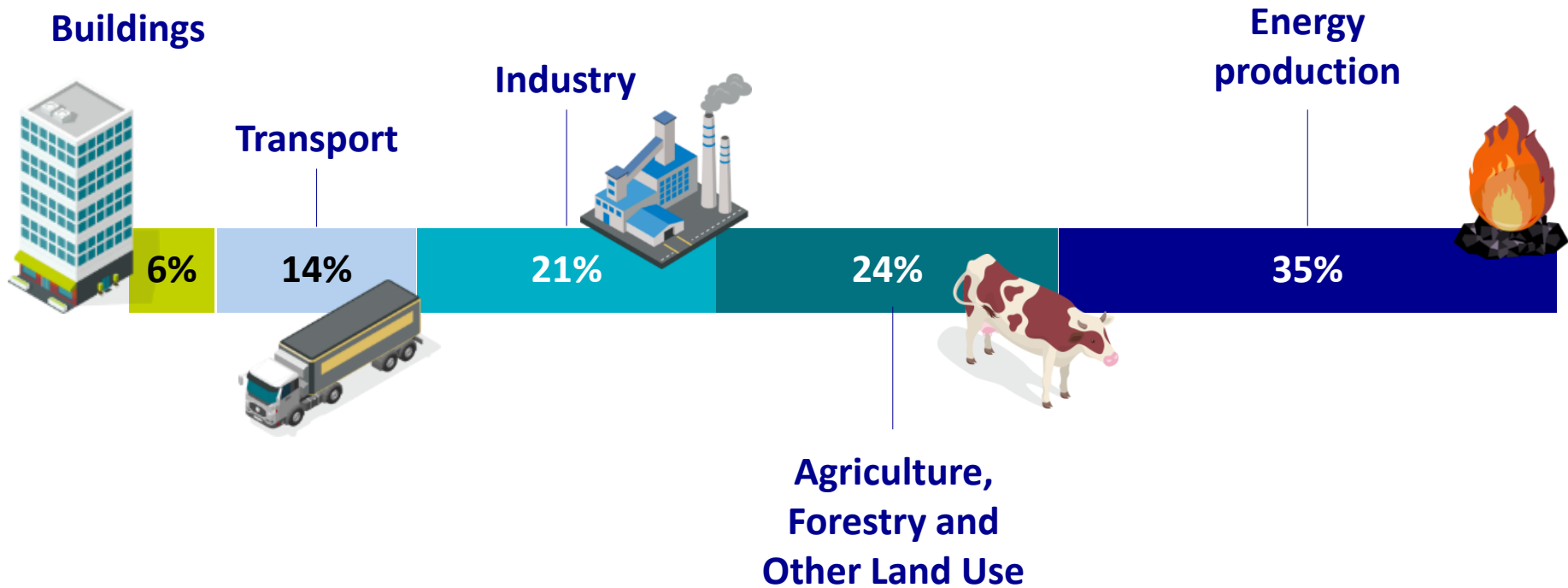


**Corporates**

Source: AXA IM for illustrative purpose only. 1: 'Net Zero pledges go global, now action needs to follow words', Oxford-ECIU Report, University of Oxford, 23 March 2021. 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, FAO report "Distribution of global Greenhouse", 2018. Pictures Getty images. CR12547/04-20

# 4 key sub-themes aligned with primary UN SDGs

Clean Economy strategy


## LOW CARBON TRANSPORT



**Electric vehicles (EVs)**

**Battery**

**Enablers**




## SMART ENERGY

**Renewables & Grid**

**Green Buildings**

**Efficient Factories**



## AGRICULTURE & FOOD INDUSTRY

**Agriculture**

**Food Industry**




## NATURAL RESOURCE PRESERVATION

**Water**

**Recycling**

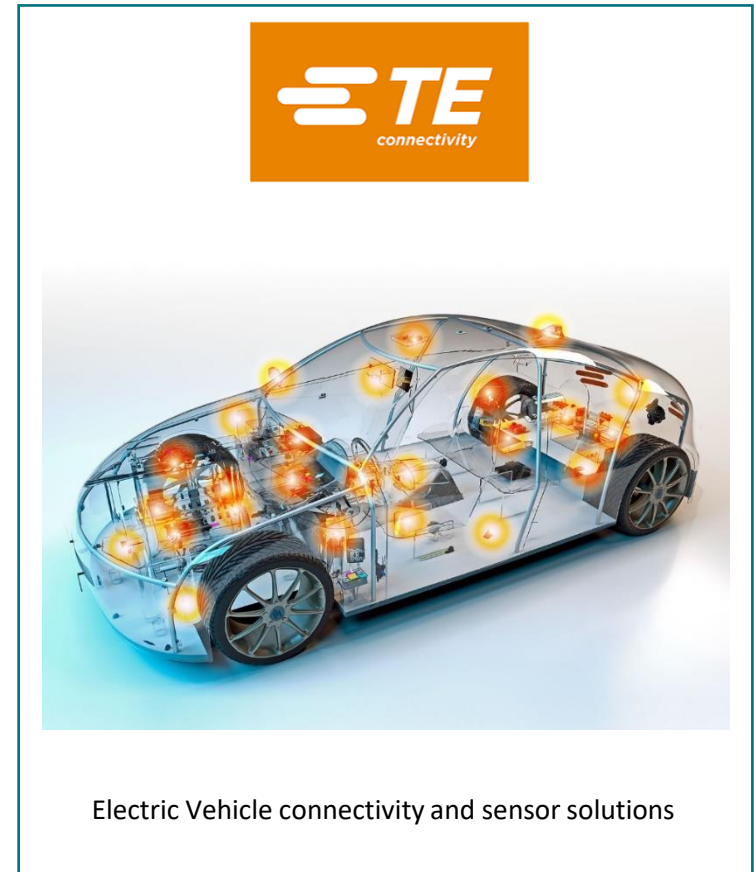
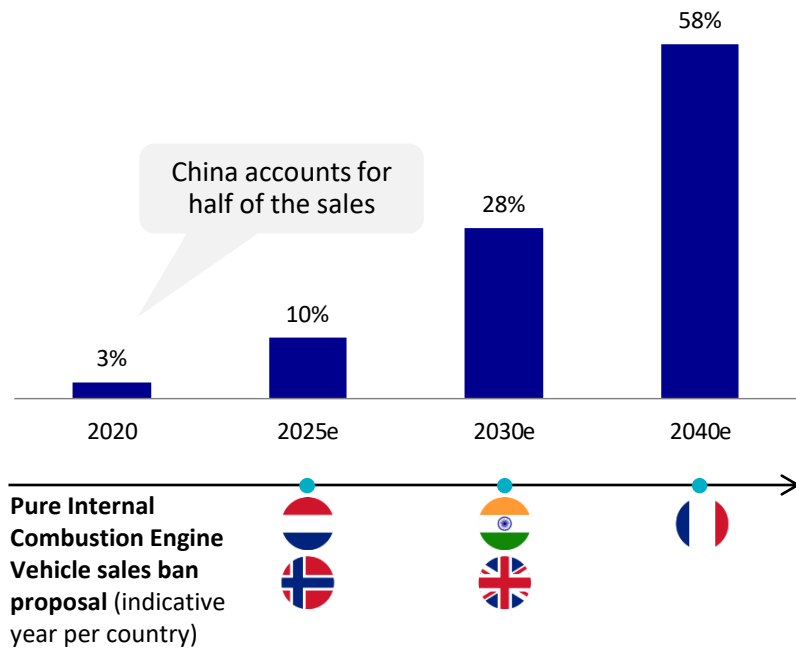
**Waste Management**




Source: AXA IM as at 31/08/2021. 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. CR12547/04-20

# Low carbon transport

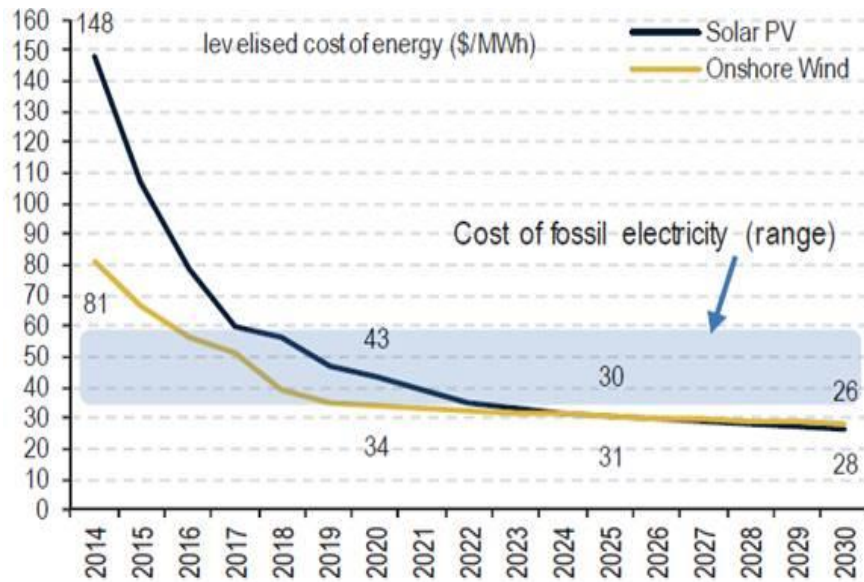
## Electrical Vehicles as a % of Global Car Sales



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



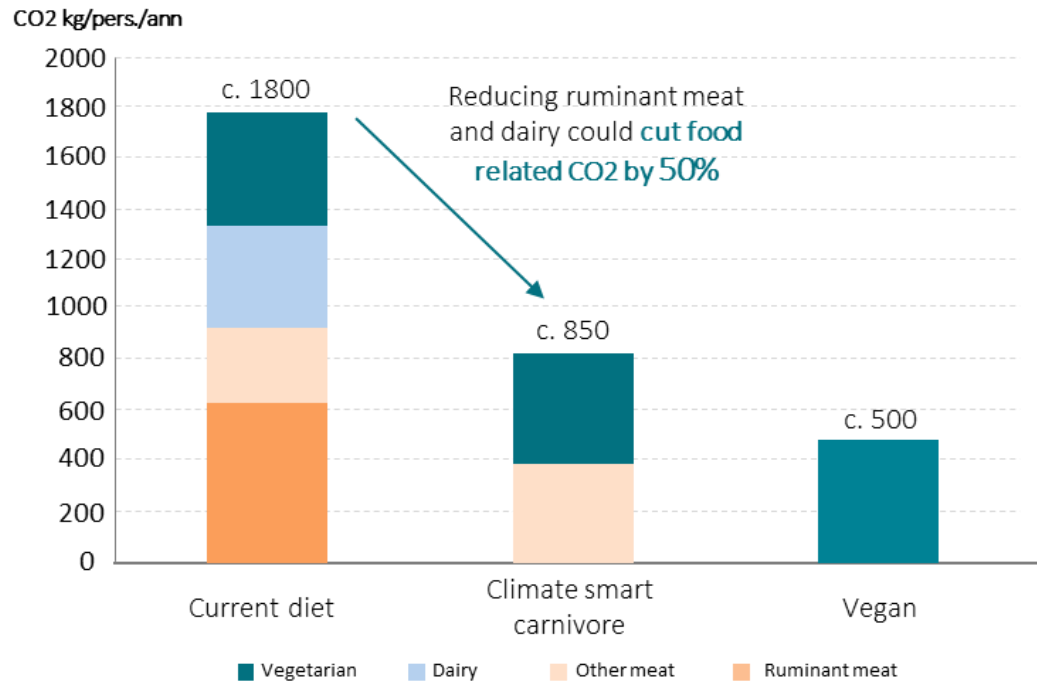
**NEXtera<sup>®</sup>**  
**ENERGY**

Providers of wind and solar energy

Source: Left chart: 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 nutrition 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.

## Natural Resource Preservation

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

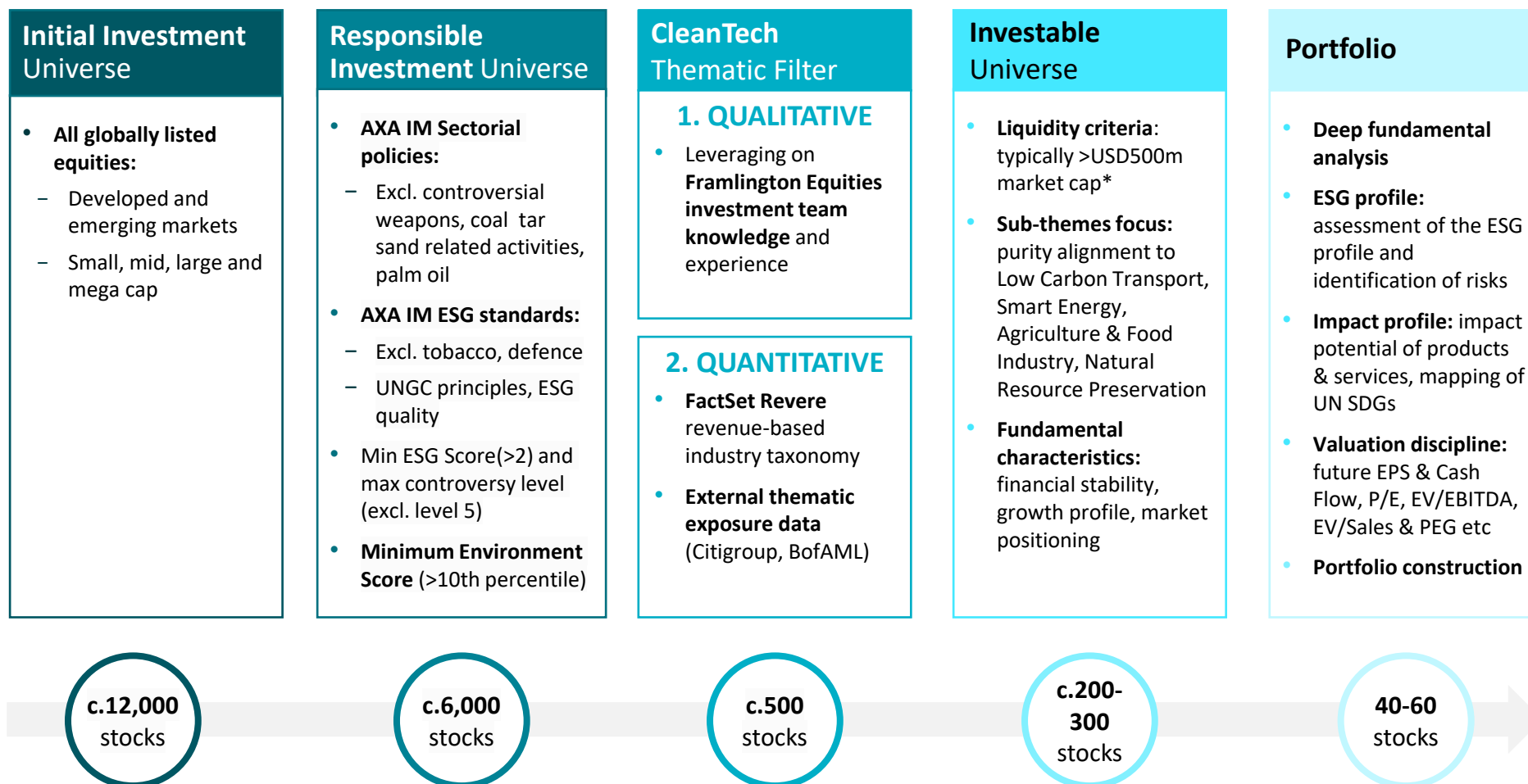


As an infinitely recyclable material, aluminium is the most circular alternative to single-use plastics

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

# How do we assess a company's impact profile?

Use of AXA IM proprietary impact approach based on 5 pillars



## Intentionality

Darling's business model is based on **recycling waste products into useful ingredients or fuel.**



## Materiality

Used cooking oil used to **create renewable diesel**, which reduces emissions by 80% compared to petroleum diesel



## Additionality

The renewable diesel is generated from used cooking oil, meaning **the process does not use feedstock that could be used for food**



## Negative Externalities

**Fleet emissions from collection trucks are high and operations are water intensive.**

However, the company is beginning to address these risks



## Measurability

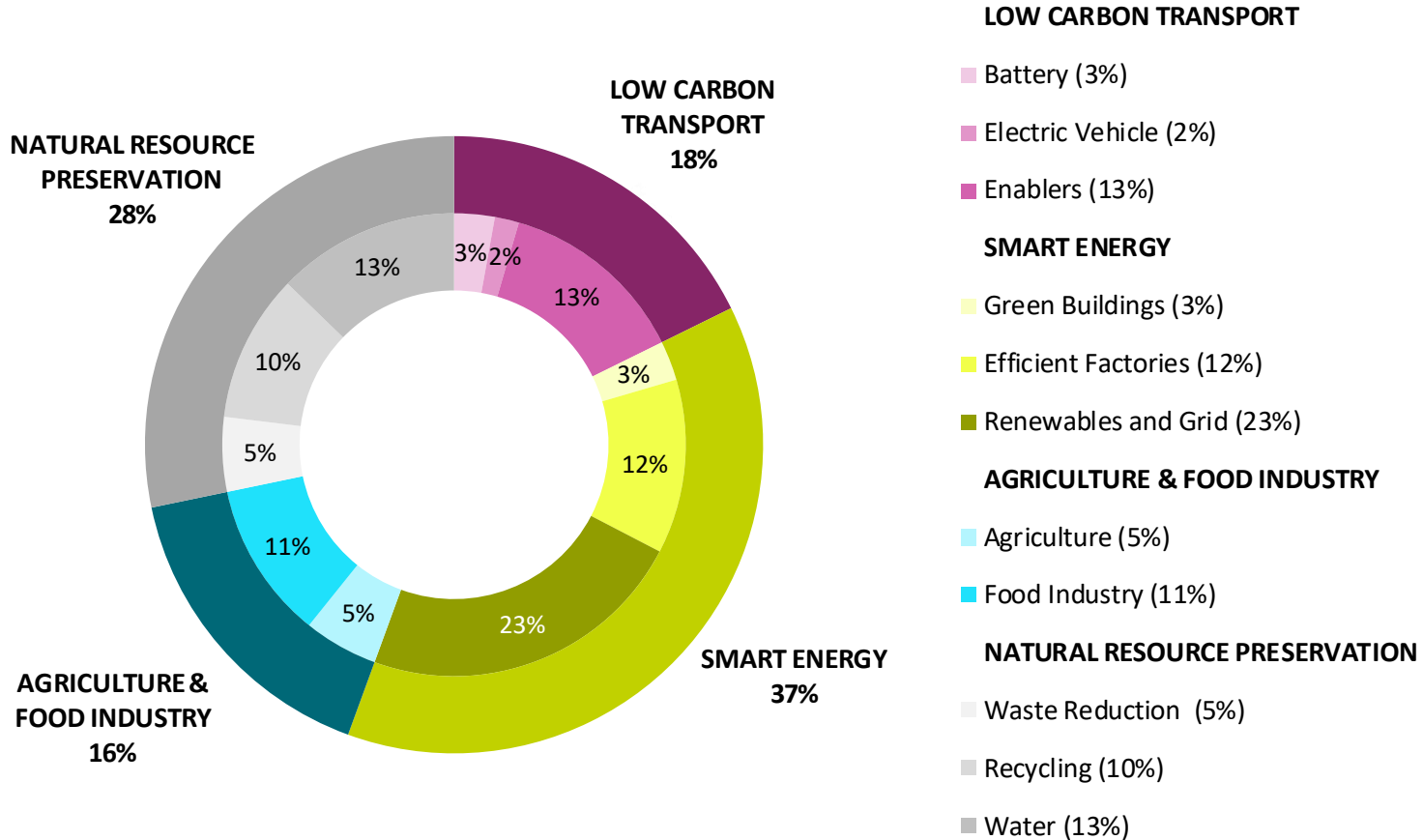
Company seeks to **explain SDG alignment and has set targets for KPIs.** To improve, we would appreciate goals aligned with the Science Based Targets Initiative

Source: AXA IM December 2020, Darling Ingredients, Morgan Stanley. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy. Those KIPs are not indicative of future results.

# AXA WF Framlington Clean Economy

## Portfolio structure

### Themes/Sub-Themes breakdown

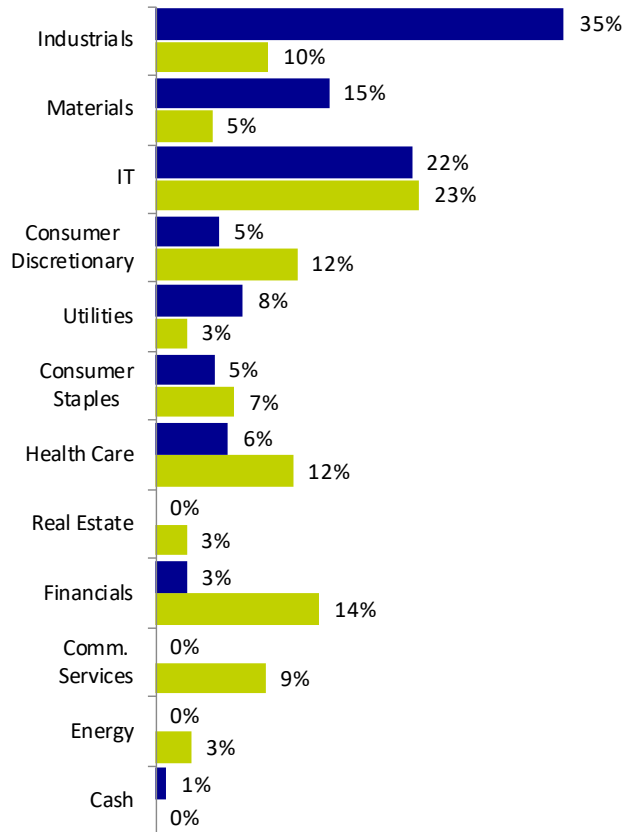


Source: AXA IM as at 31/08/2021. For illustrative purpose only. Past positioning is not indicative of future positioning. CR12547/04-20

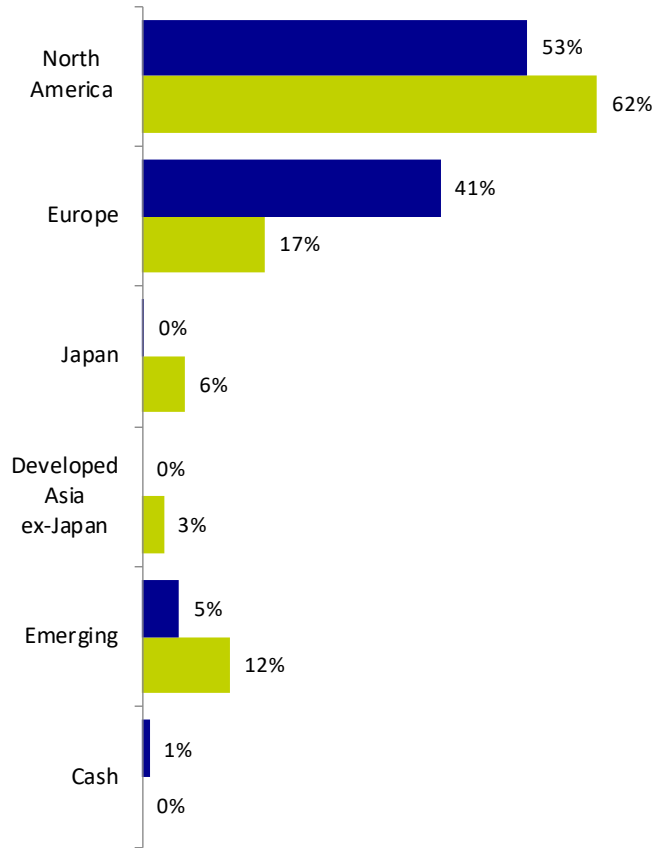
# AXA WF Framlington Clean Economy

## Sector, geographic & regional sales split

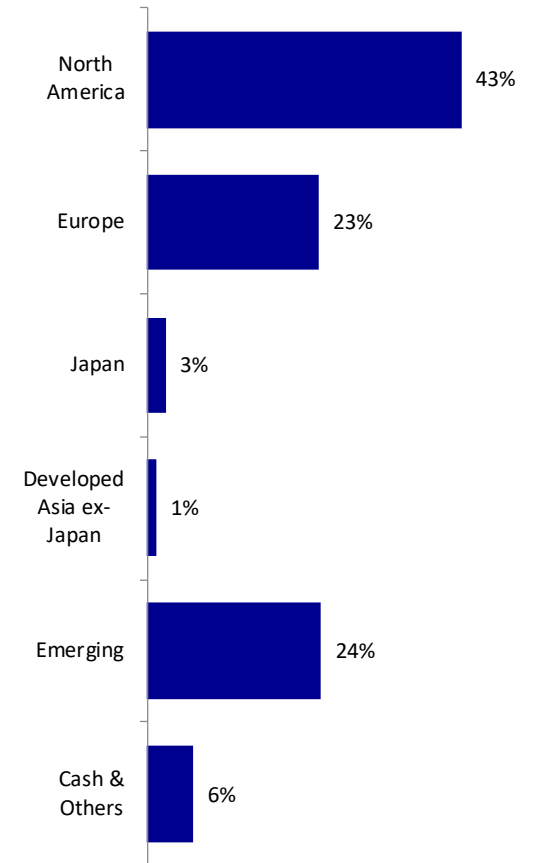
 Sector split



 Geographical split



 Regional sales split

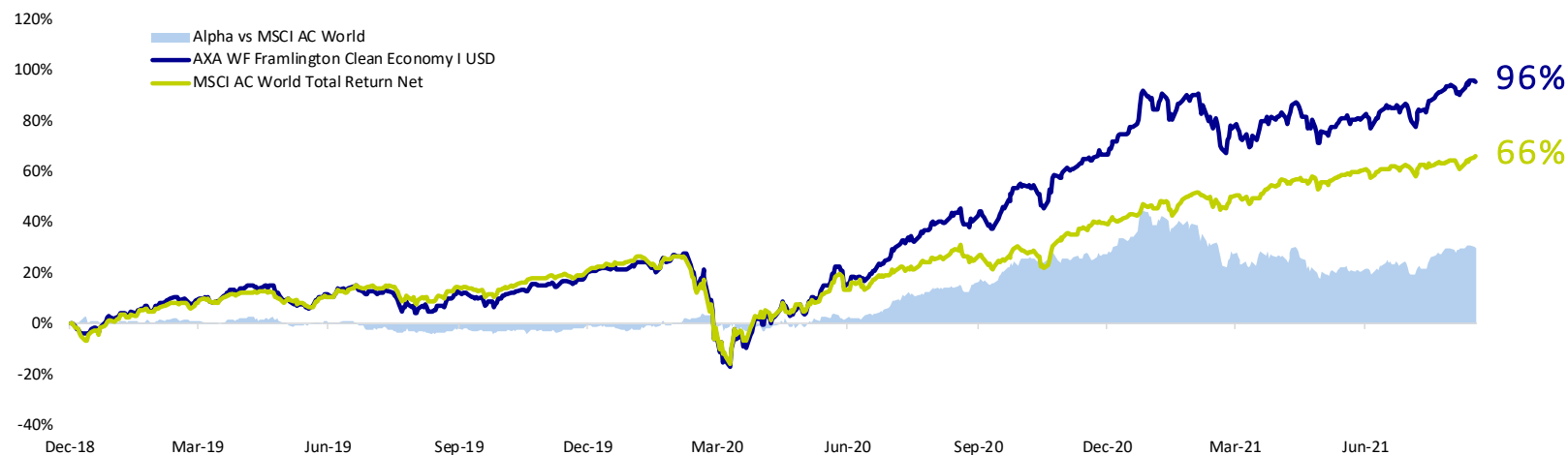


■ AXA WF Framlington Clean Economy ■ MSCI All Country World

Source: AXA IM as at 31/08/2021. 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 Framlington Clean Economy

## Performance since inception\*



Performance table

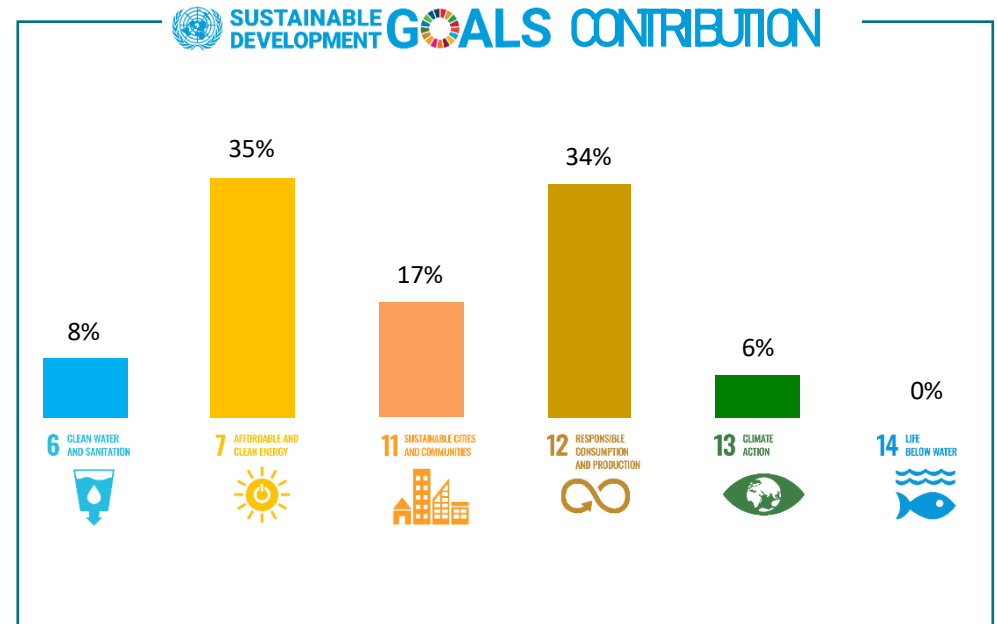
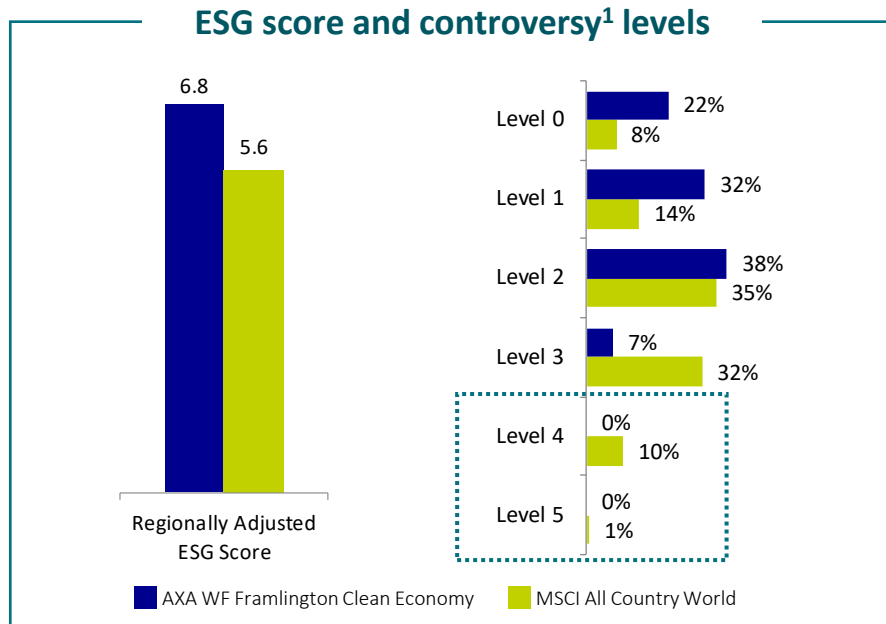
	1M	YTD	2020	2019	Since Inception*
AXA WF Framlington Clean Economy I USD - Net	4.0	10.1	46.0	24.1	95.8
MSCI AC World Total Return Net	2.5	15.9	16.3	26.6	66.1
<b>Net relative performance</b>	<b>1.5</b>	<b>-5.8</b>	<b>29.8</b>	<b>-2.5</b>	<b>29.7</b>

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 a at 31/08/2021. 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 Framlington Clean Economy

## Environmental Impact Report and ESG score at portfolio level



Every million EUR invested in the Clean Economy fund is saving

**225**

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



**49**

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



Source: AXA IM as of June 2021. Updated on a quarterly basis. ESG, controversy data and SDG contribution as at 31/08/2021. 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).

# AXA WF Framlington Clean Economy

## Key risks

### Equity risk:

The value of shares in which the Fund invests fluctuate pursuant to market expectations. The value of such shares will go up and down and equity markets have historically been more volatile than fixed interest markets. Should the price of shares in which the Fund has invested fall, the Net Asset Value of the Fund will also fall. Funds investing in shares are generally more volatile than funds investing in bonds or a combination of shares and bonds, but may also achieve greater returns.

### Changing technology risk:

The Fund may invest in companies which are particularly vulnerable to rapidly changing technology and a relatively high risk of obsolescence caused by scientific and technological advances.

### Concentration risk:

The Fund may at certain times, hold relatively few investments or have a significant industry position which could lead to a significant loss of value if it holds a large position in a particular investment or industry that declines significantly in value due to a stock or sector specific event.

### Currency risk:

The fund may hold investments denominated in currencies other than the base currency of the fund. As a result, exchange rate movements may cause the value of investments (and any income received from them) to fall or rise affecting the fund's value.

### Global Investments:

Investments in securities issued or listed in different countries may imply the application of different standards and regulations (accounting, auditing and financial reporting standards, clearance and settlement procedures, taxes on dividends...). Investments may be affected by movements of foreign exchange rates, changes in laws or restrictions applicable to such investments, changes in exchange control regulations or price volatility.

### Emerging markets:

Legal infrastructure, in certain countries in which investments may be made, may not provide with the same degree of investors' protection or information to investors, as would generally apply to major securities markets (governments' influence, social, political and economic instability, different accounting, auditing and financial report practices). Emerging markets securities may also be less liquid and more volatile than similar securities available in major markets, and there are higher risks associated to transactions settlement, involving timing and pricing issues.

Source: AXA IM. For additional Risks, please read the Prospectus. CR12547/04-20

# AXA WF Framlington Clean Economy

## Legal characteristics and fees

### Other information

Legal form	Luxembourg SICAV Sub-Fund
Legal Rules	UCITS
Launch date	03/12/2018
Reference Currency	USD
Available Share Class Currency	USD / Euro / GBP / CHF
Real Management fees: Annual Management Costs (A / F / G / I / ZF )	A: 1.50% / F: 0.75% / I: 0.60% / ZF: 0.75%
Initial minimum subscription £ amount (A / F / G / I / ZF )	A: 0 / F: 0 / I: 5,000,000 / ZF: 250,000
Share classes	Capitalisation for every currency
Management company	AXA Funds Management S.A.
Investment manager	AXA Investment Management UK Ltd
Custodian and Transfer Agent	State Street Bank Luxembourg S.C.A.
Valuation	Daily
Subscription/Redemption	Forward price, daily (D) before 3:00pm (CET)
Settlement	D+3 working days
Recommended Investment Horizon	5 years

Source: AXA IM as at 08/07/2019. For additional Risks, please read the Prospectus. CR12547/04-20



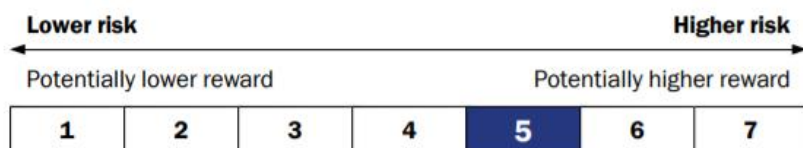
# AXA World Funds - Framlington Clean Economy

A Sub-Fund of AXA World Funds SICAV

Share class: AXA World Funds - Framlington Clean Economy I Capitalisation USD (ISIN: LU1914343311)

*This Sub-Fund is managed by AXA Funds Management S.A., part of the AXA IM Group*

## Risk and Reward Profile



The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

### Why is this Sub-Fund in this category?

The capital of the Sub-Fund is not guaranteed. The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

### Additional Risks

**Counterparty Risk:** Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-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 Sub-Fund and may result in significant risk of losses.

**Geopolitical Risk:** investments in securities issued or listed in different countries may imply the application of different standards and regulations. Investments may be affected by movements of foreign exchange rates, changes in laws or restrictions applicable to such investments, changes in exchange control regulations or price volatility.

Source: AXA IM & Key Investor Information Document (KIID) – 08/07/2019. For additional Risks, please read the Prospectus. CR12547/04-20

# Disclaimer

**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.

For Singapore investors: In Singapore, this document is issued by AXA Investment Managers Asia (Singapore) Ltd. (Registration No. 199001714W) and is intended for the use of Institutional Investors only as defined in Section 4A of the Securities and Futures Act (Cap. 289) and must not be relied upon by retail investors. Circulation must be restricted accordingly.

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

This promotional communication does not constitute on the part of AXA Investment Managers a solicitation or investment, legal or tax advice. This material does not contain sufficient information to support an investment decision.

Due to its simplification, this document is partial and opinions, estimates and forecasts herein are subjective and subject to change without notice. There is no guarantee forecasts made will come to pass. Data, figures, declarations, analysis, predictions and other information in this document is provided based on our state of knowledge at the time of creation of this document. Whilst every care is taken, no representation or warranty (including liability towards third parties), express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. Reliance upon information in this material is at the sole discretion of the recipient. This material does not contain sufficient information to support an investment decision.

Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document / scheme documents, 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.

The products or strategies discussed in this document may not be registered nor available in your jurisdiction. Please check the countries of registration with the asset manager, or on the web site <https://www.axa-im.com/en/registration-map>, where a fund registration map is available. In particular units of the funds may not be offered, sold or delivered to U.S. Persons within the meaning of Regulation S of the U.S. Securities Act of 1933. The tax treatment relating to the holding, acquisition or disposal of shares or units in the fund depends on each investor's tax status or treatment and may be subject to change. Any potential investor is strongly encouraged to seek advice from its own tax advisors.

AXA WF Framlington Clean Economy Fund is a sub-fund of AXA World Funds. AXA WORLD FUNDS 's registered office is 49, avenue J.F Kennedy L-1885 Luxembourg. The Company is registered under the number B. 63.116 at the "Registre de Commerce et des Sociétés" The Company is a Luxembourg SICAV UCITS IV approved by the CSSF and managed by AXA Funds Management, a société anonyme organized under the laws of Luxembourg with the Luxembourg Register Number B 32 223RC, and whose registered office is located at 49, Avenue J.F. Kennedy L-1885 Luxembourg.

Past performance is not a guide to current or future performance, and any performance or return data displayed does not take into account commissions and costs incurred when issuing or redeeming units. References to league tables and awards are not an indicator of future performance or places in league tables or awards and should not be construed as an endorsement of any AXA IM company or their products or services. Please refer to the websites of the sponsors/issuers for information regarding the criteria on which the awards/ratings are based. The value of investments, and the income from them, can fall as well as rise and investors may not get back the amount originally invested. Exchange-rate fluctuations may also affect the value of their investment. Due to this and the initial charge that is usually made, an investment is not usually suitable as a short term holding.

Issued in the UK by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. Registered in England and Wales No: 01431068. Registered Office: 22 Bishopsgate London EC2N 4BQ

In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries.

## UK

The AXA WF Framlington Clean Economy Fund is recognised by the UK Financial Conduct Authority and is available for sale in the UK.