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What does ESG mean for investment propositions?

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ASIA RESPONSIBLE INVESTING FORUM

WHAT DOES IT MEAN FOR INVESTMENT PROPOSITIONS

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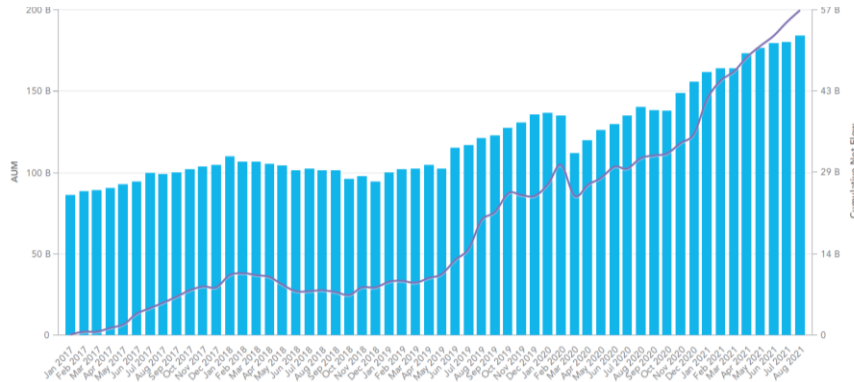
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Architas Asia

RESPONSIBLE INVESTMENT AUM IN ASIA

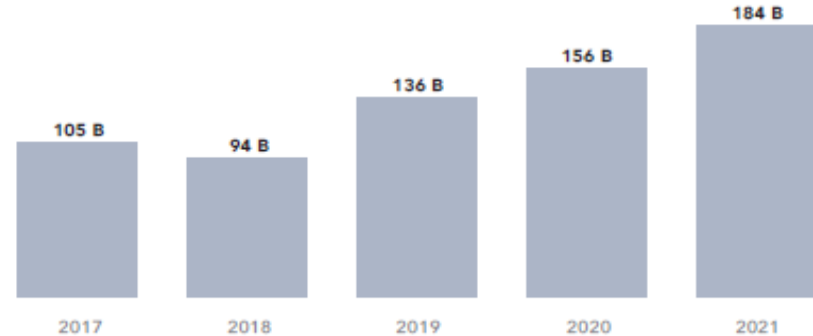
ALL TIME HIGH FOR PERIOD 2017 - 2021

- Responsible Investment AUM totalled 184 Billion USD as at August 2021.*
- Cumulative net flows into responsible investments over the past five years amounted to 57 Billion USD.
- Growth rate showed a steady upward trend of 11.70%.

Historical AUM for the period 2017 - 2021



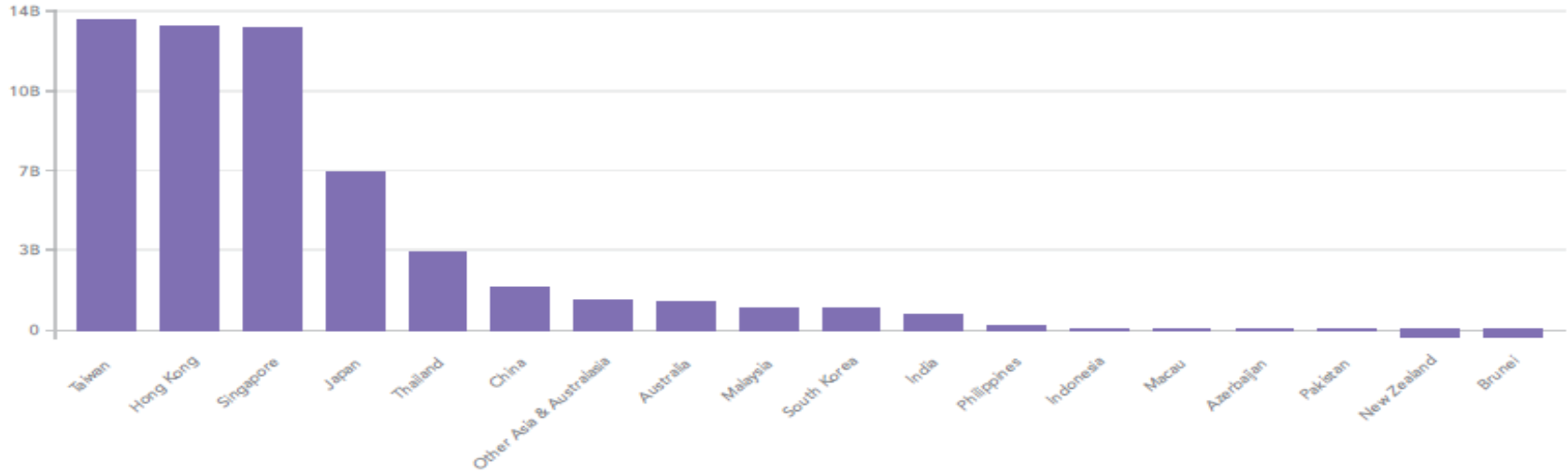
Cumulative Net Flows for the period 2017 - 2021



NEW LEADERSHIP IN THE REGION

PERIOD 2017 - 2021

Recent years, inflows in to responsible investment in the region has been driven by Taiwan, Hong Kong, Singapore, moving Japan down to fourth position.



AUM INFLOWS BY COUNTRY

NEARLY 100% FUNDS IN THE REGION ARE ACTIVE ESG

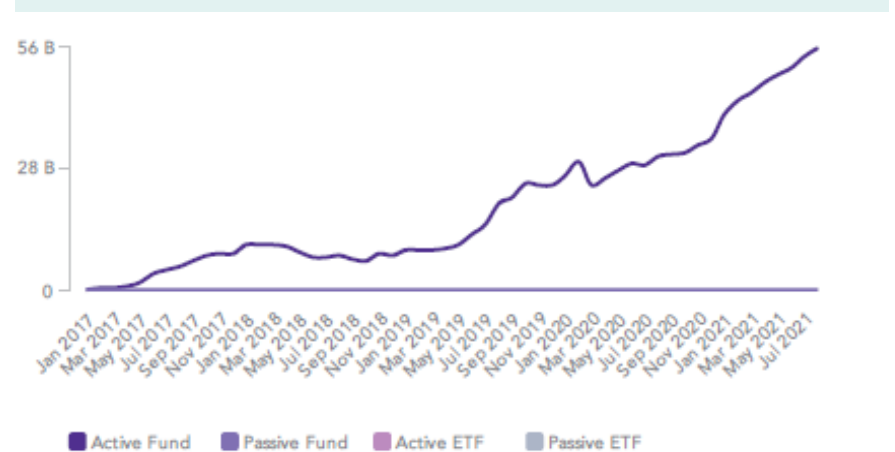
PERIOD 2017 - 2021

- Looking at the charts below, we see that nearly all of the flows are going into funds, over the last year we have seen this start to change as a small proportion of investor look to passive funds

AUM BY ESG STRATEGY



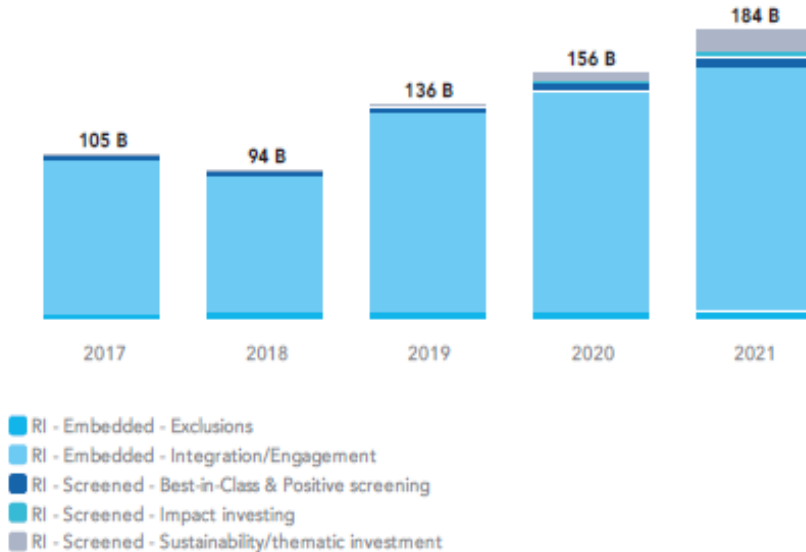
CUMULATIVE NET FLOWS BY ESG STRATEGY



NEARLY ALL ARE ESG INTEGRATED FUNDS

PERIOD 2017 - 2021

AUM BY ESG CATEGORY



- ESG integrated funds (Article 8) make up most flows in the region with a total of 663. Over the past two years we have seen an increase of flows into thematic funds.
- Compared to Article 9 “Impact Investing funds” and “Best In Class and Positive Screening” Funds, a total of 66
- Singapore and Taiwan investors are the most active in terms of seeking investment into responsible investments (Article 8 and Article 9).

	Art 8 Funds	Art 9 Funds
Singapore	227	26
Hong Kong	161	15
Taiwan	255	25
Japan	20	
Total	663	66

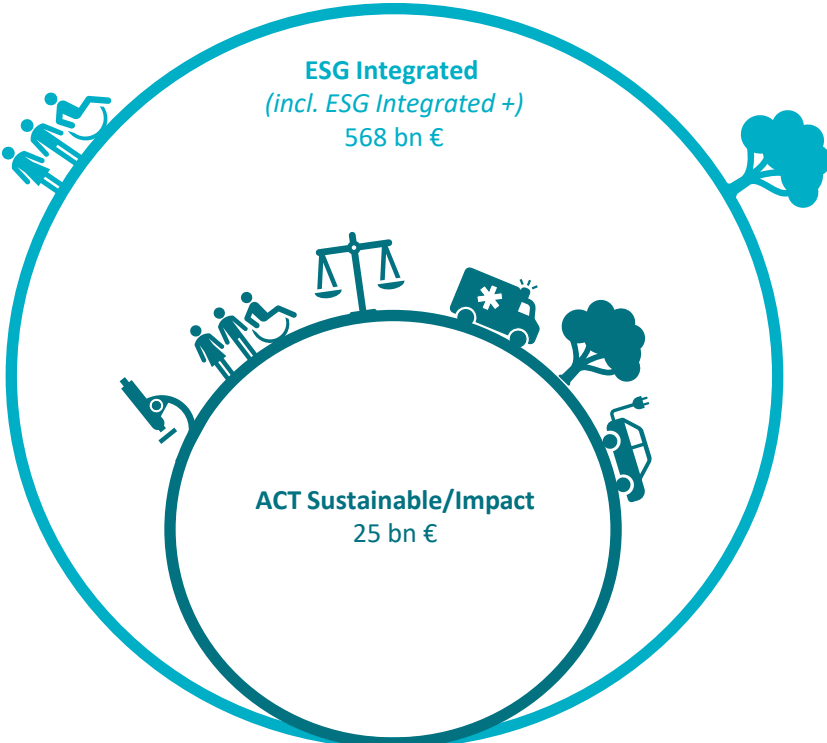


Architas ESG Forum & AXA IM Responsible Investment Products

October 2021

This document is intended exclusively for Professional Investors as defined by EU Directive 2014/65/EU. Circulation must be restricted accordingly. It refers to a fund not yet in existence and contents are subject to change.

Our Responsible Investment AUM



*All AXA IM vehicles NOT ONLY open-ended funds

Source : AXA IM as of 30/06/2021. Non audited figures. Inclusive figures with a cumulative approach.

1 - AXA IM Joint Ventures have a specific approach with regards to ESG scoring and stewardship
This product categorisation framework applies to open funds in liquid asset classes. Specific approaches may apply for segregated accounts or Alternative strategies.

AXA IM Core, a global leader in responsible investing

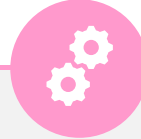
ESG is fully integrated across our investment processes and embedded within our organisation




**20+ years
of RI experience**




**Expertise across
100+ incl. 25
dedicated RI
professionals**



**Proprietary scoring
methodology and
research**



**88% of Core eligible
AUMs classified
Article 8 & 9**



**PRI 2020 Leader
Group
A+**



**Founding Member of
the Net Zero Asset
Managers Initiative**



**A comprehensive &
Innovative RI fund
offering
*(incl. 49 Labels funds)***

RI: Responsible Investment

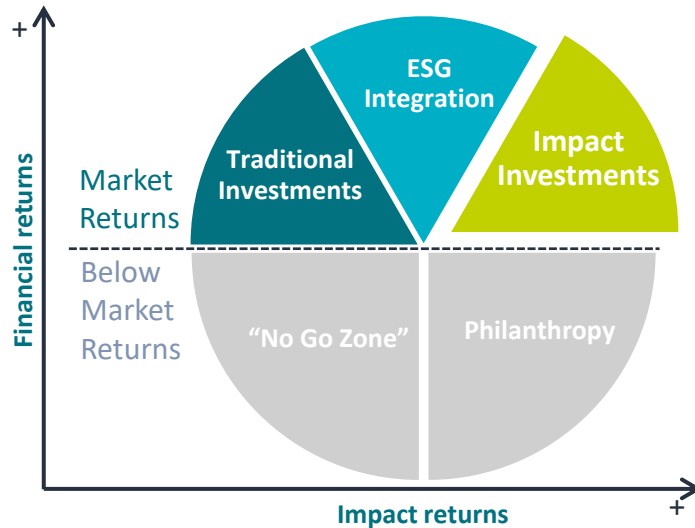
*Source: AXA IM as of 31/03/2021. Non audited figures

Some resources are shared by the entire AXA IM Organization. There is no assurance that any particular individual will be involved in the management of the portfolio for any given period of time, if at all. We do not guarantee the fact that staff remain employed by AXA Investment Managers and exercise or continue to exercise in AXA Investment Managers.

INTERNAL

AXA IM RI and Impact offering

Responsible Investing evolution towards impact



Impact Investing
focuses on financing
businesses and projects
that are designed to have
intentional, positive,
measurable and
sustainable impacts on
society while
simultaneously delivering
potential **financial market**
returns

Source: AXA IM, for illustrative purpose only. These are internal guidelines which are subject to change without notice.

ESG integration vs. Impact

Aligned But Different

ESG Integration

Process of Taking Account of **ESG risks** and **opportunities** in investment decisions:

- ESG as a source of insight into company performance
- Focuses on how companies and investors are managing ESG risks
- Usually about managing and mitigating a business's own ESG issues
- May reward companies that identify opportunities from better management of ESG issues

Impact Investing

The **Intentional, Positive**, Social and Environmental Outcomes of Investment

- Starts with the premise of a social challenge
- Focuses on investments that provide a solution
- Able to demonstrate contributions from relevant investments
- Often linked to a United Nations Sustainable Development-based metric



Source: AXA IM as of 28/02/2020, for illustrative purpose only. These are internal guidelines which are subject to change without notice.

ESG regulations

Impact in the investment process

		ESG Integrated		ACT		
		ESG Integrated	ESG Integrated +	Sustainable	Impact	
SFDR	Art 8	<ul style="list-style-type: none"> ✓ ESG strategy ✓ Consistency between the index/investment universe and fund's ESG characteristics 	✓	✓		
	Art 9	<ul style="list-style-type: none"> ✓ Sustainable investment objective ✓ Consistency between index/investment universe and fund's ESG characteristics ✓ Sustainable strategy 			✓	✓
AMF	Intermediate	<ul style="list-style-type: none"> ✓ Fund's ESG analysis coverage > 90% or 75% (EM/HY/SMCs) ✓ Fund's ESG score > Benchmark's ESG score 		✓		
	Sustainable	<ul style="list-style-type: none"> ✓ Fund's ESG analysis coverage >90% ✓ Sustainable approach (ISR label-like) <ul style="list-style-type: none"> ✓ Rating upgrade, or ✓ Best-in-class with 20% investment universe reduction 			✓	✓

DISCLAIMER

The product categorization is provided based on the basis of the European Directive (EU) 2019/2088 on the sustainability-related disclosures in the financial services sector ("SFDR Regulation") and state of knowledge at the time of creation of this document. The attention of each recipient is drawn to the fact that, as of today the SFDR related regulatory technical standards are not yet finalized and enforced and while we monitor closely regulatory developments, the product categorization shall be re-assessed once such regulatory technical standards are published and may evolve.

Our Responsible Investing offering

A full range of strategies to help you meet your goals



ESG Integrated

ESG incorporated into the investment process to help achieve risk-adjusted returns

In accordance with SFDR Art 8



ESG score objective and/or targeted ESG characteristics for most funds**

ESG Integrated

16 Sub-funds

ESG Integrated +

31 Sub-funds



ACT

*Investing with purpose to support the transition to a more sustainable economy**

In accordance with SFDR Art 9 (2 and 3)

**ACT funds often take one or more UN SD Goals that aligns with the themes/objectives of the funds*



Thematic E objective

11 Sub-funds



Thematic S objective

3 Sub-funds



Thematic E & S objective

4 Sub-funds

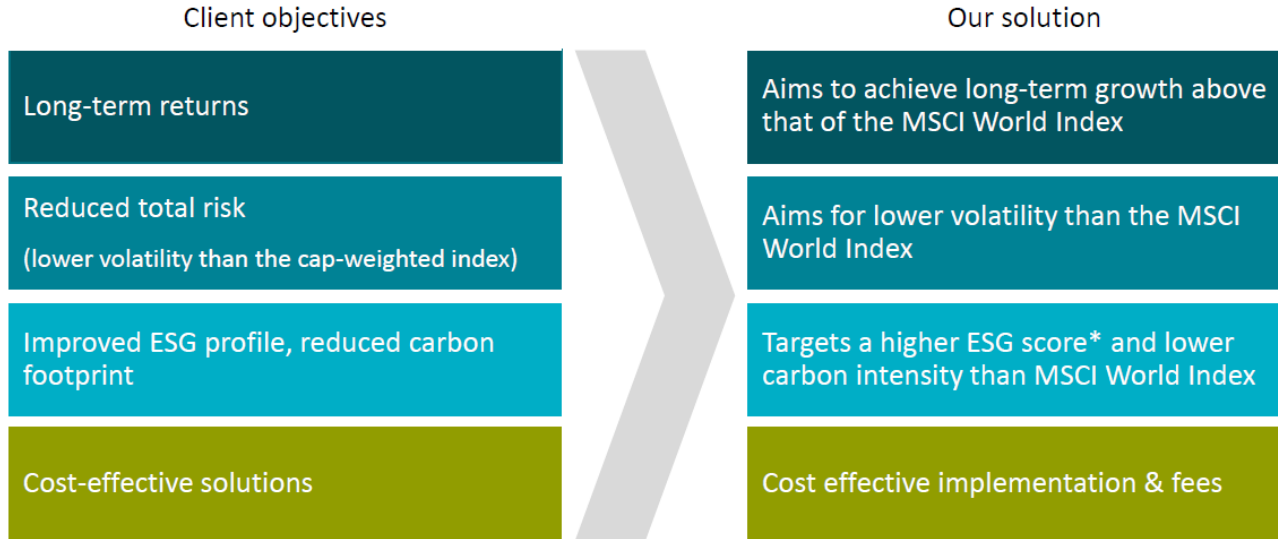
This product categorisation framework applies to open funds in liquid asset classes. Specific approaches may apply for segregated accounts or Alternative strategies.

**The ESG data used in the investment process are based on ESG methodologies based in part on data provided by third parties, and in some cases developed in-house. They are subjective and may change over time. Despite several initiatives, the lack of harmonized definitions can make ESG criteria heterogeneous. For example, different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainability criteria may use ESG data that appear similar but need to be distinguished because their calculation methods may differ.

AXA WF Global Factors – Sustainable Equity

AXA WF Global Factors – Sustainable Equity

Aiming to grow your investment while mitigating risk



Source: AXA IM, Rosenberg Equities as of 30 June 2021. The investment objectives and/or features set forth above illustrate our strategy and approach only. Each specific investor's experience may vary. No assurance is made that these investment objectives and/or features will be achieved. The figures presented are gross of fees. An investor's return will be reduced by the management fees and other expenses. .
*The ESG data used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different.

ESG integration

ESG is integrated in multiple ways

Because ESG considerations are coded into Rosenberg's systematic process, ESG information is considered in every buy/sell decision



ESG Data & Research

Proprietary ESG scores
Proprietary sustainability
research coded into
investment models



Exclusions*

AXA IM ESG Standards
AXA IM Sectorial Policies



Engagement

Proactively engage and vote



ESG KPIs




ESG metrics
Carbon footprint

Source: AXA IM as of 31/12/2020, for illustrative purpose only. These are internal guidelines which are subject to change without notice. * Based on the AXA IM exclusions policies: <https://www.axa-im.com/responsible-investing/sector-investment-guidelines>. Investment objectives and/or features set forth above illustrate our strategy and approach only. Each specific investor's experience may vary. No assurance is made that these investment objectives and/or features will be achieved. Engagement activities are not conducted by Rosenberg Equities directly. No representation is made as to the outcome of engagement activities. ESG data may not be available for the entire universe/benchmark.

AXA WF Global Factors – Sustainable Equity

ESG integration at the heart of our investment approach



	Fund	Benchmark
ESG Score * 	6.5	5.6
Carbon footprint** 	117	183
Water intensity*** 	2,319	13,493

The carbon saved is equivalent to 173,000 miles driven by the average passenger vehicle

The water saved is equivalent to 4 Olympic swimming pools

Source: AXA IM, MSCI, Trucost, Febeffin ASBL, FNG, US Environmental Protection Agency. The benchmark is the MSCI World Index * ESG Score based on AXA IM scoring methodology. ** In tonnes per \$ million of revenue. *** in m3 per \$ million of revenue. Data to 30 September 2021. The Fund has received the FNG-Label for sustainable mutual funds. The fund has received 2 out of three possible stars for its particularly ambitious and comprehensive sustainability strategy, which gained it additional points in the areas of institutional credibility, product standards, and selection and dialogue strategies. Detailed information on the methodology can be found in the rules of procedure <https://fng-siegel.org/fuer-bewerber/>. The Fund has been awarded the Towards Sustainability Label. For more information: https://www.febeffin.be/sites/default/files/2019-02/quality_standard_-_sustainable_financial_products.pdf References to awards are not an indicator of future performance or awards. The ESG scoring is an internal scoring methodology developed within Responsible Investment Team of AXA IM. ESG Score is a proprietary AXA Investment Managers metric that reflects a company's performance across a range of environmental (E), social (S), and governance (G) criteria. An ESG score may not be available for all of the assets in the universe. It applies a floor at 0(worst) and a cap at 10 (best).

Introducing

architas

e.p.i.c Global Equity
Opportunities

Make ethical and
prosperous investment
choices.

architas

ethical CHOICES



Sustainable Equity:

An investment proposition with focus on equity asset class



ESG designation:

AXA Group, Architas ESG standards, ESMA SFDR¹ Article 9*, and SFC Green Label

prosperous SECTORS



Sectors:

Invests across all major sectors with biases to Growth sectors of Technology, Healthcare and New Industrials



Regions:

High allocation to USA, though more diversified than Global Equity basket with slightly higher weightings to Europe and Asia

investment DIVERSITY



Fund Selection:

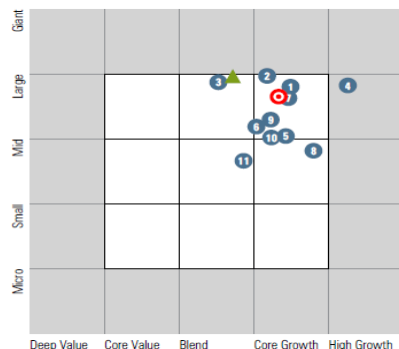
Playing to core strength of manager selection and diversification



Best-in-class:

10 managers in the portfolio across Schroder, Natixis, Baillie Gifford, BlackRock and AXA IM to name a few.

Style Box and allocation



Style Breakdown	Portfolio %	Benchmark %
Large Value	4.96	20.35
Large Core	32.74	34.67
Large Growth	34.56	29.40
Mid Value	1.62	4.63
Mid Core	11.20	7.30
Mid Growth	9.09	3.64
Small Value	0.43	0.00
Small Core	2.90	0.01
Small Growth	2.49	0.01
Large Cap	72.26	84.42
Mid-Small Cap	27.74	15.59
Value	7.02	24.98
Core	46.84	41.98
Growth	46.15	33.04

○ Portfolio ● Portfolio Constituents ▲ Benchmark

Sectors

Equity Sector Breakdown	Portfolio %	Benchmark %
Cyclical	24.73	33.41
Basic Matls	4.35	4.25
Cons Cyclical	7.99	11.25
Financial Svcs	10.44	15.07
Real Estate	1.94	2.85
Sensitive	41.67	43.58
Comm Svcs	3.46	9.49
Energy	0.06	2.99
Industrials	14.87	10.38
Technology	23.29	20.73
Defensive	33.60	23.01
Cons Defensive	4.80	7.36
Healthcare	24.41	12.90
Utilities	4.40	2.74

Regional

World Region Breakdown	Portfolio %	Benchmark %
Americas	63.27	70.56
North America	61.85	70.40
Latin America	1.42	0.16
Greater Europe	22.08	19.32
United Kingdom	3.67	4.47
Europe Developed	17.67	14.68
Europe Emerging	0.00	0.00
Africa/Middle East	0.74	0.17
Greater Asia	14.65	10.12
Japan	5.17	6.59
Australasia	0.36	2.09
Asia Developed	4.16	1.23
Asia Emerging	4.96	0.21

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