

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

Evolving Trends strategy

The Strategy outperformed the broader Global Equity Market, driven by the Social Prosperity theme

- Global equity markets declined in April
- Many companies held within the portfolio reported strong results
- We invested in three companies and divested from two

Tom Riley & Gregg Bridger
Portfolio Managers, Evolving Trends Strategy

What's happening?

Global equity markets declined in April. US equities suffered their worst month since September over resurging concerns about higher for longer interest rates, mixed consumer confidence, and stubborn inflation. Even an easing in tensions in the Middle East amid ongoing ceasefire negotiations did little to help the US equity market. European equities declined during the month after a flurry of earnings data weighed on investor sentiment and concerns about higher for longer interest rates in the United States, as persistently high inflation and stronger-than-expected labour market data fuelled hawkish bets that the US Federal Reserve will delay its first interest rate cut. The European Central Bank (ECB) moved closer to commencing the easing cycle as inflation continued to fall, with markets becoming more convinced that it will cut before the US Federal Reserve.

Japanese equities retreated in April as widening interest rate differentials put pressure on the Japanese Yen. Chinese equities continued their strong rebound.

Brent crude climbed above \$90¹ a barrel at the beginning of the month, extending a rally driven by OPEC-plus production cuts, strong demand and heightened geopolitical risk. Escalating tensions in the Middle East ensured oil prices remained high, with Brent crude futures up nearly \$8¹ a barrel from early March. The OPEC committee failed to recommend any changes to ongoing output cuts, keeping 2mn barrels a day of output offline until the end of June.

Portfolio positioning and performance

The strategy outperformed the broader equity market (as judged by the MSCI All Country World) in April. Social Prosperity was the most significant contributors to performance. The strategy's positioning in the Connected Consumer and Ageing & Lifestyle theme was a detractor to performance.

The Social Prosperity theme was aided by strong performance from AIA Group and Alibaba. AIA reported strong value of new business growth and margin expansion in the first quarter of 2024. The primary driver of the stronger-than-expected financial results was new business value growth in the mainland Chinese and Hong Kong markets. Moreover, the company announced an enhanced shareholder capital return policy.

Strong performance from Alphabet and American Express in the Connected Consumer theme was offset by share price weakness from Microsoft, Prologis and Uber Technologies. American Express held a well-received Investor Day where the company reiterated its long-term annual financial targets of +10% revenue growth and mid-teens EPS growth. Moreover, American Express continues to win market share with Millennial and Gen Z demographic cohorts.

Within Ageing & Lifestyle, both AstraZeneca and Boston Scientific were positive contributors to performance in April. Boston Scientific posted strong quarterly results as the company benefits from strong growth in both the United States and international markets. Boston Scientific's financial results continue to benefit from the recent launch of FARAPULSE, a novel treatment for atrial fibrillation.

During the month, there were two divestments and three new purchases. The first new purchase was Astra Zeneca, the UK listed biopharma company. We believe that Astra Zeneca is well positioned across several key therapeutic areas including, chemotherapy, immuno-oncology and cardiovascular-kidney-metabolic (CKM) syndrome. Astra Zeneca will hold an Investor Day in May where we expect to hear more about the company's growth roadmap to 2030 and beyond. In addition, we initiated new positions in LVMH and Zebra Technologies. Elsewhere, we reduced our exposure to AIA Group, Qualcomm and Boston Scientific and increased our positions in ASML and Broadcom

Outlook

The Federal Reserve is charged with striking a delicate balance between easing monetary policy while achieving its 2% inflation target objective. Moving too soon on rates could limit the Fed's ability to bring inflation under control, whereas moving too late threatens an economic slowdown and significant deterioration in the employment market.

Despite the strong equity market rally in the fourth quarter of 2023, we remain constructive on the outlook for global equities into 2024. While not without risks, the present backdrop of falling inflation, solid earnings growth and easing monetary policy should prove supportive for equities. We continue to maintain a balance within the portfolio with a focus on high quality companies delivering strong free cash flow generation.

The long-run trends underpinning the Evolving Economy remain firmly intact and companies that can deliver earnings growth in this environment will likely be rewarded. Solid industrial activity and strong order books for industrial robotics companies highlight the positive outlook for 'Automation' while ongoing supply chain disruptions only strengthen the case for automated solutions. 'Connected Consumer' companies have benefitted from an acceleration in the adoption of digital technologies since the pandemic and we expect this to continue as the economy forges ahead with its digital transformation. Further commitments from nations globally to dramatically lower emissions, combined with the recent volatility in energy prices, underlines the need for clean energy, storage and energy efficiency solutions which provides a strong tailwind for 'Energy Transition'* companies.

Source: All data sourced from Bloomberg, local currencies, as at 30/04/2024

*BIODIVERSITY and ENERGY TRANSITION are combination of previous CLEANTECH theme. SOCIAL PROSPERITY has been renamed from previous TRANSITIONING SOCIETIES theme

From a demographic standpoint, the ageing global population continues to create opportunities for 'Ageing & Lifestyle' companies which are positioned to benefit from long term changes in consumption patterns. Regulatory pressure and protracted covid lockdowns have weighed on sentiment in China but trends which include increasing wealth and financial inclusion, urbanisation and access to healthcare provide a positive backdrop for 'Social Prosperity'* more broadly. The urgent need to prevent and mitigate 'Biodiversity'* loss creates responsible investment opportunities driven by increasingly stringent and tangible global regulations, long-term targets and corporate reporting commitments.

We retain the view that high quality management teams, operating businesses with a sustainable competitive advantage in markets that benefit from secular tailwinds are best placed to navigate the evolving economy. The prospect of higher interest rates puts pressure on long duration assets but our preference for companies with healthy cash generation and strong focus on valuation should be supportive. The strategy is therefore well positioned to benefit from the secular shifts we are witnessing globally.

No assurance can be given that the Evolving Trends Strategy will be successful. Investors can lose some or all of their capital invested. The Evolving Trends strategy is subject to risks including Equity; Emerging markets; Currency; Global investments; Investments in small and/or micro capitalisation universe; ESG.

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.

Source: All data sourced from Bloomberg, local currencies, as at 30/04/2024

*BIODIVERSITY and ENERGY TRANSITION are combination of previous CLEANTECH theme. SOCIAL PROSPERITY has been renamed from previous TRANSITIONING SOCIETIES theme

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. 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.

This document is for informational purposes only and does not constitute investment research or financial analysis relating to transactions in financial instruments as per MIF Directive (2014/65/EU), nor does it constitute on the part of AXA Investment Managers or its affiliated companies an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalized recommendation to buy or sell securities. The strategies discussed in this document may not be available in your jurisdiction.

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.

Please note that the management company reserves the right, at any time, to no longer market the product(s) mentioned in this communication in a European Union country by notification to its authority of supervision in accordance with European passport rules. In the event of dissatisfaction with the products or services, you have the right to make a complaint either with the marketer or directly with the management company (more information on our complaints policy available in English [here](#)). You also have the right to take legal or extra-judicial action at any time if you reside in one of the countries of the European Union. The European online dispute resolution platform allows you to enter a complaint form (by clicking [here](#)) and informs you, depending on your jurisdiction, about your means of redress (by clicking [here](#)).

Issued in the U.K. 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.

In Hong Kong, this document is issued by AXA Investment Managers Asia Limited (SFC License No. AAP809), which is authorized and regulated by Securities and Futures Commission. This document is to be used only by persons defined as "professional investor" under Part 1 of Schedule 1 to the Securities and Futures Ordinance (SFO) and other regulations, rules, guidelines or circulars which reference "professional investor" as defined under Part 1 of Schedule 1 to the SFO. This document must not be relied upon by retail investors. Circulation must be restricted accordingly.

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.

This document has been issued by AXA Investment Managers Asia (Singapore) Ltd (ARBN 115203622) ("AXA IM Asia"). AXA IM Asia is exempt from the requirement to hold an Australian Financial Services License and is regulated by the Monetary Authority of Singapore under Singaporean laws, which differ from Australian laws. AXA IM Asia offers financial services in Australia only to residents who are "wholesale clients" within the meaning of Corporations Act 2001 (Cth).

For Japanese clients: AXA Investment Managers Japan Ltd., whose registered office and principal place of business is at NBF Platinum Tower 14F 1-17-3 Shirokane, Minato-ku, Tokyo 108-0072, Japan, which is registered with the Financial Services Agency of Japan under the number KANTOZAIMUKYOKUCHO (KINSHO) 16, and is a member of Japan Securities Dealers Association, Type II Financial Instrument Firms Association, Investment Trust Association of Japan and Japan Investment Advisors Association to carry out the regulated activity of Financial Instrument Business under the Financial Instrument Exchange Law of Japan. In Japan, none of the funds mentioned in this document are registered under the Financial Instrument Exchange Law of Japan or Act on Investment Trusts and Investment Corporations. This document is purely for the information purpose for use by Qualified Institutional Investors defined by the Financial Instrument Exchange Law of Japan.

In Korea, AXA Investment Managers Asia (Singapore) Ltd is a registered Cross Border Investment Advisor/Discretionary Investment Management Company under the Financial Investment Services and Capital Markets Act (the "Act"). The activities referenced under the Act are 5-2-2 Investment Advisory Business and 6-2-2 Discretionary Investment Management Business, respectively. Its financial services are available in Korea only to Professional Investors within the meaning of Article 10 of Enforcement Decree of the Financial Investment Services and Capital Markets Act.

To the extent that any be is mentioned in this document, neither the fund nor AXA IM Asia is making any representation with respect to the eligibility of any recipients of this document to acquire the units/shares in the fund under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The units/shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the units/shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

In Taiwan, this document is issued by AXA Investment Managers Asia Limited (SFC License No. AAP809), which is authorized and regulated by Securities and Futures Commission. This document and the information contained herein are intended for the use of professional or institutional investors and should not be relied upon by retail investors. They have been prepared and issued for private informational and educational purposes only at the sole request of the specified recipients, and not intended for general circulation. They are strictly confidential, and must not be reproduced, circulated, distributed, redistributed or otherwise used, in

Source: All data sourced from Bloomberg, local currencies, as at 30/04/2024

*BIODIVERSITY and ENERGY TRANSITION are combination of previous CLEANTECH theme. SOCIAL PROSPERITY has been renamed from previous TRANSITIONING SOCIETIES theme

whole or in part, in any way without the prior written consent of AXA IM Asia. They are not intended for distribution to any persons or in any jurisdictions for which it is prohibited.

If any fund is highlighted in this communication (the "Fund"), its offering document or prospectus contains important information on selling restrictions and risk factors, you should read them carefully before entering into any transaction. It is your responsibility to be aware of and to observe all applicable laws and regulations of any relevant jurisdiction. AXA IM Asia does not intend to offer any Fund in any country where such offering is prohibited.

The offer, distribution, sale or re-sale of fund units/shares in Taiwan requires approval from and/or registration with Taiwanese regulatory authorities. To the extent that any units/shares of the Funds are not so licensed or registered, such units/shares are made available in Taiwan on a private placement basis only to banks, bills houses, trust enterprises, financial holding companies and other qualified entities or institutions (collectively, "Qualified Institutions") and other entities and individuals meeting specific criteria ("Other Qualified Investors") pursuant to the private placement provisions of the Rules Governing Offshore Funds. No other offer or sale of such units/shares in Taiwan is permitted. Taiwanese purchasers of such units/shares may not sell or otherwise dispose of their holdings except by redemption, transfer to a Qualified Institution or Other Qualified Investor, transfer by operation of law or other means approved by the Taiwan Financial Supervisory Commission.

For Malaysian investors: as the recognition by the Malaysian Securities Commission pursuant to Section 212 of the Malaysian Capital Markets and Services Act 2007 has not been / will not be obtained nor will this document be lodged or registered with the Malaysian Securities Commission, the shares referred to hereunder (if any) are not being and will not be deemed to be issued, made available, offered for subscription or purchase in Malaysia and neither this document nor any other document or other material in connection therewith should be distributed, caused to be distributed or circulated in Malaysia.

For Thailand investors: nothing in this document shall constitute in any manner whatsoever a proposal to make available, offer for subscription or purchase or to issue an invitation to purchase or subscribe for any securities in Thailand or a proposal to implement any of the foregoing in Thailand nor has this document been approved by or registered with the Securities and Exchange Commission of Thailand ("SEC"). No person receiving a copy of this document may treat the same as constituting an invitation or offer to him in Thailand and such person shall not distribute or make available this document in Thailand. The issuer of this document shall not be liable in any manner whatsoever in the event this document is distributed or made available to any person in Thailand receiving a copy of this document. Since no application for approval has been or will be made to the SEC for the offering of the securities, or for the registration of this document, the securities shall not be offered for subscription or purchased or made available, whether directly or indirectly, in Thailand. It is the sole responsibility of recipients wishing to take any action upon this document to satisfy themselves as to the full observance of the laws of Thailand, to comply with all relevant government and regulatory approvals, and to comply with all applicable laws, including but not limited to exchange control laws.

For Investors in People's Republic of China (PRC): this document does not constitute a public offer of the product, whether by sale or subscription in the PRC. The product is not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the product or any beneficial interest herein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

For Brunei investors: This document has not been delivered to, licensed or permitted by Autoriti Monetari Brunei Darussalam. Nor has it been registered with the Registrar of Companies. This document is for informational purposes only and does not constitute an invitation or offer to the public. As such, it must not be distributed or redistributed to and may not be relied upon or used by any person in Brunei other than the person to whom it is directly communicated and who belongs to a class of persons as defined under Section 20 of the Brunei Securities Market Order, 2013.

For Filipino investors: The shares or units referred to in this document (if any) have not been registered with the Securities and Exchange Commission under the Securities Regulation Code. Any future offer or sale thereof is subject to registration requirements under the Code unless such offer or sale qualifies as an exempt transaction.

For Vietnam investors: This document does not contemplate an offer to sell the interests in any funds in Vietnam. The document has not been approved by the State Securities Commission of Vietnam or any other competent authorities in Vietnam which takes no responsibility for its contents. No offer to purchase the interests in any funds will be made in Vietnam and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally. The value of the interests in any funds, the possibility of gaining profit and the level of risk stipulated in this document is purely for reference purposes only and may change at any time depending on market status. Investment in fund(s) does not carry any assurance that investors will make a profit. Investors should themselves carefully balance the risks and the level of those risks before they make any decision to invest in any funds. It is investors' responsibilities to ensure that they are eligible to make investment in any funds. Investors are responsible for obtaining all applicable approvals and complying with requirements under Vietnamese laws.

MSCI: Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Source: All data sourced from Bloomberg, local currencies, as at 30/04/2024

*BIODIVERSITY and ENERGY TRANSITION are combination of previous CLEANTECH theme. SOCIAL PROSPERITY has been renamed from previous TRANSITIONING SOCIETIES theme