

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

Digital Economy strategy

Whilst some companies underperformed as a result of the sharp rotation out of growth into cyclicals, we see no fundamental change in their long term growth potential

- Although the Global Equity market rose, there was a noticeable rotation with stocks trading on higher valuations being sold off whilst more value-centric names performed better
- Our exposure to the delivery theme contributed the most to performance, especially the companies exposed to the more cyclical segments of logistics
- We initiated a position in cybersecurity company Zscaler and participated in the IPO of cloud based connectivity software platform TeamViewer

Jeremy Gleeson
Portfolio Manager, AXA WF Framlington Digital Economy

What's happening?

Global equity markets rose in September, with the MSCI ACWI gaining 2.1%. Although the market rose, there was a noticeable rotation within the month, with stocks trading on higher valuations being sold off whilst more value-centric names performed better. Geopolitical tensions eased but leading economic indicators are showing mixed signals at present; however central banks seem determined to take action if a marked economic slowdown were to materialise.

In the US, there was a lot of focus around the next presidential elections and the launch by the democratic party of an impeachment process against President Trump.

In Europe, the UK is still facing significant political uncertainties, with Prime Minister's decision to prorogue parliament cancelled by the Supreme Court, and the prospects of a no deal Brexit still being a possibility and a risk for economic growth. Further disappointing industrial data from Germany triggered the ECB to lower its target rate.

As the country is preparing its 70th anniversary, China's economic slowdown remains a concern and the timing of a resolution of the trade conflict is still unclear.

Portfolio positioning and performance

During September, our exposure to the delivery theme contributed the most to performance, especially the companies exposed to the more cyclical segments of logistics such as Kion, leading forklift manufacturer, as well as interest rate sensitive names within logistics real estate such as Prologis.

As a result of the sharp rotation out of growth into cyclicals, software names, more particularly within the enablers theme underperformed. We see no fundamental reason why these companies have underperformed and remain comfortable with those companies.

We sold ride sharing and food delivery company Uber during the month, as well as ecommerce marketplace Groupon. We initiated a position in cybersecurity company Zscaler and participated in the IPO of cloud based connectivity software platform TeamViewer.

Outlook

Global macro concerns continue to overhang the market and the recent decision by the US Federal Reserve to again reduce interest rates have left equity investors nervous about the overall health of the global economy.

As a result, we are experiencing a period where risky assets are being sold, somewhat indiscriminately. With several long term themes driving growth associated with the Digital Economy, we would be inclined to add to our investments as markets stabilise.

While macro developments and political uncertainties will continue to dominate sentiment, the overall outlook for the companies in our fund continues to be positive. Digital Transformation is expected to be an important business focus for the coming years, and the portfolio remains well positioned to benefit from the trends associated with the digital economy theme, such as online commerce, digital media consumption, electronic payments and digital transformation.

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 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.

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.

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: 7 Newgate Street, London EC1A 7NX. In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries.

El presente documento y cualquier información y/o datos financieros reseñados en el mismo no suponen invitación o recomendación de adquisición o inversión, ni deben constituir la base para la toma de decisiones inversoras ni de garantía de rentabilidad futura de inversiones financieras y, en ningún caso, está dirigido a clientes minoristas y/o inversores finales. La información contenida en el mismo está destinada a clientes profesionales y contrapartes elegibles tal y como son definidos en tanto en los artículos 205 y 207 del Texto Refundido de la Ley del Mercado de Valores como en las normas MiFID (Directiva sobre Mercados de Instrumentos Financieros) 2004/39/CE, presumiéndose, por tanto, la experiencia, conocimientos y cualificación necesarios para tomar sus propias decisiones de inversión y valorar correctamente sus riesgos y el de sus clientes. Dicha información y datos tienen una finalidad meramente informativa y se recomienda tener un conocimiento más detallado a través de los documentos y folletos inscritos en los organismos nacionales e internacionales de regulación especialmente la toma en consideración y conocimiento del Documento de Datos Fundamentales para el Inversor (DFI). El receptor de esta información debe tener presente que la evolución de las variables económicas y los valores de los mercados financieros pueden cambiar significativamente y ser diferentes a los análisis e indicaciones que figuran en este documento. Los inversores deben tener en cuenta que el mercado financiero es fluctuante y que está sujeto a variaciones y que los tipos de cambio pueden sufrir oscilaciones que incidan directamente en la rentabilidad de las inversiones, tanto al alza como a la baja. No debe tomarse como referencia la rentabilidad pasada del producto pues no implica que se comporte de igual forma en el futuro. Para una mayor información y especialmente para el conocimiento de la disponibilidad de los productos se recomienda visitar las páginas web, www.axa-im.com y www.axa-im.es. Les invitamos a verificar con la sociedad de gestión o directamente en nuestra página web, www.axa-im.com, la lista de países en los que se comercializa el fondo.

AXA INVESTMENT MANAGERS no asume responsabilidad alguna por cualquier acto u omisión derivada del uso de la información facilitada, declinando toda responsabilidad por el uso incorrecto o inadecuado del presente documento.

AXA INVESTMENT MANAGERS GS LIMITED SUCURSAL EN ESPAÑA, tiene su domicilio social en Madrid, Paseo de la Castellana núm. 93, 6ª planta, se encuentra inscrita en el Registro Mercantil de Madrid, hoja M-301801, y se encuentra registrada en la CNMV bajo el número 19 como ESI del Espacio Económico Europeo con Sucursal.

AXA FUNDS MANAGEMENT, es una sociedad anónima constituida conforme a la legislación vigente en Luxemburgo, con número de Registro en Luxemburgo B 32.223RC, y con domicilio social situado en el nº 49, Avenue J.F. Kennedy L-1885 Luxemburgo.

AXA ROSENBERG MANAGEMENT IRELAND LIMITED es una sociedad de responsabilidad limitada constituida y regulada por las leyes de Irlanda, con domicilio social en 78 Sir John Rogerson's Quay Dublín 2, regulada por el Banco Central de Irlanda y registrada en dicho Estado con el número 310308.

Los subfondos de AXA WORLD FUNDS, SICAV de derecho luxemburgués armonizada domiciliada en 49 Avenue J.F. Kennedy L-1855 (Luxemburgo), registrada en la CSSF y en el Registro Mercantil de Luxemburgo bajo el número B-63.116 están inscritos en la CNMV con el número 239 (*verificar en CNMV las clases registradas).

Los subfondos de AXA ROSENBERG EQUITY ALPHA TRUST, fondo de derecho irlandés armonizado, domiciliado en Dublín 1 (Irlanda) Guaid House Guaid Street registrado en la Ireland Financial Market Authority (IFMA) bajo el número 310308 están inscritos en la CNMV con el número 294 (*verificar en CNMV las clases registradas).

Los subfondos de AXA IM FIXED INCOME INVESTMENT STRATEGIES, Fondo de Inversión de derecho luxemburgués armonizado, domiciliado en 49 Avenue J.F. Kennedy L-1855 (Luxemburgo), autorizado y registrado en la Commission de Surveillance du Secteur Financier CSSF bajo el número 3692 están inscritos en la CNMV con el número 867 (*verificar en CNMV las clases registradas).