

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

# Global Thematics strategy

## Solid earnings in spite of supply chain disruptions and increasing labour costs

- Global equity markets rose in October
- Strong corporate results in US and Europe
- The 'CleanTech' theme added the most to the strategy performance

**Amanda O'Toole**

**Portfolio Manager, Global Thematics Strategy**

### What's happening?

Global equity markets rose in October buoyed by strong corporate results, particularly in the US and Europe, where earnings were less impacted by supply chain disruptions and increasing labour costs than feared.

In the US, a deal to raise the federal government's debt ceiling until December brought some relief to markets which, combined with solid corporate earnings, drove the S&P500 to an all-time high. Economic growth disappointed due to the effects of Hurricane Ida and ongoing supply chain issues; however, expectation that the Federal Reserve will announce the start of tapering in November has increased given rising employment and persistent inflationary pressures.

European markets rose after assuring messages from the European Central Bank (ECB) on the future direction of its policy. The ECB reiterated its dovish stance, emphasising the fragility of the economic recovery and temporary factors driving up inflation.

Chinese equities rebounded during the month despite slowing economic growth as concerns over the property sector eased after struggling property developer Evergrande made interest payments that had previously been missed in September.

### Portfolio positioning and performance

The strategy outperformed the broader equity index (MSCI All Country World) in October and all themes made positive contributions.

The 'CleanTech' theme added most led by our position in Ameresco, which is engaged in the design, engineering and construction of renewable energy facilities and energy efficiency solutions mainly in the US. The stock rose strongly on the announcement of a large contract to build three grid scale battery energy storage systems which should support earnings in 2022.

In 'Connected Consumer', Alphabet and Microsoft added meaningfully as both companies reported consensus beating results towards the end of the month. Sustained demand for cloud computing remains a notable tailwind while Google (Alphabet subsidiary) has benefitted from increased advertising spending as travel and retail trends continue to improve.

In 'Automation', shares in Internet of Things (IoT) technology company Silicon Laboratories jumped on much stronger than expected results. Broad based demand across wireless IoT, solid expense management and strong shareholder returns following the divestment of its Infrastructure & Automotive business lifted sentiment in the name.

Elsewhere, a leading US health insurer UnitedHealth Group contributed most in 'Ageing & Lifestyle' and 'Transitioning Societies' was boosted by Chinese internet company Alibaba which retraced some of its recent decline.

Trade activity was limited during the month and strategy positioning is broadly unchanged.

## Outlook

Macroeconomic conditions remain supportive with economic indicators in expansive territory, broadly accommodative monetary policy, and good progress in vaccination campaigns. Meanwhile, the trends underpinning the Global Thematics continue to strengthen.

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 Cleantech companies.

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. The regulatory clampdown has weighed on sentiment in China but trends which include increasing wealth and financial inclusion, urbanisation and access to healthcare provide a positive backdrop for Transitioning Societies more broadly.

We retain the view that high quality management teams, operating businesses with a sustainable competitive advantage in their markets and with the benefit of secular tailwinds are well placed to navigate the global thematics. The strategy is therefore well positioned to benefit from the secular shifts we are witnessing globally.

**No assurance can be given that the Global Thematics Strategy will be successful. Investors can lose some or all of their capital invested. The Global Thematics 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.**

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 an 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.

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.