Addressing global environmental challenges with listed equities

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Changing market environment for Green transition

- The **structural growth driving the environmental transition remains strong**
- However, the **macroeconomic and competitive environment has changed**:
  - Higher interest rates
  - Uncertain economic growth outlook
  - Still high growth but maturing end markets
  - Increasing competition
- Translates to a **tough environment for small green tech companies**

⇩

In this context, we prefer investing in the **transition via high quality companies** with a **proven track record of products and execution**

 Source: AXA IM. For illustrative purposes only.

Electric batteries are key component

TOYOTA

(Market cap: $293bn)

- ✓ Toyota launched its Prius in 1997, the world's first mass-produced hybrid car: has the **longest track** in automotive electric batteries.
- ✓ Culture of **long-term thinking** has translated to high and stable margins and significant cash generation.
- ✓ Its **execution track, strong financial position and scale** give credibility to its EVs platform.

First Toyota Prius

Li-Cycle®

(Market cap: $0.6bn)

Li-Cycle recycles EVs battery materials with superior recovery rate than peers, however:

- × Early stages of its build out of lithium collection and processing facilities.
- × Negative cash flow, breakeven expected after 2026.
- × Dependent on volatile raw material prices.

Li-Cycle recycling facilities

Source: AXA IM, Logos from company websites. Bottom left picture: https://global.toyota/en/detail/7905316. Bottom right picture: Li-Cycle website. For illustrative purposes only. Company examples are for illustrative purposes only. This does not constitute investment research or financial analysis relating to transactions in financial instruments, nor does it constitute 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 personalised recommendation to buy or sell securities.

Hydrogen is key in clean energy transitions

Requires scalability and well-established infrastructure

World's largest hydrogen player

(Market cap: $182bn)

Competitive advantage:

- ✓ Provides integrated solutions at scale, established large take or pay contracts
- ✓ Already present at customer premises
- ✓ No change in infrastructure needed to switch to green hydrogen production

→ **Well positioned when customers start to decarbonize**

New player within hydrogen arena

(Market cap: $0.5bn)

- × Provides innovative hydrogen solutions but not yet scalable
- × Ceres competes in a crowded market against big players including Siemens Energy, Thyssen Group and Cummins
- × Dependent on JV and partnership to grow in the market

→ **Difficult to gain market share**

Linde's hydrogen plant

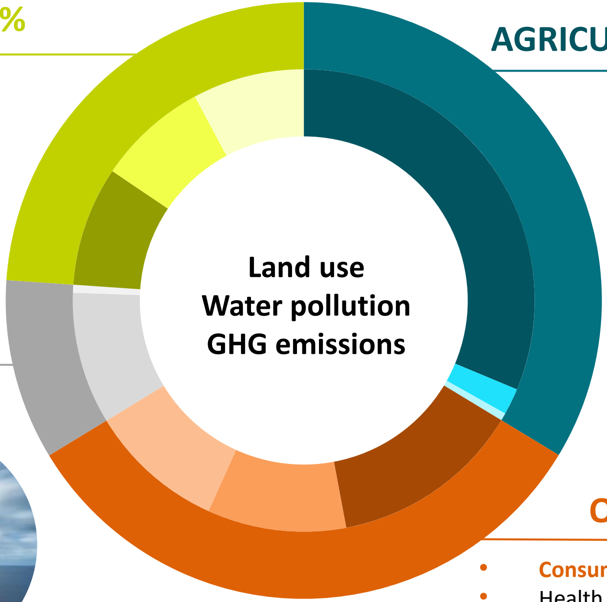
Source: AXA IM, Logos from company websites. Right picture: Linde website. For illustrative purposes only. Company examples are for illustrative purposes only. This does not constitute investment research or financial analysis relating to transactions in financial instruments, nor does it constitute 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 personalised recommendation to buy or sell securities.

Sectors contributing most to biodiversity loss

Corporate Biodiversity Footprint of MSCI All Country World (MSA.km^2)

RESOURCES 24%

- Chemicals (8%)
- Industrials (8%)
- Materials (8%)



AGRICULTURE & FORESTRY 34%

- **Agriculture (31%)**
- Paper & forestry (2%)
- Real estate (0.5%)

INFRASTRUCTURE 10%

- **Energy (9%)**
- Transportation (1%)

OTHER 33%

- **Consumer (13%)**
- Health care (10%)
- IT (10%)

Source: AXA IM, Iceberg DalaLab as at 30/09/2023. Index use: MSCI All Country World. Corporate Biodiversity Footprint in MSA.km^2 .

Agriculture is the biggest threat to Biodiversity and needs to become more efficient

The sector is responsible for 80% of deforestation and uses 50% of habitable land

JOHN DEERE

NVIDIA

SILICON LABS

More efficient treatment of field with less input…

…Using technologies such as cameras, sensors etc

Autonomous tractors to increase resource efficiency…

…Controlled with mobile devices

Investing across the infrastructure value chain

Evolution of infrastructure design and construction to work with nature and reduce biodiversity loss

Software

Consulting services

Projects

Images from Bentley, AECOM and ADS websites. For illustrative purposes only. Company examples are for illustrative purposes only. This does not constitute investment research or financial analysis relating to transactions in financial instruments, nor does it constitute 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 personalised recommendation to buy or sell securities.

Key criteria to deliver long term financial return within the environmental space

Fundamental financial analysis

- ✓ Long term structural growth potential
- ✓ Clear competitive advantage and high barriers of entry
- ✓ Sustainable business model
- ✓ High quality management team
- ✓ Financial soundness
- ✓ Acceptable risk profile

Examples of companies meeting our criteria

Ansys — Global leader in simulation software

APTIV — Leader in automotive electrical architecture

Examples of companies not meeting our criteria

JinKO Solar — Chinese solar PV module manufacturer

Li-Cycle — Early-stage EV battery recycler

Durable competitive advantage is key to achieve dual objective

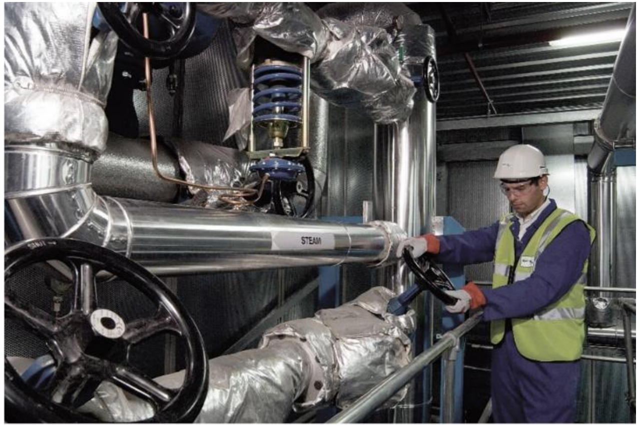
Logo from companies' websites. For illustrative purposes only. Company examples are for illustrative purposes only. This does not constitute investment research or financial analysis relating to transactions in financial instruments, nor does it constitute an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalised recommendation to buy or sell securities.

Spirax Sarco – example of company with durable competitive advantage

Overview

✓ **Spirax Sarco** is a UK-based leading steam equipment and pump supplier

✓ Consultative business, maintains a strong relationship with its clients who are dependent on Spirax Sarco know-how to improve efficiency



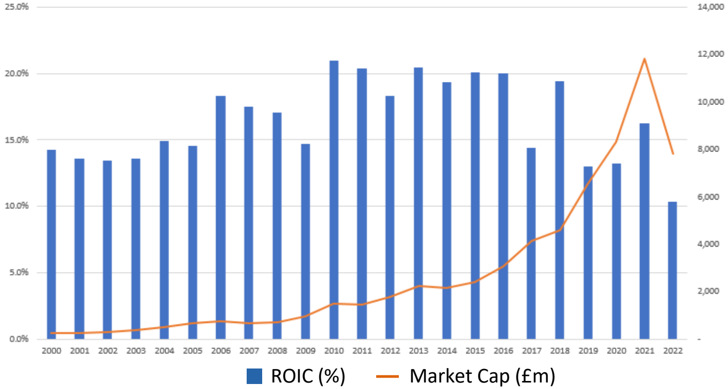
Investment thesis

✓ More efficient steam production reduces energy costs and decarbonises industrial processes

✓ More efficient water pumps also reduce energy costs and drive water savings

✓ Cyclicality reduced by products purchased from opex rather than capex budgets

Valuation assessment



Source: AXA IM, as at 2023. Logo from Spirax Sarco website. For illustrative purposes only. Company examples are for illustrative purposes only. This does not constitute investment research or financial analysis relating to transactions in financial instruments, nor does it constitute 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 personalised recommendation to buy or sell securities.

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UK: AXA WF ACT Biodiversity is recognised by the UK Financial Conduct Authority and is available for sale in the UK.

The product categorisation is provided based on the basis of the European Directive (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR Regulation"). The attention of each recipient is drawn to the fact that, as of today the SFDR related regulatory technical standards ("RTS") have not been finalized and remain subject to the approval and formal adoption by the European Commission and the European Parliament and Council. Furthermore there may be further guidance in relation to the interpretation of the SFDR Regulation. We are monitoring regulatory developments closely, and the product categorization shall be re-assessed and may evolve when the RTS and/or further guidance is published.

Additional risks

Currency Risk: assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk. For certain Funds (as indicated in the relevant Fund Profile), the ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the Prospectus for the AXA Distribution Investment ICVC, valid as at 17 December 2021 16 profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Liquidity Risk: under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such bonds carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Counterparty Risk: at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of this Prospectus for more information.

Important Information (Continued)

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