AXA WF Switzerland Equity A CHF

Fund Managers's Comment

Equity markets continued to climb in March. With the notable exception of the Swiss National Bank with its surprise announcement of a rate cut, major central banks (Fed, ECB, BoE) kept their key rates unchanged, continuing to lay the groundwork to cut rates in the coming months. Furthermore, inflation forecasts were revised down, particularly in the Eurozone, while the labour market continued on its path to normalisation in the US and 2024 growth expectations were revised up. This macroeconomic data points to resilient economies. In this favourable environment, the chemicals and commodities sectors had a good month, while real estate rose sharply following the Swiss National Bank's rate cut. In contrast, technology, and especially semi-conductors, did not join in the rally, while more cyclical sectors such as consumer discretionary and industrial stocks underperformed. Mid-caps underperformed large caps over the month.

AWF Switzerland outperformed its benchmark index by a long way in March. The sector allocation was positive due to the overweight stance on basic materials, but it was the stock selection that contributed the most to the fund's relative performance, in particular in the healthcare, industrial and financial sectors. In the healthcare sector, we continued to benefit from the rise in Lonza - the top performer in the Swiss index, with a year-to-date rally of over 50%. Lonza raised its medium-term targets after buying a major biologics manufacturing facility in the United States from Roche. Also in the healthcare sector we benefited from Tecan's rise on the back of surprisingly strong earnings and the fall in Sonova (not in the portfolio), which was hit by downgrades to analysts' forecasts and a possible decline in volume growth in hearing aids in 2024. In the industrial sector, we also profited from the fall in Kuehne&Nagel, whose earnings were very disappointing. Its medium-term strategy, focused on profitability by focusing on SME clients does not seem to be having the expected results. Among financials, Julius Baer and Swissquote continued to move higher due to a recovery in trading activity and client investments. In materials, SIG Group and Clariant achieved a solid performance following positive recommendations from analysts, who expect an upturn in activity and volumes in the second half of the year. Detractors included the pharmaceuticals firm Sandoz, which took a hit on the departure of its CFO, and insurer Swiss Life, where asset management fees came in below expectations while visibility remains poor in the insurance segment. Schindler's share price also fell slightly as construction remains subdued in Europe and as the decline in new lift installations in China was confirmed.

In March, we took profits on Swissquote, Siegfried Holding, Georg Fischer and Lonza. We lowered our exposure to Nestlé and closed our position in Kardex. Meanwhile, we strengthened Swisscom, PSP Swiss Property, Skan Group and Burckhardt Compression. We also initiated a position in Aryzta, specialised in bakery and pastry products.

After the excellent performance posted in Q1, equity markets may take a breather. In Switzerland, valuation multiples have returned to long-term average levels at nearly 18x. Quarterly earnings publications confirmed that the economic slowdown was milder than expected, but this resilience could push central banks to slow the pace of rate cuts and by the same token undermine the increase in valuation multiples since the beginning of the year, especially because the spike in oil prices linked to instability in the Middle East could cause inflation to rise. At this stage, things still seem too uncertain and maintaining good asset diversification is important. We are sticking to our investment strategy, focusing on companies that combine flexible pricing with visibility and/or growth prospects via exposure to long-term themes and companies with a solid financial structure.

Benchmark

Since: 01/04/2005

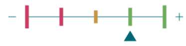
60% SPI Middle Caps Total Return Gross + 40% SPI Large Caps Total Return Gross

The Fund is actively managed with deviation expected in term of constitution and performance compared to benchmark that is likely to be significant.

Fund Profile

ESG Rating

ESG Relative Rating

Lower  Higher

CO2 Relative rating

More CO_2  Less CO_2

% of AUM covered by ESG absolute rating: Portfolio = 96.9% Benchmark = 99.4% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 94.2% Benchmark = 98.4% (not meaningful for coverage below 50%)

For more information about the methodology, please read the section 'ESG Metrics Definition' below

Fund Manager

Hervé MANGIN

Benoit Labeyrie - Co-Manager

Additional Information

Administration: A CHF

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	31/12/1992
Fund currency	CHF
Shareclass currency	CHF
Valuation	Daily
Share type	Accumulation / Income
ISIN code C / D	LU0087657150 / LU0087657077
Distribution Type	Net Income
SEDOL Code C / D	B01Q1R0 / B01Q1Q9
Maximum initial fees	5.5%
Transaction costs	0.20%
Ongoing charges	1.77%
Financial management fees	1.5%
Maximum management fees	1.5%
Performance fees : none	
Management company	AXA INVESTMENT MANAGERS PARIS S.A.
Delegation of account administration	State Street Bank International GmbH (Luxembourg Branch)
Custodian	State Street Bank International GmbH (Luxembourg Branch)

As disclosed in the most recent Annual Report, the ongoing charges calculation excludes performance fees, but includes management and applied services fees. The effective Applied Service Fee is accrued at each calculation of the Net Asset Value and included in the ongoing charges of each Share Class.
The investment will be reduced by the payment of the above mentioned fees.

Fund Objectives

The Sub-Fund seeks to achieve long term capital growth measured in CHF by investing in Swiss listed or domiciled companies of all capitalisation.

Investment Horizon

The risk and the reward of the product may vary depending on the expected holding period. We recommend holding this product at least for 5 years.

Risk Indicator

The information shown below is from the KID PRIIPS.

1	2	3	**4**	5	6	7

Lower risk ← → Higher risk

The risk indicator assumes you keep the product for 5 years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7 which is the a medium risk class. This rates the potential losses from future performance at a medium level. The risk category associated to this product was determined based on past observations, it is not guaranteed and can evolve in the future.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Other risks not included in the Summary risk indicator can be materially relevant, such as counterparty risk, derivatives risk. For further information, please refer to the prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Subscription Redemption

The subscription, conversion or redemption orders must be received by the Registrar and Transfer Agent on any Valuation Day no later than 3 p.m. Luxembourg time. Orders will be processed at the Net Asset Value applicable to such Valuation Day. The investor's attention is drawn to the existence of potential additional processing time due to the possible involvement of intermediaries such as Financial Advisers or distributors.The Net Asset Value of this Sub-Fund is calculated on a daily basis.

** 1st NAV date: 31/12/1992*

Source(s): AXA Investment Managers as at 28/03/2024
For more information about AXA IM, visit axa-im.com

Additional Information (Continued)

How to Invest

Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document (particularly for UK investors) / Key Information Document / scheme documents, which provide full product details including investment charges and risks. The information contained herein is not a substitute for those documents or for professional external advice.

Retail Investors

Retail investors should contact their Financial intermediary.

ESG Metrics Definition

Our approach to ESG measurement seeks to combine qualitative and quantitative techniques. The tree rating shown in this report is a simple pictorial representation of the overall ESG rating of the fund's portfolio. A fund which has 1 tree has a poor ESG rating, whereas a fund with 5 trees has a high ESG rating. For more information on our ESG standards, approach and methodology please visit: Putting ESG to work | AXA IM Core (axa-im.com).

ESG relative rating is calculated as the difference between the ESG absolute rating of the portfolio and the ESG absolute rating of benchmark. If ESG Relative rating is positive (negative), this means that the portfolio has a higher (lower) ESG absolute rating than the benchmark.

CO2 relative intensity is calculated as the difference between the intensity of the fund (expressed in tCO2/M€ Revenues) and the one of benchmark.

If CO2 Relative intensity is green, it means that the intensity of portfolio is lower than that of the benchmark. If CO2 Relative intensity orange, it means that the intensity of the portfolio is higher than that the benchmark. If CO2 Relative intensity is yellow, it means that intensity of the portfolio is similar than that of the benchmark.

ESG indicators are for informational purposes only.

The portfolio does not present any regulatory or contractual objectives on ESG indicators.

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For more information on sustainability-related aspects please visit https://www.axa-im.com/what-is-sfdr.

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** 1st NAV date: 31/12/1992*

Additional Information (Continued)

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https://ec.europa.eu/consumers/odr/main/index.cfm?event=main.home.chooseLanguage) and provides you with information on available means of redress (available at:
https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2).
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Translations into other languages are available on local AXA IM entities’ websites.

** 1st NAV date: 31/12/1992*

Source(s): AXA Investment Managers as at 28/03/2024