

# AXA Framlington Health Fund Z GBP



**DANI SAURYMPER**

**Portfolio Manager**

**Joined April 2015**

Dani Saurymper joined AXA IM in April 2015 as Portfolio Manager for the AXA Framlington Health funds.

Dani has 14 years' experience. Prior to joining AXA IM in April 2015 as Portfolio Manager, he was a senior equity research analyst covering European Healthcare at Barclays Capital. Dani started his career at Goldman Sachs as a senior pharmaceutical analyst covering European Pharmaceuticals, before moving to Nomura as a sector specialist covering global healthcare.

Dani graduated from Leeds University with a BSc in Management Studies and Pharmacology and holds an MSc in International Business from the Manchester School of Management, UMIST.

## Objective

The aim of this Fund is to provide long-term capital growth.

## Fund manager's commentary

### Main changes to the portfolio during August

We took profits on several small and mid-cap biopharma holdings that had performed well. We also participated in the initial public offering (IPO) for Freeline Therapeutics. Freeline is using the latest gene therapy technology to develop cures for conditions like Haemophilia, Fabry and Gaucher Disease.

### Factors affecting performance during August

The MSCI World Healthcare Index was flat during August compared with broader equity markets, which rose +4.3%. The Fund outperformed its benchmark during the month with pharmaceuticals and biotech and healthcare services the largest positive drivers of relative performance. Within speciality pharmaceuticals, Horizon Therapeutics was the biggest contributor to outperformance after another upgrade to its peak sales outlook for recently launched product Tepezza along with Jazz, which reported better than expected second-quarter earnings. BioMarin was the largest detractor to performance following a surprise delay to approval for its leading gene therapy to treat Haemophilia. Diagnostic Equipment also contributed towards underperformance with Hologic and Becton Dickinson experiencing volatility on the back of perceived COVID-19 testing competition from Abbott and Roche.

### Current market influences and outlook

Coronavirus and the global response to the health emergency have negatively impacted the global economy and it is too soon to know when economic activity will rebound to pre-crisis levels. We view success for a COVID-19 vaccine as high although are mindful of vaccine stock valuations which appear disproportionate to the market opportunity and competition among manufacturers. That said, with the advent of a vaccine, demand for healthcare products and services should normalise and rebound as economies reopen and distancing measures reduce. While the pandemic has changed the spotlight on biopharma from one that focused negatively on high drug prices and access to medicine, to one where the sector is seen as a partner and solution to COVID-19, the US presidential election in November is likely to weigh on health stocks. Prescription drugs make up approximately 10% of total US healthcare spending, but rhetoric around high drug prices is a populist topic and we expect negative commentary on drug pricing as campaigning escalates in the run up to November. Traditionally, a Republican victory is considered positive for healthcare; however, we would expect a divided Congress to be the best outcome for healthcare equities as it would imply a lower likelihood of legislative change. Longer-term, we continue to believe that innovative products addressing unmet medical needs will be able to secure premium pricing.

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested. **Before investing you should read the fund's Key Investor Information Document (KIID) for full product details including investment risks and contact a financial adviser where unsure.**

## Top 10 fund holdings

	Weight
UNITEDHEALTH GROUP INC	5.70%
MERCK & CO INC	5.59%
ROCHE HOLDING AG	4.79%
ASTRAZENECA PLC	4.26%
HORIZON THERAPEUTICS PLC	3.85%
THERMO FISHER SCIENTIFIC INC	3.61%
PFIZER INC	2.92%
TAKEDA PHARMACEUTICAL CO LTD	2.87%
MEDTRONIC PLC	2.73%
CVS HEALTH CORP	2.52%
<b>Total*</b>	<b>38.84%</b>
<b>Total number of holdings</b>	<b>56</b>
<b>Turnover (1 rolling year)</b>	<b>36.77</b>

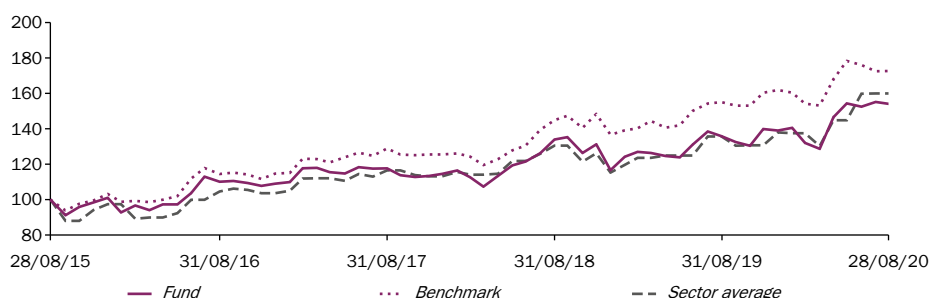
\* Total may not equal sum of top ten holdings weightings (above) due to rounding.  
 Stocks shown for information purposes only. They should not be considered as advice or a recommendation.  
 Turnover : (abs(purchase) + abs(sale) - abs(subscription - redemption)) / (2\* average AUM)

**Discrete performance** over 12 month periods to latest quarter end (%)

	30/06/15 - 30/06/16	30/06/16 - 30/06/17	30/06/17 - 30/06/18	30/06/18 - 30/06/19	30/06/19 - 30/06/20
AXA Framlington Health Fund Z GBP	3.8	14.1	2.7	7.8	16.4
Benchmark**	12.2	13.0	3.2	15.0	17.3

**Cumulative performance**

	Fund (%)	Benchmark** (%)	Sector median*** (%)	Ranking	Quartile
6 M.	16.7	11.9	13.7	101/282	2
Year to date	10.9	6.6	9.6	122/278	2
1 Y.	13.5	11.3	13.8	136/269	3
3 Y.	31.0	34.0	30.9	109/219	2
5 Y.	54.1	72.6	60.9	109/181	3

**Cumulative performance** over five years

Source: AXA Investment Managers and Morningstar. Figures are quoted on single price basis, net of [Z] share class fees and expenses with net income reinvested, in GBP. Performance takes into account ongoing charges but not any initial charge that may be payable. Between 8/9/2014 and 6/10/2014, AXA Framlington Authorised Unit Trusts moved to a single pricing basis (Net Asset Value - NAV), prior to this, they were on a dual pricing basis (bid to bid). To ensure consistent performance figures between bid and NAV prices an adjustment factor has been applied. Past performance is not a guide to future performance.

\*\*Benchmark is the MSCI World Healthcare Total Return Net. Prior to 01/01/2013 the benchmark of the fund was MSCI World Healthcare Total Return Gross. The benchmark index is shown for comparison purposes only. The fund manager has full discretion to select investments for the fund in line with the fund's investment policy and in doing so may take into consideration the benchmark index.

\*\*\*The fund's peer group sector is the Lipper Global Equity Sector Pharma & Health.

The breakdowns provided look through to the underlying investments (including cash) of any in-house collective investment schemes held by the fund. Breakdowns may not sum to 100% due to rounding.

The geographical breakdown is based on the country classification as published by the index provider. The second available source is the Country ISO from Bloomberg (or Ultimate Country of risk for Emerging markets funds).

In order that investors can monitor the progress of their investment, the returns on the Fund are compared with those of a Composite Index/Benchmark/Sector which we believe best matches the long term objectives of the Fund. This information has been included for comparative purposes only. The objective and policy of the Fund may not precisely match this comparison.

**Geographical Allocation**

	%
North America	74.76
Europe Ex UK	13.65
UK	7.98
Japan	2.87

**Sector Allocation**

	%
Pharmaceuticals	38.43
Health Care Equipment	20.07
Biotechnology	10.69
Health Care Services	8.84
Managed Health Care	7.95
Life Sciences Tools & Services	6.51
Health Care Technology	3.78
Health Care Facilities	1.81
Health Care Supplies	1.18
Cash	0.73

**Fund facts**

Fund type	Unit Trust
Fund size	£536.2m
Underlying Yield*	0.20%
Launch date	27/02/87
IA Sector	Healthcare
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

\* As at 28/08/2020. \* Gross of tax, net of expenses.  
All information in this factsheet relates to unit class Z only.

**Investment information**

Initial charge	Nil%
Ongoing charges	0.82%
Min initial investment	£100,000
Min subsequent investment	£5,000
Min monthly investment	£N/A
ISA status	N/A

**Fund codes**

Sedol	accumulation	B6WZJX0
	income	BRJZVQ7
ISIN	accumulation	GB00B6WZJX05
	income	GB00BRJZVQ71
MEX	accumulation	QGH
	income	QGH
Valoren	accumulation	385171
	income	385170
Bloomberg	accumulation	FRAHEAA LN
	income	FRAHEAI LN

**Income payments**

Accounting Final Ref Dates	31 Oct
Interim	30 Apr
Calendar year	Net income (p)
2016	0.41
2017	0.45
2018	0.29
2019	0.31

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 28/08/2020.