

# AXA Framlington UK Smaller Companies Fund Z GBP

**DAN HARLOW****Fund Manager****Joined January 2005**

Dan Harlow joined AXA IM in 2010 to manage the UK Smaller Companies fund.

He worked alongside Chris St John on the UK Smaller Companies fund from 2010 until Nov 2011. In November 2011 he was appointed co-manager of the AXA Framlington American Growth Fund. Dan returned to the UK Desk as lead portfolio manager of the AXA Framlington UK Smaller Companies fund in June 2016.

Prior to joining AXA IM, Dan was Head of UK equities at Montanaro Asset Management, managing UK small cap portfolios including the Montanaro UK Smaller Companies Investment Trust (obtaining a 24% cumulative outperformance of FTSE Small Cap ex IT benchmark from March 2006 to January 2010.) He was also Head of Fund Management and a Board Director.

Dan graduated from the University of Southampton in 1999 with a BA (Hons) in History. He completed an MSc in International Relations in 2000.

## Objective

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

## Fund manager's commentary

### Main changes to the portfolio during November

We built a new position in Strix, a global leader in the design, manufacture and supply of kettle safety controls. It has built a solid track record of delivery since its IPO in 2016, and we see scope for sales growth to pick-up with a range of new products coming to market over the next 18 months.

### Factors affecting performance during November

On a positive note, the Fund experienced its second takeover bid of the year. Consort Healthcare was bid for by Swedish-listed peer Recipharm at a premium of about 40%. The other top performer in the month was Games Workshop. The table top fantasy games company delivered an impressive trading update that led to further upgrades. On the downside, a disappointing trading update from IQE led to material earnings downgrades. The company's clients have been impacted by the US-China trade disagreements which has led to supply chain shifts that are impacting the company's ability to model earnings. The other disappointment stemmed from Eco Animal Health which was impacted by African swine fever. While Aivlosin, its primary drug, continues to grow share across the world, the epidemic is dramatically impacting its Chinese business with sales down more than expected at -60%.

### Current market influences and outlook

All eyes are firmly on the election date on 12 December. While this potentially adds to uncertainty in the near term and has the potential to impact consumer confidence at a critical time of year for retailers, it does provide scope to give a politician a mandate to deliver a Brexit solution which can only be positive. Against the backdrop of lacklustre economic data, equity performance has picked up, especially in UK mid-caps. The FTSE 250 Index enjoyed its strongest day since May 2010 in October as it rose 4.2% on optimism that a disorderly Brexit would be avoided and a deal could be achieved. This fairly remarkable move illustrates, in our view, some of the pent-up demand for more domestically-oriented stocks that are most likely to benefit as and when there is Brexit clarity. We still consider the FTSE Small Cap Index represents good value, given it trades at an approximate 20% discount to the FTSE 250 Index, according to Liberum data.

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
SDL PLC	3.28%
SPEEDY HIRE PLC	2.80%
APTITUDE SOFTWARE GROUP	2.78%
ON THE BEACH GROUP PLC	2.61%
DISCOVERIE GROUP PLC	2.60%
HOLLYWOOD BOWL GROUP PLC	2.55%
GAMES WORKSHOP GROUP PLC	2.38%
CONSORT MEDICAL PLC	2.38%
RICARDO PLC	2.30%
CLS HOLDINGS PLC	2.24%
<b>Total*</b>	<b>25.94%</b>
<b>Total number of holdings</b>	<b>72</b>
<b>Turnover (1 rolling year)</b>	<b>16.54</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)

## FRAMLINGTON EQUITIES

## AXA Framlington UK Smaller Companies Fund Z GBP

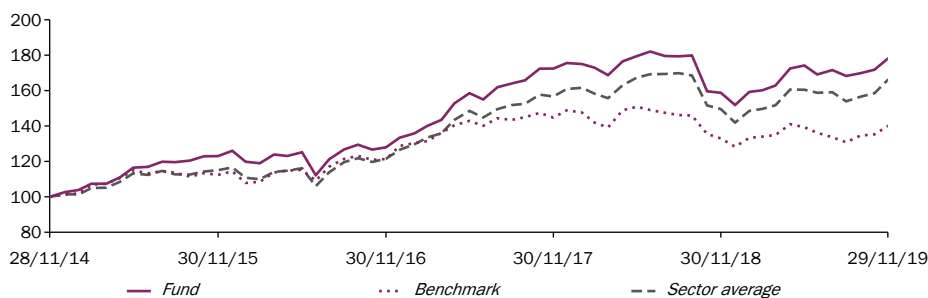
## Discrete performance over 12 month periods to latest quarter end (%)

	30/09/14	30/09/15	30/09/16	30/09/17	30/09/18
	- 30/09/15	- 30/09/16	- 30/09/17	- 30/09/18	- 30/09/19
AXA Framlington UK Smaller Companies Fund Z GBP	22.8	7.4	28.1	8.5	-5.6
Benchmark**	9.0	10.5	17.8	0.6	-7.8

## Cumulative performance

	Fund (%)	Benchmark** (%)	Sector median*** (%)	Ranking	Quartile
6 M.	2.2	0.5	4.0	39/52	3
Year to date	17.3	9.1	18.5	32/51	3
1 Y.	12.2	5.3	13.0	27/51	3
3 Y.	39.2	15.4	39.3	25/48	3
5 Y.	78.1	40.0	69.1	17/47	2

## Cumulative performance over five years



Source: AXA Investment Managers and Morningstar. Figures are quoted on single price basis, net of [R] 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 FTSE Small Cap ex Investment Companies. 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 IA UK Smaller Companies.

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.

## Market Cap Allocation

	%
FTSE 250	15.17
FTSE SmallCap	42.78
FTSE Fledgling	0.76
FTSE AIM	36.51
Other & AIM Exchange	2.32
Cash	2.45

## Sector Allocation

	%
Consumer Services	22.30
Industrials	20.98
Technology	17.96
Financials	13.32
Consumer Goods	9.74
Health Care	9.14
Cash	2.45
Oil & Gas	2.44
Basic Materials	1.67

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 29/11/2019.

## Fund facts

Fund type	Unit Trust
Fund size	£222.9m
Underlying Yield*	0.73%
Launch date	06/04/01
IA Sector	UK Smaller Companies
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

\* Net of tax, net of expenses. All information in this factsheet relates to unit class Z only. The underlying yield reflects the annualised income net of expenses of the fund as a percentage of the mid-market unit price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any initial charge and investors may be subject to tax on distributions.

## Investment information

Initial charge	Nil%
Ongoing charges	0.84%
Min initial investment	£100,000
Min subsequent investment	£5,000
ISA status	Eligible

## Fund codes

Sedol	accumulation	B7MMLM1
	income	BRJZVS9
ISIN	accumulation	GB00B7MMLM18
	income	GB00BRJZVS95
MEX	accumulation	FRUKSA
	income	FRUKSI
Valoren	accumulation	1238245
	income	1238414
Bloomberg	accumulation	FRUKSMA LN
	income	FRUKSMI LN

## Income payments

Accounting	Final	30 Apr
Ref Dates		
	Interim	31 Oct
Distributions	Final	30 Jun
	Interim	31 Dec

Calendar year	Net income (p)
2015	0.27
2016	1.23
2017	1.50
2018	0.95