

**SHINING A LIGHT ON THE.....
AXA Framlington Biotech Fund**

AT A GLANCE

Investment Objective	
The aim of this Fund is to provide long-term capital growth. The Fund invests in shares of listed companies, principally in the biotechnology, genomic and medical research industry, which the Manager believes will provide above-average returns. The Fund invests in companies of any size which can be based anywhere in the world, albeit the Fund tends to be biased towards the US as this is where the majority of biotechnology companies are based. The Fund may also invest in other transferable securities and units in collective investment schemes. The Fund may use derivatives for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.	

Inception Date	26 th November 2011
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04Z1C

Management	
Manager Name	Start Date
Linden Thomson	5 th July 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	15.47%
Large	40.20%
Medium	19.39%
Small	13.63%
Micro	11.32%

Top 10 Holdings		
Total number of holdings	57	
Assets in Top 10 Holdings	52.55%	
Name	Sector	% of Assets
Biogen Inc	Healthcare	9.65%
Gilead Sciences Inc	Healthcare	7.49%
Alexion Pharmaceuticals Inc	Healthcare	7.26%
Celgene Corp	Healthcare	5.97%
Regeneron Pharmaceuticals Inc	Healthcare	4.77%
Amgen Inc	Healthcare	4.51%
Biomarin Pharmaceutical Inc	Healthcare	4.07%
Takeda Pharmaceutical Co Ltd	Healthcare	3.15%
Vertex Pharmaceuticals Inc	Healthcare	3.06%
Ionis Pharmaceuticals Inc	Healthcare	2.61%

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Volatility Measurements	
3-Yr Std Dev (volatility)	20.26%
3-Yr Mean Return (average)	13.65%

FUND PERFORMANCE

Performance from 1st January 2014 to 28th February 2019:

	2014	2015	2016	2017	2018	2019
AXA Framlington Biotech Fund	45.18%	11.22%	-5.92%	8.60%	-7.33%	18.94%
Lyxor MSCI World Healthcare ETF	26.19%	11.33%	11.22%	9.83%	6.91%	3.43%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
AXA Framlington Biotech Fund	6.27%	38.35%	52.37%	292.91%
Lyxor MSCI World Healthcare ETF	12.17%	39.80%	77.57%	-

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

The argument for investing in biotechnology is strong. There are 10,000 known diseases and about 500 cures! This means the development of drugs will only improve over time and investing in the sector has the potential to deliver strong returns for investors. The team have scientists so that they can really understand the companies they invest in.

The team are excited about the innovation coming through. Examples include a drug for haemophilia which could be treated yearly with a single injection. This is still in trial phase but would radically change how this disease is treated in the future. Biogen are due to finish trials on a drug that will delay Alzheimers; this is set to be confirmed in 2020.

The demographics are as supportive as they have ever been and innovation is constant with a higher number of new drugs being approved. They expect this to increase moving forward.

In the US the FDA Chairman has been really positive for the industry and although he is leaving his replacement is of the same mould.

We talked about whether it would be easier to purchase a passive fund and they explained that although the fund won't perform every year over the long term, they believe they can add value. This is because the index is disproportionately weighted to a few companies, it includes companies which are not true biotech companies and it weights towards large cap.

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The AXA fund is more focused to small and mid-cap. The challenge they have seen is the number of mergers and around 12% of the portfolio has been taken over. This means that they have had to find new opportunities.

In terms of performance the fund is behind the benchmark, although it does seem to have periods where it significantly outperforms the index, and this alters the long-term performance. Investors should therefore see this as a lumpy long-term investment.

In summary, for those looking for biotechnology exposure this is one of a handful of funds to consider. The performance is mixed and there could be an argument for another strategy, whether active or passive. Clearly the team are aware of what they are investing in and the potential opportunities. If they have another year like 2014 then this will change the performance vs the index.

The source of information in this note has been provided by AXA Framlington and is correct as at March 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.