

**SHINING A LIGHT ON THE.....
AXA Framlington UK Smaller Companies Fund**

AT A GLANCE

Investment Objective
The aim of this Fund is to provide long-term capital growth. The Fund has at least 70% of its investments in shares of companies domiciled, incorporated or having significant business in the UK which the Manager believes will provide above-average returns. The Fund invests primarily in small companies. The Manager selects shares based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth.

Inception Date	27 April 2001
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04K6N

Management	
Manager Name	Start Date
Dan Harlow	1 June 2016

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	0.00%
Large	0.00%
Medium	2.16%
Small	29.37%
Micro	68.48%

Top 10 Holdings		
Total number of holdings	71	
Assets in Top 10 Holdings	25.28%	
Name	Sector	% of Assets
discoverIE Group PLC	Technology	2.97%
JTC PLC Ordinary Shares	Financial Services	2.94%
SDL PLC	Technology	2.83%
Speedy Hire PLC	Industrials	2.62%
Future PLC	Communication Services	2.55%
Aptitude Software Group PLC	Technology	2.42%
Codemasters Group Holdings PLC	Communication Services	2.33%
Hollywood Bowl Group PLC	Consumer Cyclical	2.25%
Learning Technologies Group PLC	Consumer Defensive	2.23%
CLS Holdings PLC	Real Estate	2.13%

Volatility Measurements	
3-Yr Std Dev (volatility)	3-Yr Mean Return
19.92%	-3.91%

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FUND PERFORMANCE

Performance 19 January 2012 to 31 March 2020:

	2014	2015	2016	2017	2018	2019	2020
AXA Framlington UK Smaller Companies Fund	5.78%	21.88%	5.13%	30.53%	-14.15%	25.77%	-32.45%
Vanguard FTSE UK All Share Index	1.41%	1.28%	16.58%	13.00%	-9.65%	19.04%	-24.81%

Performance over 1 year, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
AXA Framlington UK Smaller Companies Fund	-20.67%	-11.28%	16.84%	1.04%
Vanguard FTSE UK All Share Index	-18.56%	-12.13%	3.11%	5.11%

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....

This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

We met the manager perhaps 6 weeks ago just at the start of the crisis. At the time they were aware that companies would be hit but felt the quality aspect would help them through the crisis. The message was that there has been no change to the investment process. The focus remains on those companies with balance sheet strength and the ability to compound earnings over time.

It is worth reflecting that certain areas of the market will be hit hardest, for example the consumer side (travel etc), and that this is currently a liquidity crisis. The danger is if this becomes a solvency crisis.

In terms of the companies they hold they have spent a great deal of time speaking to them. Many have had to move quickly to preserve cash, especially those which are consumer exposed. They have seen many have stopped hiring and capital spending. Some have deferred bonuses and cut salaries. Additionally, some have cut contractors, furloughed staff and engaged with landlords to do anything to get through this crisis.

Some examples include Hollywood Bowl which has stopped refurbishments and furloughed staff. Hotel Chocolat have raised £22 million on the debt market despite having a strong balance sheet and cash flow. They have ambitions to expand and grow, and therefore to manage cash carefully to enable those ambitions to be fulfilled.

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Technology has been more resilient for the strategy and construction is an area to watch. In summary, this has been a difficult time for the strategy, but they still believe the focus on quality and the actions of many of the management teams will be positive for the fund coming out of this crisis.

The source of information in this note has been provided by AXA Framlington and is correct as at April 2020. 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.