

**SHINING A LIGHT ON THE.....
AXA Framlington Global Technology 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 engaged in the research, design and development of technologies in all sectors including IT and the internet 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 technology related companies are based. 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	16 th April 1999
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04S5M

Management	
Manager Name	Start Date
Jeremy Gleeson	2 nd July 2007

FUND PERFORMANCE

Performance from 1st January 2016 to 30th April 2021:

	2016	2017	2018	2019	2020	2021
AXA Framlington Global Technology Fund	27.53%	28.84%	6.18%	32.85%	47.95%	5.65%
FTSE World Ex UK TR	30.42%	13.45%	-2.68%	23.10%	14.15%	8.48%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Fund Manager Inception
AXA Framlington Global Technology Fund	47.32%	111.49%	279.13%	859.56%
FTSE World Ex UK TR	34.44%	50.88%	113.70%	291.18%

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.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
8.69	-	96.82	92.86	52.78	1.00	0.08	Growth/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	20.06%
3-Yr Mean Return (average)	28.36%

Investment Style Details	
Giant	38.83%
Large	28.59%
Medium	22.51%
Small	8.22%
Micro	0.32%

Top 5 Holdings (64 holdings)		
Apple Inc	Technology	7.05%
Alphabet Inc Class C	Communication Services	6.84%
Visa Inc Class A	Financial Services	3.38%
Qualcomm Inc	Technology	3.27%
Facebook Inc A	Communication Services	2.81%

Top 5 Sectors	
Technology	67.50%
Communication Services	16.23%
Financial Services	5.99%
Consumer Cyclical	3.52%
Real Estate	2.93%

Top 5 Regions	
US	88.09%
China	6.07%
United Kingdom	2.43%
Taiwan	1.93%
South Korea	1.47%

UPDATE....

We have met the fund manager in the past but this is the first time for a while that we have had an update from the team. This is a pure technology fund. Jeremy uses an unconstrained multi-cap approach but looks to avoid blue sky or concept technology where there are no commercial opportunities. He believes that there are plenty of opportunities without taking this level of risk. To take this one stage further, he explained that 86% of the holdings they have reported higher than expected earnings. Compared to the benchmark, this figure is around 68%. This has been consistent over the time Jeremy has managed the fund.

Our concern with any technology fund is twofold; firstly, perhaps 10 to 15 years ago you needed a technology fund, but this has changed as many of the holdings can be found in regional and global funds. Secondly technology has been the place to be over the last ten years, and does a strategy like this give the same flexibility over the next ten years?

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Jeremy explained that the advantage with this strategy is that although other funds can have similar holdings, his advantage is knowing the sector and being able to drill down into the mid and small cap space to identify potential opportunities below the surface. So, as an example, if he followed the benchmark he would have a high weighting to Microsoft, so rather than holding that, why not use that to find undiscovered gems?

We talked about whether this should move to a mid and small cap strategy, but Jeremy explained the importance of large cap. It provides stability against the smaller and more volatile holdings but also flexibility where small companies become large cap, and therefore they are not forced to sell these. Examples in this case would be PayPal and Salesforce, so this is about backing those winners and holding onto them, which means this is a low turnover strategy.

We then turned to rising interest rates and the potential impact on the tech sector. He explained that we must look through the noise. The fed raised rates between 2015 and 2019 and yet the tech component of the S&P 500 rose 96%, so we should not assume interest rates hit returns. In terms of regulatory risk, Governments will also scrutinise successful businesses and slapping fines is not a bad thing as it tells them they can't get away with anything. Where change comes is if the consumer is losing out. An example he used was AT & T which was not good for consumers and was forced to break up by the regulators in 1982. That is not the case today with many businesses.

In terms of performance, over the next 10 years it is important to recognise that tech saved the day in 2020 and businesses had to adapt quickly and probably sooner than they planned. Businesses now must think forward if they want to survive and this only benefits technology. So, Jeremy feels that the technology story has just got stronger.

In summary, there is no doubt that this fund has done really well, and investors get access to a fantastic manager who specialises in technology. On the flip side there are other global and regional funds which will have similar holdings and the questions is do you still need a specialist tech fund. Jeremy argues that you do because he can find gems that a global or regional manager could not. In terms of whether tech has run its course, he feels there are still plenty of opportunities and that this has become greater because of 2020. From our side we would want to compare against other tech funds and would likely add to a watchlist.

The source of information in this note has been provided by AXA and is correct as at May 2021. 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.