SHINING A LIGHT ON THE……
AXA Framlington Monthly Income Fund

AT A GLANCE

Investment Objective
The aim of this Fund is to provide a monthly income with potential for long-term growth of capital. The Manager intends to achieve a yield of distributable income in excess of 100% of the FTSE All Share yield at the Fund's year end on a rolling 3 year basis, and in excess of 90% on an annual basis.The Fund invests primarily in shares of UK listed companies which the Manager believes will provide above-average income and capital growth. The Fund invests in companies of any size. The Fund also invests in bonds issued by companies or governments. The Manager selects shares based upon analysis of a company's prospects for future growth in dividend payments, financial status, quality of its management, expected profitability and prospects for growth.

Inception Date	8th October 1984
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000P7MR

Management	
Manager Name	**Start Date**
George Luckraft	24th March 2006
Simon Young	1st March 2021

FUND PERFORMANCE

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

	2016	2017	2018	2019	2020	2021
AXA Monthly Income Fund	9.75%	16.04%	-10.22%	17.09%	-9.03%	12.53%
FTSE All Share	16.75%	13.10%	-9.47%	19.17%	-9.82%	9.70%

Performance over 12 months, 3 years, 5 years and 10 years:

	1 year	3 years	5 years	10 years
AXA Monthly Income Fund	32.32%	10.00%	35.59%	102.00%
FTSE All Share	25.95%	7.68%	39.92%	81.03%

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
6.01	-	102.19	98.94	52.78	1.15	0.83	Value/Mid

Volatility Measurements	
3-Yr Std Dev (volatility)	19.43%
3-Yr Mean Return (average)	3.23%

Investment Style Details	
Giant	22.66%
Large	5.38%
Medium	8.36%
Small	15.06%
Micro	36.83%

Top 5 Holdings (60 holdings)		
iEnergizer Ltd	Technology	5.01%
GlaxoSmithKline PLC	Healthcare	3.42%
Rio Tinto PLC	Basic Materials	3.16%
Royal Dutch Shell PLC B	Energy	3.11%
Intermediate Capital Group PLC	Financial Services	3.03%

Top 5 Sectors	
Financial Services	23.29%
Industrials	13.40%
Consumer Defensive	10.98%
Healthcare	10.71%
Technology	9.64%

UPDATE….

This was a brief introduction to the strategy. The fund is a multi-cap strategy with a third tending to be allocated to FTSE 100 companies, but it also invests in micro companies. Strong balance sheets are an important part of this strategy, and this has meant they have seen the strong get stronger as some of the competition has left the market.

They did see a reduction in dividends of around 26% compared to the market which was down 34%, but due to the nature of the companies that they invest in they have also seen dividends starting to come back.

The fund performed strongly post the vaccine announcements. However they still see some value within the fund, and they feel the market remains inefficient, meaning that it is a happy hunting ground for them. This means that they can find plenty of opportunities.

Even before the pandemic struck, they had sold out of Cineworld on concerns around debt levels, and therefore this highlights the focus on quality companies. This is not an ESG fund, but they do believe that areas like governance are important.

Oil, mining, and tobacco will be around for some time to come and it is better these are in the public market rather than private space. Ensuring the management are doing the right thing is important when looking at investments.

BP as an example is making the shift to renewables and the returns will not be as attractive, but there are still profits to be made from the oil side and therefore holding it now is the right thing to do. This may change down the line and that will be when they exit the company.

One theme they have around 12% in is spending at home, especially around home builders and furniture. As an example, DFS is expected to pay a divided of around 6%. In terms of the wall of savings they don't think a lot of this will be spent and therefore careful consideration is needed when selecting which companies to hold.

In summary, for investors wanting to re-engage with the UK market this may be a strategy to consider. The twelve-month yield is 3.94%. The real point of difference is the lower market cap, which where they see this as a happy hunting ground for undiscovered opportunities.