

**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.

<b>Inception Date</b>	27 April 2001
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04K6N">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04K6N</a>

Management	
Manager Name	Start Date
Dan Harlow	23 June 2016

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2017 to 28<sup>th</sup> February 2022:

	2017	2018	2019	2020	2021	2022
<b>AXA Framlington UK Smaller Companies Fund</b>	30.53%	-14.15%	25.77%	7.65%	22.17%	-17.80%
<b>FTSE Small Cap Ex Invest Trust TR GBP</b>	15.61%	-13.80%	17.68%	1.65%	31.26%	-7.08%

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

	1 year	3 years	5 years	Since fund manager inception
<b>AXA Framlington UK Smaller Companies Fund</b>	-4.85%	29.02%	45.38%	64.81%
<b>FTSE Small Cap Ex Invest Trust TR GBP</b>	12.02%	39.69%	42.38%	63.87%

*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
9.79	-	95.04	104.20	55.56	0.92	-1.55	Small/Growth

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Volatility Measurements	
3-Yr Std Dev (volatility)	24.15%
3-Yr Mean Return (average)	8.86%

Investment Style Details	
Giant	0.00%
Large	0.00%
Medium	6.37%
Small	32.95%
Micro	59.60%

Top 5 Holdings – 73 Equity Holdings		
Serica Energy PLC	Energy	2.74%
Aptitude Software Group PLC	Technology	2.61%
Gear4music (Holdings) PLC	Consumer Cyclical	2.52%
Inspecks Group PLC Ordinary Shares	Healthcare	2.26%
Cerillion PLC	Technology	2.24%

Top 5 Sectors	
Consumer Cyclical	17.75%
Technology	16.96%
Healthcare	14.80%
Industrials	12.90%
Communication Services	10.48%

## UPDATE....

We have followed this fund for some time and performance has been strong. More recently it has had a challenging period. This is a mix of factors. For example, the benchmark includes REITS which have done well but this fund has no exposure to this part of the market. Around 40% of the portfolio is in AIM listed stocks and the AIM 100 is down around 20% from its peak.

This fund aims to be a true small cap fund, and during this period they have stuck to the process. The aim is to find good quality young businesses which can grow market share. Characteristics include founder led businesses, different propositions, and unique technology.

They haven't made any significant changes but instead have used this period as an opportunity to add to existing holdings on weakness. Dan believes the market is inefficient and volatile now. Rather than moving away from the process it is about sticking to what they believe will work and avoiding the noise.

Examples of holdings include:

Inspecks Group – based in Bath they produce high quality eyewear and came to market in 2020. They have used the uncertainty caused by COVID to bring supply chains closer to home

IOG – is involved with the exploration and development of oil and gas opportunities in the Southern North Sea

Lounges – have exploited the weakness on the high street to add to their portfolio and have opened a new outlet in Matlock

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In summary, we like the team behind this strategy and although performance has dropped back the manager has continued to focus on the process. Rather than making changes he has been using this time to add to holdings on the weakness in markets.

*The source of information in this note has been provided by AXA and is correct as at March 2022. 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.*