

AXA Framlington American Growth Fund Z GBP



STEPHEN KELLY

Fund Manager

Joined February 1997

Stephen joined AXA Investment Managers in 1997 as a fund manager on the US Desk, responsible for the US Growth funds. He is lead manager for the AXA Framlington American Growth Fund.

Previously, he worked at Olliff & Partners as a trainee in the equity research department, where he covered the UK paper and packaging sector. In 1992 he joined the US Desk at Capel Cure Myers as an assistant fund manager before being promoted in 1995 to fund manager.

Stephen graduated from the University of Exeter in 1990 with an honours degree in Economics.

Objective

The aim of this Fund is to provide long-term capital growth.

Fund manager's commentary

Main changes to the portfolio during October

We initiated positions in Snap, Estee Lauder, and PulteGroup. We closed our position in Autodesk.

Factors affecting performance during October

The Fund outperformed its comparative benchmark, the S&P 500 Index, over the month. For the second consecutive month this was largely driven by some strong share price gains among our healthcare holdings. Align Technology, Penumra and Exact Sciences all outperformed strongly following positive business developments. Recent purchase Snap also rose sharply following a strong quarterly revenue report.

Current market influences and outlook

Equity markets corrected in October as investors focused upon the latest surge in COVID-19 cases and the contentious and confrontational presidential election. Mega-cap technology stocks were particularly weak as investors worried about the potential for higher corporate taxes and increased regulatory action in the event of the Democrats performing in line with the predictions of the polls in the November election.

Despite these headwinds, the economy continues to recover at a healthy pace, with unemployment falling rapidly. The strength of corporate America has also been demonstrated by a significantly better than expected third quarter reporting season. At the start of September, consensus had predicted earnings would decline by 21% in Q3, but a decline of only 7.5% is the current prediction. While COVID-19 certainly presents a risk to this relative strength we continue to feel that the economic consequences of any second wave are likely to be far more limited than those of the first. The US does not have the political will or national temperament to shut down again. Instead it is relying on local measures and improved methods of treating the disease to manage outbreaks. Both individuals and health authorities have demonstrated a much better understanding of how to respond to, and limit the impact of, the virus, as evidenced by the declining mortality rate. It will, however, mean that the economic recovery is unlikely to be linear, and bouts of angst are to the expected among investors.

We continue to believe that the US equity market will remain strongly supported by the once in a generation shift in Federal Reserve (Fed) strategy that took place in August. Instead of targeting a fixed level of inflation the Fed will now target an average level of inflation over time, thus acknowledging that it has been overly aggressive at raising rates in the past. We believe this is essentially messaging that interest rates will be staying low for a prolonged period and this should be very supportive for equity markets and growth stocks. This long-term favourable backdrop is further enhanced by the structural shift towards a more digital economy that has been significantly accelerated by the pandemic and of which we believe many of the companies in the portfolio to be beneficiaries.

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested. **Before investing you should read the fund's Key Investor Information Document (KIID) for full product details including investment risks and contact a financial adviser where unsure.**

Top 10 fund holdings

	Weight
MICROSOFT CORP	5.90%
APPLE INC	5.64%
AMAZON.COM INC	5.36%
ALPHABET INC	4.08%
FACEBOOK INC	3.11%
SALESFORCE.COM INC	1.73%
FIRST REPUBLIC BANK	1.71%
SERVICENOW INC	1.60%
QUALCOMM INC	1.59%
COSTCO WHOLESALE CORP	1.58%
Total*	32.32%
Total number of holdings	74
Turnover (1 rolling year)	37.52

FRAMLINGTON EQUITIES

AXA Framlington American Growth Fund Z GBP

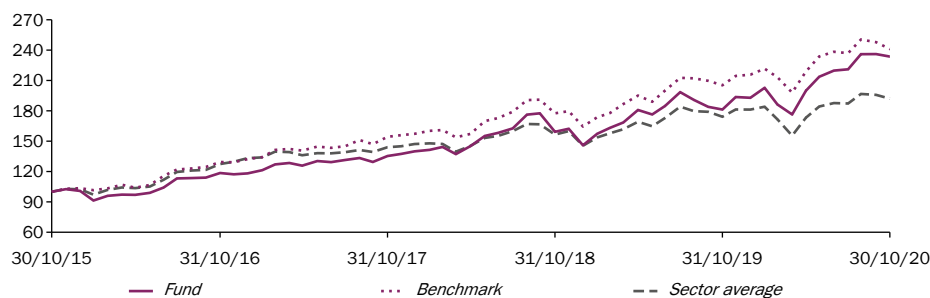
Discrete performance over 12 month periods to latest quarter end (%)

	30/09/15 - 30/09/16	30/09/16 - 30/09/17	30/09/17 - 30/09/18	30/09/18 - 30/09/19	30/09/19 - 30/09/20
AXA Framlington American Growth Fund Z GBP	24.2	13.6	37.1	3.6	28.3
Benchmark**	32.7	18.1	29.9	9.8	18.2

Cumulative performance

	Fund (%)	Benchmark** (%)	Sector median*** (%)	Ranking	Quartile
6 M.	16.9	10.2	9.7	23/142	1
Year to date	21.1	11.8	5.3	20/141	1
1 Y.	28.9	17.5	9.5	16/141	1
3 Y.	72.6	56.3	34.3	10/132	1
5 Y.	133.6	141.1	91.8	17/119	1

Cumulative performance over five years



Source: AXA Investment Managers and Morningstar. Figures are quoted on single price basis, net of Z share class fees and expenses with net income reinvested, in GBP. Performance takes into account ongoing charges but not any initial charge that may be payable. Between 8/9/2014 and 6/10/2014, AXA Framlington Authorised Unit Trusts moved to a single pricing basis (Net Asset Value - NAV), prior to this, they were on a dual pricing basis (bid to bid). To ensure consistent performance figures between bid and NAV prices an adjustment factor has been applied. Past performance is not a guide to future performance.

**Benchmark is the 100% S&P 500 Total Return Net. Prior to 01/07/2008 the benchmark of the fund was S&P 500 Total Return Gross. The benchmark index is shown for comparison purposes only. The fund manager has full discretion to select investments for the fund in line with the fund's investment policy and in doing so may take into consideration the benchmark index.

***The fund's peer group sector is the IA North America sector.

In order that investors can monitor the progress of their investment, the returns on the Fund are compared with those of a Composite Index/Benchmark/Sector which we believe best matches the long term objectives of the Fund. This information has been included for comparative purposes only. The objective and policy of the Fund may not precisely match this comparison.

The breakdowns provided look through to the underlying investments (including cash) of any in-house collective investment schemes held by the fund. Breakdowns may not sum to 100% due to rounding.

Market Cap Allocation

	%
Large cap (> US\$15bn)	77.36
Medium cap (US\$1bn - US\$15bn)	19.85
Small cap (< US\$1bn)	0.28
Cash	2.51

Sector Allocation

	%
Technology	36.81
Health Care	21.67
Consumer Discretionary	18.53
Financial Services	12.28
Producer Durables	4.36
Materials & Processing	1.91
Consumer Staples	1.52
Energy	0.41
Cash	2.51

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 30/10/2020.

Fund facts

Fund type	Unit Trust
Fund size	£718.5m
Underlying Yield*	0.00%
Launch date	23/12/92
IA Sector	North America
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

* As at 30/10/2020. * Gross of tax, net of expenses. All information in this factsheet relates to unit class Z only. The underlying yield reflects the annualised income net of expenses of the fund as a percentage of the mid-market unit price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any initial charge and investors may be subject to tax on distributions.

Investment information

Initial charge	Nil%
Ongoing charges	0.82%
Min initial investment	£100,000
Min subsequent investment	£5,000
ISA status	Eligible

Fund codes

Sedol	accumulation income	B5LXGG0 B4152K5
ISIN	accumulation income	GB00B5LXGG05 GB00B4152K59
MEX	accumulation income	FRAGA FRAG
Valoren	accumulation income	24504 24501
Bloomberg	accumulation income	FRAAMGA LN FRAAMGI LN

Income payments

Accounting Final Ref Dates	28 Feb
Interim	31 Aug