

AXA Framlington Japan Fund Z GBP



CHISAKO HARDIE

Fund Manager

Joined June 2006

Chisako joined AXA Investment Managers in June 2006 and is the lead manager for the AXA Framlington Japan Fund.

Before joining AXA Investment Managers, she was Investment Director for six years at Scottish Widows Investment Partnership. Between 1996 and 2000, she held the position of Assistant Director at Martin Currie Investment Management. She started her career as Investment Analyst, first at Scottish Provident (from 1991 to 1994) and then at Scottish Life (from 1994 to 1996).

Chisako holds a BA in Sociology from Keio University, Tokyo, and is also a Certified Member of the Securities Analysts Association of Japan.

Objective

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

Fund manager's commentary

Main changes to the portfolio during April

We switched Sohgo Security Services, a major provider of security systems, to its larger competitor Secom. Security system for offices, public facilities and homes is a long-term growth industry as Japan is still far behind other major economies. However, 20% of Sohgo Security Services come from the transportation of cash. Japan is a highly cash-oriented society but is now changing quickly. The current unprecedented situation with COVID-19 makes both shops and consumers aware of the risk of using cash and Japan is now rapidly transforming into a cashless society. Sohgo's cash transportation business will inevitably diminish. We sold Shimizu Corp, a major construction company, and Japan Airlines. We added a few IT-related companies to the portfolio such as Net One Systems and Daiwabo.

Factors affecting performance during April

Lasertec, a producer of photomask inspection systems, was the top performer during April - its share price went up 41% during the month. Demand for its products has been increasing as semiconductor manufacturers have been stepping up the development of cutting-edge processes. SoftBank, the worst performer of March, was the second-best contributor in April. Many of the IT-related stocks and healthcare and pharmaceutical companies were among the strong performers. On the other hand, some of the stocks which performed relatively firmly in the first quarter of this year, such as Pigeon, Fujifilm, Kao, and Sysmex, turned out to be the poorest contributors during April.

Current market influences and outlook

The market showed a good recovery in April as expectations for a restarting of economic activity in the US and Europe emerged. Factor trend turned around and small-caps, particularly growth stocks, clearly outperformed the market, which was very positive for the Fund. In the Japanese stock market, foreign investors, who account for 70% of all transactions, continued to be large net-sellers. Domestic individuals, who were buying quite actively in March, became quiet in April. The major buyers in the market in April were trust banks (domestic pension funds) and domestic corporations' share buybacks. Many Japanese companies have been criticised by foreign investors for keeping too much cash but now it has been proven that in extreme business conditions, such as we are currently witnessing, having plenty of cash benefits employees as well as shareholders. While not restructuring the portfolio drastically, we have started modifying it according to what changes are likely in Japanese economy and society after COVID-19. For example, Japan will probably catch up with other major economies in terms of cashless transactions and the share of e-commerce in the total retail market is also behind in Japan but is likely to change. What we expect to be particularly positive in Japan is that the current state will probably drastically change the way people work for the long term. In Japan, there are a large number of well-educated women who are not working because of the inflexible working hours and harsh commuting conditions, but we believe more flexible career opportunities will be created offsetting the long-term labour shortage and a diminishing population, which are often regarded as the most negative factors for the future growth in the economy.

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
SOFTBANK GROUP CORP	2.21%
LASERTEC CORP	1.98%
M3 INC	1.51%
KAGA ELECTRONICS CO LTD	1.50%
SHIFT INC	1.48%
TAKEDA PHARMACEUTICAL CO LTD	1.46%
NOMURA RESEARCH INSTITUTE LTD	1.46%
ITOCHU TECHNO-SOLUTIONS CORP	1.45%
SBI HOLDINGS INC	1.43%
HEALIOS KK	1.40%
Total*	15.87%
Total number of holdings	93
Turnover (1 rolling year)	15.48

* Total may not equal sum of top ten holdings weightings (above) due to rounding.
 Stocks shown for information purposes only. They should not be considered as advice or a recommendation.
 Turnover : (abs(purchase) + abs(sale) - abs(subscription - redemption)) / (2* average AUM)

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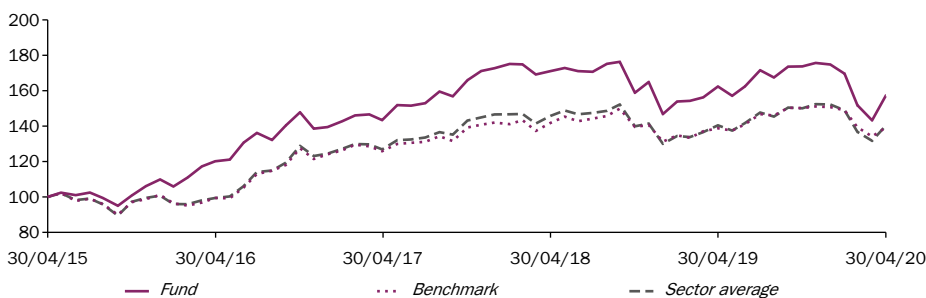
Discrete performance over 12 month periods to latest quarter end (%)

	31/03/15	31/03/16	31/03/17	31/03/18	31/03/19	31/03/20
	- 31/03/16	- 31/03/17	- 31/03/18	- 31/03/19	- 31/03/20	
AXA Framlington Japan Fund Z GBP	15.6	25.1	15.4	-7.6	-8.3	
Benchmark**	-3.3	32.8	6.8	-0.1	-2.1	

Cumulative performance

	Fund (%)	Benchmark**(%)	Sector median*** (%)	Ranking	Quartile
6 M.	-9.5	-7.3	-6.7	53/73	3
Year to date	-10.0	-7.6	-7.8	53/73	3
1 Y.	-3.2	0.3	0.1	54/73	3
3 Y.	9.7	10.6	9.0	33/69	2
5 Y.	57.3	39.2	36.7	12/64	1

Cumulative performance over five years



Based on Z (INC) share class since 19/01/15 compounded with R share class performance history prior to that date. For details of the R share class, including the Ongoing Charge Figure, please see the relevant factsheet or KIID. The Z share class is now the representative primary Investment Association share class.

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 FTSE Japan. Prior to 12/04/2013 the benchmark of the fund was Topix 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 Japan.

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

	%
Small cap (< US\$2.5bn)	40.42
Medium cap (US\$2.5bn - US\$10bn)	23.11
Large cap (> US\$10bn)	34.89
Cash	1.57

Sector Allocation

	%
Industrials	24.59
Technology	16.99
Health Care	13.50
Consumer Goods	12.96
Consumer Services	12.02
Financials	9.24
Basic Materials	5.94
Telecommunications	2.21
Utilities	0.97
Cash	1.57

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 30/04/2020.

Fund facts

Fund type	Unit Trust
Fund size	£177.3m
Underlying Yield*	0.89%
Launch date	29/02/84
IA Sector	Japan
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

* As at 30/04/2020. *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	0.84%
Min initial investment	£100,000
Min subsequent investment	£5,000
ISA status	Eligible

Fund codes

Sedol	accumulation	B7FSWP6
	income	BRJZVR8
ISIN	accumulation	GB00B7FSWP64
	income	GB00BRJZVR88
MEX	accumulation	FRJAPN
	income	ELABHT
Valoren	accumulation	385178
	income	385176
Bloomberg	accumulation	FRAJAPA LN
	income	FRAJAPI LN

Income payments

Accounting Final Ref Dates	15 Feb
Interim	15 Aug
Calendar year	Net income (p)
2017	0.76
2018	0.66
2019	1.15