

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 June

Life in Japan is coming back to normal, slowly and cautiously. However, it is now the consensus that people's lifestyles and the way businesses operate will never be the same as they were in the pre-COVID-19 era. A number of companies have already announced that remote working will be a standard option even when the virus situation ceases to be a threat. The Japanese are normally very conservative and avoid drastic changes; however, I believe that what is happening now is a once-in-a-lifetime transformation. We have started seeing new opportunities and conversely other businesses that will start to diminish. Accordingly, we sold Juki, a major sewing machine manufacturer, although we are positive about this business for the long term, and bought Ibiden, an IC packaging producer, and Anritsu, a leading player in the testing and measuring equipment market, which is a major beneficiary of 5G development.

Factors affecting performance during June

Semiconductor and IT-related stocks continued to perform strongly in June. Lasertec, a producer of photomask inspection systems, was the top positive contributor of the month again, followed by Bengo4.com, SoftBank Group and Kadokawa. The poorest performers were Kaga Electronics, an electronic component business, Anicom, a pet insurance company, and Daiichi Sankyo, a major pharmaceutical company. Regarding Kaga Electronics; the automobile related business is currently very weak but we continue to be positive about it.

Current market influences and outlook

In the Japanese stock market, foreign investors, whose share in total transactions is 70%, continued to be net-sellers during June. However, domestic individuals have been actively investing in mainly smaller growth companies. In Japan a few small-cap funds have recently been launched and are attracting retail money. This is a positive trend for the Fund as the portfolio focuses on long-term growth businesses, many of which are small-caps. As economic activity gradually normalises, large-cap value stocks will come back to some extent, however, we believe that from here the long-term trend will likely be towards small and growth stocks considering the significant transformation in society which we expect in the post-COVID-19 era. Over the last few months we have been contacting a large number of businesses in Japan, many of which are young entrepreneurial companies to discover our next 10x candidates.

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	2.18%
LASERTEC CORP	1.98%
SHIFT INC	1.66%
BENGO4.COM INC	1.62%
M3 INC	1.60%
KAGA ELECTRONICS CO LTD	1.48%
SBI HOLDINGS INC	1.48%
NIHON M&A CENTER INC	1.46%
VECTOR INC	1.40%
ITOCHU TECHNO-SOLUTIONS CORP	1.39%
Total*	16.24%
Total number of holdings	91
Turnover (1 rolling year)	19.38

* 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)

FRAMLINGTON EQUITIES

AXA Framlington Japan Fund Z GBP

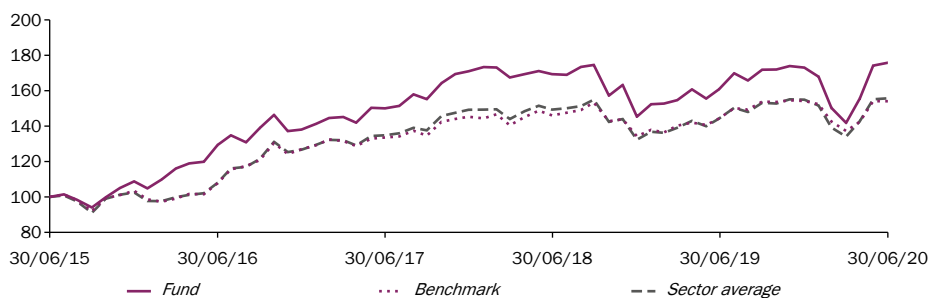
Discrete performance over 12 month periods to latest quarter end (%)

	30/06/15	30/06/16	30/06/17	30/06/18	30/06/19	30/06/20
	- 30/06/16	- 30/06/17	- 30/06/18	- 30/06/19	- 30/06/20	
AXA Framlington Japan Fund Z GBP	29.3	16.0	12.9	-5.0	9.3	
Benchmark**	7.7	24.0	9.3	-1.2	6.8	

Cumulative performance

	Fund (%)	Benchmark** (%)	Sector median*** (%)	Ranking	Quartile
6 M.	1.6	-0.1	-0.2	29/72	2
Year to date	1.6	-0.1	-0.2	29/72	2
1 Y.	9.3	6.8	6.6	30/72	2
3 Y.	17.2	15.3	14.7	28/70	2
5 Y.	75.8	54.0	51.6	11/64	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)	42.18
Medium cap (US\$2.5bn - US\$10bn)	22.65
Large cap (> US\$10bn)	33.36
Cash	1.81

Sector Allocation

	%
Industrials	24.29
Technology	19.72
Health Care	15.16
Consumer Services	11.08
Consumer Goods	10.61
Financials	7.84
Basic Materials	6.57
Telecommunications	2.18
Utilities	0.74
Cash	1.81

Fund facts

Fund type	Unit Trust
Fund size	£156.8m
Underlying Yield*	0.79%
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 30/06/2020. *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	15 Feb
Ref Dates	
Interim	15 Aug
Calendar year	Net income (p)
2017	0.76
2018	0.66
2019	1.15

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 30/06/2020.