

AXA FRAMLINGTON Health (UT)

**OBSR Fund Rating
SUSPENDED AA**

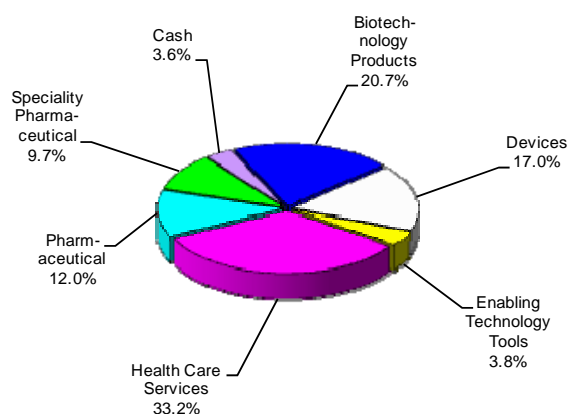


Key Information

| | | |
|---|-----------------------|-------|
| Launch Date | 24 April 1987 | |
| Fund Size | £270.2m | |
| Type of Units Available | Income & Accumulation | |
| Distribution Dates | 30 June, 31 December | |
| Net Yield | Nil | |
| ISA | Yes | |
| ISA Transfer | Yes | |
| Standard Fund Management Charges | Initial | 5.50% |
| | Annual | 1.50% |

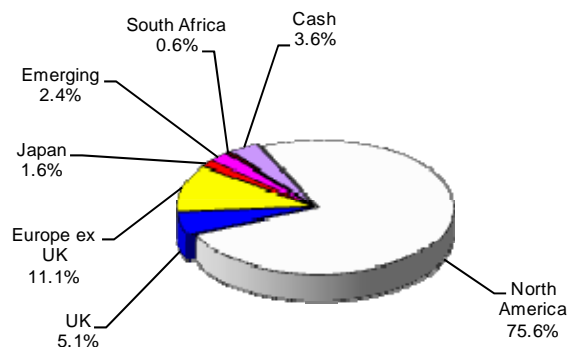
Asset Distribution

Source: AXA Framlington



Asset Distribution - Country

Source: AXA Framlington



Top Ten Holdings

| Company Name | % |
|---------------------------------|-------------|
| Alexion Pharmaceuticals | 4.8 |
| HMS Holdings | 4.3 |
| United Health Group | 3.5 |
| Roche Holding | 3.4 |
| Fresenius | 3.1 |
| Express Scripts | 2.9 |
| DaVita | 2.7 |
| Merck & Co | 2.5 |
| Shire plc | 2.4 |
| Pfizer | 2.4 |
| Concentration (Top 10) | 32.0 |
| Total Number of Holdings | 83 |

Source: AXA Framlington

Classification

| | |
|---------------------------|--------------------------------------|
| Sector | Specialist |
| Market Cap / Style | Mid and Small Cap Bias / Growth Bias |
| Benchmark/Index | MSCI World Healthcare |

Management/Investment Style

| | |
|---------------------|-------------------------|
| Fund Manager | Gemma Game (April 2011) |
|---------------------|-------------------------|

Offers investors a portfolio of global equities selected from the pharmaceutical, biotechnology, medical device and health care service related sectors. The portfolio will have a growth bias with holdings selected from across the market-cap range using a bottom-up fundamental research process.

Investment Objective & Methodology

The following describes the process under the former fund manager Deane Donnigan.

The fund aims to achieve capital growth through investment in healthcare and medical services and product companies worldwide. The policy of the fund is to invest subject to ethical guidelines. Investment will be in producers of pharmaceuticals, biotechnology firms, medical device and instrument manufacturers, distributors of healthcare products, care providers and managers and other healthcare service companies. Due to its specialist nature the fund does not have a recognised benchmark, however for comparison purposes only, performance is shown relative to the MSCI World Healthcare Index.

The fund is managed by Dr Deane Donnigan who has over 15 years US healthcare industry experience. Framlington adopts a team approach to the management of this fund and considerable emphasis is placed upon proprietary company research. There is additional support coming from Antony Milford and Gemma Game.

The investment philosophy is founded on the belief that the healthcare, biotechnology and related sectors offer a number of fundamentally attractive investment characteristics, including, a structural increase in demand, a wide range of investment opportunities and access to fast growing companies operating in niche markets. The investment process combines a bottom-up fundamental research process with top-down analysis and the managers aim to identify those companies that are best placed to benefit from positive industry trends. The investment universe consists of over 1200 companies and, to reduce this to a manageable level, quantitative and qualitative screens are used. The quantitative screen focuses on financial analysis and the qualitative screen on a number of criteria including management changes, corporate activity and technology failures. Primary research is then carried out on this reduced stock universe. This analysis includes a large number of senior management meetings and rigorous analysis of a company's financial and product strengths. This is then supplemented by research from a wide range of external brokers and analysts. Preferred stocks will display growth characteristics, positive fundamental momentum and will have a focused, effective management team and, as such, are likely to have the potential to produce higher returns than their sector or peer group average. When looking at unprofitable companies, the team focuses on the current valuation relative to the cash flow that is expected from new products, combined with a discount factor for potential product failures. The team is conscious not to invest in companies that are overvalued in relation to their growth prospects and pays close attention to price to earnings, price to earnings growth, price to sales, and gross margin ratios. The team also considers other metrics such as sales to market-cap and cash balance ratios. Portfolio positions are sold if the growth rate diminishes, there is a decline in management quality, valuation measures deteriorate or if reported earnings figures are below expectations.

Asset allocation is purely the result of stock selection. By virtue of the fund and its specialist remit, the dominant market weighting is in the US, due both to the prevalence of pharmaceutical, medical and biotechnology companies in existence therein and also their dominant position within their sectors. The portfolio will be well diversified, typically containing around 100 stocks. The management team is given a high degree of freedom within which to construct the portfolio, but prefers to limit stock weightings to approximately 1.5% of the portfolio value, and it is unlikely that any individual weighting would be above 2.5%. No more than 50% of the fund will be invested in the biotechnology sector.

www.obsrfundratings.co.uk

Data as at 31 March 2011
Last Updated April 2011