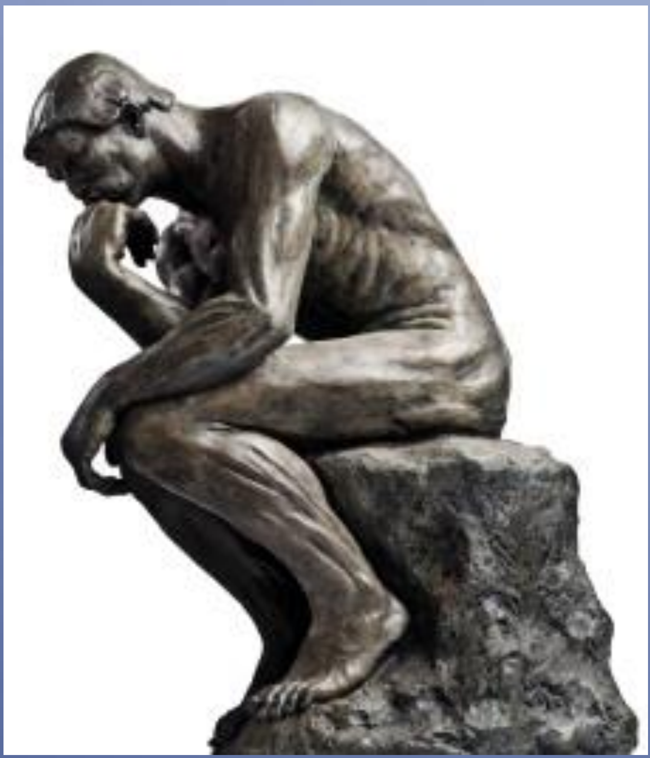


Fund Bites

AXA Framlington American Growth Fund

The AXA Framlington American Growth Fund was added to the portfolios in 2012 as part of our review of North American Equity Funds. This "fund bites" is a summary of the recent meeting we had with the fund manager, Dan Harlow.

Introduction

In 2012 we reviewed the North American Funds we had and as a result of this review we added the AXA Framlington American Growth Fund.

The lead fund manager is Stephen Kelly who has been managing the fund since 1997 and his co-manager is Dan Harlow who joined the team in 2011.

Although the manager is keen to stress that the fund is not biased towards technology stocks in our view it is a more high risk strategy. This was demonstrated last year when it benefited from the growth in Apple Shares and other technology stocks.

As these suffered towards the end of 2012 so did the performance of the fund. However, we believe the process and style of the fund will deliver long term out performance and it is for this reason that we added the fund.

In reviewing the North American Sector this year we considered adding a passive fund which effectively tracks the S&P 500. However, we believe that there are many interesting changes in the US where a simple passive fund by its nature will not benefit. We continue to believe that this fund is one of those funds which will benefit from these opportunities.

The Fund

We hear from many fund managers who claim they are fundamentally stock pickers. So they ignore the macro noise and just go for the good companies.

This fund is no different so we wanted to find out how the fund operates. The US team benefit from other teams within the group including the tech and biotech teams and therefore you will see some of the stocks crossing over between the funds.

Dan was explaining that businesses go through three stages, 'blue sky' which is the start of the growth cycle, then emerging where they are executing on the opportunity and finally mature.

For the managers they are looking for those companies that are in the emerging cycle. This is effectively all about the evolution of the company. They also see themselves as patient investors and are prepared to watch companies through a cycle to see how they develop before investing. Once a company becomes mature then for them that is the time to sell.

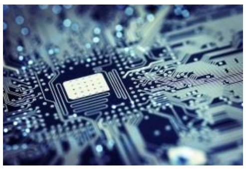
This isn't a concentrated portfolio it holds between 65 to 75 stocks but within this there are conviction plays and Dan believes it provides healthy exposure to quality companies.

Any one stock will not be more than 2.5% over the benchmark with conviction plays towards the top and new plays at the bottom.

For them analysis is key, this involves meeting companies, seeking new opportunities, looking at cash flow and using the global firepower of the AXA Group to identify opportunities.

The focus is more on mid cap companies, although for example the Banks look cheap and earnings are better because of how they are managing costs these are not stocks they would necessarily look to hold.

They can see opportunities with gas in the US but for them they are watching to see what opportunities to take. They are overweight in the energy sector.



We discussed technology and the opportunities with Amazon; the key for them is cloud which is an important part of the package. They are also still keen on Apple which they believe to be a rock solid business but seem unable to do anything right in the eyes of Wall Street.

The fund is not chasing the normal names but good quality businesses which can deliver over the long term. This has been demonstrated through the out performance.

In summary we feel that by the nature of the companies it will underperform in certain markets so last year it underperformed as more defensive stocks were more favoured. It has also suffered under performance via some of its holdings. However, we believe long term this is a good fund to have in the portfolios.

Conclusion

We continue to monitor the US market carefully and we believe we have a good range of funds which will benefit from this market in the long term.

The source of information in this note has been provided by AXA Framlington and is correct as at 25 April. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase this fund. 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. 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.