

Annual Long Report and Audited Financial Statements
Year ended
15 December 2019

AXA Framlington Managed Income Fund



Issued by AXA Investment Managers UK Ltd authorised and regulated by the Financial Conduct Authority

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* These collectively comprise the Authorised Fund Manager's ("the Manager's") Report for the Trust.

More information on any AXA unit trust, copies of the latest Manager's Reports and Prospectus are available free of charge. Telephone 0345 777 5511 or visit our website: www.axa-im.co.uk. Telephone calls may be recorded or monitored for quality assurance purposes.

Fund Objective

The aim of AXA Framlington Managed Income Fund ("the Fund") is to produce a high income with potential for long-term growth of capital.

The Fund invests primarily in bonds issued by companies (principally UK companies) which the Manager believes will provide above-average income. The Fund may also invest in bonds issued by governments and shares of companies. The Manager selects bonds and shares based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth.

This Fund is actively managed without reference to any Benchmark. The IA Sterling Strategic Bond Sector may be used by investors to compare the Fund's performance.

Investment Review

The Fund's year to December was a stellar year for risk assets. At the start of the period, markets were experiencing severe downward pressure, which was being interpreted as an indicator that much tougher economic conditions were around the corner. As illustrated in the interim report, liquidity in markets had reduced, partly due to regulations that have been imposed to reduce the systemic risk of the large investment banks to the financial system. This is a logical reaction to the financial crisis of 2008, but means that equity and bond markets are prone to see more periods of dislocation.

The trend of changes to economic growth rates was correctly signalled by markets at the beginning of the period. In most economies, growth expectations were reduced during the year. President Trump's attempts to produce a fairer global trading background for the US had a major impact. His policies of threatening and then imposing tariffs inevitably affected business confidence and world trade. Companies responded to this policy by initially trying to offset the tariff impacts by building stocks in advance of their imposition. Once the tariffs were imposed, the build-up of stock was then reversed. These actions caused a stocking cycle impact on global growth rates.

Over the year, all major economies saw their growth rates slow down. Core Europe flirted with recession as this area saw additional headwinds. The global automotive industry was particularly weak, being impacted by tariffs and by changes to emission regulations. In addition, the industry must handle the transition to a greener world. Germany was notably impacted. France experienced protests against reforms that President Macron was trying to impose. Moreover, the ongoing Brexit saga continued to produce uncertainty.

In the UK, there was political deadlock as legislation to try and follow the will of the people in the referendum failed to progress. This lack of progress claimed the scalp of the Prime Minister Theresa May, who resigned after losing several votes in the House of Commons. Boris Johnson was selected by the Conservative Party as its new leader and became Prime Minister. He faced the same problems in a divided Parliament and responded by calling a general election in order to try and produce a majority in favour of passing the Brexit legislation. Before year-end, he succeeded in his aim, securing a large majority. Given the background, it was not surprising that growth in the UK economy was disappointing.

Growth in the US was higher than that seen in core Europe as consumer confidence held up well. The combination of a buoyant jobs market and a rise in real wages were the primary contributors of this confidence. This confidence was also helped by a change in course by the US Federal Reserve (Fed).

Even the mighty Chinese economy was not immune to the changing economic background and saw a slowdown in growth rates as the threat and imposition of tariffs took their toll. Around the world, central banks responded to the changing economic conditions by cutting interest rates or announcing further quantitative easing (QE). At the start of the period, the Fed raised interest rates by 0.25% with guidance of more rises to follow over the course of 2019. The slowing growth rates caused them to change course and they cut interest rates on three occasions by 0.25%. Following the latest cut, they were of an opinion that they had taken sufficient action to sustain US growth rates.

In Europe a further round of QE was embarked upon. China also responded to a slowing growth rate by easing monetary conditions.

Top Ten Holdings as at 15 December 2019		%
Direct Line Insurance 4.75% Perpetual	<i>Financials</i>	1.94
Arrow Global Finance 5.125% 15/09/24	<i>Financials</i>	1.93
Amigo Luxembourg 7.625% 15/01/24	<i>Financials</i>	1.93
Yorkshire Building Society 3.375% 13/09/28	<i>Financials</i>	1.90
Viridian Power and Energy 4.75% 15/09/24	<i>Oil & Gas</i>	1.89
Premier Oil 6.5% 31/05/21	<i>Oil & Gas</i>	1.87
TP ICAP 5.25% 26/01/24	<i>Financials</i>	1.86
Vodafone 4.875% 03/10/78	<i>Telecommunications</i>	1.83
HSBC Bank Capital Funding 5.862% Perpetual	<i>Financials</i>	1.80
esure 6.75% 19/12/24	<i>Financials</i>	1.78

Investment Review (Continued)

Bond markets responded well to the monetary support, with many government bonds offering negative yields. By August, global bonds with negative yields reached over \$17 trillion. This strength meant that investors had to take more risk to generate any positive income return.

Bonds with a decent period to their redemption date and without concerns over their credit worthiness performed well. Some financial bonds produced strong returns as sentiment improved from the near-panic conditions at the start of the year. Examples in the portfolio include Credit Agricole, Direct Line, Phoenix and TP ICAP.

As expected, the biggest damage to value occurred where the financial conditions of the sponsor worsened. Examples included Debenhams, Intu and Johnson Press with the latter position being exited. There was a mixed performance from the equity holdings, with the renewable holdings and Phoenix producing strong returns. The Greencoat UK Wind and Phoenix holdings were sold during the year. In contrast, Hadrian's Wall, AA4 and DP Aircraft were weak. Equity holdings have been strong contributors to the income generated from the portfolio. In some cases, the well reported problems of other fund managers caused large overhangs in some of the holdings. In certain cases, advantage was taken of this opportunity.

During the year, new holdings were purchased in Credit Mutual, Vodafone and Yorkshire Building Society Bonds. The Cable and Wireless, Petrobas and Primary Health Care Bonds were redeemed. An element of liquidity was maintained throughout the year to handle cash flows.

There are tentative signs that the world economy growth slowdown is at an end. This is being reflected in a small increase in bond yields. President Trump is likely to wish to fight the next election in November with some positive news that his tariff led negotiation stance is bringing some benefit. This will require the Chinese to play ball.

Inflation is always the biggest threat to bonds and has been very restrained for the last decade. Global food prices are up significantly over the past year largely driven by swine flu in China. In addition, the oil price is up over 20% since the lows at the beginning of 2019. These trends need to be watched.

George Luckraft
15 December 2019

Source of all performance data: AXA Investment Managers, Morningstar to 15 December 2019.

Past performance is not a guide to future performance. All performance figures calculated as follows: Single Priced NAV (Net Asset Value) with net income reinvested, net of fees in GBP, gross of tax. Performance is representative of Z Acc Class.

Portfolio Changes

For the year ended 15 December 2019

Major Purchases	Cost (£'000)
UK Treasury 2% 22/07/20	21,355
Vodafone 4.875% 03/10/78	11,678
Yorkshire Building Society 3.375% 13/09/28	11,326
Viridian Power and Energy 4.75% 15/09/24	10,672
Banque Federative du Credit Mutuel 0.875% 08/06/20	9,698
UK Treasury 3.75% 07/09/2020	7,220
Hastings 3% 24/05/25	5,928
Provident Financial 7% 04/06/23	5,925
Go-Ahead 2.5% 06/07/24	5,812
International Personal Finance 7.75% 14/12/23	5,806
Other purchases	75,583
Total purchases for the year	171,003

Major Sales	Proceeds (£'000)
UK Treasury 4.5% 07/03/19	18,500
UK Treasury 2% 22/07/20	11,105
Legal & General 5.875% Perpetual	10,000
UK Treasury 3.75% 07/09/19	7,000
Nationwide Building Society 6.875% Perpetual	6,000
Care UK Health & Social Care FRN 5.8129% 15/07/19	6,000
International Personal Finance 6.125% 08/05/20	5,893
RWE 7% Perpetual	5,500
Aviva 6.875% 11/29/2049	5,000
Banque Federative du Credit Mutuel 0.875% 08/06/20	4,697
Other sales	53,120
Total sales for the year	132,815

Managing Risks

Past performance is not a guide to future performance. The price of units and the revenue from them can go down as well as up and investors may not get back the amount originally invested. An initial charge is usually made when you purchase units. Changes in exchange rates will affect the value of Fund investments overseas. Investment in smaller companies and newer markets offers the possibility of higher returns but may also involve a higher degree of risk.

The Fund is managed in accordance with the objective set out on page 3. By investing in financial markets there are associated risks and the following explains the Manager's approach to managing those risks.

RISK PROFILE

The Fund invests principally in bonds issued by companies (predominantly UK companies) which the Manager believes will provide above-average income. The Fund may also invest in bonds issued by governments and shares of companies. The Manager selects bonds and shares based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth.

CREDIT RISK

All bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings). See further below under "High yield bonds risk".

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the Fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

HIGH YIELD BOND RISK

High yield bonds (also known as sub-investment grade bonds) are fixed interest securities issued by companies with lower credit ratings (Ba1 and below (Moody's) or BB+ and below (Standard & Poor's and Fitch Ratings)). They are potentially more risky than investment grade bonds which have higher ratings. The issuers of high yield bonds will be at greater risk of default or ratings downgrades. The capital value of the Fund's investment in high yield bonds and the level of income it receives may fall as a result of such issuers ceasing to trade. The Fund will endeavour to mitigate the risks associated with high yield bonds, by diversifying their holdings by issuer, industry and credit quality.

This is an inherent risk for funds invested within high yield bonds. Internal investment guidelines (which may include measures of credit quality, measures of sensitivity to credit spread moves and diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with to the Fund's investment objectives and investment policy.

CONVERTIBLE BONDS RISK

The Fund may invest in convertible bonds which are fixed interest securities issued by companies which may be converted either at a stated price or stated rate for shares in the issuing company at specified times during the life of the convertible bonds. Although to a lesser extent than with fixed interest securities generally, the market value of convertible securities tends to decline as interest rates rise. Because of the conversion feature, the market value of convertible securities also tends to vary with fluctuations in the market value of the underlying shares. Convertible bonds may also have call provisions and other features which may give rise to the issuing company forcibly converting them to shares. The value and performance of the Fund may also be adversely affected as a result.

Investments in convertible bonds are subject to the same interest rate, credit and prepayment risks associated with comparable conventional corporate bonds. The Net Asset Value of the Fund may be adversely affected as a result of such risks.

This is an inherent risk for funds invested within convertible bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with to the Fund's investment objectives and investment policy.

EQUITY RISK

The value of shares in which the Fund invests fluctuate pursuant to market expectations. The value of such shares will go up and down and equity markets have historically been more volatile than fixed interest markets. Should the price of shares in which the Fund has invested fall, the Net Asset Value of the Fund will also fall.

Funds investing in shares are generally more volatile than funds investing in bonds or a combination of shares and bonds, but may also achieve greater returns.

Internal investment guidelines are set, if necessary, to ensure equity risk is maintained within a range deemed suitable based on the Fund's investment objectives and investment policy.

INTEREST RATE RISK

Interest rate risk is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience greater volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the Fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

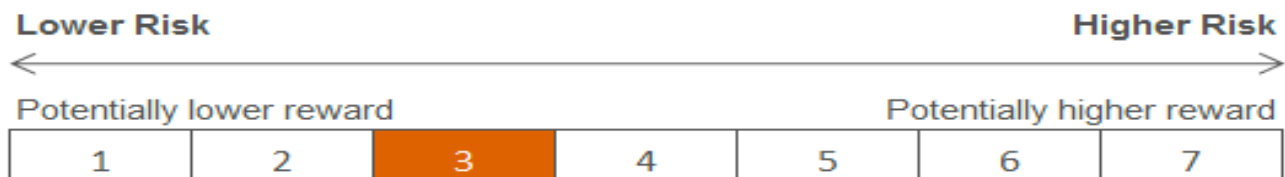
PREPAYMENT AND EXTENSION RISK

Prepayment risk is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

RISK AND REWARD PROFILE



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. There has been no change from prior year. The lowest category does not mean risk free.

WHY IS THIS FUND IN THIS CATEGORY?

The capital of the Fund is not guaranteed. The Fund is invested in financial markets and uses techniques and instruments which may be subject to sudden and significant variation, which may result in substantial gains or losses.

ADDITIONAL RISKS

Liquidity risk: Under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Regular monitoring is conducted to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

Fund Information

FIVE YEAR PERFORMANCE

In the five years to 15 December 2019, the price of Z Accumulation units, with net income reinvested, rose by +29.27%. The IA Sterling Strategic Bond Index (Net Return) increased by +19.76% over the same time period. During the same period, the price of Z Income units, with zero income reinvested, rose by +1.12% (Source: AXA Investment Managers and Morningstar) (Prices in GBP).

FIVE YEAR DISCRETE PERFORMANCE (DISCRETE YEARS TO LATEST REPORTING DATE)

Date	AXA Framlington Managed Income Z Acc (Net)	IA Sterling Strategic Bond (NR)
15 Dec 2014 - 15 Dec 2015	+1.61%	+0.18%
15 Dec 2015 - 15 Dec 2016	+10.49%	+6.02%
15 Dec 2016 - 15 Dec 2017	+8.30%	+6.19%
15 Dec 2017 - 15 Dec 2018	-1.55%	-2.33%
15 Dec 2018 - 15 Dec 2019	+8.00%	+8.73%

Source: AXA Investment Managers & Morningstar, single price basis (NAV) gross of tax with net income reinvested, net of fees in GBP.

Past performance is not a guide to future performance.

YIELD

R Inc Gross	4.84%
R Acc Gross	4.75%
Z Inc Gross	4.82%
Z Acc Gross	4.74%

CHARGES

	Initial Charge	Annual Management Charge
R	Nil	1.00%
Z	Nil	0.50%

ONGOING CHARGES*

R Inc Gross	1.09%
R Acc Gross	1.09%
Z Inc Gross	0.59%
Z Acc Gross	0.59%

*For more information on AXA's fund charges and costs please use the following link <https://retail.axa-im.co.uk/fund-charges-and-costs>

UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS

The AXA Framlington Managed Income Fund is available as a Stocks and Shares ISA through the AXA Investment Managers Stocks and Shares ISA.

Comparative Tables

	R Inc Gross			R Acc Gross		
Change in net assets per unit	15/12/2019 (p)	15/12/2018 (p)	15/12/2017 (p)	15/12/2019 (p)	15/12/2018 (p)	15/12/2017 (p)
Opening net asset value per unit [†]	105.05	112.85	109.80	163.53	166.92	154.36
Return before operating charges [^]	8.84	(1.05)	10.13	13.86	(1.63)	14.34
Operating charges	(1.18)	(1.14)	(1.24)	(1.87)	(1.76)	(1.78)
Return after operating charges [^]	7.66	(2.19)	8.89	11.99	(3.39)	12.56
Distributions	(5.31)	(5.61)	(5.84)	(8.40)	(8.44)	(8.34)
Retained distributions on accumulation units	-	-	-	8.40	8.44	8.34
Closing net asset value per unit[†]	107.40	105.05	112.85	175.52	163.53	166.92
* [^] after direct transaction costs of:	0.00	0.00	0.01	0.00	0.00	0.01
Performance						
Return after charges	7.29%	-1.94%	8.10%	7.33%	-2.03%	8.14%
Other information						
Closing net asset value [†] (£'000)	5,230	5,405	64	34,161	35,850	1,292
Closing number of units	4,870,077	5,145,001	56,929	19,462,528	21,922,662	774,261
Operating charges	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Direct transaction costs*	0.00%	0.00%	0.01%	0.00%	0.00%	0.01%
Prices						
Highest unit price#	110.00	114.50	115.70	176.70	169.40	168.40
Lowest unit price#	105.30	107.20	110.70	164.00	164.30	155.70

Comparatives Tables (Continued)

Change in net assets per unit	Z Inc Gross			Z Acc Gross		
	15/12/2019 (p)	15/12/2018 (p)	15/12/2017 (p)	15/12/2019 (p)	15/12/2018 (p)	15/12/2017 (p)
Opening net asset value per unit [†]	112.22	119.96	116.12	164.18	166.77	153.43
Return before operating charges [^]	9.45	(1.09)	10.73	13.95	(1.63)	14.30
Operating charges	(0.68)	(0.67)	(0.71)	(1.02)	(0.96)	(0.96)
Return after operating charges [^]	8.77	(1.76)	10.02	12.93	(2.59)	13.34
Distributions	(5.68)	(5.98)	(6.18)	(8.46)	(8.45)	(8.31)
Retained distributions on accumulation units	-	-	-	8.46	8.45	8.31
Closing net asset value per unit[†]	115.31	112.22	119.96	177.11	164.18	166.77
* [^] after direct transaction costs of:	0.00	0.00	0.01	0.00	0.00	0.01
Performance						
Return after charges	7.82%	-1.47%	8.63%	7.88%	-1.55%	8.69%
Other information						
Closing net asset value [†] (£'000)	126,978	121,087	7,088	422,966	382,558	18,196
Closing number of units	110,114,371	107,898,603	5,908,604	238,815,995	233,016,247	10,910,416
Operating charges	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%
Direct transaction costs*	0.00%	0.00%	0.01%	0.00%	0.00%	0.01%
Prices						
Highest unit price#	117.90	121.80	122.80	178.30	169.40	168.10
Lowest unit price#	112.50	114.50	117.10	164.60	164.90	154.70

The operating charges published in the comparative tables for the interim accounts to 15.06.2019 were shown as annualised rather than cumulative. In order to be consistent with the other information in the comparative tables we now show the operating charges as a cumulative figure. This change has no impact on the closing net asset per unit or the return after charges previously published.

[†] Valued at bid-market prices.

High and low price disclosures are based on quoted unit prices. Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

[^] Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

Portfolio Statement

The AXA Framlington Managed Income Fund portfolio as at 15 December 2019 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding	Market value £'000	Total net assets (%)	
UNITED KINGDOM: 96.56% (15/12/2018: 89.17%)			
BASIC MATERIALS: 1.23% (15/12/2018: 1.71%)			
Industrial Metals & Mining: 1.23% (15/12/2018: 1.71%)			
£6,000,000	Rio Tinto Finance 4% 11/12/29	7,263	1.23
		7,263	1.23
CONSUMER DISCRETIONARY: 0.33% (15/12/2018: 0.88%)			
Media: 0.33% (15/12/2018: 0.88%)			
£2,600,000	Eros International 6.5% 15/10/21	1,931	0.33
£4,750,000	¹ Johnston Press 8.625% 01/06/19	-	-
		1,931	0.33
CONSUMER GOODS: 3.00% (15/12/2018: 2.94%)			
Food Producers: 1.29% (15/12/2018: 1.35%)			
£7,250,000	Premier Foods Finance 6.25% 15/10/23	7,594	1.29
257,143	¹ Sorbic International	-	-
£230,000	¹ Sorbic International 10% 31/12/14	-	-
		7,594	1.29
Tobacco: 1.71% (15/12/2018: 1.59%)			
£14,000,000	BAT International Finance 2.5% 09/09/52	10,093	1.71
		10,093	1.71
CONSUMER SERVICES: 1.28% (15/12/2018: 1.60%)			
General Retailers: 0.31% (15/12/2018: 0.62%)			
£5,000,000	Debenhams 5.25% 15/07/21	1,825	0.31
		1,825	0.31

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
Travel & Leisure: 0.97% (15/12/2018: 0.98%)			
£5,000,000	EI 6% 06/10/23	5,022	0.85
23,515,741	Nektan	705	0.12
		5,727	0.97
FINANCIALS: 72.69% (15/12/2018: 70.59%)			
Banks: 9.78% (15/12/2018: 8.56%)			
£1,000,000	Bank of Ireland 13.375% Perpetual	2,050	0.35
£5,000,000	Banque Federative du Credit Mutuel 0.875% 08/06/20	4,998	0.85
£6,250,000	Barclays 5.875% Perpetual	6,537	1.11
£438,000	Barclays Bank 7.125% Perpetual	456	0.08
£5,000,000	Credit Agricole 7.5% Perpetual	6,044	1.02
£10,500,000	HSBC Bank Capital Funding 5.862% Perpetual	10,631	1.80
£8,000,000	Investec Bank 4.25% 24/07/28	8,168	1.39
£1,500,000	¹ Lambay Capital Securities 6.25% Perpetual	-	-
£5,750,000	Lloyds Bank 5.75% 09/07/25	5,884	1.00
£1,312,000	Lloyds Banking 7.625% Perpetual	1,478	0.25
£1,162,000	Lloyds Banking 7.875% Perpetual	1,474	0.25
£4,540,000	OneSavings Bank 9.125% Perpetual	4,744	0.80
£4,750,000	Santander UK 7.375% Perpetual	5,175	0.88
		57,639	9.78
Diversified Financials: 2.89% (15/12/2018: 3.06%)			
£5,824,000	Close Brothers 4.25% 24/01/27	6,090	1.03
£10,000,000	TP ICAP 5.25% 26/01/24	10,937	1.86
		17,027	2.89
Equity Investment Instruments: 7.55% (15/12/2018: 8.17%*)			
2,538,112	Aquila European Renewables Income Fund	2,277	0.39
2,500,000	Axiom European Financial Debt Fund	2,275	0.39
2,600,000	BioPharma Credit	1,926	0.32
1,000,000	Blackstone GSO Loan Financing	668	0.11
390,000	Chelverton UK Dividend Trust	760	0.13
1,500,000	CVC Credit Partners European Opportunities	1,473	0.25
2,181,773	Fair Oaks Income	1,067	0.18
1,200,000	Foresight Solar Fund	1,422	0.24
1,500,000	GCP Asset Backed Income Fund	1,613	0.27
1,675,000	Gore Street Energy Storage Fund	1,642	0.28
1,997,550	Hadrians Wall Secured Investments	1,209	0.21
3,000,000	Hipgnosis Songs Fund	3,240	0.55
228,404	Honeycomb Investment Trust	2,193	0.37

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
2,800,000	M&G Credit Income Investment Trust	2,912	0.49
1,250,000	NextEnergy Solar Fund	1,538	0.26
200,000	P2P Global Investments	1,644	0.28
3,000,000	Riverstone Credit Opportunities	2,106	0.36
3,501,922	RM Secured Direct Lending	3,432	0.58
2,750,000	Sdcl Energy Efficiency Income Trust	2,943	0.50
1,413,421	SME Credit Realisation Fund	1,194	0.20
1,500,000	SQN Asset Finance Income Fund	1,218	0.21
4,200,000	Tufton Oceanic Assets	3,168	0.54
3,500,000	US Solar Fund	2,614	0.44
		44,534	7.55
Financial Services: 13.84% (15/12/2018: 8.24%*)			
£1,800,000	AFH 4% 30/07/2024	1,620	0.27
£12,000,000	Amigo Luxembourg 7.625% 15/01/24	11,355	1.93
91,174	¹ Claremont Partners	-	-
5,150,000	Duke Royalty	2,400	0.41
3,500,000	GLI Finance	147	0.02
£3,000,000	Intermediate Capital 6.25% 19/09/20	3,057	0.52
£5,823,400	International Personal Finance 7.75% 14/12/23	5,825	0.99
£2,500,000	Ladbroke's Group Finance 5.125% 08/09/23	2,700	0.46
£4,600,000	Ladbroke's Group Finance 5.125% 16/09/22	4,808	0.82
£1,000,000	Lendinvest Secured Income 5.375% 06/10/23	993	0.17
£947,000	Mizzen Bondco 7% 01/05/21	932	0.16
£7,000,000	NGG Finance 5.625% 18/06/73	7,872	1.34
£2,000,000	PHP Finance Jersey 2.875% 15/07/25	2,229	0.38
£10,000,000	Provident Financial 7% 04/06/23	10,227	1.73
£1,300,000	Raven 12% Perpetual	1,677	0.28
1,850,000	Real Estate Credit Investments	3,090	0.52
£2,000,000	Scottish Widows 5.5% 16/06/23	2,227	0.38
£4,750,000	Scottish Widows 7% 16/06/43	6,568	1.11
3,500,000	VPC Specialty Lending Investments	2,632	0.45
£11,000,000	Yorkshire Building Society 3.375% 13/09/28	11,197	1.90
		81,556	13.84
General Financials: 20.49% (15/12/2018: 25.00%*)			
£10,750,000	AA Bond 5.5% 31/07/22	8,979	1.52
£1,200,000	APQ Global 3.5% 30/09/24	1,068	0.18
£11,250,000	Arrow Global Finance 5.125% 15/09/24	11,357	1.93
£5,000,000	Burford Capital 5% 01/12/26	4,559	0.77
£3,700,000	Burford Capital 6.5% 19/08/22	3,761	0.64
\$3,750,000	Burford Capital Finance 6.125% 12/08/25	2,654	0.45
£1,499,000	¹ Cattles 7.875% 17/01/14	-	-
£8,000,000	Centrica 5.25% 10/04/75	8,501	1.44
£380,000	Coventry Building Society 12.125% Perpetual	771	0.13
£8,000,000	Dignity Finance 4.6956% 31/12/49	6,405	1.09

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
£1,000,000	First Hydro Finance 9% 31/07/21	1,117	0.19
£6,000,000	Friends Life 8.25% 21/04/22	6,942	1.18
£4,000,000	Imperial Brands Finance 4.875% 07/06/32	4,734	0.80
£3,000,000	Intermediate Capital 5% 24/03/23	3,156	0.54
€5,500,000	International Personal Finance 5.75% 07/04/21	4,491	0.76
£3,650,000	Intu SGS Finance 4.25% 17/09/30	3,145	0.53
£2,328,000	Lendinvest Secured Income 5.25% 10/08/22	2,311	0.39
£8,500,000	M&G 5.56% 20/07/55	9,495	1.61
£9,773,000	Marston's Issuer 3.33475% 15/07/35	8,014	1.36
£1,000,000	Nationwide Building Society 6.25% Perpetual	1,110	0.19
£2,750,000	Paragon Banking 6.125% 30/01/22	2,855	0.48
£1,285,000	Rothschild Continuation Finance 9% Perpetual	1,566	0.27
\$601,000	Shanta Gold 13.5% 10/04/20	449	0.08
£6,000,000	Stonegate Pub Co Financing 4.875% 15/03/22	6,120	1.04
£10,000,000	UK Treasury 2% 22/07/20	10,081	1.71
£7,000,000	UK Treasury 3.75% 07/09/2020	7,157	1.21
		120,798	20.49

Insurance: 9.09% (15/12/2018: 7.24%)

£589,956	BrightHouse Finco 9% 15/05/23	224	0.04
£2,500,000	Brit Insurance 6.625% 09/12/30	2,533	0.43
£1,450,092	Delamare Finance 5.5457% 19/02/29	1,682	0.29
£12,000,000	Direct Line Insurance 4.75% Perpetual	11,464	1.94
£750,000	Ecclesiastical Insurance Preference Shares 8.625% Perpetual	1,140	0.19
£10,250,000	esure 6.75% 19/12/24	10,461	1.78
£6,000,000	Hastings 3% 24/05/25	5,908	1.00
£6,000,000	Liverpool Victoria Friendly Society 6.5% 22/05/43	6,712	1.14
£7,000,000	Phoenix 6.625% 18/12/25	8,149	1.38
£2,650,000	Phoenix Life 7.25% Perpetual	2,756	0.47
£2,000,000	RSA Insurance Preference Shares 7.375% Perpetual	2,540	0.43
		53,569	9.09

Non-equity Investment Instruments: 0.37% (15/12/2018: 0.57%*)

1,000,000	¹ Duet Real Estate Finance	-	-
2,500,000	SQN Secured Income Fund	2,137	0.37
		2,137	0.37

Real Estate: 8.68% (15/12/2018: 9.75%*)

£2,250,000	A2D Funding 4.75% 18/10/22	2,411	0.41
£1,600,000	A2D Funding II 4.5% 30/09/26	1,811	0.31
£4,000,000	CRH Finance 4.125% 02/12/29	4,681	0.80
1,500,000	Ediston Property Investment^	1,308	0.22
2,200,000	Impact Healthcare^	2,376	0.40
£1,800,000	Intu Jersey 2 2.875% 01/11/22	1,201	0.20
£3,000,000	Kennedy Wilson Europe Real Estate 3.95% 30/06/22	3,093	0.53

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
£7,250,000	NewRiver 3.5% 07/03/28	7,197	1.22
1,300,000	NewRiver^	2,561	0.43
£1,683,160	Peterborough Progress Health 5.581% 02/10/42	2,002	0.34
£3,000,000	Principality Building Society 7% Perpetual	2,996	0.51
5,500,000	PRS^	4,686	0.80
£4,750,000	Regional 4.5% 06/08/24	4,877	0.83
1,250,000	Regional^	1,350	0.23
£5,797,283	Tesco Property Finance 3 5.744% 13/04/40	7,496	1.27
£1,075,000	UNITE 6.125% 12/06/20	1,083	0.18
		51,129	8.68
HEALTH CARE: 0.14% (15/12/2018: 1.24%)			
Health Care Equipment & Services: 0.00% (15/12/2018: 1.09%)			
Pharmaceuticals & Biotechnology: 0.14% (15/12/2018: 0.15%)			
£800,000	BUFA Finance 6.125% Perpetual	826	0.14
		826	0.14
INDUSTRIALS: 3.76% (15/12/2018: 3.06%)			
Aerospace & Defense: 0.22% (15/12/2018: 0.32%)			
\$2,175,000	DP Aircraft I	1,275	0.22
		1,275	0.22
Construction & Materials: 1.38% (15/12/2018: 1.11%)			
£1,900,000	Balfour Beatty Preference Shares 9.675% 01/07/20	1,919	0.33
£6,000,000	Travis Perkins 4.375% 15/09/21	6,202	1.05
		8,121	1.38
Electronic & Electrical Equipment: 0.00% (15/12/2018: 0.15%)			
Industrial Engineering: 0.11% (15/12/2018: 0.11%)			
£575,000	Six Hundred 8% 14/02/22	624	0.11
2,875,000	¹ Six Hundred Warrants 14/02/20	-	-
		624	0.11

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
Industrial Transportation: 1.97% (15/12/2018: 1.28%)			
2,051,454	Amedeo Air Four Plus	1,600	0.27
£10,000,000	Go-Ahead 2.5% 06/07/24	10,046	1.70
		11,646	1.97
Support Services: 0.08% (15/12/2018: 0.09%)			
£500,000	Intercede 8% 29/12/21	500	0.08
		500	0.08
OIL & GAS: 6.16% (15/12/2018: 4.48%)			
Oil & Gas: 6.16% (15/12/2018: 4.48%)			
£10,000,000	EnQuest 7% 15/04/22	8,450	1.43
£11,000,000	Premier Oil 6.5% 31/05/21	10,989	1.87
\$8,750,000	Tullow Oil 6.25% 15/04/22	5,704	0.97
£11,000,000	Viridian Power and Energy 4.75% 15/09/24	11,137	1.89
		36,280	6.16
TECHNOLOGY: 0.00% (15/12/2018: 0.16%)			
Software & Computer Services: 0.00% (15/12/2018: 0.16%)			
414,054	¹ Nektan Warrants 29/04/20	-	-
		-	-
TELECOMMUNICATIONS: 3.21% (15/12/2018: 2.06%)			
Fixed Line Telecommunications: 3.20% (15/12/2018: 1.89%)			
£8,000,000	TalkTalk Telecom 5.375% 15/01/22	8,069	1.37
£10,000,000	Vodafone 4.875% 03/10/78	10,800	1.83
		18,869	3.20
Mobile Telecommunications: 0.01% (15/12/2018: 0.17%)			
33,639,545	Avanti Communications	18	0.01
		18	0.01

Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)
UTILITIES: 0.44% (15/12/2018: 0.45%)		
Electricity: 0.20% (15/12/2018: 0.24%)		
533,547 Aggregated Micro Power	427	0.07
£750,000 Aggregated Micro Power Infrastructure 8% 17/10/36	750	0.13
	1,177	0.20
Independent Power & Renewable Energy: 0.24% (15/12/2018: 0.21%)		
£1,400,000 Active Energy 8% 12/03/22	1,400	0.24
	1,400	0.24
EUROPE: 3.23% (15/12/2018: 4.24%)		
144,303 Carador Income Fund	54	0.01
£7,000,000 Assicurazioni Generali 6.416% Perpetual	7,575	1.28
£9,000,000 Electricite de France 6% Perpetual	9,966	1.69
\$2,000,000 Global Liman Isletmeleri 8.125% 14/11/21	1,459	0.25
	19,054	3.23
USA: 1.09% (15/12/2018: 1.39%)		
£6,000,000 Goldman Sachs 5.5% 12/10/21	6,453	1.09
	6,453	1.09
Investments as shown in the balance sheet	569,065	96.56
Net current assets	20,270	3.44
Total net assets	589,335	100.00

* Since the previous report industry classifications have been updated. Comparative figures have been updated where appropriate.

^ Real Estate Investment Trust (REIT).

¹ Nil valued/delisted/suspended securities not approved securities within the meaning of the Collective Investment Schemes Sourcebook. The regulations permit a maximum of 10% of the Fund to be invested in unapproved securities. Securities classed as unapproved are those which are not admitted to an official listing in a member state or traded on under the rules of an eligible securities market, as laid down in the Prospectus.

Statement of Total Return

For the year ended 15 December

	Notes	£'000	2019 £'000	£'000	2018 £'000
Income					
Net capital gains/(losses)	3		18,453		(32,242)
Revenue	4	30,677		25,270	
Expenses	5	(3,822)		(3,114)	
Net revenue before taxation		26,855		22,156	
Taxation	6	(94)		(77)	
Net revenue after taxation			26,761		22,079
Total return before distributions			45,214		(10,163)
Distributions	7		(30,031)		(22,138)
Change in net assets attributable to unitholders from investment activities			15,183		(32,301)

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 December

	£'000	2019 £'000	£'000	2018 £'000
Opening net assets attributable to unitholders		544,900		433,601
Amounts receivable on creation of units	116,782		149,913	
Amounts payable on cancellation of units	(110,558)		(21,430)	
Equalisation on conversions	-		(2,611)	
		6,224		125,872
Change in net assets attributable to unitholders from investment activities		15,183		(32,301)
Retained distribution on accumulation units		23,027		17,726
Unclaimed distribution		1		2
Closing net assets attributable to unitholders		589,335		544,900

Balance Sheet

As at 15 December

	Notes	2019 £'000	2018 £'000
ASSETS			
Fixed assets			
Investments		569,065	516,556
Current assets			
Debtors	8	17,834	13,679
Cash and bank balances	9	26,016	20,722
Total assets		612,915	550,957
LIABILITIES			
Provisions for liabilities	10	10	9
Creditors			
Distribution payable		2,047	2,006
Other creditors	11	21,523	4,042
Total liabilities		23,580	6,057
Net assets attributable to unitholders		589,335	544,900

Notes to the Financial Statements

1.1 Accounting policies

a) The Financial Statements have been prepared on a historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association ("IMA") in May 2014, and amended in June 2017. The Financial Statements have been prepared on a going concern basis. The Financial Statements are prepared in accordance with the Trust Deed and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established. Interest from debt securities is recognised as revenue using the effective interest method by reference to the purchase price. Dividends from Real Estate Investment Trusts ('REITs') are recognised as distributable income when the securities are quoted ex-dividend.

c) The listed investments of the Fund are valued at bid-market prices ruling at 12 noon on the last business day of the accounting year. Where certain securities are listed on global markets which are closed at the 12 noon valuation point, the last available closing bid-price will be utilised, subject to the application of any fair value pricing adjustment. The fair value of unlisted securities, and unquoted securities where the quotation has been suspended, is estimated by the Manager, using independent sources where available.

d) The functional currency of the Fund is Sterling (GBP). Any transactions in overseas currencies are translated to Sterling at the rates of exchange ruling on the day of any such transaction. Foreign currency balances and investments priced in overseas currencies at the end of the year are converted into Sterling at the exchange rates ruling at 12 noon on the last business day of the accounting year.

e) All expenses are charged in full against revenue on an accruals basis, with the exception of transaction charges and management fees which are charged directly to capital. The Manager is entitled to receive (with effect from the dealing day on which units of any class are first allotted) an annual management charge payable on and out of the scheme property of each unit class of the Fund. The annual management charge will be based on the value of the scheme property of the Fund on the immediately preceding dealing day as determined in accordance with the Trust Deed and the Regulations for the purpose of calculating the price of units.

f) Corporation tax is provided at 20% on revenue, after deduction of expenses. Overseas dividends are disclosed gross of any foreign tax suffered, the tax element being disclosed in the tax note. Where overseas tax has been deducted from overseas revenue, that tax can, in some cases, be set off against corporation tax payable, by way of double taxation relief. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions or events giving rise to them occurred before the balance sheet date. A deferred tax asset is only recognised to the extent that a timing difference will be of future benefit.

g) Bank interest is accounted for on an accruals basis.

h) Revenue equalisation currently applies to the Fund, with the result that part of the purchase price of a unit reflects the relevant share of accrued revenue received or to be received by the Fund. This sum is returned to a unitholder with the first allocation of revenue in respect of a unit issued during a distribution period. The amount representing the revenue equalisation in the unit's price is a return of capital and is not taxable in the hands of the unitholder. The amount of revenue equalisation is calculated by dividing the aggregate of the amounts of revenue included in the price of units issued or sold to unitholders in an annual or interim distribution period by the number of those units and applying the resultant average to each of the units in question. Equalisation on distributions received is deducted from the cost of the investment.

Notes to the Financial Statements (Continued)

- i) With the exception of the annual management charge, which is directly attributable to individual unit classes, all revenue and expenses are allocated to unit classes pro rata to the value of the net assets of the relevant unit class on the day the revenue or expense is recognised.
- j) The Fund is not required to produce a cash flow statement as it meets the exemption criteria set out in FRS102.7.1A.

1.2 Distribution policy

- a) The Fund will distribute any net revenue two months after the accounting year end. Any net revenue deficit will be transferred to the capital account. The type of distribution being made by the Fund is an interest distribution.
- b) Special dividends and share buybacks are treated as revenue or capital depending on the facts of each particular case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend should be treated as capital in nature so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends should be recognised as revenue. The tax accounting treatment follows the principal amount.
- c) If a distribution payment of the Fund remains unclaimed for a period of 6 years after it has become due, it will be forfeited and will revert to and become part of the scheme property.
- d) The annual management charge is charged against capital for the purposes of calculating the amount available for distribution.

2 Financial instruments

The analysis and tables provided below refer to the narrative disclosure on financial instruments risks on pages 7 to 9 of the Manager's Report.

Price risk sensitivity

At 15 December 2019, if the price of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, the net assets would increase or decrease by £28,453,233 (2018: £25,827,778) respectively.

Foreign currency risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 5% the resulting change in the net assets attributable to shareholders of the Fund would be a decrease of approximately £1,519,536 (2018: £1,180,721). A 5% weakening in GBP would have an equal but opposite effect.

Interest rate risk sensitivity

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one percent increase in interest rates would have the effect of decreasing the return and the net assets by £25,784,479 (2018: £23,233,711). A one percent decrease would have the opposite effect.

Notes to the Financial Statements (Continued)

Currency exposures

A proportion of the financial assets of the Fund are denominated in currencies other than Sterling, with the effect that the Fund's balance sheet and total return can be directly affected by currency movements.

	Monetary Exposure	Non Monetary exposure	Total
	£'000	£'000	£'000
2019			
Euro	190	7,436	7,626
US Dollar	289	22,476	22,765
Total	479	29,912	30,391

	Monetary Exposure	Non Monetary exposure	Total
	£'000	£'000	£'000
2018			
Euro	124	3,515	3,639
US Dollar	(842)	20,817	19,975
Total	(718)	24,332	23,614

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets as at the balance sheet date was:

Currency	Floating Rate financial assets	Fixed Rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
2019				
Sterling	26,016	475,732	80,776	582,524
Euro	-	4,491	3,135	7,626
US Dollar	-	10,266	12,499	22,765
	26,016	490,489	96,410	612,915

2018				
Sterling	26,663	418,025	81,645	526,333
Euro	-	2,787	853	3,640
US Dollar	-	11,635	9,349	20,984
	26,663	432,447	91,847	550,957

The interest rate risk profile of the Fund's financial liabilities as at the balance sheet date was:

Currency	Floating Rate financial assets	Fixed Rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
2019				
Sterling	-	-	(23,580)	(23,580)
	-	-	(23,580)	(23,580)

2018				
Sterling	-	-	(5,048)	(5,048)
US Dollar	-	-	(1,009)	(1,009)
	-	-	(6,057)	(6,057)

Notes to the Financial Statements (Continued)

Credit Rating	15 December 2019		15 December 2018	
	Market Value	%	Market Value	%
	£'000s		£'000s	
Total bonds BBB- credit rating and above	246,962	41.89	203,802	37.39
Total bonds below BBB- credit rating	182,425	30.96	168,507	30.95
Total bonds non-rated	104,276	17.71	104,856	19.25
Total value of bonds	533,663	90.56	477,165	87.59
Bonds	533,663	90.56	477,165	87.59
Equities	35,402	6.00	39,391	7.21
Total value of	569,065	96.56	516,556	94.80

3 Net capital gains/(losses)

The net gains/(losses) during the year comprise:

	2019	2018
	£'000	£'000
Gains/(Losses) on non-derivative securities	18,482	(32,198)
Losses on foreign currency exchange	(27)	(42)
Transaction charges	(2)	(2)
Net capital gains/(losses)	18,453	(32,242)

4 Revenue

	2019	2018
	£'000	£'000
UK dividends	2,169	1,394
REIT dividends	809	634
Overseas dividends	2,505	1,979
Interest on debt securities	25,157	21,212
Bank interest	37	51
Total revenue	30,677	25,270

5 Expenses

	2019	2018
	£'000	£'000
Payable to the Manager		
Annual management charge	3,270	2,669
Registrar's fees	367	295
	3,637	2,964
Other expenses		
Audit fee	8	8
Safe custody charges	40	30
Trustee's fees	137	111
	185	150
Total expenses	3,822	3,114

Expenses include irrecoverable VAT where applicable.

Notes to the Financial Statements (Continued)

6 Taxation

a) Analysis of tax in year:

	2019 £'000	2018 £'000
Corporation tax	92	76
Total tax for the year	92	76
Deferred taxation (see note 6c)	2	1
Total deferred tax for the year	2	1
Total tax for the year (see note 6b)	94	77

b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%) (2018: 20%).

The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	26,855	22,156
Corporation tax at 20%	5,371	4,431
Effects of:		
Revenue not subject to taxation	(869)	(635)
Tax withheld on interest distributions	(4,408)	(3,719)
Total effects	(5,277)	(4,354)
Total tax charge for the year (see note 6a)	94	77

Authorised unit trusts are exempt from tax on capital gains.

c) Deferred taxation:

	2019 £'000	2018 £'000
Provision at start of the year	8	7
Deferred taxation	2	1
Provision at the end of the year	10	8

Notes to the Financial Statements (Continued)

7 Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2019 £'000	2018 £'000
1st Interim	6,645	4,430
2nd Interim	6,864	4,841
3rd Interim	6,973	5,129
Final	9,156	9,022
	29,638	23,422
Add: Income deducted on cancellation of units	1,114	367
Deduct: Income received on creation of units	(721)	(1,651)
Net distribution for the year	30,031	22,138
Reconciliation to net revenue after taxation:		
Net distribution for the year	30,031	22,138
Charges borne by capital account	(3,270)	(2,669)
Shortfall transfer to capital	-	(1)
Equalisation on conversions	-	2,611
Net revenue after taxation	26,761	22,079

8 Debtors

	2019 £'000	2018 £'000
Sales awaiting settlement	8,549	-
Amounts receivable on creation of units	345	4,913
Accrued revenue	8,940	8,760
Income tax recoverable	-	6
Total debtors	17,834	13,679

9 Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	26,016	20,722
Total cash and bank balances	26,016	20,722

10 Provisions for liabilities

	2019 £'000	2018 £'000
Deferred taxation	10	8
Total for provisions for liabilities	10	8

Notes to the Financial Statements (Continued)

11 Other creditors

	2019 £'000	2018 £'000
Amounts payable on cancellation of units	21,323	1,838
Purchases awaiting settlement	-	2,009
Accrued expenses		
- Manager	126	113
- Other	37	38
Corporation tax payable	37	44
Total other creditors	21,523	4,042

12 Unitholders' funds

The Fund currently has four unit classes in issue

	R Inc Gross	R Acc Gross	Z Inc Gross	Z Acc Gross
Opening units in issue	5,145,001	21,922,662	107,898,603	233,016,247
Units issued	13,524,458	3,133,514	23,418,475	41,602,525
Units cancelled	(13,799,382)	(5,593,648)	(21,202,707)	(35,802,777)
Closing units in issue	4,870,077	19,462,528	110,114,371	238,815,995

13 Related parties

AXA Investment Managers UK Limited acts as principal on all the transactions of units in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Note 7, amounts due to/from AXA Investment Managers UK Limited in respect of unit transactions are disclosed in Note 8 and Note 11 respectively.

At 15 December 2019, there are no material unitholders that hold more than 50% of units in the Fund. Other than disclosed elsewhere in the Financial Statements, there were no material transactions between the Fund and related parties during the year.

Amounts paid to AXA Investment Managers UK Limited in respect of administration and registration services are disclosed in Note 5.

14 Portfolio transaction costs

2019

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equity	7,419	4	0.05	10	0.13	7,433
Debt Instruments	151,719	-	-	-	-	151,719
Collective Investment Schemes	11,843	1	0.01	7	0.06	11,851
Total	170,981	5		17		171,003

2019

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equity	12,106	(5)	(0.04)	-	-	12,101
Debt Instruments	111,526	-	-	-	-	111,526
Collective Investment Schemes	9,193	(5)	(0.06)	-	-	9,188
Total	132,825	(10)		-		132,815

Notes to the Financial Statements (Continued)

2018

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equity	15,848	-	-	3	0.02	15,851
Debt Instruments	151,361	-	-	-	-	151,361
Collective Investment Schemes	11,540	2	0.02	9	0.08	11,551
Total	178,749	2		12		178,763

2018

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equity	457	-	-	-	-	457
Debt Instruments	32,926	-	-	-	-	32,926
Collective Investment Schemes	1,476	-	-	-	-	1,476
Total	34,859	-		-		34,859

Commission as a % of average net assets

0.00% (2018: 0.00%)

Taxes as a % of average net assets

0.00% (2018: 0.00%)

Portfolio dealing spread

The average portfolio dealing spread as at the year end was 1.36% (2018: 1.22%).

15 Fair value disclosure

	15 December 2019		15 December 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Valuation technique				
Level 1 ^	95,796	-	103,968	-
Level 2 ^^	469,282	-	412,588	-
Level 3 ^^^	3,987	-	-	-
Total	569,065	-	516,556	-

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

16 Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2018: none).

17 Post balance sheet events

There are no significant post balance sheet events which require adjustment or disclosure at the year end.

Distribution Tables

For the year ended 15 December 2019

		Gross revenue	Equalisation	Distribution payable/paid	
				Current year	Prior year
R Inc Gross					
1st Interim	Group 1	1.200	-	1.200	1.300
	Group 2	0.556	0.644	1.200	1.300
2nd Interim	Group 1	1.200	-	1.200	1.300
	Group 2	0.301	0.899	1.200	1.300
3rd Interim	Group 1	1.200	-	1.200	1.300
	Group 2	0.431	0.769	1.200	1.300
Final	Group 1	1.710	-	1.710	1.705
	Group 2	0.459	1.251	1.710	1.705
R Acc Gross					
1st Interim	Group 1	1.900	-	1.900	1.900
	Group 2	1.138	0.762	1.900	1.900
2nd Interim	Group 1	1.900	-	1.900	1.900
	Group 2	0.904	0.996	1.900	1.900
3rd Interim	Group 1	1.900	-	1.900	1.900
	Group 2	0.849	1.051	1.900	1.900
Final	Group 1	2.701	-	2.701	2.741
	Group 2	0.931	1.770	2.701	2.741
Z Inc Gross					
1st Interim	Group 1	1.300	-	1.300	1.400
	Group 2	0.538	0.762	1.300	1.400
2nd Interim	Group 1	1.300	-	1.300	1.400
	Group 2	0.649	0.651	1.300	1.400
3rd Interim	Group 1	1.300	-	1.300	1.400
	Group 2	0.471	0.829	1.300	1.400
Final	Group 1	1.784	-	1.784	1.778
	Group 2	0.692	1.092	1.784	1.778
Z Acc Gross					
1st Interim	Group 1	1.900	-	1.900	1.900
	Group 2	1.009	0.891	1.900	1.900
2nd Interim	Group 1	1.900	-	1.900	1.900
	Group 2	0.873	1.027	1.900	1.900
3rd Interim	Group 1	1.900	-	1.900	1.900
	Group 2	0.678	1.222	1.900	1.900
Final	Group 1	2.757	-	2.757	2.753
	Group 2	1.177	1.580	2.757	2.753

(All figures shown in pence per unit)

Units are classified as Group 2 for the following period in which they were acquired, thereafter they rank as Group 1 units.

Equalisation is the average amount of income included in the purchase price of Group 2 units and is refundable to holders of these units as a return of capital. Being a capital item it is not liable to income tax, but must be deducted from the cost of units for capital gains tax purposes.

Distribution Tables (Continued)

The relevant periods for Group 2 units and the payment/transfer dates are shown below:

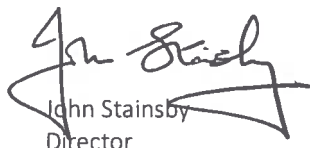
	Group 2 units		Group 1&2 units
	from	to	paid/transferred
1st Interim	16.12.18	15.03.19	15.05.19
2nd Interim	16.03.19	15.06.19	15.08.19
3rd Interim	16.06.19	15.09.19	15.11.19
Final	16.09.19	15.12.19	14.02.20

DIRECTORS' APPROVAL

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"), the contents of this report have been approved on behalf of AXA Investment Managers UK Limited by:



Philippe Le Barrois d'Orgeval
Director
26th February 2020



John Stainsby
Director
26th February 2020

Statement of Manager's Responsibilities

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RELATION TO THE REPORT AND ACCOUNTS OF THE FUND

The Financial Conduct Authority's Collective Investment Schemes sourcebook requires the Authorised Fund Manager to prepare financial statements for each annual accounting year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland), of the financial affairs of the Fund and of its revenue and expenditure and capital gains for the year.

In preparing the accounts the Manager is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds and the Trust Deed;
- follow applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the accounts prepared comply with the above requirements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, Prospectus and the Regulations, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Trustee

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF AXA FRAMLINGTON MANAGED INCOME FUND FOR THE YEAR ENDED TO 15 DECEMBER 2019

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations") the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Scheme are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- The Scheme's income is applied in accordance with the Regulations; and
- The instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Scheme, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme income in accordance with the Regulations and the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Trustee
NatWest Trustee and Depository Services Limited
26th February 2020

Report of the Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE AXA FRAMLINGTON MANAGED INCOME FUND

OPINION

We have audited the financial statements of AXA Framlington Managed Income Fund ("the Fund") for the year ended 15 December 2019 which comprise the Statement of Total Return, the Statement of Change in Net Assets attributable to Unitholders, the Balance Sheet, Distribution Tables and the related Notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 15 December 2019 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

RESPONSIBILITIES OF THE MANAGER

As explained more fully in the Manager's responsibilities statement set out on page 33, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the unitholders of the Fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
26th February 2020

Further Information (unaudited)

REMUNERATION POLICY OF THE MANAGER

The Manager has approved and adopted AXA IM's Global Remuneration Policy, in accordance with the Regulations, which is consistent with, and promotes, sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profiles of the Fund's or the Trust Deeds, and does not impair compliance of the Manager's duty to act in the best interests of each of the Fund's.

AXA IM's Global Remuneration Policy, which has been approved by the AXA IM Remuneration Committee, sets out the principles relating to remuneration within all entities of AXA IM (including the Manager) and takes into account AXA IM's business strategy, objectives, and risk tolerance, as well as the long-term interests of AXA IM's shareholders, employees and clients (including the Fund's). The AXA IM Remuneration Committee is responsible for determining and reviewing the AXA IM remuneration guidelines, including the AXA IM Global Remuneration Policy, as well as reviewing the annual remuneration of senior executives of the AXA IM Group and senior officers in control functions.

AXA IM provides both fixed and variable remuneration. An employee's fixed remuneration is structured to reward organizational responsibility, professional experience and the individual's capability to perform the duties of the role. Variable remuneration is based on performance and may be awarded annually on both a non-deferred and, for certain employees, a deferred basis. Non-deferred variable remuneration may be awarded in cash or, where appropriate and subject to local laws and regulation, in instruments linked to the performance of AXA IM Fund's. Deferred remuneration is awarded through various instruments structured to reward medium and long-term value creation for clients and AXA IM and long-term value creation for the AXA Group. AXA IM ensures appropriate balances between fixed and variable remuneration and deferred and non-deferred remuneration.

Details of the up-to-date Global Remuneration Policy are published online at <https://www.axa-im.com/remuneration>. This includes the description of how remuneration and benefits are awarded for employees, and further information on the AXA IM remuneration committee. A paper copy of the up-to-date Global Remuneration Policy is also available from the Manager free of charge upon request.

Under the UCITS V Directive (2014/91/EU), the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year. The tables below provide an overview:

Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2018 ⁽¹⁾	
Fixed Pay ⁽²⁾ (£'000)	209,690
Variable Pay ⁽³⁾ (£'000)	246,102
Number of employees ⁽⁴⁾	2,547

⁽¹⁾ Excluding social charges.

⁽²⁾ Fixed Pay amount is based on post compensation review 2017 data.

⁽³⁾ Variable compensation, includes:

- the amounts awarded for the performance of the previous year and fully paid over the financial year under review,
- deferred variable remuneration,
- and long-term incentives set up by the AXA Group.

⁽⁴⁾ Number of employees includes Permanent and Temporary contracts excluding internships.

Remuneration to Identified Employee:

Aggregate amount of compensation paid and / or allocated to risk takers and senior management whose activities have a significant impact on the risk profile of investment vehicles			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)	130,032	77,237	207,269
Number of employees	255	71	326

UK Identified Employee Remuneration:

Aggregate amount of compensation paid and / or allocated to risk takers and senior management in the UK Management Company whose activities have a significant impact on the risk profile of investment vehicles			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)**	9,102	5,407	14,509
Number of employees	47	16	63

**Data provided are those of AXA Investment Managers UK Limited as at 31 December 2018 after the application of the firm's weighted assets under management against the total global remuneration data.

THE SECURITIES FINANCING TRANSACTIONS REGULATION

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps will be required on all reports & accounts published after 13 January 2017. During the year to 15 December 2019 and at the balance sheet date, the Fund did not use SFTs or total return swaps, as such no disclosure is required.

VALUE ASSESSMENT

It is our duty as Authorised Fund Manager ("AFM") to act in the best interests of our investors. As part of fulfilling this duty, we need to consider whether the charges taken from our funds are justified in the context of the overall service and value that we provide to our investors.

The FCA have introduced new rules requiring the Boards of AFMs to consider robustly and in detail whether they are delivering value for money to their investors and to explain the assessment annually in a Value Statement made available to the public.

The Value Statement report is available on the AXA IM website: <https://retail.axa-im.co.uk/fund-centre>

Directory

The Manager

AXA Investment Managers UK Limited
7 Newgate Street
London, EC1A 7NX

Authorised and regulated by the Financial Conduct Authority.
Registered in England and Wales No. 01431068.
The company is a wholly owned subsidiary of AXA S.A., incorporated in France.
Member of the IA.

The Administrator and address for inspection of Register:

DST Financial Services International Limited and DST Financial Services Europe Limited
DST House
St Nicholas Lane
Basildon
Essex, SS15 5FS
Authorised and regulated by the Financial Conduct Authority.

Trustee

NatWest Trustee and Depositary Services Limited
Trustee and Depositary Services
2nd Floor Drummond House
1 Redheughs Avenue
Edinburgh EH12 9RH
Authorised and regulated by the Financial Conduct Authority.

Fund Accounting Administrator

State Street Bank & Trust Company
20 Churchill Place
London, E14 5HJ
Authorised and regulated by the Financial Conduct Authority.

Legal advisers

Eversheds LLP
One Wood Street
London, EC2V 7WS

Auditor

Ernst & Young LLP
144 Morrison Street, Edinburgh EH3 8EX

Dealing and Correspondence

PO Box 10908
Chelmsford, CM99 2UT

Telephone Dealing & Enquiries 0345 777 5511
IFA Dealing & Enquiries 0370 707 0073
If you are calling from outside the UK, please call +44 1268 443976
Our lines are open Monday to Friday between 9am and 5:30pm