

Interim Long Report & Financial Statements
For the period ended
31 December 2018

AXA Fixed Interest Investment ICVC

Issued by
AXA Investment Managers

Issued by AXA Investment Managers UK Limited Authorised and regulated by the Financial Conduct Authority

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* Collectively, these comprise the Authorised Corporate Director's Report.

Directory

The Company and Head Office

AXA Fixed Interest Investment ICVC
7 Newgate Street
London, EC1A 7NX

Authorised Corporate Director ("ACD")

AXA Investment Managers UK Limited
7 Newgate Street
London, EC1A 7NX
www.axa-im.co.uk

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

Sub-Investment Managers

AXA Investment Managers Inc
100 West Putnam Avenue
4th Floor
Greenwich
CT 06830 USA

Legal Advisers

Eversheds LLP
One Wood Street
London, EC2V 7WS

Fund Accounting Administrator

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

Depository

HSBC Bank plc,
8 Canada Square,
London, E14 5HQ
HSBC Bank plc is a subsidiary of HSBC Holdings plc.
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh, EH3 8EX

Report of the Directors of AXA Fixed Interest Investment ICVC

AXA Fixed Interest Investment ICVC ("the Company") is an investment company with variable capital incorporated in England and Wales and authorised by the Financial Conduct Authority ("FCA").

Shareholders are not liable for the debts of the Company.

There are eight sub-funds which are currently available in the Company (each a "Fund"), and in the future there may be other sub-funds in the Company.

Each Fund has the investment powers equivalent to those of a UCITS (Undertakings for Collective Investment in Transferrable Securities) under the FCA's Collective Investment Schemes Sourcebook ("COLL"). The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund, and shall not be available for any such purpose. Further details in relation to the segregated nature of the Funds can be found in the Prospectus.

AXA Global Short Duration Bond Fund has a holding of 6,300,000 shares in US Short Duration High Yield Fund with a market value of £8,662,500, there are no other cross holdings.

Important Events During the Year

During the period from 1st July 2018 to 31st December 2018 the following change to the Prospectus took place:

Compulsory conversion of net share or unit classes

With effect from 6 April 2017, HMRC introduced tax rule changes which required the Funds to pay all interest distributions gross without any deduction for tax. As a result, there is no longer any need for there to be net paying share/unit classes in the Fund. Therefore on the 12th October 2018 (the "Conversion Date"), the net paying shares or units converted into the existing gross paying share or unit class.

AXA Global High Income Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide long-term high income combined with any capital growth.

Investment Policy

The Fund invests primarily in a diversified portfolio of high yield bonds issued by companies anywhere in the world. The fund manager focuses on credit analysis to create a portfolio of bonds that seeks diversification across companies showing improving resilience against default. The Fund is managed with reference to the composition and risk profile of the BofA Merrill Lynch Global High Yield Index. However the fund manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

By investing in a Fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which will generate an income but has less potential for capital return than is the case with Funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. You are aware that investing in a Fund which has a global remit can increase risk because of currency movements in return for greater potential reward. However, the Fund is hedged back to sterling. You are also aware that investing in sub investment grade bonds increases the potential income but also increases risk to your investment. Typically you would be investing for a period of at least five years.

Lower Risk

Higher Risk

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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. 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 are subject to some level of variation which may result in gains or losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- 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 individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

AXA Global High Income Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

- **High yield bonds risk** - high yield bonds (also known as sub-investment grade bonds) are fixed interest securities issued by companies or governments 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 a 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. A 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 each individual fund's investment objectives and investment policy.

- **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 more 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 individual 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.

Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

AXA Global High Income Fund

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Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** - (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Investment Review

A number of macro headwinds were carried from the first half of 2018 in to the second. The US Federal Reserve (Fed) continued a central bank tightening cycle and the European Central Bank (ECB) ended quantitative easing (QE) on schedule. US President Trump toned down trade disputes with the North American Free Trade Agreement (NAFTA) and Europe but continued to ratchet up and down concerns with China; meanwhile, Italy disputed its budget with Brussels. The German economy slowed significantly in the second half as car production was affected by environmental law changes, although the broad slowdown across Europe does suggest that the slowdown in the Chinese economy is having a larger impact than, perhaps, anticipated. Of course, Brexit continued to rubble on unresolved in the background.

By the year-end, signs of slower growth in the euro area and China have combined to reduce confidence that the US economy would be able to sustain growth once the impact of fiscal stimulus had faded. With ongoing trade tensions, a more conflicted US political situation since the mid-term elections and a rapidly declining oil price financial markets began rapidly pricing in a much worse economic environment for 2019.

Against this background, H2 2018 became increasingly challenging for global high yield. In Q3, the Fund's much greater weight in US dollar assets was an advantage. US equity markets remained strong and high yield trends followed with CCCs and weaker names continuing the outperformance of H1 2018.

AXA Global High Income Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

However, after a relatively benign period in the third quarter, this all began to reverse in Q4 as the macro trends discussed began to have greater impact and risk assets generally began to sell off, led by equities and oil. After being a top-performing sector for the first three quarters of the year, the energy sector experienced a significant sell-off to finish the year, returning -9.77% during the quarter and -6.37% for 2018. Healthcare and telecommunications maintained their lead and outperformed in 2018. Q4 also witnessed a significant rise in idiosyncratic risk, particularly in Europe. Across October and November, several names were subject to negative headlines and experienced a significant drop in bond prices. Retail globally has consistently been a difficult area for market generally and results here continued to be mixed, with spreads moving quite sharply wider.

US high yield as measured by ICE BofAML Global High Yield Index, which had outperformed well through the first three quarters, suffered the worst quarterly return since third quarter of 2015, and the seventh-worst return over the last 20 years. In the absence of a 70 basis points (bps) market rally during the last three days of the year, this quarter's return would have been the worst since the third quarter of 2011.

Over the period in review, the Fund generated a total net return of -2.82% (Z Acc, net of fees) and -2.55% (Z Acc, gross of fees), while its comparative benchmark, the ICE BofAML Global High Yield Index delivered a return of -2.03% (GBP hedged).

Looking at regions, the ICE BofAML US High Yield Index returned -3.2%, behind Europe as the ICE BofAML European Currency High Yield Index returned -1.4%; meanwhile, emerging markets somewhat recovered from the lows at +0.8% as measured by the ICE BofAML High Yield US Emerging Markets Corporate Plus Index (all index returns are hedged to GBP).

For the full-year 2018, the Fund generated a total net return of -3.63% (Z Acc, net of fees and gross of tax) and -3.10% (Z Acc, gross of fees), while its comparative benchmark, the ICE BofAML Global High Yield Index delivered a return of -3.59% (GBP hedged).

The Fund's outperformance - versus its comparative benchmark through 2018 - can be largely explained by the performance in the fourth quarter where the overweight position in short duration, particularly in the US but also in Europe, proved defensive. Positioning in the energy sector was also key, specifically the underweight exposure to the oilfield services sub-sector, which was down 14% in H2 2018. Our underweight position in emerging markets, which protected the Fund so well in Q2 2018, was a negative in Q4 as emerging markets held up reasonably well against other high yielding fixed income. We did take some credit hits, including Sanchez Energy, which cost 20bps, and Nystar (mining) in Europe which cost 5bps. We have exited these positions. Rackspace and Riteaid cost 15bps and 10bps respectively, although we have maintained these positions.

After the significant repricing last year, valuations in global high yield are now looking particularly attractive. With the ICE BofAML Global High Yield Index now yielding around 8%, valuations are now at levels not seen since mid-2016 after the collapse of oil prices. Given the attractive levels of carry that the asset class is offering, there is a greater yield premium available to provide a cushion against any potential spread widening.

As we begin the new year, markets are being driven by the macro outlook. The increase in volatility reflects uncertainty on growth in the major economies. However, it can be argued that many of the typical conditions for a recession are not in place and there is the possibility that markets have become too pessimistic. Therefore, we acknowledge that there is the potential for further volatility in high yield, either driven by macro headlines or idiosyncratic stories. However, with fundamentals broadly robust and default rates forecast to stay contained, we believe there is reason for optimism over high yield in 2019.

All performance data source: AXA Investment Managers, ICE BofAML and Bloomberg.

Past performance is not a guide for future performance.

Major Purchases

- Ascent Resources Utica 7% 01/11/26
- KGA Escrow 7.5% 15/08/23
- Hilcorp Energy I 6.25% 01/11/28
- WellCare Health Plans 5.25% 01/04/25
- ACI Worldwide 5.75% 15/08/26

Major Sales

- Intrepid Aviation 6.875% 15/02/19
- Greatbatch 9.125% 01/11/23
- First Data 7% 01/12/23
- CURO Financial Technologies 12% 01/03/22
- Boxer Parent 9% 15/10/19

James Gledhill & Yves Berger

31 December 2018

AXA Investment Managers UK Limited

AXA Global High Income Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	A Net Income +			A Gross Income		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	88.16	91.68	83.21	88.13	91.66
Closing net asset value (£) †	-	16,416	34,722	183,416	185,956	204,877
Closing number of shares	-	18,621	37,871	220,423	210,993	223,529
Operating charges ^	-	0.50%	0.51%	0.49%	0.50%	0.51%
	A Net Accumulation +			A Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	109.55	108.17	110.26	113.38	111.96
Closing net asset value (£) †	-	30,710,014	3,784,043	27,276,877	924,031	933,143
Closing number of shares	-	28,034,145	3,498,366	24,739,016	814,955	833,484
Operating charges ^	-	0.50%	0.51%	0.49%	0.50%	0.51%
	H Net Accumulation +			H Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	194.17	190.87	219.01	224.70	220.81
Closing net asset value (£) †	-	9,708	9,543	10,950	11,235	11,041
Closing number of shares	-	5,000	5,000	5,000	5,000	5,000
Operating charges ^	-	0.05%	0.06%	0.04%	0.05%	0.06%
	R Net Income +			R Gross Income		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	81.79	85.05	87.11	92.25	95.93
Closing net asset value (£) †	-	2,496,750	3,020,926	4,016,320	1,984,936	2,314,274
Closing number of shares	-	3,052,792	3,551,962	4,610,435	2,151,760	2,412,448
Operating charges ^	-	1.30%	1.31%	1.29%	1.30%	1.31%
	R Net Accumulation +			R Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	218.33	217.29	207.43	214.21	213.21
Closing net asset value (£) †	-	20,052,858	17,653,129	17,499,533	2,007,147	2,709,528
Closing number of shares	-	9,184,715	8,124,045	8,436,173	936,988	1,270,824
Operating charges ^	-	1.30%	1.31%	1.29%	1.30%	1.31%
	Z Net Income +			Z Gross Income		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	91.67	95.33	92.34	97.80	101.71
Closing net asset value (£) †	-	22,796,906	23,095,341	22,364,783	2,950,971	3,212,076
Closing number of shares	-	24,869,749	24,227,005	24,221,055	3,017,445	3,158,224
Operating charges ^	-	0.55%	0.56%	0.54%	0.55%	0.56%
	Z Net Accumulation +			Z Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	196.18	193.81	205.94	211.96	209.40
Closing net asset value (£) †	-	28,211,557	31,131,414	31,112,948	2,493,489	3,058,618
Closing number of shares	-	14,380,635	16,063,261	15,108,086	1,176,389	1,460,677
Operating charges ^	-	0.55%	0.56%	0.54%	0.55%	0.56%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Global High Income Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CORPORATE BONDS 94.37% (30/06/18: 98.64%)			
Australia 0.56% (30/06/18: 0.51%)			
Nufarm Australia 5.75% 30/04/26	799,000	570	0.56
Bahamas 0.18% (30/06/18: 0.16%)			
Silversea Cruise Finance 7.25% 01/02/25	224,000	185	0.18
Belgium 0.13% (30/06/18: 0.12%)			
KBC 5.625% Perpetual	EUR 150,000	134	0.13
Bermuda 0.69% (30/06/18: 0.57%)			
Digicel 6% 15/04/21	950,000	666	0.65
IHS Markit 5% 01/11/22	50,000	40	0.04
Canada 4.22% (30/06/18: 4.07%)			
Bausch Health 4.5% 15/05/23	EUR 200,000	169	0.16
Bausch Health 5.5% 01/11/25	465,000	339	0.33
Bausch Health 6.125% 15/04/25	700,000	476	0.46
Bombardier 7.5% 01/12/24	473,000	350	0.34
Bombardier 8% 01/12/21	100,000	80	0.08
Clearwater Seafoods 6.875% 01/05/25	309,000	233	0.23
Hulk Finance 7% 01/06/26	629,000	430	0.42
Kronos Acquisition 9% 15/08/23	507,000	308	0.30
New Red Finance 4.25% 15/05/24	122,000	88	0.09
New Red Finance 4.625% 15/01/22	832,000	629	0.61
New Red Finance 5% 15/10/25	583,000	418	0.41
NOVA Chemicals 4.875% 01/06/24	531,000	374	0.37
Precision Drilling 7.75% 15/12/23	433,000	309	0.30
Quebecor Media 5.75% 15/01/23	155,000	122	0.12
Cayman Islands 0.57% (30/06/18: 0.83%)			
HNA Ecotech Panorama Cayman 8% 15/04/21	375,000	278	0.27
Mizzen BondCo 7% 01/05/21	GBP 142,050	141	0.14
UPCB Finance IV 4% 15/01/27	EUR 180,000	164	0.16
Czech Republic 0.21% (30/06/18: 0.19%)			
Residomo 3.375% 15/10/24	EUR 250,000	217	0.21
Denmark 0.15% (30/06/18: 0.14%)			
Norican 4.5% 15/05/23	EUR 200,000	153	0.15
France 2.03% (30/06/18: 2.81%)			
Altice France 5.625% 15/05/24	EUR 200,000	181	0.18
BNP Paribas 7.195% Perpetual	200,000	160	0.16
BPCE 12.5% Perpetual	EUR 175,000	170	0.16
Casino Guichard Perrachon 4.498% 07/03/24	EUR 300,000	245	0.24
Credit Agricole 7.375% 18/12/23	GBP 150,000	184	0.18
Crown European 3.375% 15/05/25	EUR 195,000	176	0.17
Elis 2.875% 15/02/26	EUR 200,000	174	0.17
Faurecia 2.625% 15/06/25	EUR 191,000	162	0.16
La Financiere Atalian 4% 15/05/24	EUR 200,000	146	0.14
Mobilux Finance 5.5% 15/11/24	EUR 250,000	199	0.19
Paprec 4% 31/03/25	EUR 233,000	176	0.17
SPCM 2.875% 15/06/23	EUR 123,000	110	0.11

AXA Global High Income Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Germany 1.73% (30/06/18: 1.90%)			
CeramTec BondCo 5.25% 15/12/25	EUR 100,000	85	0.08
IHO Verwaltungs 3.75% 15/09/26	EUR 150,000	129	0.13
Kirk Beauty One 8.75% 15/07/23	EUR 150,000	66	0.06
Nidda BondCo 5% 30/09/25	EUR 100,000	78	0.08
Nidda Healthcare 3.5% 30/09/24	EUR 250,000	211	0.21
Senvion 3.875% 25/10/22	EUR 241,000	143	0.14
Tele Columbus 3.875% 02/05/25	EUR 200,000	162	0.16
Unitymedia 3.75% 15/01/27	EUR 150,000	138	0.13
Unitymedia 6.125% 15/01/25	695,000	547	0.53
WEPA Hygieneprodukte 3.75% 15/05/24	EUR 250,000	212	0.21
Guernsey 0.11% (30/06/18: 0.10%)			
Summit Germany 2% 31/01/25	EUR 135,000	110	0.11
Ireland 0.35% (30/06/18: 0.34%)			
Ardagh Packaging Finance 4.75% 15/07/27	GBP 150,000	136	0.13
eircom Finance 4.5% 31/05/22	EUR 111,000	101	0.10
James Hardie 3.625% 01/10/26	EUR 144,000	126	0.12
Isle of Man 0.16% (30/06/18: 0.00%)			
Playtech 3.75% 12/10/23	EUR 188,000	164	0.16
Italy 1.35% (30/06/18: 1.23%)			
International Design 6.5% 15/11/25	EUR 126,000	102	0.10
Intesa Sanpaolo 7% Perpetual	EUR 200,000	181	0.18
LKQ Italia BondCo 3.875% 01/04/24	EUR 200,000	183	0.18
Rekeep 9% 15/06/22	EUR 169,000	118	0.11
Sisal 7% 31/07/23	EUR 200,000	180	0.17
Telecom Italia 3.25% 16/01/23	EUR 200,000	183	0.18
Telecom Italia 5.875% 19/05/23	GBP 100,000	104	0.10
UniCredit 5.375% Perpetual	EUR 200,000	150	0.15
Wind Tre 3.125% 20/01/25	EUR 225,000	180	0.18
Jersey 0.67% (30/06/18: 0.79%)			
AA Bond 5.5% 31/07/22	GBP 100,000	80	0.08
Adient Global 3.5% 15/08/24	EUR 200,000	144	0.14
Avis Budget Finance 4.125% 15/11/24	EUR 211,000	187	0.18
CPUK Finance 4.25% 28/8/22	GBP 200,000	190	0.19
TVL Finance 8.5% 15/05/23	GBP 80,000	82	0.08
Luxembourg 3.50% (30/06/18: 3.69%)			
Aldesa Financial Services 7.25% 01/04/21	EUR 200,000	86	0.08
Altice Financing 5.25% 15/02/23	EUR 100,000	90	0.09
Altice FinCo 4.75% 15/01/28	EUR 106,000	76	0.07
Altice Luxembourg 7.75% 15/05/22	1,200,000	853	0.83
Arena Luxembourg Finance 2.875% 01/11/24	EUR 100,000	89	0.09
B&M European Value Retail 4.125% 01/02/22	GBP 100,000	97	0.09
Garfunkelux HoldCo 3 7.5% 01/08/22	EUR 193,000	153	0.15
Gazprom 3.125% 17/11/23	EUR 200,000	181	0.18
INEOS 5.375% 01/08/24	EUR 200,000	175	0.17
INEOS 5.625% 01/08/24	600,000	416	0.41
Intelsat Jackson 8.5% 15/10/24	224,000	170	0.17
Intralot Capital Luxembourg 5.25% 15/09/24	EUR 250,000	142	0.14
Matterhorn Telecom 3.875% 01/05/22	EUR 205,000	179	0.17
Monitchem HoldCo 2 6.875% 15/06/22	EUR 125,000	89	0.09

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	Holding	Market Value £'000	% of Total Net Assets
Monitchem HoldCo 3 5.25% 15/06/21	EUR 100,000	87	0.08
Nielsen Luxembourg 5.5% 01/10/21	198,000	154	0.15
Prague CERL Anleihen 10% 15/12/22	EUR 125,000	111	0.11
Rossini 6.75% 30/10/25	EUR 100,000	89	0.09
Samsonite FinCo 3.5% 15/05/26	EUR 200,000	162	0.16
Swissport Financing 'Regulation S' 9.75% 15/12/22	EUR 200,000	188	0.18
Mexico 0.33% (30/06/18: 0.30%)			
Cemex 2.75% 05/12/24	EUR 200,000	167	0.16
Nemak 3.25% 15/03/24	EUR 200,000	176	0.17
Netherlands 4.27% (30/06/18: 4.13%)			
CBR Fashion Finance 5.125% 01/10/22	EUR 250,000	183	0.18
Constellium 4.25% 15/02/26	EUR 200,000	162	0.16
Darling Global Finance 3.625% 15/05/26	EUR 110,000	98	0.10
Digi Communications 5% 15/10/23	EUR 111,000	103	0.10
Energizer Gamma Acquisition 4.625% 15/07/26	EUR 100,000	84	0.08
Fiat Chrysler Automobiles 3.75% 29/03/24	EUR 250,000	235	0.23
Hertz Netherlands 5.5% 30/03/23	EUR 200,000	177	0.17
InterXion 4.75% 15/06/25	EUR 143,000	131	0.13
IPD 3 4.5% 15/07/22	EUR 200,000	177	0.17
NN 4.625% 08/04/44	EUR 100,000	94	0.09
OI European 3.125% 15/11/24	EUR 250,000	221	0.22
Schoeller Allibert 8% 01/10/21	EUR 154,000	132	0.13
Selecta 5.875% 01/02/24	EUR 143,000	120	0.12
Sigma HoldCo 5.75% 15/05/26	EUR 192,000	150	0.15
Sigma HoldCo 7.875% 15/05/26	341,000	233	0.23
Starfruit Finco 6.5% 01/10/26	EUR 100,000	83	0.08
Starfruit Finco 8% 01/10/26	325,000	238	0.23
Stars 7% 15/07/26	383,000	289	0.28
Teva Pharmaceutical Finance Netherlands II 1.25% 31/03/23	EUR 200,000	162	0.16
United 4.875% 01/07/24	EUR 200,000	176	0.17
Ziggo 4.25% 15/01/27	EUR 215,000	189	0.18
Ziggo 5.5% 15/01/27	855,000	599	0.58
Ziggo Bond 6% 15/01/27	500,000	343	0.33
Norway 0.23% (30/06/18: 0.20%)			
Nassa Topco 2.875% 06/04/24	EUR 250,000	232	0.23
Spain 0.43% (30/06/18: 0.47%)			
Banco Bilbao Vizcaya Argentaria 7% Perpetual	EUR 200,000	179	0.17
eDreams ODIGEO 5.5% 01/09/23	EUR 130,000	109	0.11
Grupo-Antolin Irausa 3.25% 30/04/24	EUR 200,000	155	0.15
Sweden 0.25% (30/06/18: 0.23%)			
Intrum 3.125% 15/07/24	EUR 139,000	110	0.11
Radisson Hotel 6.875% 15/07/23	EUR 150,000	144	0.14
United Kingdom 4.10% (30/06/18: 4.45%)			
Arqiva Broadcast Finance 6.75% 30/09/23	GBP 100,000	100	0.10
Arrow Global Finance 5.125% 15/09/24	GBP 150,000	134	0.13
Barclays 7% Perpetual	GBP 200,000	195	0.19
Boparan Finance 4.375% 15/07/21	EUR 155,000	99	0.10
Co-operative 2011 Variable 08/07/20	GBP 100,000	104	0.10
Drax FinCo 4.25% 01/05/22	GBP 200,000	197	0.19

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	Holding	Market Value £'000	% of Total Net Assets
EC Finance 2.375% 15/11/22	EUR 100,000	87	0.08
EI 6.875% 15/02/21	GBP 180,000	192	0.19
HBOS 6% 01/11/33	240,000	198	0.19
Investec Bank 4.25% 24/07/28	GBP 240,000	231	0.23
Iron Mountain UK 3.875% 15/11/25	GBP 207,000	182	0.18
Jaguar Land Rover Automotive 5% 15/02/22	GBP 191,000	176	0.17
Jerrold FinCo 6.25% 15/09/21	GBP 240,000	236	0.23
Miller Homes 5.5% 15/10/24	GBP 100,000	91	0.09
Nationwide Building Society 6.875% Perpetual	GBP 200,000	201	0.20
Newday BondCo 7.375% 01/02/24	GBP 200,000	176	0.17
Ocado 4% 15/06/24	GBP 200,000	193	0.19
Perform Financing 8.5% 15/11/20	GBP 100,000	100	0.10
Pinewood Finance 3.75% 01/12/23	GBP 200,000	195	0.19
Stonegate Pub Co Financing 4.875% 15/03/22	GBP 200,000	192	0.19
TalkTalk Telecom 5.375% 15/01/22	GBP 197,000	192	0.19
Thomas Cook 6.25% 15/06/22	EUR 210,000	144	0.14
Titan Global Finance 2.375% 16/11/24	EUR 100,000	85	0.08
Travelex Financing 8% 15/05/22	EUR 150,000	116	0.11
Virgin Media Secured Finance 5% 15/04/27	GBP 200,000	189	0.18
Viridian Power and Energy 4.75% 15/09/24	GBP 118,000	108	0.11
Voyage Care BondCo 5.875% 01/05/23	GBP 100,000	85	0.08
United States 68.15% (30/06/18: 71.41%)			
ACCO Brands 5.25% 15/12/24	462,000	326	0.32
ACI Worldwide 5.75% 15/08/26	476,000	366	0.36
AECOM 5.125% 15/03/27	322,000	216	0.21
AECOM Global II 5% 01/04/22	295,000	227	0.22
Alliance Data Systems 5.25% 15/11/23	EUR 225,000	203	0.20
Alliance Data Systems 5.375% 01/08/22	865,000	661	0.65
American Midstream Partners 9.5% 15/12/21	1,025,000	755	0.74
Antero Resources 5.625% 01/06/23	416,000	311	0.30
APX 8.875% 01/12/22	350,000	263	0.26
Ascend Learning 6.875% 01/08/25	398,000	298	0.29
Ascent Resources Utica 7% 01/11/26	610,000	430	0.42
Ascent Resources Utica 10% 01/04/22	446,000	356	0.35
Beacon Roofing Supply 6.375% 01/10/23	122,000	95	0.09
Belden 2.875% 15/09/25	EUR 191,000	160	0.16
Berry Global 5.5% 15/05/22	675,000	527	0.51
Berry Petroleum 7% 15/02/26	215,000	152	0.15
Blue Cube Spinco 9.75% 15/10/23	325,000	279	0.27
Blue Cube Spinco 10% 15/10/25	718,000	633	0.62
Blue Racer Midstream 6.125% 15/11/22	776,000	585	0.57
Blue Racer Midstream 6.625% 15/07/26	459,000	334	0.33
Boyd Gaming 6% 15/08/26	302,000	220	0.22
BWAY 5.5% 15/04/24	514,000	378	0.37
BWAY 7.25% 15/04/25	1,095,000	772	0.75
Calumet Specialty Products Partners 7.625% 15/01/22	385,000	239	0.23
Catalent Pharma Solutions 4.75% 15/12/24	EUR 221,000	198	0.19
Catalent Pharma Solutions 4.875% 15/01/26	144,000	107	0.10
CCO 5% 01/02/28	414,000	297	0.29
CCO 5.125% 01/05/23	390,000	297	0.29
CCO 5.25% 30/09/22	844,000	658	0.64
CCO 5.75% 15/02/26	645,000	494	0.48
CCO 5.875% 01/05/27	911,000	694	0.68
CDK Global 5.875% 15/06/26	229,000	176	0.17

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	Holding	Market Value £'000	% of Total Net Assets
Centene 6.125% 15/02/24	602,000	483	0.47
Central Garden & Pet 6.125% 15/11/23	179,000	140	0.14
CenturyLink 6.75% 01/12/23	390,000	294	0.29
CenturyLink 6.875% 15/01/28	280,000	193	0.19
Change Healthcare 5.75% 01/03/25	900,000	657	0.64
Charles River Laboratories International 5.5% 01/04/26	355,000	275	0.27
Chesapeake Energy 7% 01/10/24	304,000	204	0.20
Cincinnati Bell 7% 15/07/24	588,000	380	0.37
CommScope Technologies 6% 15/06/25	505,000	358	0.35
Crestwood Midstream Partners 6.25% 01/04/23	530,000	394	0.38
CrownRock 5.625% 15/10/25	571,000	405	0.40
CSC 5.125% 15/12/21	509,000	391	0.38
Curo 8.25% 01/09/25	240,000	148	0.14
DAE Funding 5% 01/08/24	566,000	429	0.42
DAE Funding 5.25% 15/11/21	326,000	251	0.24
Delek Logistics Partners 6.75% 15/05/25	560,000	425	0.42
Dell International 5.875% 15/06/21	580,000	453	0.44
Dell International 7.125% 15/06/24	470,000	373	0.36
DISH DBS 5.875% 15/07/22	424,000	305	0.30
Eagle 7.625% 15/05/22	611,000	457	0.45
Eldorado Resorts 6% 15/09/26	346,000	255	0.25
Eldorado Resorts 7% 01/08/23	692,000	554	0.54
Endeavor Energy Resources 5.75% 30/01/28	209,000	167	0.16
Endo Finance 7.25% 15/01/22	350,000	237	0.23
Enova International 8.5% 01/09/24	410,000	279	0.27
Enova International 8.5% 15/09/25	168,000	106	0.10
EnPro Industries 5.75% 15/10/26	348,000	264	0.26
Envision Healthcare 8.75% 15/10/26	350,000	237	0.23
Equinix 2.875% 01/10/25	EUR 300,000	258	0.25
Equinix 5.875% 15/01/26	420,000	331	0.32
Everi Payments 7.5% 15/12/25	351,000	260	0.25
Exela Intermediate 10% 15/07/23	561,000	422	0.41
First Data 5.375% 15/08/23	126,000	97	0.09
First Quality Finance 4.625% 15/05/21	300,000	226	0.22
Flex Acquisition 7.875% 15/07/26	423,000	298	0.29
Freedom Mortgage 8.25% 15/04/25	420,000	281	0.27
Gartner 5.125% 01/04/25	206,000	157	0.15
Genesis Energy 5.625% 15/06/24	285,000	192	0.19
Genesis Energy 6.5% 01/10/25	960,000	669	0.65
Greystar Real Estate Partners 5.75% 01/12/25	394,000	302	0.29
GTT Communications 7.875% 31/12/24	547,000	371	0.36
Gulfport Energy 6.375% 15/01/26	522,000	352	0.34
HCA 7.5% 15/02/22	570,000	474	0.46
HCA 7.69% 15/06/25	260,000	217	0.21
Hilcorp Energy I 6.25% 01/11/28	583,000	402	0.39
Hill-Rom 5.75% 01/09/23	615,000	480	0.47
Holly Energy Partners 6% 01/08/24	197,000	150	0.15
Howard Hughes 5.375% 15/03/25	470,000	345	0.34
Icahn Enterprises 6% 01/08/20	315,000	246	0.24
Infor US 5.75% 15/05/22	EUR 150,000	136	0.13
Informatica 7.125% 15/07/23	275,000	209	0.20
International Game Technology 4.75% 15/02/23	EUR 200,000	191	0.19
IQVIA 3.25% 15/03/25	EUR 150,000	132	0.13
IQVIA 4.875% 15/05/23	387,000	296	0.29
Itron 5% 15/01/26	515,000	369	0.36

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	Holding	Market Value £'000	% of Total Net Assets
Jaguar 6.375% 01/08/23	1,199,000	895	0.87
JBS USA LUX 5.75% 15/06/25	362,000	271	0.26
JBS USA LUX 6.75% 15/02/28	691,000	523	0.51
Kenan Advantage 7.875% 31/07/23	1,070,000	802	0.78
KGA Escrow 7.5% 15/08/23	424,000	327	0.32
Koppers 6% 15/02/25	502,000	348	0.34
Kraton Polymers 5.25% 15/05/26	EUR 100,000	80	0.08
Lamb Weston 4.875% 01/11/26	364,000	273	0.27
Level 3 Financing 5.375% 15/08/22	945,000	725	0.71
Level 3 Parent 5.75% 01/12/22	250,000	192	0.19
Levi Strauss & Co 3.375% 15/03/27	EUR 200,000	178	0.17
Live Nation Entertainment 4.875% 01/11/24	642,000	479	0.47
LTF Merger Sub 8.5% 15/06/23	508,000	402	0.39
Match 6.375% 01/06/24	411,000	325	0.32
Matthews International 5.25% 01/12/25	321,000	234	0.23
McGraw-Hill Global Education 7.875% 15/05/24	860,000	525	0.51
MEDNAX 6.25% 15/01/27	339,000	256	0.25
Meredith 6.875% 01/02/26	416,000	321	0.31
MGM Resorts International 6.625% 15/12/21	66,000	53	0.05
MPH Acquisition 7.125% 01/06/24	362,000	264	0.26
Mueller Water Products 5.5% 15/06/26	198,000	150	0.15
Multi-Color 4.875% 01/11/25	692,000	466	0.46
Multi-Color 6.125% 01/12/22	1,053,000	819	0.80
Nabors Industries 5.75% 01/02/25	399,000	236	0.23
National CineMedia 6% 15/04/22	450,000	352	0.34
NCR 5.875% 15/12/21	603,000	460	0.45
Netflix 4.875% 15/04/28	164,000	117	0.11
New Enterprise Stone & Lime 6.25% 15/03/2026	340,000	242	0.24
Nielsen Finance 5% 15/04/22	272,000	204	0.20
Novelis 5.875% 30/09/26	271,000	186	0.18
Novelis 6.25% 15/08/24	83,000	61	0.06
NVA 6.875% 01/04/26	771,000	540	0.53
Owens-Brockway Glass Container 5% 15/01/22	254,000	195	0.19
Parsley Energy 5.625% 15/10/27	369,000	262	0.26
Parsley Energy 6.25% 01/06/24	485,000	368	0.36
Party City 6.625% 01/08/26	178,000	125	0.12
PBF 7% 15/11/23	260,000	193	0.19
PBF Logistics 6.875% 15/05/23	1,000,000	766	0.75
Pilgrim's Pride 5.875% 30/09/27	532,000	377	0.37
Polaris Intermediate 8.5% 01/12/22	718,000	513	0.50
Post 5.625% 15/01/28	483,000	346	0.34
Post 5.75% 01/03/27	512,000	374	0.37
PQ 5.75% 15/12/25	408,000	296	0.29
PQ 6.75% 15/11/22	418,000	335	0.33
Prestige Brands 5.375% 15/12/21	250,000	191	0.19
Prestige Brands 6.375% 01/03/24	804,000	608	0.59
Prime Security Services Borrower 9.25% 15/05/23	750,000	606	0.59
Rackspace Hosting 8.625% 15/11/24	866,000	526	0.51
Rayonier AM Products 5.5% 01/06/24	742,000	513	0.50
Refinitiv US 4.5% 15/05/26	EUR 100,000	87	0.09
Refinitiv US 6.875% 15/11/26	EUR 100,000	83	0.08
Refinitiv US 8.25% 15/11/26	357,000	255	0.25
Reynolds 5.75% 15/10/20	203,513	159	0.16
Rite Aid 6.125% 01/04/23	628,000	388	0.38
SBA Communications 4.875% 01/09/24	334,000	246	0.24

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	Holding	Market Value £'000	% of Total Net Assets
Scientific Games International 5.5% 15/02/26	EUR 337,000	258	0.25
Scientific Games International 10% 01/12/22	416,000	329	0.32
SemGroup 5.625% 15/07/22	253,000	185	0.18
SemGroup 5.625% 15/11/23	335,000	238	0.23
Sirius XM Radio 6% 15/07/24	555,000	435	0.42
SM Energy 6.75% 15/09/26	265,000	184	0.18
Solera 10.5% 01/03/24	781,000	651	0.64
Sophia 9% 30/09/23	1,300,000	1,018	0.99
Sotera Health 6.5% 15/05/23	492,000	369	0.36
Sotera Health Topco 8.125% 01/11/21	883,000	642	0.63
Southern Star Central 5.125% 15/07/22	675,000	508	0.50
Southwestern Energy 7.75% 01/10/27	295,000	221	0.22
Spectrum Brands 6.625% 15/11/22	400,000	319	0.31
Sprint 7.125% 15/06/24	274,000	211	0.21
Sprint 7.625% 01/03/26	580,000	451	0.44
Sprint 7.875% 15/09/23	925,000	742	0.72
Sprint Capital 8.75% 15/03/32	412,000	340	0.33
Sprint Communications 7% 15/08/20	170,000	136	0.13
Standard Industries 5.5% 15/02/23	1,003,000	768	0.75
Standard Industries 6% 15/10/25	501,000	373	0.36
Staples 8.5% 15/09/25	1,286,000	896	0.87
Summit Materials 6.125% 15/07/23	806,000	624	0.61
Summit Midstream 5.5% 15/08/22	529,000	389	0.38
Superior Industries International 6% 15/06/25	EUR 200,000	151	0.15
Surgery Center 6.75% 01/07/25	416,000	279	0.27
Surgery Center 8.875% 15/04/21	427,000	331	0.32
Syneos Health 7.5% 01/10/24	750,000	611	0.60
Tapstone Energy 9.75% 01/06/22	264,000	163	0.16
Targa Resources Partners 6.75% 15/03/24	815,000	650	0.63
Team Health 6.375% 01/02/25	938,000	599	0.58
Tenet Healthcare 5.125% 01/05/25	212,000	154	0.15
Tenet Healthcare 7% 01/08/25	214,000	154	0.15
Tenet Healthcare 7.5% 01/01/22	516,000	410	0.40
T-Mobile USA 6% 01/03/23	498,000	391	0.38
T-Mobile USA 6% 15/04/24	336,000	262	0.26
T-Mobile USA 6.375% 01/03/25	350,000	276	0.27
TransDigm 5.5% 15/10/20	414,000	323	0.32
TransDigm 6% 15/07/22	586,000	451	0.44
TransDigm UK 6.875% 15/05/26	362,000	271	0.26
TransMontaigne Partners 6.125% 15/02/26	436,000	306	0.30
Triumph 7.75% 15/08/25	466,000	322	0.31
UGI International 3.25% 01/11/25	EUR 100,000	90	0.09
Unisys 10.75% 15/04/22	275,000	236	0.23
Univar USA 6.75% 15/07/23	881,000	683	0.67
Valeant Pharmaceuticals International 9.25% 01/04/26	809,000	632	0.62
Verscend Escrow 9.75% 15/08/26	418,000	307	0.30
W/S Packaging 9% 15/04/23	406,000	316	0.31
Watco 6.375% 01/04/23	925,000	726	0.71
Welbilt 9.5% 15/02/24	779,000	652	0.64
West 8.5% 15/10/25	170,000	105	0.10
West Street Merger Sub 6.375% 01/09/25	456,000	318	0.31
Whiting Petroleum 6.625% 15/01/26	215,000	142	0.14
William Lyon Homes 6% 01/09/23	279,000	197	0.19

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	Holding	Market Value £'000	% of Total Net Assets
Windstream Services 8.625% 31/10/25	371,000	259	0.25
WPX Energy 5.75% 01/06/26	376,000	269	0.26
Zayo 5.75% 15/01/27	538,000	375	0.37
Zayo 6% 01/04/23	450,000	334	0.33
TOTAL CORPORATE BONDS		96,698	94.37
COLLECTIVE INVESTMENT SCHEMES 0.43% (30/06/18: 0.37%)			
Luxembourg 0.43% (30/06/18: 0.37%)			
AXA World Funds - Asian High Yield Bonds*	5,300	441	0.43
TOTAL COLLECTIVE INVESTMENT SCHEMES		441	0.43
FORWARD CURRENCY CONTRACTS (0.25%) (30/06/18: (3.32%))			
Bought EUR450,000 for GBP401,459 Settlement 31/01/2019		3	-
Sold EUR8,100,000 for GBP7,227,760 Settlement 31/01/2019		(44)	(0.04)
Sold EUR4,700,000 for GBP4,163,837 Settlement 28/02/2019		(59)	(0.05)
Sold EUR4,112,000 for GBP3,724,020 Settlement 29/03/2019		25	0.02
Sold USD50,800,000 for GBP39,488,760 Settlement 31/01/2019		(243)	(0.23)
Sold USD33,800,000 for GBP26,340,615 Settlement 28/02/2019		(59)	(0.06)
Sold USD22,983,000 for GBP18,041,150 Settlement 29/03/2019		116	0.11
TOTAL FORWARD CURRENCY CONTRACTS		(261)	(0.25)
Portfolio of investments		96,878	94.55
Net other assets		5,587	5.45
Total net assets		102,465	100.00

All bonds are denominated in US dollars (unless otherwise indicated).

At 31 December 2018, there were no investments in the Fund which were valued using a quote from a single broker (30/06/18 : £nil).

*The Fund invests in the AXA World Funds - Asian High Yield Bonds Fund which is related party to the Fund.

AXA Global High Income Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital losses		(5,926)		(685)
Revenue	3,459		2,632	
Expenses	(391)		(357)	
Interest payable and similar charges	(1)		(1)	
	<u>3,067</u>		<u>2,274</u>	
Net revenue before taxation				
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>3,067</u>		<u>2,274</u>
Total return before distributions		(2,859)		1,589
Distributions		(3,067)		(2,274)
		<u>(5,926)</u>		<u>(685)</u>
Change in net assets attributable to Shareholders from investment activities				
		<u>(5,926)</u>		<u>(685)</u>

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		114,852		91,173
Amounts receivable on issue of shares	6,230		39,985	
Amounts payable on cancellation of shares	<u>(14,916)</u>		<u>(12,137)</u>	
		(8,686)		27,848
Change in net assets attributable to Shareholders from investment activities (see above)		(5,926)		(685)
Retained distributions on accumulation shares		2,225		1,848
		<u>102,465</u>		<u>120,184</u>
Closing net assets attributable to Shareholders				

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Global High Income Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	97,283	113,721
Current assets:		
Debtors	1,781	1,938
Cash and bank balances	4,457	4,121
Total assets	103,521	119,780
Liabilities:		
Investment liabilities	(405)	(3,814)
Creditors:		
Distribution payable	(403)	(428)
Other creditors	(248)	(686)
Total liabilities	(1,056)	(4,928)
Net assets attributable to Shareholders	102,465	114,852

AXA Global High Income Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class A Net Income				
Group 1	1.248	-	1.248	1.171
Group 2	1.248	-	1.248	1.171
Share Class A Gross Income				
Group 1	1.250	-	1.250	1.170
Group 2	-	1.250	1.250	1.170
Share Class A Net Accumulation				
Group 1	1.553	-	1.553	1.380
Group 2	0.584	0.969	1.553	1.380
Share Class A Gross Accumulation				
Group 1	1.608	-	1.608	1.428
Group 2	0.915	0.693	1.608	1.428
Share Class H Net Accumulation				
Group 1	2.978	-	2.978	2.653
Group 2	2.978	-	2.978	2.653
Share Class H Gross Accumulation				
Group 1	3.479	-	3.479	3.080
Group 2	3.479	-	3.479	3.080
Share Class R Net Income				
Group 1	0.993	-	0.993	0.913
Group 2	0.336	0.657	0.993	0.913
Share Class R Gross Income				
Group 1	1.121	-	1.121	1.029
Group 2	1.121	-	1.121	1.029
Share Class R Net Accumulation				
Group 1	2.652	-	2.652	2.331
Group 2	1.575	1.077	2.652	2.331
Share Class R Gross Accumulation				
Group 1	2.601	-	2.601	2.287
Group 2	1.591	1.010	2.601	2.287
Share Class Z Net Income				
Group 1	1.289	-	1.289	1.204
Group 2	0.489	0.800	1.289	1.204
Share Class Z Gross Income				
Group 1	1.375	-	1.375	1.285
Group 2	0.482	0.893	1.375	1.285

AXA Global High Income Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class Z Net Accumulation

Group 1	2.756	-	2.756	2.447
Group 2	1.225	1.531	2.756	2.447

Share Class Z Gross Accumulation

Group 1	2.977	-	2.977	2.644
Group 2	1.193	1.784	2.977	2.644

Second Distribution in pence per share

Group 1	Shares purchased prior to 1 October 2018
Group 2	Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class A Net Income +				
Group 1	-	-	-	1.186
Group 2	-	-	-	1.186
Share Class A Gross Income				
Group 1	1.298	-	1.298	1.184
Group 2	0.614	0.684	1.298	1.184
Share Class A Net Accumulation +				
Group 1	-	-	-	1.414
Group 2	-	-	-	1.414
Share Class A Gross Accumulation				
Group 1	1.693	-	1.693	1.464
Group 2	0.935	0.758	1.693	1.464
Share Class H Net Accumulation +				
Group 1	-	-	-	2.718
Group 2	-	-	-	2.718
Share Class H Gross Accumulation				
Group 1	3.626	-	3.626	3.158
Group 2	3.626	-	3.626	3.158
Share Class R Net Income +				
Group 1	-	-	-	0.927
Group 2	-	-	-	0.927
Share Class R Gross Income				
Group 1	1.170	-	1.170	1.045
Group 2	0.146	1.024	1.170	1.045
Share Class R Net Accumulation +				
Group 1	-	-	-	2.392
Group 2	-	-	-	2.392
Share Class R Gross Accumulation				
Group 1	2.747	-	2.747	2.347
Group 2	2.106	0.641	2.747	2.347

AXA Global High Income Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class Z Net Income +

Group 1	-	-	-	1.220
Group 2	-	-	-	1.220

Share Class Z Gross Income

Group 1	1.428	-	1.428	1.301
Group 2	0.764	0.664	1.428	1.301

Share Class Z Net Accumulation +

Group 1	-	-	-	2.509
Group 2	-	-	-	2.509

Share Class Z Gross Accumulation

Group 1	3.135	-	3.135	2.711
Group 2	1.465	1.670	3.135	2.711

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Global Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide income combined with any capital growth.

Investment Policy

The Fund invests predominantly in a diversified portfolio of bonds (including index-linked bonds) issued by companies and governments globally (including in emerging markets) where the period for full repayment of the bond by the company or government is expected to be less than 5 years. The Fund aims to reduce the effect of fluctuations in interest rates and the frequency and magnitude of market movements while generating income.

The Fund may invest up to 60% in high yield bonds. The fund manager seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds. Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets).

The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

Lower Risk

Higher Risk

Potentially lower reward

Potentially higher reward

1	2	3	4	5	6	7
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The risk category is based on simulated performance or performance of funds of this type 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. 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 are subject to low levels of variation under normal market conditions but which may still result in losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- **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 individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

AXA Global Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

- **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 more 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 individual 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.

- **Index-linked bonds risk** - index-linked bonds are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

- **High yield bonds risk** - high yield bonds (also known as sub-investment grade bonds) are fixed interest securities issued by companies or governments 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 a 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. A 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 each individual fund's investment objectives and investment policy.

- **Risks linked to investment in sovereign debt** - the Funds may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Funds may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

AXA Global Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain Funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, a Fund may suffer significant loss.

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

- Emerging Markets risk - investment in emerging markets may involve a higher risk than those inherent in established markets. Emerging markets and their currencies may experience unpredictable and dramatic fluctuations from time to time. Investors should consider whether or not investment in such Funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject to:

- a. accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- b. the same level of government supervision and regulation of markets as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by the Funds referred to above and, as a result, limit investment opportunities for those Funds. Substantial government involvement in, and influence on, the economy, as well as a lack of political or social stability, may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

This is an inherent risk for funds invested within Emerging Markets. Internal investment guidelines (such a diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

Other risks which could have an impact in extreme market conditions include:

- Liquidity risk - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

AXA Global Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

AXA Global Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Main Snapshot

The six months to December 2018 saw the main central banks withdrawing or discussing the withdrawal of liquidity and continuing to tighten monetary conditions. Concerns over global growth, trade relations, and uncertainty in the US and around Brexit all contributed to poor performance. Investment grade credit markets out-performed emerging markets and high yield during the period with US high yield being the top under-performer following its sharp sell-off in December.

Corporate bond markets began the period positively, with credit spreads (the difference in yield between corporate bonds and their equivalent government-issued bonds) tightening in July. This was supported by a positive US and European earnings season, limited primary issuance and receding trade war fears, as European Commission President Juncker and US President Trump successfully met to discuss reducing tariffs. August saw credit spreads widen, mostly caused by escalating trade tensions between the US and China and turmoil in emerging markets (especially in Turkey and Argentina). Spreads were also under renewed pressure after the Italian government set out a higher-than-anticipated deficit target for the next three years. Despite the continuation of these themes in September, spreads mostly tightened on the back of strong US economic data at the end of the third quarter. US treasury, German bund and UK gilt yields rose in the third quarter, with the yield on the 10-year US treasury reaching 3.2% in early October, as the Bank of England (BoE) raised the interest rate by 0.25% to 0.75% in August and the US Federal Reserve (Fed) by also 0.25% to 2.00%-2.25% in September. The surge in the oil price, with Brent climbing to a four-year high in September, also put upward pressure on yields over this period.

Credit spreads widened throughout the fourth quarter due to a combination of a disappointing outlook for corporate earnings, fears of a moderation in global growth, rising US interest rate expectations and continued trade tensions between the US and China. Europe was further affected by rising tensions between the EU and Italy over the Italian budget, and the EU and the UK over Brexit. More positively, in December, the Italian government offered to cut its budget deficit projection in a bid to find a compromise with the EU. The fourth quarter saw a fall in US treasury, German bund and UK gilt yields due to the risk-off environment and heightened Brexit concerns. The European Central Bank (ECB) ceased its monthly bond-purchasing programme in December and kept interest rates unchanged, as widely expected. The Fed raised its benchmark interest rate, once again, by 0.25% to 2.25-2.50%, as expected, but failed to deliver the anticipated dovish hike, weighing negatively on sentiment. Prime Minister Theresa May postponed the parliamentary vote on her draft agreement with the EU in December, increasing the likelihood of a 'no-deal' Brexit.

Fund activity

Activity was high over the period, retaining a bias towards investment grade with a preference for the US dollar and sterling credit markets. The Fund invested inflows across a range of names. New additions to the Fund included US transportation company Ryder and US bank Associated Bank in dollars, South African financial services group Investec and German carmaker Daimler in sterling, and Italian utility Terna and US conglomerate General Electric in euros. Over the period, with nominal government bonds offering limited value, we retained our preference for short-dated (having less than five years to redemption) US Treasury Inflation Protected Securities (TIPS).

Despite improving valuations, we remained cautious on high yield and emerging markets (favouring the latter) during the period. Following the large sell-off in emerging markets in August, we increased our exposure to it in September, buying Colombian energy company Ecopetrol and UAE bank Union National Bank, both denominated in dollars and new additions to the Fund. As a consequence of the sharp under-performance of euro high yield in November, we also added some exposure to it in December, buying bonds from French services company Loxam and French media company Banijay, both being denominated in euros and new additions to the Fund.

Fund performance and outlook

The Fund returned -0.38% (Z Acc, net of fees and gross of tax) for the six months to 31 December 2018.

Despite 2018 being the worst year on record since 2008 for most credit markets, the value proposition in global fixed income markets remains limited. This is in light of further withdrawals of liquidity by the Fed and ECB, fears of slowing global economic growth, continuing trade tensions, increased risk of a 'no-deal' Brexit and renewed political risk in the European periphery (non-core).

The sharp increase in the number of negative 'idiosyncratic' events this year is more than just 'noise' and should continue as it is directly linked to the gradual tightening of monetary conditions, leading to an outlook of higher volatility and sharper asset repricing.

Given this backdrop, we maintain a defensive bias within the Fund with a higher allocation to investment grade, to allow us to add gradually to high yield and emerging markets at better levels.

All performance data source: AXA Investment Managers and Bloomberg.

Past performance is not a guide for future performance.

AXA Global Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Major Purchases

- Comcast 3.45% 01/10/21
- AT&T 3% 30/06/22
- Digital Stout 4.75% 13/10/23
- Wells Fargo 3.75663% 31/10/23
- RCI Banque 0.122% 12/01/23

Major Sales/Redemptions

- Dell International 3.48% 01/06/19
- Gerdau Trade 5.75% 30/01/21
- Verisure 6% 01/11/22
- Black Hills 2.5% 11/01/19
- Serbia International Bond 5.875% 03/12/18

Nicolas Trindade

31 December 2018

AXA Investment Managers UK Limited

AXA Global Short Duration Bond Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	S Gross Income +			S Gross Accumulation +		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	96.52	98.01	99.61	99.72	100.05	99.83
Closing net asset value (£) †	105,267,025	81,722,937	69,566,969	12,808,586	13,897,251	4,475,459
Closing number of shares	109,061,683	83,382,343	69,839,700	12,845,139	13,889,684	4,483,132
Operating charges ^	0.24%	0.23%	0.25%	0.24%	0.23%	0.24%

	Z Gross Income +			Z Gross Accumulation +		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	96.53	98.01	99.68	99.39	99.83	99.86
Closing net asset value (£) †	14,379,244	11,981,536	532,038	27,212,250	24,213,582	155,301
Closing number of shares	14,896,781	12,224,216	533,754	27,378,444	24,254,339	155,522
Operating charges ^	0.44%	0.43%	0.45%	0.44%	0.43%	0.44%

	ZI Gross Income ~		ZI Gross Accumulation ~	
	31/12/2018	30/06/2018	31/12/2018	30/06/2018
Closing net asset value per share †	96.33	97.82	98.96	99.32
Closing net asset value (£) †	22,435,340	17,194,373	29,407,326	26,092,593
Closing number of shares	23,288,982	17,577,418	29,715,622	26,270,138
Operating charges ^	0.29%	0.27%	0.29%	0.27%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

+ Data are shown since inception: 17 May 2017.

~ ZI share class launched on 29 August 2017.

AXA Global Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CORPORATE BONDS 86.96% (30/06/18: 88.34%)			
Argentina 0.99% (30/06/18: 1.22%)			
Pampa Energia 7.375% 21/07/23	1,200,000	839	0.40
YPF 8.5% 23/03/21	1,630,000	1,260	0.59
Australia 1.73% (30/06/18: 1.77%)			
Commonwealth Bank of Australia 3.4807% 18/09/22	1,400,000	1,088	0.52
Macquarie 6% 14/01/20	500,000	401	0.19
Macquarie 6.25% 14/01/21	1,000,000	821	0.39
National Australia Bank 2% 12/11/24	EUR 700,000	634	0.30
Scentre Trust 2.375% 08/04/22	GBP 700,000	706	0.33
Austria 0.30% (30/06/18: 0.36%)			
Sappi Papier 3.375% 01/04/22	EUR 700,000	633	0.30
Belgium 1.33% (30/06/18: 1.81%)			
Belfius Bank 0.75% 12/09/22	EUR 800,000	713	0.34
Belfius Bank 1.625% 15/03/28	EUR 1,400,000	1,186	0.56
KBC 1.875% 11/03/27	EUR 1,000,000	905	0.43
Bermuda 1.45% (30/06/18: 1.30%)			
China Water Affairs 5.25% 07/02/22	1,300,000	994	0.47
Hiscox 2% 14/12/22	GBP 970,000	946	0.45
Ooredoo International Finance 7.875% 10/06/19	1,400,000	1,118	0.53
Brazil 0.87% (30/06/18: 0.99%)			
Cielo 3.75% 16/11/22	1,000,000	741	0.35
Natura Cosméticos 5.375% 01/02/23	1,400,000	1,096	0.52
Canada 0.89% (30/06/18: 1.08%)			
Entertainment One 6.875% 15/12/22	GBP 450,000	462	0.22
Manulife Financial 4.9% 17/09/20	600,000	480	0.23
Royal Bank of Canada 1.137% 08/12/22	GBP 946,000	945	0.44
Cayman Islands 0.27% (30/06/18: 0.33%)			
Mizzen Bondco 7% 01/05/21	GBP 568,200	562	0.27
China 0.39% (30/06/18: 0.45%)			
Shougang 3.375% 09/12/19	1,050,000	817	0.39
Colombia 0.50% (30/06/18: 0.00%)			
Ecopetrol 5.875% 18/09/23	1,300,000	1,061	0.50
Curacao 0.28% (30/06/18: 0.33%)			
Teva Pharmaceutical Finance 3.65% 10/11/21	800,000	588	0.28
Denmark 0.35% (30/06/18: 0.82%)			
ISS Global 1.125% 09/01/20	EUR 810,000	732	0.35
Finland 0.31% (30/06/18: 0.37%)			
Sampo 1.5% 16/09/21	EUR 700,000	647	0.31
France 7.17% (30/06/18: 6.09%)			
Banijay 4% 01/07/22	EUR 1,200,000	1,068	0.50
Banque Federative du Credit Mutuel 0.875% 08/06/20	GBP 800,000	791	0.37
BPCE 2.75% 08/07/26	EUR 1,000,000	925	0.44
Carrefour 0.875% 12/06/23	EUR 1,200,000	1,067	0.50

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As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Carrefour 1.75% 22/05/19	EUR 600,000	542	0.26
Credit Agricole 3.5074% 24/04/23	1,116,000	860	0.41
Credit Agricole 4.2125% 10/01/22	700,000	550	0.26
Dexia Credit Local 1.125% 15/06/22	EUR 800,000	789	0.37
Elis 3% 30/04/22	EUR 350,000	316	0.15
Eutelsat 2.625% 13/01/20	EUR 900,000	821	0.39
Eutelsat 3.125% 10/10/22	EUR 200,000	192	0.09
ICADE 1.875% 14/09/22	EUR 1,100,000	1,018	0.48
La Banque Postale 2.75% 23/04/26	EUR 1,000,000	922	0.44
La Banque Postale 4.375% 30/11/20	EUR 100,000	96	0.05
Lafarge 4.75% 23/03/20	EUR 1,000,000	946	0.45
Loxam 4.875% 23/07/21	EUR 1,124,711	1,013	0.48
RCI Banque 0.122% 12/01/23	EUR 2,112,000	1,793	0.85
RCI Banque 1.875% 08/11/22	GBP 283,000	275	0.13
Societe Fonciere Lyonnaise 1.875% 26/11/21	EUR 300,000	278	0.13
Societe Fonciere Lyonnaise 2.25% 16/11/22	EUR 100,000	94	0.04
Veolia Environnement 0% 23/11/20	EUR 900,000	807	0.38
Germany 1.31% (30/06/18: 1.87%)			
DEMIRE Deutsche Mittelstand Real Estate 2.875% 15/07/22	EUR 950,000	813	0.38
Deutsche Bank 1.75% 16/12/21	GBP 700,000	667	0.31
Deutsche Bank 1.875% 28/02/20	GBP 700,000	690	0.33
Senvion 3.875% 25/10/22	EUR 1,030,000	609	0.29
Guernsey 0.68% (30/06/18: 0.59%)			
Credit Suisse Funding Guernsey 3% 27/05/22	GBP 1,400,000	1,430	0.68
Hungary 0.27% (30/06/18: 0.32%)			
MFB Magyar Fejlesztési Bank Zrt 6.25% 21/10/20	700,000	570	0.27
Ireland 3.58% (30/06/18: 3.97%)			
AerCap Ireland Capital 3.75% 15/05/19	1,675,000	1,304	0.62
Bank of Ireland 1.25% 09/04/20	EUR 700,000	636	0.30
eircom Finance 4.5% 31/05/22	EUR 900,000	817	0.38
ESB Finance 6.5% 05/03/20	GBP 1,100,000	1,160	0.55
Johnson Controls International 0% 04/12/20	EUR 763,000	680	0.32
MMC Norilsk Nickel 6.625% 14/10/22	1,500,000	1,232	0.58
SMBC Aviation Capital Finance 2.65% 15/07/21	1,750,000	1,331	0.63
Smurfit Kappa Acquisitions 3.25% 01/06/21	EUR 450,000	419	0.20
Isle Of Man 0.47% (30/06/18: 0.00%)			
Playtech 3.75% 12/10/23	EUR 1,129,000	985	0.47
Italy 3.73% (30/06/18: 4.24%)			
Autostrade per l'Italia 6.25% 09/06/22	GBP 1,190,000	1,247	0.59
Enel 6.25% 20/06/19	GBP 550,000	561	0.27
FCA Bank Ireland 1.625% 29/09/21	GBP 925,000	896	0.42
Intesa Sanpaolo 5.25% 28/01/22	GBP 1,450,000	1,514	0.72
Telecom Italia 6.375% 24/06/19	GBP 650,000	661	0.31
Terna Rete Elettrica Nazionale 1% 23/07/23	EUR 535,000	480	0.23
UniCredit 1% 18/01/23	EUR 1,300,000	1,090	0.51
Unione di Banche Italiane 0.75% 17/10/22	EUR 989,000	829	0.39
Wind Tre 2.625% 20/01/23	EUR 750,000	607	0.29
Japan 1.43% (30/06/18: 1.70%)			
Mitsubishi UFJ 3.2799% 25/07/22	1,300,000	1,013	0.48
Mizuho Financial 3.6468% 28/02/22	700,000	547	0.26

AXA Global Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Sumitomo Mitsui Financial 0.138% 14/06/22	EUR 445,000	396	0.18
Sumitomo Mitsui Financial 3.5203% 18/10/22	1,000,000	778	0.37
Sumitomo Mitsui Financial 3.5673% 12/07/22	385,000	300	0.14
Jersey 1.98% (30/06/18: 2.07%)			
AA Bond 2.75% 31/07/23	GBP 900,000	795	0.38
AA Bond 2.875% 31/01/22	GBP 1,000,000	927	0.44
Glencore Finance Europe 6% 03/04/22	GBP 900,000	992	0.47
Heathrow Funding 9.2% 29/03/21	GBP 900,000	1,044	0.49
Porterbrook Rail Finance 6.5% 20/10/20	GBP 400,000	431	0.20
Luxembourg 4.27% (30/06/18: 5.00%)			
Allergan Funding 1.5% 15/11/23	EUR 589,000	531	0.25
Altice Luxembourg 7.25% 15/05/22	EUR 1,000,000	839	0.39
B&M European Value Retail 4.125% 01/02/22	GBP 350,000	341	0.16
Credit Suisse Funding Guernsey 3% 27/05/22	EUR 700,000	607	0.29
Garfunkelux HoldCo 3 8.5% 01/11/22	GBP 900,000	755	0.36
Gazprom Capital 5.338% 25/09/20	GBP 1,050,000	1,094	0.52
HeidelbergCement Finance Luxembourg 3.25% 21/10/20	EUR 1,000,000	941	0.44
Intralot Capital Luxembourg 6.75% 15/09/21	EUR 1,500,000	1,016	0.48
LSF9 Balta Issuer 7.75% 15/09/22	EUR 486,000	403	0.19
Matterhorn Telecom 3.875% 01/05/22	EUR 650,000	567	0.27
Monitchem HoldCo 3 5.25% 15/06/21	EUR 680,000	591	0.28
Severstal OAO Via Steel Capital 3.85% 27/08/21	1,000,000	758	0.36
Swissport Financing 6.75% 15/12/21	EUR 650,000	595	0.28
Mauritius 0.62% (30/06/18: 0.72%)			
HT Global IT Solutions 7% 14/07/21	1,650,000	1,301	0.62
Mexico 0.50% (30/06/18: 0.37%)			
Petroleos Mexicanos 4.875% 24/01/22	1,400,000	1,066	0.50
Netherlands 7.91% (30/06/18: 8.03%)			
ABN AMRO Bank 1% 30/06/20	GBP 300,000	297	0.14
ABN AMRO Bank 6.375% 27/04/21	EUR 1,200,000	1,217	0.58
Achmea 2.5% 19/11/20	EUR 600,000	560	0.26
Allianz Finance II 0.184% 07/12/20	EUR 400,000	361	0.17
Daimler International Finance 1.5% 13/01/22	GBP 550,000	540	0.25
Daimler International Finance 2% 04/09/23	GBP 600,000	590	0.28
de Volksbank 0.125% 28/09/20	EUR 946,000	848	0.40
EDP Finance 2.625% 18/01/22	EUR 800,000	761	0.36
ING 3.953% 29/03/22	700,000	547	0.26
innogy Finance 0.75% 30/11/22	EUR 791,000	714	0.34
innogy Finance 5.5% 06/07/22	GBP 700,000	783	0.37
innogy Finance 6.5% 20/04/21	GBP 550,000	606	0.29
Koninklijke KPN 3.75% 21/09/20	EUR 700,000	666	0.31
NN 0.25% 01/06/20	EUR 350,000	314	0.15
NN 1% 18/03/22	EUR 750,000	680	0.32
OCI 5% 15/04/23	EUR 562,000	514	0.24
OI European 6.75% 15/09/20	EUR 350,000	341	0.16
Petrobas Global Finance 6.125% 17/01/22	391,000	314	0.15
SABIC Capital II 4% 10/10/23	1,083,000	843	0.40
Schoeller Allibert 8% 01/10/21	EUR 650,000	559	0.26
Teva Pharmaceutical Finance Netherlands II 0.375% 25/07/20	EUR 500,000	437	0.21
Volkswagen Financial Services 1.625% 09/06/22	GBP 1,300,000	1,267	0.60
Volkswagen Financial Services 1.875% 07/09/21	GBP 300,000	297	0.14
Vonovia Finance 0.14% 22/12/22	EUR 1,500,000	1,318	0.62

AXA Global Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Vonovia Finance 0.875% 03/07/23	EUR 400,000	351	0.17
Vonovia Finance 1.625% 15/12/20	EUR 700,000	643	0.30
Vonovia Finance 2.125% 09/07/22	EUR 400,000	373	0.18
Panama 0.46% (30/06/18: 0.55%)			
Global Bank 5.125% 30/10/19	1,250,000	978	0.46
Peru 0.26% (30/06/18: 0.31%)			
BBVA Banco Continental 5.00% 26/08/22	700,000	557	0.26
Spain 1.87% (30/06/18: 2.44%)			
Banco Bilbao Vizcaya Argentaria 3.5% 11/04/24	EUR 500,000	451	0.21
Banco Santander 3.9169% 12/04/23	2,400,000	1,833	0.87
Banco Santander 4.3589% 11/04/22	800,000	623	0.30
Telefonica Emisiones 5.597% 12/03/20	GBP 1,000,000	1,044	0.49
Sweden 1.72% (30/06/18: 1.96%)			
Intrum 2.75% 15/07/22	EUR 980,000	807	0.38
Scania 1.875% 28/06/22	GBP 1,600,000	1,569	0.74
Svenska Handelsbanken 1.625% 18/06/22	GBP 1,275,000	1,265	0.60
Switzerland 0.26% (30/06/18: 0.31%)			
UBS Funding Switzerland 4.071% 01/02/22	700,000	556	0.26
Turkey 0.56% (30/06/18: 0.66%)			
Akbank Turk 4% 24/01/20	500,000	384	0.18
Akbank Turk 5% 24/10/22	1,100,000	805	0.38
United Arab Emirates 1.00% (30/06/18: 0.17%)			
Kuwait Projects Co SPC 9.375% 15/07/20	1,350,000	1,123	0.53
Union National Bank 4% 13/03/23	1,300,000	1,000	0.47
United Kingdom 14.08% (30/06/18: 15.15%)			
Babcock International 1.75% 06/10/22	EUR 1,650,000	1,487	0.70
BAE Systems 4.125% 08/06/22	GBP 385,000	409	0.19
Barclays Bank 10% 21/05/21	GBP 850,000	978	0.46
BP Capital Markets 2.994% 18/02/19	EUR 350,000	315	0.15
Close Brothers 2.75% 26/04/23	GBP 386,000	383	0.18
Close Brothers 4.25% 24/01/27	GBP 1,150,000	1,184	0.56
Co-operative 2011 6.875% 08/07/20	GBP 650,000	676	0.32
Drax Finco 4.25% 01/05/22	GBP 950,000	934	0.44
EC Finance 2.375% 15/11/22	EUR 1,030,000	899	0.43
Firstgroup 5.25% 29/11/22	GBP 300,000	316	0.15
Firstgroup 8.75% 08/04/21	GBP 550,000	612	0.29
Friends Life 8.25% 21/04/22	GBP 750,000	876	0.41
G4S 7.75% 13/05/19	GBP 1,300,000	1,325	0.63
Gold Fields Orogen 4.875% 07/10/20	1,500,000	1,163	0.55
Great Rolling Stock 6.25% 27/07/20	GBP 950,000	1,014	0.48
HSBC 2.175% 27/06/23	GBP 1,156,000	1,139	0.54
Investec Bank 4.25% 24/07/28	GBP 808,000	779	0.37
Jaguar Land Rover Automotive 2.75% 24/01/21	GBP 700,000	641	0.30
Lendlease Europe Finance 6.125% 12/10/21	GBP 1,250,000	1,361	0.64
Lloyds Bank 5.75% 09/07/25	GBP 1,200,000	1,251	0.59
National Express 0.084% 15/05/20	EUR 859,000	765	0.36
National Express 6.625% 17/06/20	GBP 500,000	532	0.25
Nationwide Building Society 3.766% 08/03/24	2,200,000	1,655	0.78
Natwest Markets 1.125% 14/06/23	EUR 1,748,000	1,520	0.72

AXA Global Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Next 5.375% 26/10/21	GBP 1,200,000	1,299	0.61
Santander UK 0.54% 27/03/24	EUR 1,167,000	982	0.47
Santander UK 0.875% 13/01/20	EUR 350,000	316	0.15
Santander UK 0.875% 25/11/20	EUR 250,000	226	0.11
Severn Trent Utilities Finance 1.125% 07/09/21	GBP 350,000	345	0.16
Severn Trent Utilities Finance 1.625% 04/12/22	GBP 417,000	413	0.20
Synlab Bondco 6.25% 01/07/22	EUR 650,000	591	0.28
Tate & Lyle International Finance 6.75% 25/11/19	GBP 765,000	799	0.38
Thames Water Utilities Finance 5.05% 30/06/20	GBP 1,350,000	1,412	0.67
TSB Bank 1.1465% 07/12/22	GBP 473,000	468	0.22
WPP Finance 0.139% 20/03/22	EUR 823,000	716	0.34
United States 23.17% (30/06/18: 20.99%)			
American Honda Finance 1.3% 21/03/22	GBP 700,000	690	0.33
Ares Capital 3.875% 15/01/20	1,300,000	1,020	0.48
Associated Bank 3.5% 13/08/21	1,411,000	1,100	0.52
AT&T 3% 30/06/22	2,500,000	1,907	0.90
Athene Global Funding 2.75% 20/04/20	1,865,000	1,447	0.68
Aviation Capital 7.125% 15/10/20	1,984,000	1,633	0.77
Avnet 3.75% 01/12/21	1,300,000	1,021	0.48
Bank of America 2.151% 09/11/20	750,000	575	0.27
BAT Capital 3.49613% 15/08/22	600,000	465	0.22
BP Capital Markets America 1.4536% 19/09/22	261,000	204	0.10
Charter Communications Operating 3.579% 23/07/20	900,000	703	0.33
Charter Communications Operating 4.464% 23/07/22	1,000,000	788	0.37
Citigroup 2.4% 18/02/20	975,000	756	0.36
Citizens Bank 2.25% 02/03/20	2,000,000	1,545	0.73
Comcast 3.45% 01/10/21	2,550,000	2,013	0.95
CVS Health 3.35% 09/03/21	1,983,000	1,548	0.73
Dell International 4.42% 15/06/21	1,700,000	1,328	0.63
Digital Stout 4.75% 13/10/23	GBP 1,500,000	1,627	0.77
Eastman Chemical 2.7% 15/01/20	234,000	184	0.09
Enterprise Products Operating 2.8% 15/02/21	800,000	619	0.29
Exelon Generation 2.95% 15/01/20	2,225,000	1,730	0.82
Express Scripts 3.9% 15/02/22	2,000,000	1,563	0.74
Fidelity National Information Services 1.7% 30/06/22	1,000,000	982	0.46
General Electric 1.25% 26/05/23	GBP 1,300,000	1,114	0.53
General Mills 3.2% 16/04/21	EUR 575,000	447	0.21
General Motors Financial 3.2% 06/07/21	2,250,000	1,718	0.81
Goldman Sachs Bank USA 3.2% 05/06/20	750,000	585	0.28
Healthcare Trust of America 3.375% 15/07/21	800,000	623	0.30
Ingersoll-Rand Global 2.9% 21/02/21	1,985,000	1,538	0.73
Jackson National Life Global Funding 3.5516% 27/06/22	250,000	196	0.09
JPMorgan Chase 2.55% 29/10/20	1,325,000	1,024	0.48
JPMorgan Chase 3.71738% 24/10/23	1,300,000	1,012	0.48
Kinder Morgan Energy Partners 5.8% 01/03/21	870,000	707	0.33
Manufacturers & Traders Trust 3.3781% 01/12/21	1,850,000	1,435	0.68
Marriott International MD 7.15% 01/12/19	600,000	485	0.23
Metropolitan Life Global Funding I 2.875% 11/01/23	GBP 800,000	834	0.39
Morgan Stanley 3.9558% 20/01/22	2,125,000	1,661	0.79
New York Life Global Funding 1.75% 15/12/22	GBP 828,000	831	0.39
Newell Brands 2.6% 29/03/19	600,000	469	0.22
Noble Energy 4.15% 15/12/21	2,289,000	1,791	0.85
Office Properties Income Trust 3.6% 01/02/20	1,350,000	1,052	0.50
Omnicom 4.45% 15/08/20	2,000,000	1,593	0.75
Philip Morris International 1.75% 19/03/20	EUR 800,000	731	0.35
Ryder System 3.5% 01/06/21	650,000	508	0.24

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	Holding	Market Value £'000	% of Total Net Assets
Wells Fargo 2.55% 07/12/20	725,000	558	0.26
Wells Fargo 3.75663% 31/10/23	1,900,000	1,475	0.70
Williams 4% 15/11/21	1,500,000	1,175	0.56
TOTAL CORPORATE BONDS		183,921	86.96
COLLECTIVE INVESTMENT SCHEMES 4.10% (30/06/18: 4.50%)			
United Kingdom 4.10% (30/06/18: 4.50%)			
AXA Fixed Interest ICVC - US Short Duration High Yield Fund	6,300,000	8,662	4.10
TOTAL COLLECTIVE INVESTMENT SCHEMES		8,662	4.10
GOVERNMENT BONDS 3.89% (30/06/18: 4.56%)			
Argentina 0.26% (30/06/18: 0.38%)			
Provincia de Buenos Aires 5.375% 20/01/23	800,000	559	0.26
Dominican Republic 0.31% (30/06/18: 0.37%)			
Dominican Republic International Bond 7.50% 06/05/21	800,000	646	0.31
Egypt 0.49% (30/06/18: 0.37%)			
Egypt Government International Bond 5.577% 21/02/23	1,403,000	1,040	0.49
Serbia 0.00% (30/06/18: 0.44%)			
United States 2.83% (30/06/18: 3.00%)			
United States Treasury Inflation Indexed Bonds 0.125% 15/04/21	3,690,000	2,997	1.41
United States Treasury Inflation Indexed Bonds 0.125% 15/04/22	3,807,000	2,997	1.42
TOTAL GOVERNMENT BONDS		8,239	3.89
FORWARD CURRENCY CONTRACTS (0.31%) (30/06/18: (0.74%))			
Bought EUR850,000 for GBP755,555 Settlement 04/02/2019		8	-
Bought USD136,000 for GBP106,228 Settlement 04/02/2019		-	-
Sold EUR62,655,000 for GBP55,699,670 Settlement 04/02/2019		(553)	(0.26)
Sold USD113,287,000 for GBP88,477,446 Settlement 04/02/2019		(109)	(0.05)
TOTAL FORWARD CURRENCY CONTRACTS		(654)	(0.31)
Portfolio of investments		200,168	94.64
Net other assets		11,342	5.36
Total net assets		211,510	100.00

All bonds are denominated in US dollars (unless otherwise indicated).

At 31 December 2018, there were no investments in the Fund which were valued using a quote from a single broker (30/06/18: £nil).

AXA Global Short Duration Bond Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital losses		(3,240)		(286)
Revenue	2,631		1,007	
Expenses	(292)		(142)	
Interest payable and similar charges	(50)		(6)	
	<u>2,289</u>		<u>859</u>	
Net revenue before taxation				
	2,289		859	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>2,289</u>		<u>859</u>
Total return before distributions		(951)		573
Distributions		(2,289)		(859)
		<u>(3,240)</u>		<u>(286)</u>
Change in net assets attributable to Shareholders from investment activities		(3,240)		(286)

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		175,102		74,730
Amounts receivable on issue of shares	45,606		72,475	
Amounts payable on cancellation of shares	<u>(6,734)</u>		<u>(4,256)</u>	
		38,872		68,219
Change in net assets attributable to Shareholders from investment activities (see above)		(3,240)		(286)
Retained distributions on accumulation shares		776		275
		<u>776</u>		<u>275</u>
Closing net assets attributable to Shareholders		211,510		142,938

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Global Short Duration Bond Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	200,830	170,706
Current assets:		
Debtors	2,731	2,868
Cash and bank balances	9,621	3,986
Total assets	213,182	177,560
Liabilities:		
Investment liabilities	(662)	(1,451)
Creditors:		
Distribution payable	(816)	(602)
Other creditors	(194)	(405)
Total liabilities	(1,672)	(2,458)
Net assets attributable to Shareholders	211,510	175,102

AXA Global Short Duration Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class S Gross Income				
Group 1	0.602	-	0.602	0.371
Group 2	0.167	0.435	0.602	0.371
Share Class S Gross Accumulation				
Group 1	0.614	-	0.614	0.372
Group 2	0.614	-	0.614	0.372
Share Class Z Gross Income				
Group 1	0.552	-	0.552	0.323
Group 2	0.089	0.463	0.552	0.323
Share Class Z Gross Accumulation				
Group 1	0.562	-	0.562	0.321
Group 2	0.236	0.326	0.562	0.321
Share Class ZI Gross Income ~				
Group 1	0.588	-	0.588	0.116
Group 2	0.231	0.357	0.588	0.116
Share Class ZI Gross Accumulation ~				
Group 1	0.597	-	0.597	0.103
Group 2	0.229	0.368	0.597	0.103

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2018

Group 2 Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class S Gross Income				
Group 1	0.562	-	0.562	0.421
Group 2	0.302	0.260	0.562	0.421
Share Class S Gross Accumulation				
Group 1	0.577	-	0.577	0.424
Group 2	0.577	-	0.577	0.424
Share Class Z Gross Income				
Group 1	0.511	-	0.511	0.371
Group 2	0.282	0.229	0.511	0.371
Share Class Z Gross Accumulation				
Group 1	0.524	-	0.524	0.373
Group 2	0.279	0.245	0.524	0.373

AXA Global Short Duration Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class ZI Gross Income ~

Group 1	0.548	-	0.548	0.408
Group 2	0.271	0.277	0.548	0.408

Share Class ZI Gross Accumulation ~

Group 1	0.560	-	0.560	0.407
Group 2	0.292	0.268	0.560	0.407

~ ZI share classes launched on 29 August 2017.

AXA Sterling Corporate Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide income combined with any capital growth.

Investment Policy

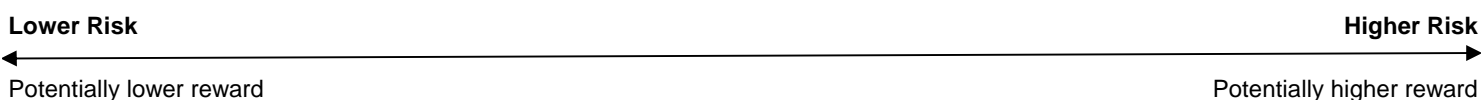
The Fund invests primarily in a diversified portfolio of investment grade bonds issued by companies. The Fund manager seeks to reduce the effect of credit risk through its analysis and selection of bonds (with a particular emphasis on industry and issuer) and also positions the Fund to take advantage of the Fund manager's expectation of interest rate movements. The Fund is managed with reference to the composition and risk profile of the ICE BofAML Sterling Corporate Index. However the Fund manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index. In particular, the Fund should demonstrate lower sensitivity to movements in market interest rates than the index.

Where bonds are denominated in a currency other than sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

By investing in a fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which will generate an income but has less potential for capital return than is the case with funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests significantly in equities or overseas. Typically, you would be investing for a period of at least five years.



1	2	3	4	5	6	7
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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. 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 are subject to some level of variation which may result in gains or losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- 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).

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

AXA Sterling Corporate Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

- **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 more 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 individual 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.

Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

AXA Sterling Corporate Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Investment Review

Brexit has been a key feature for the UK as the 29 March 2019 deadline for the UK withdrawal approaches. In July, Prime Minister Theresa May convinced her cabinet to agree on a softer Brexit approach, but some high-profile pro-Brexit cabinet members resigned as a result. A further watered down version was later approved in parliament. A solution to the Irish border issue that satisfied both sides continued to be the sticking point, so a 'no-deal' Brexit remained a concern, and Bank Governor Carney acknowledged a wide range of possible outcomes on Brexit talks. Positive rumours about the outcome of Brexit negotiations became a reality in November when the PM was at last able to announce a Brexit Withdrawal Agreement (WA) with the EU, following an apparent solution to the Irish border issue. This compromise WA, however, was condemned by both 'Remain' and 'Leave' camps, and criticism about the Irish backstop forced Theresa May to abandon the Brexit vote in parliament in December. She later fended off a belated vote of no-confidence in her leadership of the Conservative party after promising not to lead the party into the 2022 general election. The EU insists there is no room for further negotiation, with both sides stepping up plans for worst-case 'no-deal' Brexit. That, or no Brexit may yet force MPs to vote for the current compromise deal.

As expected, the Bank of England raised rates by 25 basis points (bps) to 0.75% in early August in order to achieve its inflation target, despite Brexit uncertainty and acknowledging softer global growth with evidence of trade tensions. Further rate hikes would be limited and gradual; the Bank expected one hike of 25bps in each of the next two years, based on forecasts that assume a smooth Brexit. This had increased to one hike in each of the next three years, by the time of November's Quarterly Inflation Report, with the UK's output gap expected to be closed from late 2019.

Tariffs previously mooted became a reality. In July, US tariffs on \$34 billion of Chinese imports began, China retaliated, with the US considering, then implementing (in August) tariffs on \$16 billion more. US President Trump met with European Commission's Juncker and agreed on a ceasefire in their trade war, aiming to work towards zero tariffs. US officials suggested that China will be a longer-term problem, but believed its aggressive stance made sense, with the strength of the US economy cushioning any problems. In September, the US imposed 10% tariffs - set to rise to 25% from January - on a further \$200 billion of Chinese imports, with China again retaliating. Following December's G20 meeting, the US and China announced a 90-day ceasefire in their trade war, postponing January's scheduled hike in tariffs.

AXA Sterling Corporate Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

US monetary policy has followed the path expected, the US Federal Reserve (Fed) raising rates by 25bps in September and December (now at a 2.25-2.50% target range), as the firm economy outweighed trade tensions and the resulting higher import costs. The Fed's view on rates has softened dramatically, with Fed Chairman Powell suggesting US rates were just below neutral in November, only weeks after saying they were well below neutral – maybe that was the impact of tighter financial conditions following weakness in risk markets. In Europe, the European Central Bank (ECB) acknowledged that the uncertainty around trade was a risk but remained confident that strengthening domestic demand will provide protection from an externally-led slowdown. Its bond purchase programme would stop, as planned, at the end of 2018.

Macro concerns in emerging markets (EM) resurfaced in August, causing extreme currency weakness for Argentina and Turkey and stress in their bond markets. This affected fund flows, but wholesale contagion was avoided. Italy was another worry for markets over the summer on fears that the new government's budget would breach EU deficit limits. A breach was avoided, but September's budget deficit announcement was above what had been touted by the previous regime and rejected by the EU. Negotiations found a middle ground and the budget was agreed in December. Equity markets were firm over the summer, but turned sharply weaker in October, perhaps reflecting that the best period in the economic cycle has passed, impacted by higher government bond yields (in the US in particular), which had been in an upward trend for over 12 months. It may be the case that US dollar cash yielding 2%+ is now a viable risk-free investment, reducing the attraction of more risky assets. Government bond yields fell as investors sought a safe haven from weak equities. Softening growth, partly tariff related, prompted China to cut rates. The growth backdrop was becoming more of a concern.

New issuance of sterling corporate bonds was typically quiet over the summer, but picked up in September and October, including some subordinated deals on relatively wide spreads. The general risk-off environment curtailed further activity. Corporate bonds were particularly under pressure in November with an increase in the number of negative corporate-related headlines including: further deterioration in sentiment in the company GE, risks of bans of certain tobacco products, financial misconduct claims against the chairman of Renault, and an aborted takeover of shopping centre group Intu. Corporate bonds remained soft in December, and new issuance ground to a halt. Corporate bonds spreads were 24bps higher (adjusted for +8bps index rebalancing) at +178bps over the period. In addition to spread, returns from corporate bonds are also based on the move in underlying gilt yields, which traded higher over the summer, before reversing on safe haven flows as risk assets wobbled and the Fed turned more dovish. With little change in gilt yields, corporate bond yields were 30bps higher at 3.01%, to give a total return on the ICE BofAML Sterling Corporates & Collateralised Index of -0.43%, with 0-5 years +0.13%, 5-15 years +0.05% and Over 15 years -1.36%. By rating band, moves were as to be expected in a more risk-averse environment, with lower rated bonds underperforming: BBB's widened the most (+47bps to 227bps), A's +20bps to +153bps (although part of the difference between these two rating bands reflected GE's downgrade from A to BBB), while AAA and AA rated bond spreads were 14bps and 12bps wider at +50bps and +81bps respectively. All sectors saw wider spreads, with higher quality sectors such as healthcare, services (which includes many universities) and quasi-government holding up relatively well with spreads between 9bps and 15bps wider, while consumer goods (includes tobacco), automotive and subordinated financials (both banks and insurers) were between 41bps and 56bps wider. Capital goods was the clear loser, however, with spreads 107bps wider as GE, a significant corporate borrower, disappointed markets and was downgraded to BBB from A.

The AXA Sterling Corporate Bond Fund provided a total return of -0.66% (Z Acc, net of fees and gross of tax) during the six months to 31 December 2018.

Most of the Fund's purchases were new issues, some of which were from debutant borrowers in the sterling market. New issues participated in included: Toyota, the AA, Goldman Sachs, Investec Bank, Connect Plus (M25 motorway operator), Daimler, Santander, Quadgas, DP World, Vodafone, Prudential, CenterParcs and Legal & General. To take advantage of wider spreads, we added bonds in the secondary market from Yorkshire Building Society (switching out of shorter YBS bonds), Hammerson, Hiscox, GE and AB InBev. Many holdings were top sliced to fund acquisitions, with exposure to Unilever, Digital Realty, John Lewis, Hastings and Kennedy Wilson Europe exited fully. There was little change to the Fund's duration positioning.

Higher US rates, US balance sheet reduction, the wind down of ECB quantitative easing (QE) and trade tariffs (and slower Chinese growth) among other things, have dented growth sentiment going into 2019, in stark contrast to confidence in synchronised global growth 12 months earlier. That said, only tariffs were not anticipated. Resultant flatter yields curves, weak equity and corporate bond markets have sowed doubt about previous higher rates expectations, prompting lower government bond yields. Tighter policy to date has been measured and slow, and largely in the US, with most commentators only expecting slower growth, not recession. The Fed may pause in its rate hiking cycle, taking note of markets' caution, but still expects to hike 25bp twice in 2019, although markets are pricing out any further hikes. The Chinese have plenty of tools to offset their slowdown in growth. Trade talks between the US and China could prove key: Should the situation worsen, there will be further pressure on growth and risk assets underpinning expectations of at least unchanged, if not looser, monetary policy. If resolved, this would provide a boost for growth with central banks' reappraising their caution on monetary policy.

AXA Sterling Corporate Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

While a slowing growth environment is less supportive for company profits, the widening of corporate bond spreads from their tightest (i.e. most expensive) levels in January 2018 represents a decent cheapening in value, which should be viewed as attractive should economic growth prospects stabilise or improve. Any deterioration in the macro backdrop would likely see further weakness. Government bond yields would likely benefit (fall) from any further deterioration in sentiment, but would reverse higher on an improvement. Corporate bond spreads would likely move in the opposite direction. Individual credit stories have been on the increase, often without warning, illustrating the advantage of owning a diversified portfolio of credits.

Brexit will have a significant impact on the UK economy with interest rate and gilt yield implications. The WA negotiated by the government has many opponents, so finding a common ground that will get sufficient support is a massive challenge. Loyalty among political parties is not a given, with the subject so divisive. A softer Brexit would appear to be the best hope of gaining support of the opposition parties as well as being least damaging from an economic perspective (apart from no Brexit) for the UK. Such an approach, however, is at odds with Theresa May's insistence on no permanent customs union with the EU (as this would limit the UK's ability to negotiate trade deals with other countries), along with ending the free movement of people. Only hard-line Brexiteers appear keen for the UK to leave the EU with no deal given the dire economic projections; however, risk remains that we reach a 'no-deal' outcome by accident, being unable to agree on anything else. An extension of Article 50 to allow further negotiations (even if the EU insists there is nothing more that can be done) may offer some hope. The outcome is far from clear: May's deal, a softer Brexit, hard Brexit, no Brexit, a second referendum, a general election (would either of the two main parties campaign for a second referendum – they suggest not).

All performance data source: AXA Investment Managers, ICE BofAML and Bloomberg.

Past performance is not a guide for future performance.

Major Purchases

- Vodafone 4.875% 03/10/78
- Prudential 5.625% 20/10/51
- Hammerson 3.5% 27/10/25
- Toyota Finance Australia 1.625% 11/07/22
- Investec Bank 4.25% 24/07/28

Major Sales

- GE Capital UK Funding Unlimited 5.875% 18/01/33
- Standard Life Aberdeen Variable 04/12/42
- Unilever 1.375% 15/09/24
- MetLife Global Funding I 2.875% 11/01/23
- Northumbrian Water Finance 6.875% 06/02/23

Phil Roantree

31 December 2018

AXA Investment Managers UK Limited

AXA Sterling Corporate Bond Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	H Net Accumulation +			H Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	145.25	142.22	157.15	160.21	156.89
Closing net asset value (£) †	-	7,262	7,111	4,982	8,353,801	8,180,851
Closing number of shares	-	5,000	5,000	3,171	5,214,378	5,214,378
Operating charges ^	-	0.06%	0.08%	0.05%	0.06%	0.08%
	R Net Income +			R Gross Income		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	86.91	88.16	82.43	84.20	85.41
Closing net asset value (£) †	-	622,086	742,801	2,471,741	2,043,230	2,474,093
Closing number of shares	-	715,761	842,587	2,998,771	2,426,516	2,896,722
Operating charges ^	-	1.06%	1.08%	1.05%	1.06%	1.08%
	R Net Accumulation +			R Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	142.08	140.53	141.18	142.37	140.82
Closing net asset value (£) †	-	4,374,364	4,136,810	6,323,692	1,585,679	1,724,545
Closing number of shares	-	3,078,828	2,943,687	4,479,075	1,113,772	1,224,647
Operating charges ^	-	1.06%	1.08%	1.05%	1.06%	1.08%
	Z Net Income +			Z Gross Income		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	87.45	88.70	89.76	91.70	93.02
Closing net asset value (£) †	-	11,442,003	12,000,776	9,912,305	432,574	325,264
Closing number of shares	-	13,084,082	13,529,111	11,042,963	471,720	349,686
Operating charges ^	-	0.56%	0.58%	0.55%	0.56%	0.58%
	Z Net Accumulation +			Z Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	136.04	133.89	150.66	151.55	149.15
Closing net asset value (£) †	-	20,610,248	6,667,936	19,977,371	1,788,734	852,914
Closing number of shares	-	15,150,052	4,980,161	13,259,608	1,180,319	571,847
Operating charges ^	-	0.56%	0.58%	0.55%	0.56%	0.58%
	B Net Accumulation +			B Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	115.90	113.96	116.17	116.79	114.82
Closing net asset value (£) †	-	440,162	514,878	10,246,618	10,562,817	11,476,867
Closing number of shares	-	379,763	451,812	8,820,515	9,044,666	9,995,163
Operating charges ^	-	0.46%	0.48%	0.45%	0.46%	0.48%
	B Net Income +			B Gross Income		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	107.34	108.88	105.10	107.38	108.91
Closing net asset value (£) †	-	38,165	38,766	415,632	420,783	453,628
Closing number of shares	-	35,554	35,603	395,448	391,881	416,499
Operating charges ^	-	0.46%	0.48%	0.45%	0.46%	0.48%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Sterling Corporate Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CORPORATE BONDS 98.35% (30/06/18: 96.85%)			
Australia 3.08% (30/06/18: 2.75%)			
APT Pipelines 4.25% 26/11/24	250,000	269	0.55
BHP Billiton Finance 6.5% 22/10/77	190,000	209	0.42
Scentre Group Trust 1 3.875% 16/07/26	300,000	319	0.65
Toyota Finance Australia 1.625% 11/07/22	275,000	274	0.55
Vicinity Centres Trust 3.375% 07/04/26	200,000	206	0.42
Westfield America Management 2.625% 30/03/29	250,000	241	0.49
Belgium 0.89% (30/06/18: 0.73%)			
Anheuser-Busch InBev 2.25% 24/05/29	381,000	350	0.71
Anheuser-Busch InBev 2.85% 25/05/37	100,000	89	0.18
Bermuda 0.51% (30/06/18: 0.00%)			
Hiscox 6.125% 24/11/45	250,000	256	0.51
Canada 2.11% (30/06/18: 2.37%)			
Bank of Nova Scotia 1.25% 08/06/22	250,000	246	0.50
Bank of Nova Scotia 1.75% 23/12/22	350,000	348	0.71
Canadian Imperial Bank of Commerce 1.125% 30/06/22	200,000	197	0.40
Royal Bank of Canada 1.125% 22/12/21	250,000	248	0.50
Cayman Islands 1.82% (30/06/18: 1.92%*)			
Trafford Centre Finance 7.03% 28/01/29	393,044	480	0.97
Yorkshire Power Finance 7.25% 04/08/28	301,000	419	0.85
France 4.43% (30/06/18: 4.54%)			
BNP Paribas 5.75% 24/01/22	200,000	220	0.44
BPCE 5.25% 16/04/29	400,000	450	0.91
CNP Assurances 7.375% 30/09/41	300,000	326	0.66
Dexia Credit Local 0.875% 07/09/21	200,000	197	0.40
Electricite de France 6% Perpetual	300,000	290	0.59
Electricite de France 6.125% 02/06/34	150,000	197	0.40
Orange 5.75% Perpetual	250,000	261	0.53
Total Capital International 1.75% 07/07/25	248,000	245	0.50
Germany 0.42% (30/06/18: 0.59%*)			
Deutsche Bahn Finance 2.75% 20/06/22	200,000	208	0.42
Guernsey 0.49% (30/06/18: 0.39%)			
Credit Suisse Funding Guernsey 2.75% 08/08/25	250,000	244	0.49
Ireland 0.67% (30/06/18: 0.83%)			
GE Capital UK Funding Unlimited 5.875% 18/01/33	300,000	333	0.67
Italy 0.87% (30/06/18: 0.74%)			
Autostrade per l'Italia 6.25% 09/06/22	250,000	262	0.53
FCA Bank Ireland 1.625% 29/09/21	171,000	166	0.34
Japan 0.77% (30/06/18: 0.81%)			
East Japan Railway 4.75% 08/12/31	300,000	380	0.77
Jersey 5.79% (30/06/18: 6.58%)			
AA Bond 2.75% 31/07/23	167,000	147	0.30
AA Bond 2.875% 31/01/22	150,000	139	0.28
AA Bond 4.875% 31/07/24	238,000	226	0.46
CPUK Finance 3.69% 28/08/28	300,000	304	0.62

AXA Sterling Corporate Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CPUK Finance 7.239% 28/02/24	200,000	241	0.49
Gatwick Funding 4.625% 27/03/34	150,000	173	0.35
Gatwick Funding 5.25% 23/01/24	184,000	209	0.42
Glencore Finance Europe 6% 03/04/22	250,000	275	0.56
Heathrow Funding 6.45% 10/12/31	300,000	408	0.83
Intu Jersey 2 2.875% 01/11/22	500,000	416	0.84
Porterbrook Rail Finance 7.125% 20/10/26	250,000	318	0.64
Mexico 0.31% (30/06/18: 0.74%)			
America Movil 6.375% 06/09/73	150,000	156	0.31
Netherlands 5.92% (30/06/18: 6.92%*)			
ABN AMRO Bank 1% 30/06/20	200,000	198	0.40
Cooperatieve Rabobank 4.625% 23/05/29	350,000	376	0.76
Daimler International Finance 2% 04/09/23	300,000	295	0.60
Daimler International Finance 2.75% 04/12/20	179,000	182	0.37
E.ON International Finance 6.375% 07/06/32	250,000	330	0.67
ELM for Swiss Reinsurance 6.3024% Perpetual	200,000	202	0.41
Enel Finance International 5.625% 14/08/24	250,000	283	0.57
Highbury Finance 7.017% 20/03/23	282,275	323	0.66
ING Bank 5.375% 15/04/21	100,000	108	0.22
innogy Finance 6.25% 03/06/30	250,000	322	0.65
Koninklijke KPN 5.75% 17/09/29	250,000	303	0.61
Spain 1.20% (30/06/18: 0.67%)			
Banco Santander 2.75% 12/09/23	300,000	297	0.60
Telefonica Emisiones 5.445% 08/10/29	250,000	296	0.60
Sweden 2.45% (30/06/18: 2.42%)			
Scania 1.875% 28/06/22	250,000	245	0.50
Svenska Handelsbanken 1.625% 18/06/22	275,000	273	0.55
Svenska Handelsbanken 2.375% 18/01/22	250,000	255	0.52
Swedbank 1.25% 29/12/21	165,000	162	0.33
Swedbank 1.625% 28/12/22	275,000	272	0.55
Switzerland 0.55% (30/06/18: 0.75%)			
UBS London 1.25% 10/12/20	273,000	271	0.55
United Arab Emirates 0.80% (30/06/18: 0.00%)			
DP World 4.25% 25/09/30	400,000	394	0.80
United Kingdom 59.76% (30/06/18: 56.02%*)			
ABP Finance 6.25% 14/12/26	300,000	360	0.73
Admiral 5.5% 25/07/24	307,000	323	0.65
Anglian Water Services Financing 2.625% 15/06/27	250,000	234	0.47
Aspire Defence Finance 4.674% 31/03/40	137,507	166	0.34
Aviva 5.9021% Perpetual	200,000	201	0.41
Aviva 6.125% 14/11/36	100,000	106	0.22
Bank of Scotland 9.375% 15/05/21	200,000	230	0.47
Barclays Bank 9.5% 07/08/21	250,000	289	0.59
Barclays Bank 10% 21/05/21	300,000	345	0.70
BAT International Finance 7.25% 12/03/24	250,000	304	0.62
BL Superstores Finance 5.27% 04/10/25	206,242	225	0.46
BL Superstores Finance 5.578% 04/10/25	175,000	201	0.41
BP Capital Markets 1.177% 12/08/23	150,000	146	0.30
British Telecommunications 3.125% 21/11/31	250,000	240	0.49
Broadgate Financing 4.851% 05/04/31	295,000	365	0.74

AXA Sterling Corporate Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Broadgate Financing 4.949% 05/04/29	133,152	154	0.31
Bunzl Finance 2.25% 11/06/25	150,000	145	0.29
Cadent Finance 2.125% 22/09/28	350,000	326	0.66
Cadent Finance 2.625% 22/09/38	250,000	221	0.45
Canary Wharf Finance II 6.8% 22/10/33	361,795	466	0.95
Centrica 4.375% 13/03/29	225,000	248	0.50
Centrica 5.25% 10/04/75	200,000	196	0.40
Close Brothers 4.25% 24/01/27	500,000	515	1.04
Compass 2% 03/07/29	200,000	193	0.39
Connect Plus M25 Issuer 2.607% 31/03/39	156,745	158	0.32
Coventry Building Society 1.875% 24/10/23	179,000	173	0.35
Direct Line Insurance 4.75% Perpetual	450,000	362	0.73
Direct Line Insurance 9.25% 27/04/42	100,000	117	0.24
Eastern Power Networks 6.25% 12/11/36	250,000	348	0.71
Electricity North West 8.875% 25/03/26	375,000	529	1.07
Eversholt Funding 3.529% 07/08/42	300,000	282	0.57
Eversholt Funding 6.359% 02/12/25	250,000	303	0.61
Firstgroup 8.75% 08/04/21	200,000	223	0.45
GlaxoSmithKline Capital 3.375% 20/12/27	250,000	274	0.56
Great Rolling Stock 6.875% 27/07/35	272,160	338	0.68
Greene King Finance 5.318% 15/09/31	339,266	390	0.79
Hammerson 3.5% 27/10/25	400,000	395	0.80
HSBC 2.256% 13/11/26	199,000	189	0.38
HSBC 5.75% 20/12/27	250,000	286	0.58
HSBC 6.75% 11/09/28	400,000	496	1.01
Imperial Brands Finance 5.5% 28/09/26	300,000	342	0.69
Investec Bank 4.25% 24/07/28	400,000	386	0.78
Land Securities Capital Markets 1.974% 08/02/24	150,000	150	0.30
Legal & General 5.125% 14/11/48	222,000	220	0.45
Legal & General 5.375% 27/10/45	300,000	309	0.63
Lloyds Bank 7.5% 15/04/24	400,000	498	1.01
London & Quadrant Housing Trust 2.625% 28/02/28	150,000	150	0.30
London Power Networks 6.125% 07/06/27	250,000	314	0.64
Marston's Issuer 5.641% 15/07/35	250,000	204	0.41
Martlet Homes 3% 09/05/52	250,000	231	0.47
Meadowhall Finance 4.986% 12/01/32	148,184	180	0.36
Mitchells & Butlers Finance 6.013% 15/12/28	380,791	429	0.87
Mitchells & Butlers Finance 6.469% 15/09/30	532,000	579	1.17
Motability Operations 4.375% 08/02/27	300,000	346	0.70
Nationwide Building Society 3.25% 20/01/28	373,000	386	0.78
NewRiver REIT 3.5% 07/03/28	400,000	378	0.77
Next 3.625% 18/05/28	500,000	489	0.99
Next 4.375% 02/10/26	300,000	317	0.64
NIE Finance 6.375% 02/06/26	300,000	377	0.76
Northern Gas Networks Finance 4.875% 30/06/27	350,000	413	0.84
Northumbrian Water Finance 1.625% 11/10/26	400,000	371	0.75
Places for People Homes 3.625% 22/11/28	384,000	385	0.78
Places For People Treasury 2.875% 17/08/26	359,000	348	0.71
Provident Financial 7% 04/06/23	248,000	249	0.50
Prudential 5% 20/07/55	250,000	248	0.50
Prudential 5.625% 20/10/51	500,000	498	1.01
Quadgas Finance 3.375% 17/09/29	250,000	248	0.50
RL Finance Bonds No. 2 6.125% 30/11/43	300,000	324	0.66
RSL Finance No 1 6.625% 31/03/38	225,031	307	0.62
Santander UK 2.92% 08/05/26	400,000	384	0.78
Santander UK 3.625% 14/01/26	300,000	302	0.61
Scottish Widows 7% 16/06/43	550,000	633	1.28

AXA Sterling Corporate Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Segro 2.375% 11/10/29	250,000	236	0.48
Segro 6.75% 23/11/21	200,000	226	0.46
Severn Trent Utilities Finance 6.125% 26/02/24	300,000	355	0.72
Skipton Building Society 1.75% 30/06/22	300,000	288	0.58
Society of Lloyd's 4.75% 30/10/24	350,000	365	0.74
Southern Gas Networks 3.1% 15/09/36	219,000	212	0.43
Southern Gas Networks 4.875% 21/03/29	300,000	355	0.72
SP Manweb 4.875% 20/09/27	265,000	311	0.63
Standard Chartered 5.125% 06/06/34	250,000	266	0.54
Student Finance 2.6663% 30/09/24	400,000	394	0.80
Telereal Securitisation 4.0902% 10/12/33	400,000	415	0.84
Telereal Securitisation 5.3887% 10/12/31	280,943	334	0.68
Tesco Property Finance 2 6.0517% 13/10/39	215,227	248	0.50
Tesco Property Finance 3 5.744% 13/04/40	242,607	272	0.55
Tesco Property Finance 6 5.4111% 13/07/44	313,981	339	0.69
Thames Water Utilities Finance 1.875% 24/01/24	200,000	194	0.39
Thames Water Utilities Finance 4% 19/06/25	250,000	271	0.55
Thames Water Utilities Finance 5.75% 13/09/30	250,000	273	0.55
Virgin Money 3.375% 24/04/26	246,000	229	0.46
Vodafone 4.875% 03/10/78	500,000	473	0.96
Western Power Distribution South West 2.375% 16/05/29	250,000	239	0.48
Western Power Distribution South West 5.875% 25/03/27	375,000	459	0.93
Yorkshire Building Society 3.375% 13/09/28	350,000	300	0.61
Zurich Finance UK 6.625% Perpetual	350,000	382	0.77
United States 5.51% (30/06/18: 7.08%)			
AT&T 4.375% 14/09/29	400,000	428	0.87
Bank of America 6.125% 15/09/21	150,000	166	0.34
BAT Capital 2.125% 15/08/25	250,000	238	0.48
Discovery Communications 2.5% 20/09/24	200,000	195	0.39
General Electric 5.25% 07/12/28	450,000	477	0.97
Goldman Sachs 3.125% 25/07/29	250,000	240	0.49
Prologis 2.25% 30/06/29	250,000	234	0.47
Tennessee Valley Authority 5.625% 07/06/32	200,000	276	0.56
Washington Mutual Bank 5.5% 10/06/19^	850,000	-	-
Wells Fargo 2.125% 22/04/22	240,000	240	0.49
Wells Fargo Bank 5.25% 01/08/23	200,000	224	0.45
TOTAL CORPORATE BONDS		48,540	98.35
FUTURES 0.00% (30/06/18: 0.04%)			
Portfolio of investments		48,540	98.35
Net other assets		812	1.65
Total net assets		49,352	100.00

^ These stocks have either been suspended, delisted or are in liquidation.

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

All bonds are denominated in Sterling (unless otherwise indicated).

At 31 December 2018, there were no investments in the Fund which were valued using a quote from a single broker (30/06/18 : £nil).

AXA Sterling Corporate Bond Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital (losses)/gains		(1,240)		520
Revenue	1,057		964	
Expenses	(171)		(144)	
Interest payable and similar charges	-		-	
Net revenue before taxation	886		820	
Taxation	-		-	
Net revenue after taxation		886		820
Total return before distributions		(354)		1,340
Distributions		(886)		(820)
Change in net assets attributable to Shareholders from investment activities		(1,240)		520

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		62,722		49,597
Amounts receivable on issue of shares	41,941		15,915	
Amounts payable on cancellation of shares	(54,718)		(6,199)	
		(12,777)		9,716
Change in net assets attributable to Shareholders from investment activities (see above)		(1,240)		520
Retained distributions on accumulation shares		647		637
Closing net assets attributable to Shareholders		49,352		60,470

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Sterling Corporate Bond Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	48,540	60,770
Current assets:		
Debtors	1,001	1,326
Cash and bank balances	-	1,143
Total assets	49,541	63,239
Liabilities:		
Creditors:		
Bank overdrafts	(1)	-
Distribution payable	(102)	(110)
Other creditors	(86)	(407)
Total liabilities	(189)	(517)
Net assets attributable to Shareholders	49,352	62,722

AXA Sterling Corporate Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class H Net Accumulation				
Group 1	1.249	-	1.249	1.388
Group 2	1.249	-	1.249	1.388
Share Class H Gross Accumulation				
Group 1	1.376	-	1.376	1.523
Group 2	1.376	-	1.376	1.523
Share Class R Net Income				
Group 1	0.528	-	0.528	0.632
Group 2	0.231	0.297	0.528	0.632
Share Class R Gross Income				
Group 1	0.512	-	0.512	0.612
Group 2	0.512	-	0.512	0.612
Share Class R Net Accumulation				
Group 1	0.863	-	0.863	1.007
Group 2	0.436	0.427	0.863	1.007
Share Class R Gross Accumulation				
Group 1	0.865	-	0.865	1.009
Group 2	0.547	0.318	0.865	1.009
Share Class Z Net Income				
Group 1	0.641	-	0.641	0.749
Group 2	0.304	0.337	0.641	0.749
Share Class Z Gross Income				
Group 1	0.673	-	0.673	0.785
Group 2	0.387	0.286	0.673	0.785
Share Class Z Net Accumulation				
Group 1	0.998	-	0.998	1.129
Group 2	0.573	0.425	0.998	1.129
Share Class Z Gross Accumulation				
Group 1	1.111	-	1.111	1.258
Group 2	0.515	0.596	1.111	1.258
Share Class B Net Accumulation				
Group 1	0.879	-	0.879	0.991
Group 2	0.879	-	0.879	0.991
Share Class B Gross Accumulation				
Group 1	0.886	-	0.886	0.998
Group 2	0.429	0.457	0.886	0.998

AXA Sterling Corporate Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class B Net Income

Group 1	0.814	-	0.814	0.947
Group 2	0.814	-	0.814	0.947

Share Class B Gross Income

Group 1	0.815	-	0.815	0.947
Group 2	0.815	-	0.815	0.947

Second Distribution in pence per share

Group 1	Shares purchased prior to 1 October 2018
Group 2	Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class H Net Accumulation +				
Group 1	-	-	-	1.230
Group 2	-	-	-	1.230
Share Class H Gross Accumulation				
Group 1	1.378	-	1.378	1.352
Group 2	1.378	-	1.378	1.352
Share Class R Net Income +				
Group 1	-	-	-	0.530
Group 2	-	-	-	0.530
Share Class R Gross Income				
Group 1	0.570	-	0.570	0.513
Group 2	0.076	0.494	0.570	0.513
Share Class R Net Accumulation +				
Group 1	-	-	-	0.851
Group 2	-	-	-	0.851
Share Class R Gross Accumulation				
Group 1	0.970	-	0.970	0.852
Group 2	0.424	0.546	0.970	0.852
Share Class Z Net Income +				
Group 1	-	-	-	0.646
Group 2	-	-	-	0.646
Share Class Z Gross Income				
Group 1	0.739	-	0.739	0.676
Group 2	0.309	0.430	0.739	0.676
Share Class Z Net Accumulation +				
Group 1	-	-	-	0.982
Group 2	-	-	-	0.982
Share Class Z Gross Accumulation				
Group 1	1.230	-	1.230	1.094
Group 2	0.500	0.730	1.230	1.094

AXA Sterling Corporate Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class B Net Accumulation +

Group 1	-	-	-	0.865
Group 2	-	-	-	0.865

Share Class B Gross Accumulation

Group 1	0.978	-	0.978	0.871
Group 2	0.575	0.403	0.978	0.871

Share Class B Net Income +

Group 1	-	-	-	0.819
Group 2	-	-	-	0.819

Share Class B Gross Income

Group 1	0.892	-	0.892	0.820
Group 2	0.892	-	0.892	0.820

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Sterling Credit Short Duration Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide income combined with any capital growth.

Investment Policy

The Fund invests primarily in a diversified portfolio of investment grade bonds issued by companies where the period for full repayment of the bond by the company is expected to be less than 5 years with the aim of reducing the effect of fluctuations in interest rates. The fund manager seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

By investing in a Fund which invests primarily in fixed interest stocks you are likely to be looking for an investment, which will generate an income but has less potential for capital return than is the case with Funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a Fund which invests significantly in equities or overseas. Typically, you would be investing for a period of at least five years.

Lower Risk

Higher Risk

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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. 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 are subject to low levels of variation under normal market conditions but which may still result in losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- 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).

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

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For the six months ended 31 December 2018 (unaudited)

- **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 more 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 individual 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.

Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

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The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Main snapshot

The sterling corporate bond market delivered slightly negative returns for the six months to 31 December 2018.

Corporate bond markets began the period positively, with credit spreads (the difference in yield between corporate bonds and their equivalent government-issued bonds) tightening in July and remaining range-bound in August. This was supported by a positive US and European earnings season, limited primary issuance and receding trade war fears, as European Commission President Juncker and US President Trump successfully met to discuss reducing tariffs. September saw credit spreads widen, mostly caused by heavy supply, escalating trade tensions between the US and China, and heightened worries about inconclusive Brexit negotiations. Spreads were also under renewed pressure during this period after the Italian government set out a higher-than-anticipated deficit target for the next three years. Despite Brexit negotiations reaching an 'impasse', gilt yields largely rose in the third quarter, reaching a high of 1.7% in early October, as the Bank of England (BoE) raised the interest rate by 0.25% to 0.75% in August and the US Federal Reserve (Fed) by also 0.25% to 2.00%-2.25% in September.

Credit spreads continued to widen throughout the fourth quarter due to a combination of a disappointing outlook for corporate earnings, fears of a moderation in global growth, rising US interest rate expectations and continued trade tensions between the US and China. Europe was further affected by rising tensions between the EU and Italy over the Italian budget, and the EU and the UK over Brexit. More positively, in December, the Italian government offered to cut its budget deficit projection in a bid to find a compromise with the EU. The fourth quarter saw a fall in gilt yields due to the risk-off environment and heightened Brexit concerns, despite wages growing in October at 3.1% in the three months to August, the highest rate of growth recorded for almost 10 years. The European Central Bank (ECB) ceased its monthly bond-purchasing programme in December and kept interest rates unchanged, as widely expected. The Fed raised its benchmark interest rate, once again, by 0.25% to 2.25-2.50%, as expected, but failed to deliver the anticipated dovish hike, weighing negatively on sentiment. Prime Minister Theresa May postponed the parliamentary vote on her draft agreement with the EU in December, increasing the likelihood of a 'no-deal' Brexit.

Fund activity

In terms of the Fund's activity, we were active over the period investing across a range of names and sectors in order to keep the Fund in line with our active strategies, with a bias towards low-volatility names and defensive sectors.

We invested in names including Toyota (Japanese carmaker), CBA (Australian bank) and General Electric (US conglomerate). New additions to the Fund included Morrisons (UK retailer), EDF (French utility) and Investec (South African financial services group).

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September was the busiest month in the period in terms of new issues at £8.2 billion, the busiest month since September 2016, but was mostly biased towards new deals with more than a 10-year maturity. Factors including seasonality and the risk-off environment saw sterling investment grade primary issuance collapse to £300 million in December. We were also generally active in the secondary market (existing debt traded between investors) over the period.

Fund performance and outlook

The AXA Sterling Credit Short Duration Bond Fund generated a total return of -0.25% (Z Acc, net of fees and gross of tax) over the six months to December.

Despite 2018 being only the second year in the last 20 years in which the broad sterling credit market recorded a loss for the full year, the value proposition in the sterling credit market remains limited. This is in light of further withdrawals of liquidity by the Fed and ECB, fears of slowing global economic growth, continuing trade tensions, increased risk of a 'no-deal' Brexit and renewed political risk in the European periphery (non-core).

The sharp increase in the number of negative 'idiosyncratic' events this year is more than just 'noise' and should continue as it is directly linked to the gradual tightening of monetary conditions, leading to an outlook of higher volatility and sharper asset repricing.

Given this backdrop, we maintain a defensive bias to allow us to benefit from potential pockets of weaknesses ahead.

All performance data source: AXA Investment Managers and Bloomberg.

Past performance is not a guide for future performance.

Major Purchases

- Aareal Bank 1.5% 16/06/22
- Yorkshire Water Finance 6.5876% 21/02/23
- Toyota Finance Australia 1.625% 11/07/22
- Fidelity National Information Services 1.7% 30/06/22
- Digital Stout 4.75% 13/10/23

Major Sales/Redemptions

- CPUK Finance 2.666% 28/02/20
- Danske Bank 5.375% 29/09/21
- Vodafone Group 8.125% 26/11/18
- Citigroup 5.125% 12/12/18
- Petroleos Mexicanos 3.7541% 18/07/18

Nicolas Trindade

31 December 2018

AXA Investment Managers UK Limited

AXA Sterling Credit Short Duration Bond Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	A Net Income +			A Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	100.07	100.95	-	105.67	105.12
Closing net asset value (£) †	-	36,324	13,331	-	3,900,510	3,225,683
Closing number of shares	-	36,299	13,206	-	3,691,278	3,068,624
Operating charges ^	-	0.36%	0.37%	-	0.36%	0.37%
	A Gross Income			A Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	99.14	100.09	100.99	106.46	106.67	106.11
Closing net asset value (£) †	58,018	4,975	4,980	6,338,919	2,400,587	265,743
Closing number of shares	58,521	4,970	4,931	5,954,246	2,250,389	250,437
Operating charges ^	0.36%	0.36%	0.37%	0.36%	0.36%	0.37%
	H Net Accumulation +			H Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	120.81	119.73	124.84	124.87	123.78
Closing net asset value (£) †	-	6,041	5,987	14,217,819	14,221,147	15,690,094
Closing number of shares	-	5,000	5,000	11,388,963	11,388,963	12,675,393
Operating charges ^	-	0.01%	0.02%	0.01%	0.01%	0.02%
	R Net Income +			R Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	102.77	103.69	-	114.33	114.31
Closing net asset value (£) †	-	185,453	224,319	-	8,819,416	7,249,806
Closing number of shares	-	180,463	216,332	-	7,713,685	6,342,505
Operating charges ^	-	0.86%	0.87%	-	0.86%	0.87%
	R Gross Income			R Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	101.81	102.78	103.71	116.36	116.89	116.86
Closing net asset value (£) †	259,747	5,139	5,185	10,991,349	344,863	800,001
Closing number of shares	255,138	5,000	5,000	9,446,155	295,038	684,588
Operating charges ^	0.86%	0.86%	0.87%	0.86%	0.86%	0.87%
	Z Net Income +			Z Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	102.80	103.72	-	117.59	117.03
Closing net asset value (£) †	-	135,511,298	121,384,916	-	338,797,844	327,325,982
Closing number of shares	-	131,821,914	117,028,910	-	288,129,981	279,687,210
Operating charges ^	-	0.41%	0.42%	-	0.41%	0.42%
	Z Gross Income			Z Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	101.69	102.66	103.60	120.43	120.70	120.13
Closing net asset value (£) †	187,129,194	65,635,265	134,794,400	385,133,108	31,715,669	59,749,059
Closing number of shares	184,025,121	63,932,516	130,110,134	319,806,684	26,276,634	49,735,199
Operating charges ^	0.41%	0.41%	0.42%	0.41%	0.41%	0.42%

AXA Sterling Credit Short Duration Bond Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	ZI Income ~		ZI Accumulation ~	
	31/12/2018	30/06/2018	31/12/2018	30/06/2018
Closing net asset value per share †	97.68	98.61	99.72	99.87
Closing net asset value (£) †	174,040,836	150,028,951	11,096,881	6,412,466
Closing number of shares	178,183,071	152,138,036	11,128,364	6,421,084
Operating charges ^	0.26%	0.26%	0.26%	0.26%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

~ ZI share class launched on 29 August 2017.

+ Net share class converted into gross share class at 12 October 2018.

AXA Sterling Credit Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CORPORATE BONDS 93.20% (30/06/18: 93.82%)			
Australia 3.97% (30/06/18: 3.21%)			
Commonwealth Bank of Australia 1.37156% 12/07/21	4,000,000	4,004	0.51
Commonwealth Bank of Australia 3.48069% 18/09/22	USD 5,000,000	3,896	0.49
National Australia Bank 0.875% 26/06/20	2,400,000	2,374	0.30
National Australia Bank 1.125% 10/11/21	1,500,000	1,488	0.19
National Australia Bank 5.125% 09/12/21	430,000	471	0.06
Scentre 2.375% 08/04/22	7,152,000	7,217	0.92
Toyota Finance Australia 1.625% 11/07/22	5,700,000	5,687	0.72
Westpac Banking 1% 30/06/22	4,125,000	4,044	0.51
Westpac Banking 2.625% 14/12/22	408,000	420	0.05
Westpac Banking 5% 21/10/19	1,700,000	1,749	0.22
Belgium 1.00% (30/06/18: 1.46%)			
Eni Finance International 4.75% 28/01/21	6,100,000	6,427	0.81
Eni Finance International 5% 27/01/19	1,475,000	1,478	0.19
Bermuda 0.56% (30/06/18: 0.59%)			
Hiscox 2% 14/12/22	4,544,000	4,432	0.56
Canada 4.03% (30/06/18: 4.42%)			
Bank of Montreal 1.375% 29/12/21	4,892,000	4,841	0.61
Bank of Nova Scotia 1.25% 08/06/22	4,520,000	4,449	0.56
Bank of Nova Scotia 1.26% 14/01/19	3,050,000	3,050	0.39
Bank of Nova Scotia 1.75% 23/12/22	4,650,000	4,628	0.59
Canadian Imperial Bank of Commerce 1.34763% 10/01/22	7,000,000	7,007	0.89
Glencore Canada Financial 7.375% 27/05/20	1,000,000	1,071	0.14
Royal Bank of Canada 1.137% 08/12/22	4,730,000	4,727	0.60
Royal Bank of Canada 1.29519% 04/06/19	2,000,000	2,002	0.25
Cayman Islands 0.74% (30/06/18: 0.79%)			
Southern Water Services Finance 5% 31/03/21	5,461,000	5,861	0.74
Denmark 0.00% (30/06/18: 0.77%)			
Finland 0.85% (30/06/18: 0.82%*)			
Nordea Bank 3.68119% 27/05/21	USD 4,000,000	3,171	0.40
OP Corporate Bank 2.5% 20/05/22	3,420,000	3,502	0.45
France 8.27% (30/06/18: 7.61%)			
Banque Federative du Credit Mutuel 0.875% 08/06/20	6,400,000	6,330	0.80
Banque Federative du Credit Mutuel 1.375% 20/12/21	2,800,000	2,760	0.35
Banque Federative du Credit Mutuel 1.875% 13/12/22	3,400,000	3,385	0.43
BNP Paribas 5.75% 24/01/22	3,800,000	4,181	0.53
BPCE 3.89694% 22/05/22	USD 3,000,000	2,332	0.30
Credit Agricole 5.5% 17/12/21	2,745,000	3,050	0.39
Credit Agricole 3.50738% 24/04/23	USD 2,326,000	1,797	0.23
Dexia Credit Local 0.875% 07/09/21	3,000,000	2,958	0.37
Dexia Credit Local 1.125% 24/02/19	3,600,000	3,600	0.46
Dexia Credit Local 1.125% 15/06/22	2,300,000	2,269	0.29
Dexia Credit Local 2% 17/06/20	2,900,000	2,927	0.37
Electricite de France 6.875% 12/12/22	3,100,000	3,700	0.47
Engie 6.125% 11/02/21	3,500,000	3,835	0.49
LVMH Moet Hennessy Louis Vuitton 1% 14/06/22	3,081,000	3,031	0.38
RCI Banque 1.875% 08/11/22	2,028,000	1,968	0.25
RCI Banque 3% 09/05/19	2,700,000	2,709	0.34
SNCF Reseau 5.5% 01/12/21	2,000,000	2,238	0.28

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	Holding	Market Value £'000	% of Total Net Assets
Total Capital International 1.20994% 01/07/19	5,450,000	5,451	0.69
WPP Finance 6.375% 06/11/20	6,250,000	6,752	0.85
Germany 2.35% (30/06/18: 1.46%*)			
Aareal Bank 1.5% 16/06/22	8,000,000	7,979	1.01
BASF 1.375% 21/06/22	1,641,000	1,628	0.20
Deutsche Bank 1.75% 16/12/21	3,300,000	3,143	0.40
Deutsche Bank 1.875% 28/02/20	5,900,000	5,819	0.74
Guernsey 0.77% (30/06/18: 0.71%)			
Credit Suisse Funding Guernsey 3% 27/05/22	4,122,000	4,211	0.53
Credit Suisse Funding Guernsey 5.07031% 16/04/21	USD 2,300,000	1,843	0.24
Ireland 2.25% (30/06/18: 2.08%)			
ESB Finance 6.5% 05/03/20	9,150,000	9,652	1.22
GE Capital UK Funding 4.125% 13/09/23	2,500,000	2,535	0.32
GE Capital UK Funding 4.375% 31/07/19	1,850,000	1,862	0.24
GE Capital UK Funding 5.125% 24/05/23	3,500,000	3,690	0.47
Italy 5.33% (30/06/18: 5.48%)			
Autostrade per l'Italia 6.25% 09/06/22	9,133,000	9,571	1.21
Enel 6.25% 20/06/19	10,285,000	10,492	1.33
FCA Bank Ireland 1.625% 29/09/21	6,810,000	6,593	0.84
Intesa Sanpaolo 0.742% 17/04/19	EUR 806,000	724	0.09
Intesa Sanpaolo 5.25% 28/01/22	7,500,000	7,831	0.99
Poste Vita 2.875% 30/05/19	EUR 1,364,000	1,231	0.16
Telecom Italia 6.375% 24/06/19	5,500,000	5,589	0.71
Japan 1.78% (30/06/18: 1.81%)			
Mitsubishi UFJ Financial 4.61813% 01/03/21	USD 1,851,000	1,483	0.19
Mizuho Financial 3.64681% 28/02/22	USD 3,500,000	2,741	0.35
Sumitomo Mitsui Financial 3.51344% 18/10/22	USD 7,800,000	6,080	0.77
Sumitomo Mitsui Financial 4.44713% 09/03/21	USD 4,700,000	3,750	0.47
Jersey 4.31% (30/06/18: 5.35%)			
AA Bond 2.75% 31/07/23	3,293,000	2,907	0.37
AA Bond 2.875% 31/01/22	5,300,000	4,912	0.62
AA Bond 4.2487% 31/07/20	1,281,000	1,305	0.17
Glencore Finance Europe 6% 03/04/22	4,484,000	4,941	0.63
Glencore Finance Europe 6.5% 27/02/19	2,900,000	2,920	0.37
Heathrow Funding 6% 20/03/20	4,250,000	4,460	0.56
Heathrow Funding 9.2% 29/03/21	4,253,000	4,936	0.62
Porterbrook Rail Finance 5.5% 20/04/19	2,030,000	2,051	0.26
Porterbrook Rail Finance 6.5% 20/10/20	5,163,000	5,570	0.71
Luxembourg 0.78% (30/06/18: 0.49%)			
Allergan Funding 1.5% 15/11/23	EUR 2,257,000	2,036	0.26
Gazprom Capital 5.338% 25/09/20	3,958,000	4,123	0.52
Mexico 0.49% (30/06/18: 0.46%)			
Petroleos Mexicanos 8.25% 02/06/22	3,500,000	3,837	0.49
Netherlands 8.25% (30/06/18: 8.20%*)			
ABN AMRO Bank 1% 30/06/20	1,700,000	1,682	0.21
ABN AMRO Bank 4.875% 16/01/19	2,450,000	2,453	0.31
BMW International Investment 1% 17/11/21	2,250,000	2,197	0.28
Cooperatieve Rabobank 4% 19/09/22	924,000	997	0.13

AXA Sterling Credit Short Duration Bond Fund

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	Holding	Market Value £'000	% of Total Net Assets
Cooperatieve Rabobank 4.625% 13/01/21	4,511,000	4,782	0.60
Daimler International Finance 1% 20/12/19	2,500,000	2,484	0.31
Daimler International Finance 1.5% 18/08/21	3,000,000	2,956	0.37
Daimler International Finance 2% 04/09/23	1,500,000	1,475	0.19
Daimler International Finance 2.75% 04/12/20	2,180,000	2,214	0.28
Daimler International Finance 3.5% 06/06/19	1,600,000	1,612	0.20
Deutsche Telekom International Finance 6.5% 08/04/22	7,690,000	8,803	1.11
Highbury Finance 7.017% 20/03/23	1,975,925	2,260	0.29
ING 3.953% 29/03/22	USD 5,500,000	4,313	0.55
ING Bank 3.61% 17/08/20	USD 1,320,000	1,042	0.13
ING Bank 5.375% 15/04/21	700,000	759	0.10
innogy Finance 5.5% 06/07/22	2,550,000	2,853	0.36
innogy Finance 6.5% 20/04/21	5,500,000	6,064	0.77
Volkswagen Financial Services 1.5% 12/04/21	1,412,000	1,390	0.18
Volkswagen Financial Services 1.625% 09/06/22	3,700,000	3,607	0.46
Volkswagen Financial Services 1.75% 17/04/20	1,000,000	997	0.13
Volkswagen Financial Services 1.75% 12/09/22	410,000	400	0.05
Volkswagen Financial Services 1.875% 07/09/21	900,000	891	0.11
Volkswagen Financial Services 2.625% 22/07/19	500,000	502	0.06
Volkswagen Financial Services 2.75% 02/10/20	3,250,000	3,290	0.42
Vonovia Finance 0.14% 22/12/22	EUR 5,800,000	5,100	0.65
Norway 0.27% (30/06/18: 0.28%)			
Nordea Eiendomskreditt 1.23% 14/01/19	2,150,000	2,150	0.27
Spain 2.45% (30/06/18: 2.43%)			
Banco Santander 3.91694% 12/04/23	USD 7,000,000	5,361	0.68
Banco Santander 4.35888% 11/04/22	USD 4,000,000	3,078	0.39
Iberdrola Finanzas 6% 01/07/22	3,400,000	3,863	0.49
Telefonica Emisiones 5.289% 09/12/22	600,000	668	0.08
Telefonica Emisiones 5.597% 12/03/20	6,100,000	6,366	0.81
Sweden 3.90% (30/06/18: 3.98%*)			
Scania 1.875% 28/06/22	7,450,000	7,305	0.93
Skandinaviska Enskilda Banken 3% 18/12/20	3,300,000	3,385	0.43
Svenska Handelsbanken 1.625% 18/06/22	7,115,000	7,061	0.89
Svenska Handelsbanken 3% 20/11/20	2,951,000	3,028	0.38
Swedbank 1.25% 29/12/21	2,645,000	2,603	0.33
Swedbank 1.625% 15/04/19	4,800,000	4,805	0.61
Swedbank 1.625% 28/12/22	2,625,000	2,594	0.33
Switzerland 1.21% (30/06/18: 1.22%)			
UBS Funding Switzerland 4.57694% 14/04/21	2,000,000	1,594	0.20
UBS Jersey 6.375% 19/11/24	USD 5,144,000	5,317	0.67
UBS London 1.25% 10/12/20	2,690,000	2,671	0.34
United Kingdom 28.40% (30/06/18: 29.68%*)			
BAE Systems 4.125% 08/06/22	7,654,000	8,129	1.03
Bank of Scotland 6.375% 16/08/19	1,750,000	1,796	0.23
Bank of Scotland 9.375% 15/05/21	1,100,000	1,266	0.16
Barclays Bank 10% 21/05/21	3,812,000	4,387	0.56
Barclays Bank UK 1.12419% 09/01/23	2,700,000	2,676	0.34
BAT International Finance 1.75% 05/07/21	3,500,000	3,471	0.44
BAT International Finance 6.375% 12/12/19	1,250,000	1,302	0.16
BUPA Finance 3.375% 17/06/21	6,760,000	7,024	0.89
Close Brothers 2.75% 26/04/23	1,837,000	1,823	0.23
Close Brothers 4.25% 24/01/27	4,324,000	4,451	0.56

AXA Sterling Credit Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Close Brothers Finance 3.875% 27/06/21	2,420,000	2,513	0.32
Coventry Building Society 1.20638% 17/03/20	1,100,000	1,100	0.14
Coventry Building Society 1.3042% 13/11/23	3,200,000	3,186	0.40
Coventry Building Society 5.875% 28/09/22	1,300,000	1,465	0.19
Coventry Building Society 6% 16/10/19	1,930,000	2,006	0.25
EE Finance 4.375% 28/03/19	6,100,000	6,139	0.78
Eversholt Funding 5.831% 02/12/20	5,250,000	5,639	0.71
FCE Bank 2.759% 13/11/19	900,000	902	0.11
FCE Bank 3.25% 19/11/20	3,400,000	3,420	0.43
Firstgroup 5.25% 29/11/22	400,000	421	0.05
Firstgroup 8.75% 08/04/21	3,816,000	4,245	0.54
Friends Life 8.25% 21/04/22	2,050,000	2,396	0.30
Friends Life 12% 21/05/21	2,106,000	2,557	0.32
G4S 7.75% 13/05/19	9,770,000	9,954	1.26
Great Rolling Stock 6.25% 27/07/20	7,375,000	7,872	1.00
HSBC 2.175% 27/06/23	4,881,000	4,812	0.61
HSBC 5.00713% 08/03/21	USD 2,000,000	1,608	0.20
Imperial Brands Finance 7.75% 24/06/19	2,945,000	3,024	0.38
Imperial Brands Finance 9% 17/02/22	1,400,000	1,672	0.21
Intu SGS Finance 3.875% 17/03/23	7,906,000	7,943	1.01
Investec Bank 4.25% 24/07/28	1,819,000	1,754	0.22
Jaguar Land Rover Automotive 2.75% 24/01/21	3,043,000	2,784	0.35
John Lewis 8.375% 08/04/19	4,490,000	4,556	0.58
Land Securities Capital Markets 5.425% 31/03/22	3,405,000	3,559	0.45
Lendlease Europe Finance 6.125% 12/10/21	5,612,000	6,112	0.77
Lloyds Bank 5.75% 09/07/25	1,225,000	1,276	0.16
London Stock Exchange 4.75% 02/11/21	5,064,100	5,412	0.69
London Stock Exchange 9.125% 18/10/19	1,520,000	1,607	0.20
National Express 0.084% 15/05/20	EUR 1,207,000	1,076	0.14
National Express 6.625% 17/06/20	6,370,000	6,780	0.86
Next 5.375% 26/10/21	5,949,000	6,442	0.82
Northern Electric Finance 8.875% 16/10/20	1,000,000	1,124	0.14
Northern Powergrid Yorkshire 9.25% 17/01/20	3,382,000	3,641	0.46
Northumbrian Water Finance 6.875% 06/02/23	830,000	989	0.13
RELX Investments 2.75% 01/08/19	7,900,000	7,926	1.00
Royal Bank of Scotland 1.1465% 15/05/20	2,500,000	2,500	0.32
Santander UK 0.54% 27/03/24	EUR 3,083,000	2,596	0.33
Santander UK 1.875% 17/02/20	5,092,000	5,096	0.65
Scottish Widows 5.5% 16/06/23	3,500,000	3,780	0.48
Segro 5.625% 07/12/20	1,950,000	2,082	0.26
Segro 6.75% 23/11/21	2,794,000	3,159	0.40
Segro 7% 14/03/22	3,900,000	4,478	0.57
Severn Trent Utilities Finance 1.625% 04/12/22	3,400,000	3,370	0.43
Sky 2.875% 24/11/20	6,045,000	6,178	0.78
Tate & Lyle International Finance 6.75% 25/11/19	5,709,000	5,961	0.76
Tesco 6.125% 24/02/22	1,500,000	1,656	0.21
Thames Water Utilities Finance 5.05% 30/06/20	7,000,000	7,325	0.93
TSB Bank 1.1465% 07/12/22	2,365,000	2,343	0.30
Western Power Distribution South Wales 9.25% 07/11/20	1,250,000	1,418	0.18
Wm Morrison Supermarkets 4.625% 08/12/23	616,000	679	0.09
WPP Finance 0.139% 20/03/22	EUR 1,602,000	1,396	0.18
Yorkshire Water Finance 6.5876% 21/02/23	5,000,000	5,934	0.75
United States 11.24% (30/06/18: 10.52%)			
American Honda Finance 1.3% 21/03/22	5,567,000	5,492	0.70
American International 5% 26/04/23	5,450,000	6,020	0.76
Bank of America 6.125% 15/09/21	2,000,000	2,218	0.28

AXA Sterling Credit Short Duration Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
BAT Capital Corp 3.49613% 15/08/22	USD 2,800,000	2,176	0.28
BMW US Capital 2% 20/11/19	1,500,000	1,506	0.19
BP Capital Markets America 3.453630% 19/09/22	USD 1,739,000	1,366	0.17
Citigroup 6.25% 02/09/19	3,000,000	3,093	0.39
Digital Stout 4.75% 13/10/23	4,100,000	4,448	0.56
Fidelity National Information Services 1.7% 30/06/22	9,968,000	9,795	1.24
Ford Motor Credit 4.08344% 28/03/22	USD 2,162,000	1,638	0.21
General Electric 5.5% 07/06/21	3,035,000	3,169	0.40
General Motors Financial 4.05113% 09/05/19	USD 2,250,000	1,772	0.22
General Motors Financial 4.34694% 14/01/22	USD 2,500,000	1,943	0.25
Jackson National Life Global Funding 3.55163% 27/06/22	USD 8,300,000	6,537	0.83
McDonald's 6.375% 03/02/20	5,300,000	5,572	0.71
MetLife 5.25% 29/06/20	4,030,000	4,233	0.54
Metropolitan Life Global Funding I 1.125% 15/12/21	4,344,000	4,281	0.54
Metropolitan Life Global Funding I 1.625% 09/06/22	4,000,000	3,973	0.50
Nestle 1% 11/06/21	3,705,000	3,674	0.46
New York Life Global Funding 1.75% 15/12/22	4,532,000	4,547	0.58
Toyota Motor Credit 1.125% 07/09/21	4,922,000	4,871	0.62
Wells Fargo 2.125% 22/04/22	6,377,000	6,372	0.81
TOTAL CORPORATE BONDS		735,570	93.20
FUTURES 0.00% (30/06/18: 0.00%)			
Germany 0.00% (30/06/18: 0.00%)			
Euro-BOBL Futures March 2019	(15)	(6)	-
TOTAL FUTURES		(6)	
FORWARD CURRENCY CONTRACTS (0.08%) (30/06/18: (0.10%))			
Bought EUR345,000 for GBP307,231 Settlement 04/03/2019		3	-
Bought USD790,000 for GBP613,810 Settlement 04/03/2019		5	-
Sold EUR16,260,000 for GBP14,476,811 Settlement 04/03/2019		(148)	(0.02)
Sold USD77,550,000 for GBP60,250,254 Settlement 04/03/2019		(462)	(0.06)
TOTAL FORWARD CURRENCY CONTRACTS		(602)	(0.08)
Portfolio of investments		734,962	93.12
Net other assets		54,304	6.88
Total net assets		789,266	100.00

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

All bonds are denominated in Sterling (unless otherwise indicated).

At 31 December 2018, there were no investments in the Fund which were valued using a quote from a single broker (30/06/18: £nil).

AXA Sterling Credit Short Duration Bond Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital losses		(7,559)		(1,047)
Revenue	7,377		6,245	
Expenses	(1,508)		(1,462)	
Interest payable and similar charges	(8)		-	
	<u>5,861</u>		<u>4,783</u>	
Net revenue before taxation		5,861		4,783
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>5,861</u>		<u>4,783</u>
Total return before distributions		(1,698)		3,736
Distributions		(5,860)		(4,783)
		<u>(7,558)</u>		<u>(1,047)</u>
Change in net assets attributable to Shareholders from investment activities		(7,558)		(1,047)

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		758,026		670,739
Amounts receivable on issue of shares	(428,742)		171,794	
Amounts payable on cancellation of shares	<u>464,417</u>		<u>(172,215)</u>	
		35,675		(421)
Change in net assets attributable to Shareholders from investment activities (see above)		(7,558)		(1,047)
Retained distributions on accumulation shares		3,123		2,836
		<u>789,266</u>		<u>672,107</u>
Closing net assets attributable to Shareholders		789,266		672,107

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Sterling Credit Short Duration Bond Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	735,578	711,146
Current assets:		
Debtors	14,783	11,723
Cash and bank balances	42,102	38,356
Total assets	792,463	761,225
Liabilities:		
Investment liabilities	(616)	(745)
Creditors:		
Distribution payable	(1,427)	(1,291)
Other creditors	(1,154)	(1,163)
Total liabilities	(3,197)	(3,199)
Net assets attributable to Shareholders	789,266	758,026

AXA Sterling Credit Short Duration Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class A Net Income				
Group 1	0.370	-	0.370	0.350
Group 2	0.350	0.020	0.370	0.350
Share Class A Net Accumulation				
Group 1	0.388	-	0.388	0.362
Group 2	0.123	0.265	0.388	0.362
Share Class A Gross Income				
Group 1	0.370	-	0.370	0.345
Group 2	0.370	-	0.370	0.345
Share Class A Gross Accumulation				
Group 1	0.389	-	0.389	0.366
Group 2	0.232	0.157	0.389	0.366
Share Class H Net Accumulation				
Group 1	0.547	-	0.547	0.528
Group 2	0.547	-	0.547	0.528
Share Class H Gross Accumulation				
Group 1	0.568	-	0.568	0.535
Group 2	0.568	-	0.568	0.535
Share Class R Net Income				
Group 1	0.249	-	0.249	0.227
Group 2	0.135	0.114	0.249	0.227
Share Class R Net Accumulation				
Group 1	0.277	-	0.277	0.250
Group 2	0.114	0.163	0.277	0.250
Share Class R Gross Income				
Group 1	0.252	-	0.252	0.230
Group 2	0.252	-	0.252	0.230
Share Class R Gross Accumulation				
Group 1	0.283	-	0.283	0.256
Group 2	0.283	-	0.283	0.256
Share Class Z Net Income				
Group 1	0.364	-	0.364	0.344
Group 2	0.139	0.225	0.364	0.344
Share Class Z Net Accumulation				
Group 1	0.417	-	0.417	0.389
Group 2	0.175	0.242	0.417	0.389

AXA Sterling Credit Short Duration Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class Z Gross Income

Group 1	0.364	-	0.364	0.344
Group 2	0.153	0.211	0.364	0.344

Share Class Z Gross Accumulation

Group 1	0.428	-	0.428	0.399
Group 2	0.241	0.187	0.428	0.399

Share Class ZI Income ~

Group 1	0.387	-	0.387	0.124
Group 2	0.280	0.107	0.387	0.124

Share Class ZI Accumulation ~

Group 1	0.392	-	0.392	0.124
Group 2	0.158	0.234	0.392	0.124

Second Distribution in pence per share

Group 1	Shares purchased prior to 1 October 2018
Group 2	Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class A Net Income +				
Group 1	-	-	-	0.355
Group 2	-	-	-	0.355
Share Class A Net Accumulation +				
Group 1	-	-	-	0.370
Group 2	-	-	-	0.370
Share Class A Gross Income				
Group 1	0.395	-	0.395	0.354
Group 2	0.218	0.177	0.395	0.354
Share Class A Gross Accumulation				
Group 1	0.413	-	0.413	0.374
Group 2	0.152	0.261	0.413	0.374
Share Class H Net Accumulation +				
Group 1	-	-	-	0.538
Group 2	-	-	-	0.538
Share Class H Gross Accumulation				
Group 1	0.597	-	0.597	0.545
Group 2	0.597	-	0.597	0.545
Share Class R Net Income +				
Group 1	-	-	-	0.234
Group 2	-	-	-	0.234
Share Class R Net Accumulation +				
Group 1	-	-	-	0.259
Group 2	-	-	-	0.259

AXA Sterling Credit Short Duration Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class R Gross Income

Group 1	0.264	-	0.264	0.234
Group 2	0.082	0.182	0.264	0.234

Share Class R Gross Accumulation

Group 1	0.300	-	0.300	0.265
Group 2	0.119	0.181	0.300	0.265

Share Class Z Net Income +

Group 1	-	-	-	0.351
Group 2	-	-	-	0.351

Share Class Z Net Accumulation +

Group 1	-	-	-	0.397
Group 2	-	-	-	0.397

Share Class Z Gross Income

Group 1	0.382	-	0.382	0.351
Group 2	0.200	0.182	0.382	0.351

Share Class Z Gross Accumulation

Group 1	0.452	-	0.452	0.408
Group 2	0.239	0.213	0.452	0.408

Share Class ZI Income ~

Group 1	0.406	-	0.406	0.378
Group 2	0.174	0.232	0.406	0.378

Share Class ZI Accumulation ~

Group 1	0.413	-	0.413	0.378
Group 2	0.201	0.212	0.413	0.378

+ Net share class converted into gross share class at 12 October 2018.

~ ZI share classes launched on 29 August 2017.

AXA Sterling Index-Linked Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide income and capital growth, with the objective of reducing the negative effect of inflation over the long term.

Investment Policy

The Fund invests primarily in a portfolio of index-linked bonds issued by the UK government. The fund manager also seeks to increase performance of the Fund by investing in non-governmental, non-index-linked, and non-Sterling denominated bonds where these offer better value. The Fund is managed with reference to the composition and risk profile of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. However the fund manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

By investing in a Fund which invests primarily in index-linked fixed interest stocks you are likely to be looking for an investment which will generate a steady and predictable income whilst providing some protection against inflation. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a Fund which invests significantly in equities or overseas and you would be investing for a period of at least five years.

Lower Risk

Higher Risk

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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. 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 are subject to some level of variation which may result in gains or losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- 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 more 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 individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

AXA Sterling Index-Linked Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

- **Index-linked bonds risk** - are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

Other risks which could have an impact in extreme market conditions include:

- **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).

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

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

AXA Sterling Index-Linked Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Main Snapshot

Over the six months to December, the UK's rate of inflation remained at similar levels, initially rising from 2.4% in June to 2.7% in August, before falling to 2.3% in November. Slower price rises in the areas of transport, recreation and culture (among other factors) were behind the lower rate. Lower oil prices fed into the lower transport rate, although rising tobacco prices mitigated this influence on the overall rate.

Prime Minister Theresa May faced intensifying pressure after presenting a Brexit deal that was criticised by both the 'Leave' and 'Remain' camps. On 15 November, two senior Cabinet members (including the Brexit secretary Dominic Raab) resigned. Stock markets retreated, while UK gilts gained. On 10 December, the prime minister postponed a parliamentary vote on her deal, which had been scheduled for the following day, after it became evident that the deal still lacked support.

Growth in the UK services sector sagged to a seven-month low in November as Brexit fears lingered. More positively, growth in the UK economy picked up pace, with GDP expanding 0.6% from the third quarter. This was an improvement on the previous quarter, in which the economy grew by 0.4%. In addition, retail sales in November were ahead of expectations; month-on-month sales increased by 1.4%, buoyed by strong sales in household goods.

The Bank of England's (BoE) Monetary Policy Committee raised interest rates by 25 basis points (bps) in August to 0.75% citing the ongoing tightening in the labour market and wage pressures, while they maintained interest rates at that level through to the end of Q4 2018.

Meanwhile, following the presentation of Autumn budget from the Chancellor of the Exchequer, the Debt Management Office (DMO) announced a reduction in the amount of issuance of nominal and index linked Gilts for the remainder of the current fiscal year 2018/19.

Inflation expectations for the next year were higher, according to the BoE's most recent survey. The survey of the British public showed that respondents expected inflation to be 3.2% in one year (up from the previous figure of 3.0%). When asked about inflation in the longer term, those surveyed felt that inflation would be 3.5% in five years' time.

In Europe, performance between core and peripheral bonds diverged early in Q4. Italian inflation-linked bonds came under pressure following Moody's rating downgrade and ongoing tensions with the European commission around Italy's budget. Euro breakevens underperformed in this 'risk-off' environment, posting negative returns in October and November before recovering somewhat in December, as Italian bonds recovered after the Italian government resubmitted an improved budget more in line with EU demands.

The US Federal Reserve (Fed) also raised its benchmark interest rate to 2.25–2.50% in December but lowered its rate-hike projections for 2019 from three to two, as well as its growth forecasts for both 2018 and 2019. US Treasury Inflation-Protected Securities' (TIPS) breakevens narrowed in H2 2018, driven by lower energy oil prices and weaker risk sentiment.

AXA Sterling Index-Linked Bond Fund

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For the six months ended 31 December 2018 (unaudited)

Fund Activity

Over the period, we maintained an overweight portfolio duration (a measure of the sensitivity of a bond's price to a change in interest rates) exposure relative to the comparative benchmark (the FTSE-Actuaries Index-Linked 5+ Years Index). At the start of H2 2018, we retained a preference for longer-dated bonds over shorter-dated bonds. The market fully expected a rate rise from the BoE in August after persistent climbs in inflation. As expected, the BoE raised interest rates and the UK Consumer Price Index rate of inflation came in slightly higher at 2.5%.

In September, we started to reduce longer-dated bonds, as the inflation breakeven (the difference in yield between a nominal bond and an inflation-linked bond) widened over the month. UK government bonds outperformed other core government bonds in October, although UK inflation breakevens initially widened, but ended unchanged as they weakened in line with weak risk markets.

November saw poor returns largely driven by the weakness in the long end of the nominal gilt yield, which had an adverse impact given the long duration nature of the portfolio, although this was offset by higher inflation breakevens as Brexit concerns weighed on sterling. Developed government bond markets benefited from a flight to quality in December as equity and risk markets sold off into the year-end. The long end of the curve reversed much of its previous month's underperformance, which benefited the Fund given the long duration nature of the portfolio, and more than offset a narrowing in breakeven spreads.

Fund performance and outlook

During the six months ending 31 December 2018, the AXA Sterling Index Linked Bond Fund provided a total net return of 0.47% (Z Acc, net of fees and gross of tax), compared with the FTSE A UK Govt Index-Linked 5 Years+ Index return of 0.62%. In comparison, the US and European Inflation linked Government bond index returned a -1.43% and -1.98% respectively, while the Global Inflation Linked Government Index returned a -0.92%.

Global developed-government bond markets should continue to benefit from any further global risk aversion and concerns about the outlook for global growth. More locally, for the gilt and UK index-linked market, Brexit developments will remain the focus and will likely be the main driver of near-term relative Fund performance.

All performance data source: AXA Investment Managers and Bloomberg.

Past performance is not a guide for future performance.

Major Purchases

- UK Treasury 0.125% IL 22/11/56
- UK Treasury 0.125% IL 22/11/65

Major Sales

- UK Treasury 1.25% IL 22/11/27
- UK Treasury 0.125% IL 22/03/68
- UK Treasury 0.375% IL 22/03/62
- UK Treasury 1.25% IL 22/11/55
- UK Treasury 0.5% IL 22/03/50

Nick Hayes

31 December 2018

AXA Investment Managers UK Limited

AXA Sterling Index-Linked Bond Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	A Net Accumulation+			A Gross Accumulation		
	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)
Closing net asset value per share †	-	137.40	135.51	138.52	137.50	135.58
Closing net asset value (£) †	-	1,338,797	1,970,334	5,595,951	4,880,962	4,952,419
Closing number of shares	-	974,385	1,454,027	4,039,917	3,549,731	3,652,869
Operating charges ^	-	0.27%	0.27%	0.27%	0.27%	0.27%
	H Net Accumulation+			H Gross Accumulation		
	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)
Closing net asset value per share †	-	248.38	244.26	254.66	252.47	248.32
Closing net asset value (£) †	-	12,419	12,213	6,701,334	6,912,146	7,299,147
Closing number of shares	-	5,000	5,000	2,631,511	2,737,802	2,939,381
Operating charges ^	-	0.02%	0.02%	0.02%	0.02%	0.02%
	R Net Accumulation+			R Gross Accumulation		
	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)
Closing net asset value per share †	-	234.08	231.96	236.18	235.04	232.91
Closing net asset value (£) †	-	3,934,212	7,037,291	10,486,869	12,280,633	39,709,468
Closing number of shares	-	1,680,748	3,033,818	4,440,212	5,224,824	17,048,922
Operating charges ^	-	0.77%	0.77%	0.77%	0.77%	0.77%
	Z Net Accumulation+			Z Gross Accumulation		
	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)	31/12/2018 (p)	30/06/2018 (p)	30/06/2017 (p)
Closing net asset value per share †	-	268.67	265.05	279.56	277.58	273.84
Closing net asset value (£) †	-	117,807,939	135,120,584	171,190,431	74,002,521	90,090,143
Closing number of shares	-	43,848,564	50,979,283	61,235,594	26,659,710	32,898,966
Operating charges ^	-	0.32%	0.32%	0.32%	0.32%	0.32%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Sterling Index-Linked Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
INDEX LINKED GOVERNMENT BONDS 96.53% (30/06/18: 97.11%)			
United Kingdom 96.53% (30/06/18: 97.11%)			
UK Treasury 0.125% IL 22/03/24	3,047,000	4,023	2.07
UK Treasury 0.125% IL 22/03/29	3,917,000	5,777	2.98
UK Treasury 0.125% IL 22/11/36	2,402,000	3,678	1.90
UK Treasury 0.125% IL 22/03/44	5,018,000	8,969	4.62
UK Treasury 0.125% IL 22/03/46	5,379,000	9,258	4.77
UK Treasury 0.125% IL 22/11/56	2,416,000	4,684	2.42
UK Treasury 0.125% IL 22/03/58	3,868,000	7,884	4.06
UK Treasury 0.125% IL 22/11/65	3,258,000	7,368	3.80
UK Treasury 0.125% IL 22/03/68	3,638,000	8,998	4.64
UK Treasury 0.25% IL 22/03/52	4,477,000	9,247	4.77
UK Treasury 0.375% IL 22/03/62	3,498,000	8,849	4.56
UK Treasury 0.5% IL 22/03/50	3,981,000	9,588	4.94
UK Treasury 0.625% IL 22/03/40	3,996,000	8,305	4.28
UK Treasury 0.625% IL 22/11/42	4,151,000	9,236	4.76
UK Treasury 0.75% IL 22/03/34	5,539,000	9,824	5.07
UK Treasury 0.75% IL 22/11/47	4,256,900	10,674	5.50
UK Treasury 1.125% IL 22/11/37	3,864,000	8,944	4.61
UK Treasury 1.25% IL 22/11/27	5,109,000	9,887	5.10
UK Treasury 1.25% IL 22/11/32	4,971,000	9,745	5.02
UK Treasury 1.25% IL 22/11/55	2,646,000	9,163	4.72
UK Treasury 2% IL 26/01/35	3,538,000	9,716	5.01
UK Treasury 2.5% IL 17/07/24	1,823,000	6,643	3.42
UK Treasury 4.125% IL 22/07/30	1,854,000	6,798	3.51
TOTAL INDEX LINKED GOVERNMENT BONDS		187,258	96.53
INDEX LINKED CORPORATE BONDS 2.76% (30/06/18: 2.50%)			
Cayman Islands 0.11% (30/06/18: 0.09%)			
DWR Cymru Financing 3.514% IL 31/03/30	38,000	92	0.05
Southern Water Services Finance 3.816% IL 31/03/23	57,000	107	0.06
Jersey 0.35% (30/06/18: 0.30%)			
Heathrow Funding 3.334% IL 09/12/39	300,000	683	0.35
Supranational 0.01% (30/06/18: 0.01%)			
European Investment Bank 2.65% IL 16/04/20	10,000	18	0.01
United Kingdom 2.29% (30/06/18: 2.10%)			
Anglian Water Services Financing 4.125% IL 28/07/20	43,000	79	0.04
Artesian Finance 3.625% IL 30/09/32	93,000	235	0.12
CTRL Section 1 Finance 2.334% 02/11/51	57,000	176	0.09
London Power Networks 3.125% IL 07/06/32	36,000	85	0.04
National Grid Gas 4.1875% IL 14/12/22	93,000	191	0.10
Network Rail Infrastructure Finance 1.375% IL 22/11/37	956,000	2,161	1.12
Network Rail Infrastructure Finance 1.75% IL 22/11/27	581,000	1,075	0.55
Network Rail Infrastructure Finance 1.9618% IL 01/12/25	160,000	309	0.16
Tesco 3.322% IL 05/11/25	39,000	77	0.04
Thames Water Utilities Finance 3.375% IL 21/07/21	32,000	57	0.03
TOTAL INDEX LINKED CORPORATE BONDS		5,345	2.76

AXA Sterling Index-Linked Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

FUTURES 0.03% (30/06/18: 0.00%)

United Kingdom 0.03% (30/06/18: 0.00%)

Long Gilt Futures March 2019

Holding	Market Value £'000	% of Total Net Assets
55	54	0.03
TOTAL FUTURES	54	0.03
Portfolio of investments	192,657	99.32
Net other assets	1,318	0.68
Total net assets	193,975	100.00

All bonds are denominated in Sterling (unless otherwise indicated).

At 31 December 2018, there were no investments in the fund which were valued using a quote from a single broker (30/06/18: £nil).

AXA Sterling Index-Linked Bond Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital gains		2,568		8,280
Revenue	(770)		(1,641)	
Expenses	(354)		(544)	
Interest payable and similar charges	-		(2)	
Net expense before taxation	(1,124)		(2,187)	
Taxation	-		-	
Net expense after taxation		(1,124)		(2,187)
Total return before equalisation		1,444		6,093
Equalisation		-		-
Change in net assets attributable to Shareholders from investment activities		1,444		6,093

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		221,170		286,192
Amounts receivable on issue of shares	6,121		11,588	
Amounts payable on cancellation of shares	(34,760)		(25,256)	
		(28,639)		(13,668)
Change in net assets attributable to Shareholders from investment activities (see above)		1,444		6,093
Closing net assets attributable to Shareholders		193,975		278,617

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Sterling Index-Linked Bond Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	192,657	220,304
Current assets:		
Debtors	428	408
Cash and bank balances	1,048	1,124
 Total assets	 194,133	 221,836
Liabilities:		
Creditors:		
Other creditors	(158)	(666)
 Total liabilities	 (158)	 (666)
 Net assets attributable to Shareholders	 193,975	 221,170

AXA Sterling Index-Linked Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class A Net Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class A Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class H Net Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class H Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class R Net Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class R Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class Z Net Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class Z Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

AXA Sterling Index-Linked Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2018

Group 2 Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class A Net Accumulation+				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class A Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class H Net Accumulation+				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class H Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class R Net Accumulation+				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class R Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class Z Net Accumulation+				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class Z Gross Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Sterling Buy and Maintain Credit Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide an income and capital return (net of fees) in line with the market for sterling denominated, investment grade bonds issued by companies over the long-term while maintaining a low turnover of bonds held by the Fund. The market is represented by the ICE BofAML Sterling Non-Gilt Index for long-term performance purposes.

Investment Policy

The average credit quality and sensitivity to movements in market interest rates of the bonds held by the Fund are very similar to those of the bonds represented by the index but otherwise the Fund manager has complete discretion to take positions which are different from the Index in seeking to achieve the Fund's objective. The Fund invests at least 70% of its value in sterling denominated, investment grade bonds issued by companies and may also invest up to 20% of its value in non-sterling denominated, investment grade bonds. The low turnover manner in which the Fund is managed means that the Fund avoids unnecessary trading costs. The fund manager focuses on avoiding downgrades and defaults through its analysis and selection of bonds and, by diversifying the Fund's portfolio across different corporate sectors, aims to mitigate the risks associated with any particular sector. Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM). The Fund is permitted to use derivatives for investment purposes but does not currently do so.

Risk and Reward Profile

As at 31 December 2018 (unaudited)

By investing in a Fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which will generate an income but has less potential for capital return than is the case with funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests significantly in equities or overseas. Typically, you would be investing for a period of at least five years.

Lower Risk

Higher Risk

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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. 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 are subject to some level of variation which may result in gains or losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- 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).

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

AXA Sterling Buy and Maintain Credit Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

• **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 more 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 individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

Other risks which could have an impact in extreme market conditions include:

• **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.

• **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

• **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

• **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds Sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

AXA Sterling Buy and Maintain Credit Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Market Snapshot

The sterling bond market delivered slightly negative returns for the six months to 31 December 2018. Yields fluctuated over the period on the back of the risk-off environment and an increased likelihood of a 'no-deal' Brexit, changing market sentiment and renewed political risk in the European periphery.

The Fund slightly outperformed its comparative benchmark over the period, returning -0.23% (Z Acc, net of fees and gross of tax) against the return of the broad sterling credit universe of -0.30%, as measured by the ICE BofAML Sterling Non-Gilt Index.

The portfolio suffered from volatility and a backup in yield in Q3 and Q4, due to an increase in UK interest rates.

The Bank of England (BoE) raised interest rates in Q3 to 0.75%, as expected, and kept this unchanged in Q4. The third quarter also saw GDP grow 0.6% quarter-on-quarter, marking the best growth for seven quarters. As such, the BoE raised its GDP forecast for 2018 from 1.4% to 1.5%, and for 2019 from 1.7% to 1.8%.

The benchmark 10-year government bond yield fell over Q4, moving from 1.57% at the start of October to 1.28% by December's close. UK government bonds took their cue from US peers, which rallied due to concerns over slowing growth and later fears of a US government shutdown.

The US treasury yield fell over Q4, moving from 3.06% at the start of October to 2.68% by December's close. In December, the US Federal Reserve raised interest rates to a range of 2.25–2.50%, a move that was widely expected by investors.

In Europe, the Italian government announced its first budget, in which public spending (as a percentage of GDP) looked set to increase beyond EU limits. Despite receiving a formal objection from the EU, Italy initially continued with its plans, and received a credit rating downgrade from Moody's. However, in December, it emerged that the Italian government had succumbed to EU demands. Italian 10-year bonds, which had been elevated above 3% during October, November and early December, fell in response, ending the year at 2.74%. German yields, meanwhile, moved from 0.47% to 0.24% over the quarter.

AXA Sterling Buy and Maintain Credit Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Fund Activity

A number of new names were added to the portfolio in the six months to 31 December. In Q3, we added Italian utility company Enel, as well as a new securitization through the new A+ rated deal from Connect Plus M25. In Q4, we participated in Southern Housing Association sterling deal and Anglian Water's long-dated issue.

We were quite cautiously positioned over 2018 but, as the market experiences some weakness, we will reinvest natural cash flows benefiting from repricing into sectors such as autos, energy and real estate. Non-sterling investments are starting to look attractive again and the primary market will be the preferred choice to incrementally add back overseas exposure.

Outlook

With ongoing trade tensions and a more conflicted US political situation since the mid-term elections, financial markets have rapidly priced in a much worse economic environment for 2019. Markets are now pricing in a cut in the federal funds rate in 2020, after no additional hikes this year.

As we begin the new year, markets are driving the macro outlook. The increase in volatility reflects uncertainty about growth in the major economies. However, it can be argued that many of the typical conditions for a recession are not in place, and there is the possibility that markets have become too pessimistic. As such, the widening of credit spreads to levels last seen in the 2015 growth scare may present an opportunity for fixed income investors in the months ahead.

All performance data source: AXA Investment Managers and Bloomberg.

Past performance is not a guide for future performance.

Major Purchases

- Connect Plus M25 Issuer 2.607% 31/03/39
- Cardiff University 3% 07/12/55
- Southern Housing 3.5% 19/10/47
- Nationwide Building Society 3.25% 20/01/28
- Standard Chartered 5.125% 06/06/34

Major Sales

- Sampo 1% 18/09/23
- AusNet Services 7.125% 26/06/18
- Daimler International Finance 3.5% 06/06/19
- Fidelity National Information 1.7% 30/06/22
- Daimler International Finance 2.75% 04/12/20

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31 December 2018

AXA Investment Managers UK Limited

AXA Sterling Buy and Maintain Credit Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	Z Gross Income *			Z Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	98.06	99.44	101.62	-	124.87	124.32
Closing net asset value (£) †	149,470,261	26,607,649	4,947	-	41,264,303	2,154,629
Closing number of shares	152,419,612	26,757,845	4,869	-	33,046,309	1,733,091
Operating charges ^	0.14%	0.16%	0.17%	-	0.16%	0.17%

	Z Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	128.18	128.26	127.70
Closing net asset value (£) †	83,175,621	106,022,138	141,567,916
Closing number of shares	64,887,780	82,633,192	110,861,023
Operating charges ^	0.14%	0.16%	0.17%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

* Z Gross Income class launched 20 January 2017.

+ Net share class converted into gross share class at 12 October 2018.

AXA Sterling Buy and Maintain Credit Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CORPORATE BONDS 95.61% (30/06/18: 95.59%)			
Australia 3.13% (30/06/18: 3.37%)			
APT Pipelines 4.25% 26/11/24	1,350,000	1,454	0.62
Australia & New Zealand Banking 5.125% 10/09/19	EUR 220,000	204	0.09
Commonwealth Bank of Australia 5.5% 06/08/19	EUR 210,000	194	0.08
Macquarie Bank 3.5% 18/12/20	800,000	827	0.35
National Australia Bank 5.125% 09/12/21	780,000	854	0.37
Scentre Trust 3.5% 12/02/25	USD 300,000	228	0.10
Scentre Trust 1 3.875% 16/07/26	1,057,000	1,126	0.48
Vicinity Centres Trust 3.375% 07/04/26	1,529,000	1,578	0.68
Westpac Banking 5% 21/10/19	805,000	828	0.36
Belgium 0.62% (30/06/18: 0.47%)			
Anheuser-Busch InBev 2.25% 24/05/29	152,000	140	0.06
Anheuser-Busch InBev 2.85% 25/05/37	877,000	780	0.33
Anheuser-Busch InBev 4% 24/09/25	100,000	108	0.05
Anheuser-Busch InBev 9.75% 30/07/24	305,000	418	0.18
Bermuda 0.25% (30/06/18: 0.35%)			
Hiscox 2% 14/12/22	606,000	591	0.25
Canada 1.07% (30/06/18: 1.17%)			
Bank of Montreal 1.375% 29/12/21	1,066,000	1,055	0.45
Bank of Montreal 1.625% 21/06/22	450,000	448	0.19
Bank of Nova Scotia 1.25% 08/06/22	800,000	787	0.34
Bank of Nova Scotia 1.75% 23/12/22	200,000	199	0.09
Cayman Islands 1.82% (30/06/18: 2.06%*)			
Dwr Cymru Financing 2.5% 31/03/36	100,000	96	0.04
Dwr Cymru Financing 6.015% 31/03/28	1,080,000	1,410	0.60
Southern Water Services Finance 5% 31/03/21	365,000	392	0.17
Southern Water Services Finance 5.125% 30/09/56	111,000	162	0.07
Southern Water Services Finance 6.64% 31/03/26	384,000	492	0.21
Tencent 2.875% 11/02/20	USD 200,000	156	0.07
Trafford Centre Finance 6.5% 28/07/33	1,154,572	1,534	0.66
Finland 0.68% (30/06/18: 1.17%*)			
Nordea Bank 2.125% 13/11/19	300,000	302	0.13
Nordea Bank 2.375% 02/06/22	400,000	408	0.18
OP Corporate Bank 2.5% 20/05/22	850,000	870	0.37
France 7.38% (30/06/18: 7.54%)			
Banque Federative du Credit Mutuel 0.875% 08/06/20	400,000	396	0.17
Banque Federative du Credit Mutuel 1.375 % 20/12/21	400,000	394	0.17
Banque Federative du Credit Mutuel 2.75% 22/01/19	USD 680,000	534	0.23
BNP Paribas 5.75% 24/01/22	1,290,000	1,419	0.61
Bouygues 5.5% 06/10/26	1,250,000	1,480	0.64
BPCE 5.25% 16/04/29	1,300,000	1,462	0.63
Cie de Saint-Gobain 5.625% 15/11/24	1,250,000	1,462	0.63
Credit Agricole 7.375% 18/12/23	1,150,000	1,411	0.61
Electricite de France 5.5% 17/10/41	500,000	622	0.27
Electricite de France 5.875% 18/07/31	121,000	154	0.06
Engie 5% 01/10/60	1,050,000	1,471	0.63
LVMH Moet Hennessy Louis Vuitton 1% 14/06/22	667,000	656	0.28
Orange 5.625% 23/01/34	400,000	518	0.22
Orange 8.125% 20/11/28	630,000	917	0.39

AXA Sterling Buy and Maintain Credit Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
RCI Banque 1.875% 08/11/22	329,000	319	0.14
RCI Banque 3% 09/05/19	700,000	702	0.30
SNCF Mobilites 5.375% 18/03/27	700,000	884	0.38
Societe Generale 2.625% 27/02/25	EUR 200,000	182	0.08
Suez 5.375% 02/12/30	500,000	633	0.27
Total Capital International 1.25% 16/12/24	236,000	229	0.10
Total Capital International 1.75% 07/07/25	589,000	583	0.25
Total Capital International 2.7% 25/01/23	USD 250,000	191	0.08
Total Capital International 3.75% 10/04/24	USD 700,000	557	0.24
Germany 0.00% (30/06/18: 0.19%)			
Guernsey 0.64% (30/06/18: 0.61%)			
Credit Suisse Funding Guernsey 2.75% 08/08/25	1,405,000	1,374	0.59
Credit Suisse Funding Guernsey 3% 27/05/22	117,000	120	0.05
Ireland 0.66% (30/06/18: 1.01%)			
ESB Finance 2.125% 08/06/27	EUR 674,000	639	0.27
GE Capital UK Funding Unlimited 8% 14/01/39	680,000	900	0.39
Italy 0.73% (30/06/18: 1.04%)			
Autostrade per l'Italia 6.25% 09/06/22	775,000	812	0.35
Intesa Sanpaolo 5.25% 28/01/22	350,000	365	0.15
Intesa Sanpaolo 5.25% 12/01/24	USD 700,000	531	0.23
Japan 0.36% (30/06/18: 0.48%)			
East Japan Railway 4.5% 25/01/36	450,000	565	0.24
East Japan Railway 5.25% 22/04/33	200,000	267	0.12
Jersey 2.34% (30/06/18: 2.54%)			
CPUK Finance 7.239% 28/02/24	750,000	903	0.39
Gatwick Funding 6.5% 02/03/41	1,010,000	1,461	0.63
Heathrow Funding 4.625% 31/10/46	1,278,000	1,515	0.65
Porterbrook Rail Finance 4.625% 04/04/29	1,410,000	1,556	0.67
Luxembourg 1.05% (30/06/18: 1.18%)			
Gazprom Gaz Capital 4.25% 06/04/24	900,000	901	0.39
Gazprom Gaz Capital 5.338% 25/09/20	320,000	333	0.14
Schlumberger Investment 3.3% 14/09/21	USD 600,000	469	0.20
Whirlpool Finance Luxembourg 1.25% 02/11/26	EUR 852,000	733	0.32
Mexico 0.23% (30/06/18: 0.30%)			
America Movil 5% 27/10/26	450,000	528	0.23
Netherlands 6.11% (30/06/18: 6.80%)			
ABN AMRO Bank 1.375% 07/06/22	200,000	196	0.08
ABN AMRO Bank 2.375% 07/12/21	900,000	915	0.39
ABN AMRO Bank 4.875% 16/01/19	200,000	200	0.09
Allianz Finance II 4.5% 13/03/43	1,100,000	1,461	0.63
BMW Finance 0.875% 16/08/22	987,000	949	0.41
Cooperatieve Rabobank 4.625% 23/05/29	1,350,000	1,450	0.62
Deutsche Telekom International Finance 2.25% 13/04/29	110,000	104	0.05
Deutsche Telekom International Finance 7.625% 15/06/30	948,000	1,369	0.59
E.ON International Finance 6.375% 07/06/32	365,000	482	0.21
EDP Finance 8.625% 04/01/24	700,000	890	0.38
Enel Finance International 3.625% 25/05/27	USD 261,000	180	0.08
Enel Finance International 4.625% 14/09/25	USD 350,000	264	0.11

AXA Sterling Buy and Maintain Credit Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Enel Finance International 5.625% 14/08/24	660,000	747	0.32
ING Bank 5.8% 25/09/23	USD 800,000	655	0.28
innogy Finance 4.75% 31/01/34	USD 100,000	114	0.05
innogy Finance 6.5% 20/04/21	500,000	551	0.24
Linde Finance 5.875% 24/04/23	775,000	913	0.39
Naturgy Finance 1.375% 19/01/27	300,000	263	0.11
NN 0.875% 13/01/23	EUR 811,000	729	0.31
Siemens 3.75% 10/09/42	1,300,000	1,503	0.65
Urenco Finance 2.25% 05/08/22	EUR 297,000	277	0.12
New Zealand 0.61% (30/06/18: 0.52%)			
Fonterra Co-operative 9.375% 04/12/23	1,059,000	1,408	0.61
Norway 0.93% (30/06/18: 1.09%)			
DNB Bank 4.25% 27/01/20	640,000	658	0.28
Equinor 6.875% 11/03/31	1,030,000	1,514	0.65
Spain 1.92% (30/06/18: 1.93%)			
Banco Bilbao Vizcaya Argentaria 3% 20/10/20	USD 900,000	697	0.30
Banco Santander 2.5% 18/03/25	EUR 200,000	179	0.08
Banco Santander 2.75% 12/09/23	1,100,000	1,089	0.47
Banco Santander 3.125% 19/01/27	EUR 200,000	180	0.08
CaixaBank 1.125% 17/05/24	EUR 800,000	702	0.30
Mapfre 1.625% 19/05/26	EUR 800,000	706	0.30
Telefonica Emisiones 5.289% 09/12/22	500,000	557	0.24
Telefonica Emisiones 5.375% 02/02/26	300,000	345	0.15
Sweden 1.69% (30/06/18: 2.11%*)			
Essity 1.625% 30/03/27	EUR 641,000	575	0.25
Skandinaviska Enskilda Banken 1.25% 05/08/22	300,000	295	0.13
Skandinaviska Enskilda Banken 3% 18/12/20	700,000	718	0.31
Svenska Handelsbanken 2.75% 05/12/22	610,000	631	0.27
Swedbank 1.25% 29/12/21	198,000	195	0.08
Swedbank 1.625% 15/04/19	700,000	701	0.30
Swedbank 1.625% 28/12/22	225,000	222	0.09
Vattenfall 6.875% 15/04/39	390,000	595	0.26
Switzerland 0.19% (30/06/18: 0.25%)			
UBS London 1.25% 10/12/20	442,000	439	0.19
United Kingdom 48.73% (30/06/18: 45.17%*)			
ABP Finance 6.25% 14/12/26	700,000	841	0.36
Affinity Sutton Capital Markets 5.981% 17/09/38	405,000	573	0.25
Affinity Water Finance 2004 5.875% 13/07/26	450,000	564	0.24
Anglian Water Services Financing 1.625% 10/08/25	150,000	144	0.06
Anglian Water Services Financing 2.75% 26/10/29	450,000	450	0.19
Anglian Water Services Financing 4.5% 05/10/27	850,000	975	0.42
Arqiva Financing 4.882% 31/12/32	466,670	517	0.22
Aspire Defence Finance 4.674% 31/03/40	1,301,728	1,570	0.68
AstraZeneca 5.75% 13/11/31	365,000	478	0.21
Babcock International 1.875% 05/10/26	482,000	435	0.19
Barclays 3.25% 12/02/27	450,000	431	0.19
Barclays Bank 10% 21/05/21	360,000	414	0.18
BG Energy Capital 5% 04/11/36	350,000	465	0.20
BL Superstores Finance 4.482% 04/10/25	288,627	325	0.14
BP Capital Markets 2.03% 14/02/25	1,350,000	1,335	0.57
BP Capital Markets 3.994% 26/09/23	USD 200,000	161	0.07

AXA Sterling Buy and Maintain Credit Fund

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As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
British Telecommunications 5.75% 07/12/28	854,000	1,036	0.45
Broadgate Financing 4.821% 05/07/33	330,000	421	0.18
Broadgate Financing 4.999% 05/10/31	975,000	1,166	0.50
BUPA Finance 5% 25/04/23	600,000	638	0.27
BUPA Finance 5% 08/12/26	700,000	733	0.32
Canary Wharf Finance II 5.952% 22/01/35	440,000	614	0.26
Cardiff University 3% 07/12/55	1,500,000	1,585	0.68
Clarion Funding 3.125% 19/04/48	350,000	336	0.14
Clydesdale Bank 4.625% 08/06/26	500,000	596	0.26
Compass 2% 03/07/29	1,577,000	1,522	0.65
Connect Plus M25 Issuer 2.607% 31/03/39	1,604,161	1,613	0.69
Coventry Building Society 1% 05/05/20	229,000	227	0.10
Coventry Building Society 1.875% 24/10/23	767,000	740	0.32
Coventry Building Society 5.875% 28/09/22	460,000	518	0.22
Crh Finance 4.125% 02/12/29	1,350,000	1,474	0.63
CTRL Section 1 Finance 5.234% 02/05/35	1,163,752	1,465	0.63
Dignity Finance 3.5456% 31/12/34	1,465,993	1,529	0.66
Eastern Power Networks 4.75% 30/09/21	170,000	184	0.08
Eastern Power Networks 6.25% 12/11/36	200,000	279	0.12
Eversholt Funding 6.697% 22/02/35	1,230,000	1,551	0.67
Experian Finance 2.125% 27/09/24	992,000	993	0.43
Experian Finance 3.5% 15/10/21	490,000	513	0.22
FCE Bank 2.727% 03/06/22	1,050,000	1,031	0.44
Friends Life 8.25% 21/04/22	1,000,000	1,169	0.50
Genfinance II 6.064% 21/12/39	400,000	555	0.24
GlaxoSmithKline Capital 5.25% 19/12/33	400,000	523	0.23
GlaxoSmithKline Capital 6.375% 09/03/39	640,000	962	0.41
Great Rolling Stock 6.25% 27/07/20	880,000	939	0.40
Greene King Finance 5.318% 15/09/31	1,302,478	1,498	0.64
Harbour Funding 5.28% 31/03/34	470,000	591	0.25
Haven Funding 8.125% 30/09/37	1,024,355	1,552	0.67
High Speed Rail Finance 1 4.375% 01/11/38	470,000	559	0.24
HSBC 5.75% 20/12/27	414,000	473	0.20
HSBC Bank 6.5% 07/07/23	850,000	998	0.43
Hutchison Whampoa Finance UK 5.625% 24/11/26	1,200,000	1,468	0.63
Hyde Housing Association 5.125% 23/07/40	490,000	625	0.27
Integrated Accommodation Services 6.48% 31/03/29	885,279	1,093	0.47
Intu SGS Finance 4.25% 17/09/30	1,114,000	1,079	0.46
Intu SGS Finance 4.625% 17/03/28	100,000	102	0.04
Juturna European Loan Conduit No 16 5.0636% 10/08/33	1,033,959	1,242	0.53
Land Securities Capital Markets 1.974% 08/02/24	1,100,000	1,099	0.47
Legal & General Finance 5.875% 11/12/31	632,000	842	0.36
Liberty Living Finance 2.625% 28/11/24	1,508,000	1,479	0.64
Lloyds Bank 7.5% 15/04/24	440,000	548	0.24
Lloyds Bank 7.625% 22/04/25	750,000	930	0.40
London & Quadrant Housing Trust 2.625% 28/02/28	539,000	539	0.23
Longstone Finance 4.896% 19/04/31	1,080,000	1,223	0.53
Manchester Airport Group Funding 2.875% 31/03/39	892,000	825	0.35
Manchester Airport Group Funding 4.75% 31/03/34	482,000	572	0.25
Meadowhall Finance 4.986% 12/01/32	1,281,795	1,558	0.67
Mitchells & Butlers Finance 5.574% 15/12/30	483,019	544	0.23
Mitchells & Butlers Finance 6.013% 15/12/28	287,355	324	0.14
Motability Operations 3.75% 16/07/26	556,000	618	0.27
Motability Operations 5.375% 28/06/22	280,000	316	0.14
National Grid Electricity Transmission 7.375% 13/01/31	395,000	587	0.25
Nationwide Building Society 3.25% 20/01/28	1,400,000	1,447	0.62
Nats En Route 5.25% 31/03/26	1,380,695	1,571	0.68

AXA Sterling Buy and Maintain Credit Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Natwest Markets 7.5% 29/04/24	360,000	443	0.19
Next 5.375% 26/10/21	330,000	357	0.15
NIE Finance 2.5% 27/10/25	675,000	677	0.29
Northern Gas Networks Finance 4.875% 30/06/27	335,000	396	0.17
Northern Gas Networks Finance 4.875% 15/11/35	150,000	184	0.08
Northern Powergrid Yorkshire 2.5% 01/04/25	520,000	527	0.23
Northern Powergrid Yorkshire 5.125% 04/05/35	300,000	384	0.17
Northumbrian Water Finance 2.375% 05/10/27	400,000	387	0.17
Northumbrian Water Finance 6.875% 06/02/23	415,000	495	0.21
Octagon Healthcare Funding 5.333% 31/12/35	917,171	1,124	0.48
Peabody Capital 5.25% 17/03/43	100,000	131	0.06
Peabody Capital No 2 3.25% 14/09/48	1,000,000	970	0.42
Peabody Capital No 2 4.625% 12/12/53	343,000	429	0.18
Places for People Homes 5.09% 31/07/24	1,338,000	1,524	0.66
Prudential 6.125% 19/12/31	1,130,000	1,394	0.60
RELX Investments 2.75% 01/08/19	100,000	100	0.04
Rio Tinto Finance 4% 11/12/29	1,300,000	1,490	0.64
Rolls-Royce 3.375% 18/06/26	400,000	420	0.18
Royal Bank of Scotland 2.875% 19/09/26	450,000	430	0.18
RSL Finance No 1 6.625% 31/03/38	382,552	522	0.22
Sanctuary Capital 6.697% 23/03/39	390,000	592	0.25
Santander UK 3.875% 15/10/29	1,400,000	1,530	0.66
Scottish Widows 7% 16/06/43	620,000	713	0.31
Segro 2.375% 11/10/29	850,000	803	0.35
Severn Trent Utilities Finance 1.125% 07/09/21	100,000	99	0.04
Severn Trent Utilities Finance 2.75% 05/12/31	600,000	585	0.25
Sky 6% 21/05/27	750,000	936	0.40
Society of Lloyd's 4.75% 30/10/24	1,350,000	1,407	0.60
Southern Electric Power Distribution 5.5% 07/06/32	280,000	347	0.15
Southern Gas Networks 2.5% 03/02/25	542,000	545	0.23
Southern Gas Networks 3.1% 15/09/36	573,000	556	0.24
Southern Housing 3.5% 19/10/47	1,525,000	1,534	0.66
Sovereign Housing Capital 5.705% 10/09/39	436,000	602	0.26
SP Manweb 4.875% 20/09/27	450,000	528	0.23
Stagecoach 4% 29/09/25	521,000	531	0.23
Standard Chartered 4.375% 18/01/38	100,000	111	0.05
Standard Chartered 5.125% 06/06/34	1,300,000	1,384	0.59
Student Finance 2.6663% 30/09/24	1,570,000	1,546	0.66
Sunderland SHG Finance 6.38% 31/03/42	425,000	572	0.25
Telereal Securitisation 5.9478% 10/12/31	1,254,737	1,527	0.66
Tesco Property Finance 1 7.6227% 13/07/39	331,836	433	0.19
Thames Water Utilities Finance 5.125% 28/09/37	450,000	544	0.23
Thames Water Utilities Finance 6.75% 16/11/28	750,000	985	0.42
THFC Funding No 2 6.35% 08/07/39	340,000	488	0.21
Together Housing Finance 4.5% 17/12/42	1,250,000	1,486	0.64
Transport for London 4.5% 31/03/31	1,300,000	1,528	0.66
Unilever 1.125% 03/02/22	297,000	294	0.13
Unilever 1.375% 15/09/24	500,000	489	0.21
United Utilities Water Finance 2% 14/02/25	1,139,000	1,122	0.48
University of Cambridge 2.35% 27/06/78	600,000	549	0.24
University of Cambridge 3.75% 17/10/52	750,000	961	0.41
University of Leeds 3.125% 19/12/50	1,400,000	1,487	0.64
University of Liverpool 3.375% 25/06/55	1,313,000	1,501	0.65
University of Manchester 4.25% 04/07/53	1,120,000	1,494	0.64
University of Oxford 2.544% 08/12/2117	1,640,000	1,460	0.63
University of Southampton 2.25% 11/04/57	1,709,000	1,476	0.63
Vodafone 5.9% 26/11/32	445,000	579	0.25

AXA Sterling Buy and Maintain Credit Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Wales & West Utilities Finance 3% 03/08/38	500,000	488	0.21
Wales & West Utilities Finance 4.625% 13/12/23	350,000	395	0.17
Wales & West Utilities Finance 6.25% 30/11/21	50,000	57	0.02
Wellcome Trust 4% 09/05/59	220,000	300	0.13
Western Power Distribution South West 2.375% 16/05/29	511,000	488	0.21
Western Power Distribution West Midlands 5.75% 16/04/32	420,000	534	0.23
Wheatley Group Capital 4.375% 28/11/44	404,000	457	0.20
White City Property Finance 5.1202% 17/04/35	465,995	572	0.25
WPP Finance 2010 3.75% 19/09/24	USD 700,000	509	0.22
Yorkshire Building Society 3.5% 21/04/26	1,450,000	1,453	0.62
Yorkshire Water Finance 6.375% 19/08/39	1,020,000	1,508	0.65
United States 14.47% (30/06/18: 14.24%)			
AbbVie 3.6% 14/05/25	USD 764,000	575	0.25
American Honda Finance 1.3% 21/03/22	923,000	911	0.39
American International 5% 26/04/23	850,000	939	0.40
Amgen 4% 13/09/29	1,350,000	1,475	0.63
Apple 3.05% 31/07/29	1,370,000	1,467	0.63
AT&T 4.875% 01/06/44	500,000	545	0.23
AT&T 7% 30/04/40	650,000	904	0.39
Bank of America 2.3% 25/07/25	1,510,000	1,489	0.64
Bayer US Finance 3.375% 08/10/24	USD 600,000	445	0.19
Becton Dickinson 1% 15/12/22	EUR 566,000	509	0.22
Becton Dickinson 3.7% 06/06/27	USD 139,000	103	0.04
Cardinal Health 3.41% 15/06/27	USD 922,000	654	0.28
Citigroup 3.875% 26/03/25	USD 200,000	151	0.07
Citigroup 4.5% 03/03/31	374,000	404	0.17
Citigroup 5.15% 21/05/26	306,000	356	0.15
Comcast 5.5% 23/11/29	800,000	1,008	0.43
CVS Health 4.1% 25/03/25	USD 500,000	388	0.17
Fidelity National Information Services 1.7% 30/06/22	1,548,000	1,521	0.65
Goldman Sachs 4.25% 29/01/26	1,400,000	1,498	0.64
HCP 4% 01/06/25	USD 200,000	153	0.07
JPMorgan Chase 3.5% 18/12/26	1,400,000	1,518	0.65
McDonald's 5.875% 23/04/32	1,135,000	1,483	0.64
McKesson 3.125% 17/02/29	850,000	831	0.36
Metropolitan Life Global Funding I 3.5% 30/09/26	1,370,000	1,490	0.64
Morgan Stanley 2.625% 09/03/27	1,500,000	1,480	0.64
PepsiCo 2.5% 01/11/22	190,000	198	0.09
Pfizer 2.735% 15/06/43	577,000	557	0.24
PNC Bank 3.25% 01/06/25	USD 700,000	534	0.23
Procter & Gamble 1.375% 03/05/25	100,000	98	0.04
Procter & Gamble 1.8% 03/05/29	1,461,000	1,416	0.61
Prologis 2.25% 30/06/29	1,643,000	1,537	0.66
Toyota Motor Credit 1.125% 07/09/21	751,000	743	0.32
United Parcel Service 5.125% 12/02/50	1,050,000	1,500	0.65
United Technologies 3.1% 01/06/22	USD 550,000	422	0.18
United Technologies 4.15% 15/05/45	USD 350,000	249	0.11
Verizon Communications 3.125% 02/11/35	500,000	478	0.21
Verizon Communications 3.375% 27/10/36	500,000	490	0.21
Verizon Communications 3.5% 01/11/24	USD 250,000	193	0.08
Verizon Communications 4.073% 18/06/24	313,000	345	0.15
Walmart 5.625% 27/03/34	800,000	1,118	0.48
Welltower 4.8% 20/11/28	1,335,000	1,490	0.64
TOTAL CORPORATE BONDS		222,433	95.61

AXA Sterling Buy and Maintain Credit Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
FUTURES (0.11%) (30/06/18: 0.03%)			
Germany (0.02%) (30/06/18: (0.02%))			
Euro Bond Futures March 2019	(30)	(35)	(0.02)
United Kingdom (0.02%) (30/06/18: 0.08%)			
Long Gilt Futures March 2019	(52)	(45)	(0.02)
United States (0.07%) (30/06/18: (0.03%))			
10 Year Treasury Note Futures March 2019	(73)	(163)	(0.07)
TOTAL FUTURES		(243)	(0.11)
FORWARD CURRENCY CONTRACTS 0.02% (30/06/18: (0.12%))			
Sold EUR7,790,000 for GBP6,989,009 Settlement 07/01/2019		(4)	-
Sold USD12,100,000 for GBP9,539,143 Settlement 07/01/2019		40	0.02
TOTAL FORWARD CURRENCY CONTRACTS		36	0.02
Portfolio of investments		222,226	95.52
Net other assets		10,420	4.48
Total net assets		232,646	100.00

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

All bonds are denominated in Sterling (unless otherwise indicated).

At 31 December 2018, there were no investments in the fund which were valued using a quote from a single broker (30/06/18: £nil).

AXA Sterling Buy and Maintain Credit Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital (losses)/gains		(3,327)		674
Revenue	2,728		2,216	
Expenses	(139)		(128)	
Interest payable and similar charges	(2)		-	
	<u>2,587</u>		<u>2,088</u>	
Net revenue before taxation				
	2,587		2,088	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>2,587</u>		<u>2,088</u>
Total return before distributions		(740)		2,762
Distributions		(2,587)		(2,088)
		<u>(3,327)</u>		<u>674</u>
Change in net assets attributable to Shareholders from investment activities		(3,327)		674

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		173,894		143,728
Amounts receivable on issue of shares	61,077		27,792	
Amounts payable on cancellation of shares	<u>(555)</u>		<u>(413)</u>	
		60,522		27,379
Change in net assets attributable to Shareholders from investment activities (see above)		(3,327)		674
Retained distributions on accumulation shares		1,557		2,009
		<u>232,646</u>		<u>173,790</u>
Closing net assets attributable to Shareholders		232,646		173,790

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Sterling Buy and Maintain Credit Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	222,473	166,361
Current assets:		
Debtors	3,029	2,446
Cash and bank balances	8,440	13,063
Total assets	233,942	181,870
Liabilities:		
Investment liabilities	(247)	(295)
Creditors:		
Bank overdrafts	-	(5)
Distribution payable	(997)	(176)
Other creditors	(52)	(7,500)
Total liabilities	(1,296)	(7,976)
Net assets attributable to Shareholders	232,646	173,894

AXA Sterling Buy and Maintain Credit Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class Z Gross Income				
Group 1	0.664	-	0.664	0.674
Group 2	0.664	-	0.664	0.674
Share Class Z Net Accumulation				
Group 1	0.834	-	0.834	0.824
Group 2	0.420	0.414	0.834	0.824
Share Class Z Gross Accumulation				
Group 1	0.856	-	0.856	0.846
Group 2	0.856	-	0.856	0.846

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2018

Group 2 Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class Z Gross Income				
Group 1	0.654	-	0.654	0.662
Group 2	0.423	0.231	0.654	0.662
Share Class Z Net Accumulation +				
Group 1	-	-	-	0.814
Group 2	-	-	-	0.814
Share Class Z Gross Accumulation				
Group 1	0.849	-	0.849	0.836
Group 2	0.493	0.356	0.849	0.836

+ Net share class converted into gross share class at 12 October 2018.

AXA Sterling Strategic Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide an income combined with any capital growth over the long-term.

Investment Policy

The Fund invests primarily in a diversified portfolio of sterling-denominated, investment grade bonds issued by companies and governments. The Fund manager seeks to reduce the effect of credit risk through its analysis and selection of bonds (with a particular emphasis on industry and issuer) and also positions the Fund to take advantage of its expectation of interest rate movements. The Fund is managed with reference to the composition and risk profile of the BofA Merrill Lynch Sterling Broad Market Index. However the Fund manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

Lower Risk

Higher Risk

Potentially lower reward

Potentially higher reward

1	2	3	4	5	6	7
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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. 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 are subject to some level of variation which may result in gains or losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- **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).

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

- **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 more volatility in its market value than bonds with shorter durations.

AXA Sterling Strategic Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

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

Other risks which could have an impact in extreme market conditions include:

- **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.

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

AXA Sterling Strategic Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Investment Review

Brexit has been a key feature for the UK as the 29 March 2019 deadline for the UK withdrawal approaches. In July, Prime Minister Theresa May convinced her cabinet to agree on a softer Brexit approach, but some high-profile pro-Brexit cabinet members resigned as a result. A further watered-down version was later approved in parliament. A solution to the Irish border issue that satisfied both sides continued to be the sticking point, so a 'no-deal' Brexit remained a concern, and Bank Governor Carney acknowledged a wide range of possible outcomes on Brexit talks. Positive rumours about the outcome of Brexit negotiations became a reality in November when the PM was, at last, able to announce a Brexit Withdrawal Agreement (WA) with the EU, following an apparent solution to the Irish border issue. This compromise WA, however, was condemned by both 'Remain' and 'Leave' camps, and criticism about the Irish backstop forced Theresa May to abandon the Brexit vote in parliament in December. She later fended off a belated vote of no-confidence in her leadership of the Conservative party after promising not to lead the party into the 2022 general election. The EU insists there is no room for further negotiation, with both sides stepping up plans for worst-case 'no-deal' Brexit. That, or no Brexit may yet force MPs to vote for the current compromise deal.

As expected, the Bank of England raised rates by 25 basis points (bps) to 0.75% in early August in order to achieve its inflation target, despite Brexit uncertainty and acknowledging softer global growth with evidence of trade tensions. Further rate hikes would be limited and gradual; the Bank expected one hike of 25bps in each of the next two years, based on forecasts that assume a smooth Brexit. This had increased to one hike in each of the next three years, by the time of November's Quarterly Inflation Report, with the UK's output gap expected to be closed from late 2019.

Tariffs previously mooted became a reality. In July, US tariffs on \$34 billion of Chinese imports began, China retaliated, with the US considering, then implementing (in August) tariffs on \$16 billion more. US President Trump met with European Commission's Juncker and agreed on a ceasefire in their trade war, aiming to work towards zero tariffs. US officials suggested that China will be a longer-term problem, but believed its aggressive stance made sense, with the strength of the US economy cushioning any problems. In September, the US imposed 10% tariffs - set to rise to 25% from January - on a further \$200 billion of Chinese imports, with China again retaliating. Following December's G20 meeting, the US and China announced a 90-day ceasefire in their trade war, postponing January's scheduled hike in tariffs.

US monetary policy has followed the path expected, the US Federal Reserve (Fed) raising rates by 25bps in September and December (now at a 2.25-2.50% target range), as the firm economy outweighed trade tensions and the resulting higher import costs. The Fed's view on rates has softened dramatically, with Fed Chair Powell suggesting US rates were just below neutral in November, only weeks after saying they were well below neutral – maybe that was the impact of tighter financial conditions following weakness in risk markets. In Europe, the European Central Bank (ECB) acknowledged that the uncertainty around trade was a risk, but remained confident that strengthening domestic demand will provide protection from an externally-led slowdown. Its bond purchase programme would stop, as planned, at the end of 2018.

AXA Sterling Strategic Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Macro concerns in emerging markets (EM) resurfaced in August, causing extreme currency weakness for Argentina and Turkey and stress in their bond markets. This affected fund flows, but wholesale contagion was avoided. Italy was another worry for markets over the summer on fears that the new government's budget would breach EU deficit limits. A breach was avoided, but September's budget deficit announcement was above what had been touted by the previous regime and rejected by the EU. Negotiations found a middle ground and the budget was agreed in December. Equity markets were firm over the summer, but turned sharply weaker in October, perhaps reflecting that the best period in the economic cycle has passed, impacted by higher government bond yields (in the US in particular), which had been in an upward trend for over 12 months. It may be the case that US dollar cash yielding 2%+ is now a viable risk-free investment, reducing the attraction of more risky assets. Government bond yields fell as investors sought a safe haven from weak equities. Softening growth, partly tariff-related, prompted China to cut rates. The growth backdrop was becoming more of a concern.

Gilt yields trended higher over the summer ahead of the UK rate hike, with occasional reversals on EM/Italian budget/trade/Brexit concerns. Post-Brexit referendum highs were hit in October, as gilts followed US treasury yields higher in response to strong US economic data and optimism on a Brexit deal. Sharply weaker equities and Italian budget concerns pushed yields lower on safe haven demand, partially reversing as these abated. Increasingly negative idiosyncratic corporate stories saw US treasury yields tumble from their early November peak, further boosted by a more dovish Fed outlook. Coupled with the compromise Brexit WA that disappointed the optimists, gilt yields followed suit. Ten-year gilt yields fell 14bps to 1.28% (adjusted for benchmark change which added 14bps to the 10-year yield) over the latest six months, having peaked at 1.73% in October. Thirty-year gilt yields were 8bps higher at 1.82%. The ICE BofAML Gilt Index produced a total return of +0.21%, with 0-5 years +0.50%, 5-15 years +1.57% and over 15 years -0.81%.

New issuance of sterling corporate bonds was typically quiet over the summer, but picked up in September and October, including some subordinated deals on relatively wide spreads. The general risk-off environment curtailed further activity. Corporate bonds were particularly under pressure in November with an increase in the number of negative corporate-related headlines and remained soft in December, with new issuance grinding to a halt. Corporate bonds spreads were 214bps higher (adjusted for +6bps index rebalancing) at +151bps over the period. With little change in gilt yields, corporate bond yields were 27bps higher at 2.72%, to give a total return on the ICE BofAML Sterling Non-Gilts Index of -0.30%. By rating band, moves were as to be expected in a more risk-averse environment, with lower-rated bonds underperforming: BBB's widened the most (+47bps to 227bps), A's +20bps to +153bps (although part of the difference between these two rating bands reflected GE's downgrade from A to BBB), while AAA and AA rated bond spreads were 14bps and 12bps wider to +50bps and +81bps respectively. All sectors saw wider spreads, but capital goods was the standout loser with spreads 107bps wider as GE, a significant corporate borrower, disappointed markets and was downgraded to BBB from A. The ICE BofAML Sterling Broad Index rose 0.04% over the period.

The AXA Sterling Strategic Bond Fund provided a total return of -0.61% (Z Acc, net of fees and gross of tax) during the six months to 31 December 2018.

The Fund follows a UK aggregate strategy, giving investors exposure to gilts and investment grade corporate bonds (including high quality quasi-government bonds). The fund has favoured a small overweight in corporate bonds, encouraged extra yield in a global low-yield environment and relatively supportive credit fundamentals, with an underweight position in lower yielding gilts as a consequence. Our caution that yields would trend higher as central banks pursued tighter monetary policies has seen the Fund adopt a small short duration position relative to the index, in order to reduce the negative price impact from such a move. The extent of the short duration was reduced after gilt yields rose in the summer. The Fund bought some new corporate bond issues including: the AA, Goldman Sachs, Investec Bank, Connect Plus (M25 motorway operator), Daimler, Santander, Quadgas, DP World, Vodafone, Prudential, CenterParcs and Legal & General. Many holdings were top sliced to fund acquisitions, with exposure to Unilever and Kennedy Wilson Europe exited fully.

Higher US rates, US balance sheet reduction, the wind down of ECB quantitative easing (QE) and trade tariffs (and slower Chinese growth) among other things, have dented growth sentiment going into 2019, in stark contrast to confidence in synchronised global growth 12 months earlier. That said, only tariffs were not anticipated. Resultant flatter yields curves, weak equity and corporate bond markets have sowed doubt about previous higher rates expectations, prompting lower government bond yields. Tighter policy to date has been measured and slow, and largely in the US, with most commentators only expecting slower growth, not recession. The Fed may pause in its rate hiking cycle, taking note of markets' caution, but still expects to hike 25bps twice in 2019, although markets are pricing out any further hikes. The Chinese have plenty of tools to offset their slowdown in growth. Trade talks between the US and China could prove key: Should the situation worsen, there will be further pressure on growth and risk assets underpinning expectations of at least unchanged, if not looser, monetary policy. If resolved, this would provide a boost for growth with central banks' reappraising their caution on monetary policy.

AXA Sterling Strategic Bond Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

While a slowing growth environment is less supportive for company profits, the widening of corporate bond spreads from their tightest (i.e. most expensive) levels in January 2018 represents a decent cheapening in value, which should be viewed as attractive should economic growth prospects stabilise or improve. Any deterioration in the macro backdrop would likely see further weakness. Government bond yields would likely benefit (fall) from any further deterioration in sentiment, but would reverse higher on an improvement. Corporate bond spreads would likely move in the opposite direction. Individual credit stories have been on the increase, often without warning, illustrating the advantage of owning a diversified portfolio of credits.

Brexit will have a significant impact on the UK economy with interest rate and gilt yield implications. The WA negotiated by the government has many opponents, so finding a common ground that will get sufficient support is a massive challenge. Loyalty among political parties is not a given, with the subject so divisive. A softer Brexit would appear to be the best hope of gaining support of the opposition parties as well as being least damaging from an economic perspective (apart from no Brexit) for the UK. Such an approach, however, is at odds with Theresa May's insistence on no permanent customs union with the EU (as this would limit the UK's ability to negotiate trade deals with other countries), along with ending the free movement of people. Only hard-line Brexiteers appear keen for the UK to leave the EU with no deal given the dire economic projections, however, risk remains that we reach a 'no-deal' outcome by accident, being unable to agree on anything else. An extension of Article 50 to allow further negotiations (even if the EU insists there is nothing more that can be done) may offer some hope. The outcome is far from clear: May's deal, a softer Brexit, hard Brexit, no Brexit, a second referendum, a general election (would either of the two main parties campaign for a second referendum – they suggest not).

All performance data source: AXA Investment Managers, ICE BofAML and Bloomberg.

Past performance is not a guide to future performance.

Major Purchases

- CPUK Finance 3.69% 28/08/28
- Prudential 5.625% 20/10/51
- DP World 4.25% 25/09/30
- Yorkshire Building Society 3.375% 13/09/28
- Daimler International Finance 2% 04/09/23

Major Sales

- UK Treasury 1.25% 22/07/27
- UK Treasury 1.75% 22/07/19
- UK Treasury 4.75% 07/12/30
- UK Treasury 1.75% 07/09/22
- UK Treasury 4.5% 07/09/34

Phil Roantree

31 December 2018

AXA Investment Managers UK Limited

AXA Sterling Strategic Bond Fund

Comparative Tables

As at 31 December 2018 (unaudited)

	H Net Accumulation +				H Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	144.29	141.43		155.62	155.81	152.76
Closing net asset value (£) †	-	7,215	7,071		7,781	7,791	7,638
Closing number of shares	-	5,000	5,000		5,000	5,000	5,000
Operating charges ^	-	0.03%	0.02%		0.03%	0.03%	0.02%
	B Net Income +				B Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	106.68	106.80		-	111.33	109.56
Closing net asset value (£) †	-	309,730	311,352		-	18,112,131	20,035,417
Closing number of shares	-	290,340	291,525		-	16,268,780	18,287,069
Operating charges ^	-	0.43%	0.42%		-	0.43%	0.42%
	B Gross Income				B Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	105.43	106.72	106.84		111.44	111.77	109.99
Closing net asset value (£) †	552,174	311,245	318,850		48,736,627	34,223,614	38,118,846
Closing number of shares	523,723	291,647	298,431		43,735,135	30,619,867	34,655,832
Operating charges ^	0.43%	0.43%	0.42%		0.43%	0.43%	0.42%
	R Net Income +				R Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	95.28	95.39		-	126.93	125.98
Closing net asset value (£) †	-	57,255	60,182		-	1,742,843	7,877,425
Closing number of shares	-	60,095	63,094		-	1,373,044	6,253,025
Operating charges ^	-	1.28%	1.27%		-	1.28%	1.27%
	R Gross Income				R Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	94.27	95.42	95.53		134.46	135.44	134.42
Closing net asset value (£) †	60,267	4,875	4,881		2,346,012	717,500	761,180
Closing number of shares	63,928	5,109	5,109		1,744,820	529,753	566,265
Operating charges ^	1.28%	1.28%	1.27%		1.28%	1.28%	1.27%
	Z Net Income +				Z Net Accumulation +		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	108.07	108.19		-	148.83	146.61
Closing net asset value (£) †	-	238,434	782,639		-	11,124,501	16,584,351
Closing number of shares	-	220,637	723,388		-	7,474,661	11,311,944
Operating charges ^	-	0.53%	0.52%		-	0.53%	0.52%
	Z Gross Income				Z Gross Accumulation		
	31/12/2018	30/06/2018	30/06/2017		31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	106.94	108.25	108.37		163.62	164.19	161.74
Closing net asset value (£) †	171,964	4,966	4,967		111,025,649	114,737,185	120,067,749
Closing number of shares	160,799	4,587	4,583		67,856,993	69,880,518	74,234,451
Operating charges ^	0.53%	0.53%	0.52%		0.53%	0.53%	0.52%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

+ Net share classes converted into gross share classes at 12 October 2018.

AXA Sterling Strategic Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
GOVERNMENT BONDS 65.94% (30/06/18: 66.99%)			
United Kingdom 65.94% (30/06/18: 66.99%)			
UK Treasury 1.25% 22/07/27	9,158,000	9,215	5.66
UK Treasury 1.5% 22/01/21	1,017,000	1,032	0.63
UK Treasury 1.5% 22/07/26	2,994,000	3,087	1.90
UK Treasury 1.5% 22/07/47	3,600,000	3,343	2.05
UK Treasury 1.75% 22/07/19	2,000,000	2,011	1.23
UK Treasury 1.75% 07/09/22	6,150,000	6,355	3.90
UK Treasury 2% 07/09/25	3,256,000	3,466	2.13
UK Treasury 2.25% 07/09/23	5,009,000	5,320	3.27
UK Treasury 2.5% 07/22/65	3,300,000	4,127	2.53
UK Treasury 2.75% 07/09/24	1,618,000	1,779	1.09
UK Treasury 3.25% 22/01/44	1,549,000	1,985	1.22
UK Treasury 3.5% 22/01/45	2,902,000	3,894	2.39
UK Treasury 3.5% 22/07/68	2,911,000	4,614	2.83
UK Treasury 3.75% 22/07/52	2,822,000	4,243	2.61
UK Treasury 4% 22/01/60	3,550,000	5,932	3.64
UK Treasury 4.25% 07/12/27	6,165,000	7,784	4.78
UK Treasury 4.25% 07/06/32	1,328,000	1,770	1.09
UK Treasury 4.25% 07/03/36	3,574,199	4,942	3.03
UK Treasury 4.25% 07/09/39	2,301,001	3,287	2.02
UK Treasury 4.25% 07/12/40	2,353,000	3,406	2.09
UK Treasury 4.25% 07/12/46	1,908,000	2,915	1.79
UK Treasury 4.25% 07/12/55	2,060,000	3,462	2.13
UK Treasury 4.5% 07/09/34	4,335,677	6,059	3.72
UK Treasury 4.5% 07/12/42	2,225,175	3,390	2.08
UK Treasury 4.75% 07/12/30	4,767,000	6,524	4.00
UK Treasury 4.75% 07/12/38	2,300,000	3,467	2.13
TOTAL GOVERNMENT BONDS		107,409	65.94
CORPORATE BONDS 32.82% (30/06/18: 31.69%)			
Australia 1.44% (30/06/18: 1.38%)			
APT Pipelines 4.25% 26/11/24	500,000	539	0.33
BHP Billiton Finance 6.5% 22/10/77	321,000	353	0.22
Scentre Trust 1 3.875% 16/07/26	500,000	532	0.33
Vicinity Centres Trust 3.375% 07/04/26	479,000	494	0.30
Westfield America Management 2.625% 30/03/29	450,000	434	0.26
Belgium 0.30% (30/06/18: 0.28%)			
Anheuser-Busch InBev 4% 24/09/25	450,000	488	0.30
Canada 0.94% (30/06/18: 0.93%)			
Bank of Nova Scotia 0.75% 14/09/21	500,000	491	0.30
Bank of Nova Scotia 1.75% 23/12/22	500,000	498	0.31
Royal Bank of Canada 1.125% 22/12/21	550,000	545	0.33
Cayman Islands 0.00% (30/06/18: 0.00%*)			
France 3.27% (30/06/18: 3.64%)			
BNP Paribas 5.75% 24/01/22	500,000	550	0.34
BPCE 5.25% 16/04/29	700,000	787	0.48
CNP Assurances 7.375% 30/09/41	300,000	326	0.20
Dexia Credit Local 1.125% 24/02/19	500,000	500	0.31
Electricite de France 5.5% 17/10/41	600,000	746	0.46
Electricite de France 6% Perpetual	700,000	678	0.42
Engie 7% 30/10/28	450,000	628	0.38

AXA Sterling Strategic Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Orange 5.75% Perpetual	600,000	626	0.38
SNCF Reseau 5.25% 31/01/35	350,000	485	0.30
Germany 0.23% (30/06/18: 0.39%)			
Deutsche Bahn Finance 3.125% 24/07/26	350,000	381	0.23
Ireland 0.49% (30/06/18: 0.54%)			
GE Capital UK Funding Unlimited 8% 14/01/39	600,000	794	0.49
Italy 0.62% (30/06/18: 0.60%)			
Autostrade per l'Italia 6.25% 09/06/22	500,000	524	0.32
FCA Bank Ireland 1.625% 29/09/21	513,000	497	0.30
Jersey 1.05% (30/06/18: 0.82%)			
AA Bond 4.875% 31/07/24	298,000	283	0.17
CPUK Finance 3.69% 28/08/28	500,000	507	0.31
Glencore Finance 6% 03/04/22	500,000	551	0.34
Heathrow Funding 6% 20/03/20	350,000	367	0.23
Luxembourg 0.24% (30/06/18: 0.21%)			
Gazprom Gaz Capital 5.338% 25/09/20	370,000	385	0.24
Netherlands 2.07% (30/06/18: 1.67%)			
ABN AMRO Bank 1% 30/06/20	300,000	297	0.18
Daimler International Finance 2% 04/09/23	400,000	393	0.24
Deutsche Telekom International Finance 1.25% 06/10/23	500,000	484	0.30
E.ON International Finance 5.875% 30/10/37	500,000	649	0.40
ELM for Swiss Reinsurance 6.3024% Perpetual	500,000	504	0.31
Highbury Finance 7.017% 20/03/23	493,981	565	0.35
Koninklijke KPN 5.75% 17/09/29	391,000	473	0.29
Spain 0.40% (30/06/18: 0.31%)			
Banco Santander 2.75% 12/09/23	200,000	198	0.12
Telefonica Emisiones 5.289% 09/12/22	400,000	446	0.28
Supranational 1.06% (30/06/18: 1.06%)			
European Investment Bank 4.5% 07/03/44	600,000	875	0.54
International Bank for Reconstruction & Development 4.875% 07/12/28	650,000	844	0.52
Sweden 0.46% (30/06/18: 0.41%)			
Svenska Handelsbanken 1.625% 18/06/22	375,000	372	0.23
Swedbank 1.625% 28/12/22	375,000	371	0.23
Switzerland 0.39% (30/06/18: 0.35%)			
Credit Suisse 2.125% 12/09/25	182,000	173	0.10
UBS London 1.25% 10/12/20	473,000	470	0.29
United Arab Emirates 0.30% (30/06/18: 0.00%)			
DP World 4.25% 25/09/30	500,000	492	0.30
United Kingdom 16.17% (30/06/18: 15.23%*)			
ABP Finance 6.25% 14/12/26	500,000	601	0.37
Admiral 5.5% 25/07/24	500,000	526	0.32
Anglian Water Services Financing 4.5% 22/02/26	600,000	643	0.39
Barclays Bank 9.5% 07/08/21	300,000	347	0.21
BL Superstores Finance 5.27% 04/10/25	171,869	187	0.12
British Telecommunications 3.125% 21/11/31	250,000	240	0.15

AXA Sterling Strategic Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Cadent Finance 2.125% 22/09/28	630,000	588	0.36
Centrica 5.25% 10/04/75	800,000	783	0.48
Close Brothers 4.25% 24/01/27	349,000	359	0.22
Compass 3.85% 26/06/26	650,000	730	0.45
Connect Plus M25 Issuer 2.607% 31/03/39	256,944	258	0.16
Co-Operative Bank 4.75% 11/11/21	45,000	48	0.03
Coventry Building Society 1.875% 24/10/23	279,000	269	0.17
Eastern Power Networks 4.75% 30/09/21	478,000	517	0.32
Firstgroup 8.75% 08/04/21	600,000	667	0.41
HSBC Bank 5.375% 22/08/33	573,000	661	0.41
Intu Metrocentre Finance 4.125% 06/12/23	500,000	509	0.31
Intu SGS Finance 4.25% 17/09/30	400,000	387	0.24
Investec Bank 4.25% 27/07/28	400,000	386	0.24
Land Securities Capital Markets 2.375% 29/03/27	141,000	142	0.09
LCR Finance 4.5% 07/12/28	550,000	694	0.43
Legal & General 5.125% 14/11/48	222,000	220	0.14
Legal & General 5.375% 27/10/45	563,000	579	0.36
Lloyds Bank 1.75% 31/03/22	500,000	504	0.31
Lloyds Bank 7.625% 22/04/25	884,000	1,096	0.67
Marston's Issuer 5.641% 15/07/35	884,000	723	0.44
Mitchells & Butlers Finance 5.965% 15/12/23	472,360	509	0.31
NIE Finance 6.375% 02/06/26	665,000	836	0.51
Northern Gas Networks Finance 5.625% 23/03/40	500,000	675	0.41
Northumbrian Water Finance 1.625% 11/10/26	425,000	395	0.24
Places For People Treasury 2.875% 17/08/26	719,000	698	0.43
Provident Financial 7% 04/06/23	248,000	249	0.15
Prudential 5.625% 20/10/51	500,000	498	0.31
Quadgas Finance 3.375% 17/09/29	250,000	248	0.15
RL Finance Bonds No. 2 6.125% 30/11/43	650,000	703	0.43
Santander UK 2.92% 08/05/2026	500,000	480	0.30
Scottish Widows 5.5% 16/06/23	300,000	324	0.20
Scottish Widows 7% 16/06/43	400,000	460	0.28
Severn Trent Utilities Finance 1.625% 4/12/22	297,000	294	0.18
Southern Gas Networks 3.1% 15/09/36	273,000	265	0.16
SSE 3.875% Perpetual	500,000	491	0.30
Stagecoach 4% 29/09/25	426,000	434	0.27
Standard Chartered 5.125% 06/06/34	500,000	532	0.33
Student Finance 2.6663% 30/09/24	368,000	362	0.22
Telereal Securitisation 4.0902% 10/12/33	500,000	519	0.32
Telereal Securitisation 5.5653% 10/12/31	420,520	492	0.30
Tesco Property Finance 3 5.744% 13/04/40	630,790	708	0.43
Thames Water Utilities Finance 4% 29/06/25	500,000	541	0.33
Vodafone 3% 12/08/56	250,000	200	0.12
Western Power Distribution South West 5.75% 23/03/40	650,000	870	0.53
Wheatley Capital 4.375% 28/11/44	700,000	792	0.49
Wm Morrison Supermarkets 4.75% 04/07/29	600,000	675	0.41
Yorkshire Building Society 3.375% 13/09/28	500,000	429	0.26
United States 3.39% (30/06/18: 3.87%)			
American Honda Finance 1.3% 21/03/22	473,000	467	0.29
AT&T 5.2% 18/11/33	800,000	921	0.56
BAT Capital 2.125% 15/08/25	500,000	475	0.29
Citigroup 7.375% 01/09/39	400,000	628	0.39
Digital Stout 4.75% 13/10/23	200,000	217	0.13
Discovery Communications 2.5% 20/09/24	185,000	180	0.11
Goldman Sachs 3.125% 25/07/29	250,000	240	0.15
Goldman Sachs 5.5% 12/10/21	400,000	434	0.27

AXA Sterling Strategic Bond Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Tennessee Valley Authority 5.625% 07/06/32	650,000	897	0.55
Toyota Motor Credit 1% 27/09/22	500,000	487	0.30
Washington Mutual Bank 5.5% 10/06/19^	550,000	-	-
Wells Fargo 2.125% 22/04/22	575,000	575	0.35
TOTAL CORPORATE BONDS		53,459	32.82
FUTURES (0.09%) (30/06/18: (0.18%))			
United Kingdom (0.09%) (30/06/18: (0.18%))			
Long Gilt Futures March 2019	(160)	(139)	(0.09)
TOTAL FUTURES		(139)	(0.09)
Portfolio of investments		160,729	98.67
Net other assets		2,171	1.33
Total net assets		162,900	100.00

^ These stocks have either been suspended, delisted or are in liquidation.

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

All bonds are denominated in Sterling (unless otherwise indicated).

At 31 December 2018, there were no investments in the fund which were valued using a quote from a single broker (30/06/18: £nil).

AXA Sterling Strategic Bond Fund

Statement of Total Return

For the period ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital (losses)/gains		(2,118)		856
Revenue	1,934		2,164	
Expenses	(445)		(543)	
Interest payable and similar charges	-		-	
Net revenue before taxation	1,489		1,621	
Taxation	-		-	
Net revenue after taxation		1,489		1,621
Total return before distributions		(629)		2,477
Distributions		(1,489)		(1,621)
Change in net assets attributable to Shareholders from investment activities		(2,118)		856

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		181,599		204,943
Amounts receivable on issue of shares	979		13,646	
Amounts payable on cancellation of shares	(19,003)		(17,828)	
		(18,024)		(4,182)
Change in net assets attributable to Shareholders from investment activities (see above)		(2,118)		856
Retained distributions on accumulation shares		1,443		1,610
Closing net assets attributable to Shareholders		162,900		203,227

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA Sterling Strategic Bond Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	160,868	179,218
Current assets:		
Debtors	1,548	2,331
Cash and bank balances	996	842
Total assets	163,412	182,391
Liabilities:		
Investment liabilities	(139)	(334)
Creditors:		
Bank overdrafts	-	(73)
Distribution payable	(4)	(4)
Other creditors	(369)	(381)
Total liabilities	(512)	(792)
Net assets attributable to Shareholders	162,900	181,599

AXA Sterling Strategic Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 30 September 2018

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/11/18 (p)	Distribution paid 30/11/17 (p)
Share Class H Net Accumulation				
Group 1	0.781	-	0.781	0.757
Group 2	0.781	-	0.781	0.757
Share Class H Gross Accumulation				
Group 1	0.825	-	0.825	0.828
Group 2	0.825	-	0.825	0.828
Share Class B Net Income				
Group 1	0.467	-	0.467	0.461
Group 2	0.467	-	0.467	0.461
Share Class B Net Accumulation				
Group 1	0.487	-	0.487	0.473
Group 2	0.062	0.425	0.487	0.473
Share Class B Gross Income				
Group 1	0.467	-	0.467	0.462
Group 2	0.467	-	0.467	0.462
Share Class B Gross Accumulation				
Group 1	0.489	-	0.489	0.475
Group 2	0.199	0.290	0.489	0.475
Share Class R Net Income				
Group 1	0.214	-	0.214	0.207
Group 2	0.110	0.104	0.214	0.207
Share Class R Net Accumulation				
Group 1	0.286	-	0.286	0.274
Group 2	0.192	0.094	0.286	0.274
Share Class R Gross Income				
Group 1	0.212	-	0.212	0.204
Group 2	0.212	-	0.212	0.204
Share Class R Gross Accumulation				
Group 1	0.305	-	0.305	0.293
Group 2	0.103	0.202	0.305	0.293
Share Class Z Net Income				
Group 1	0.449	-	0.449	0.440
Group 2	0.348	0.101	0.449	0.440
Share Class Z Net Accumulation				
Group 1	0.614	-	0.614	0.596
Group 2	0.278	0.336	0.614	0.596

AXA Sterling Strategic Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class Z Gross Income

Group 1	0.445	-	0.445	0.439
Group 2	0.445	-	0.445	0.439

Share Class Z Gross Accumulation

Group 1	0.678	-	0.678	0.658
Group 2	0.392	0.286	0.678	0.658

Second Distribution in pence per share

Group 1	Shares purchased prior to 1 October 2018
Group 2	Shares purchased on or after 1 October 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class H Net Accumulation +				
Group 1	-	-	-	0.724
Group 2	-	-	-	0.724
Share Class H Gross Accumulation				
Group 1	0.879	-	0.879	0.780
Group 2	0.879	-	0.879	0.780
Share Class B Net Income +				
Group 1	-	-	-	0.437
Group 2	-	-	-	0.437
Share Class B Net Accumulation +				
Group 1	-	-	-	0.450
Group 2	-	-	-	0.450
Share Class B Gross Income				
Group 1	0.497	-	0.497	0.437
Group 2	0.067	0.430	0.497	0.437
Share Class B Gross Accumulation				
Group 1	0.523	-	0.523	0.452
Group 2	0.277	0.246	0.523	0.452
Share Class R Net Income +				
Group 1	-	-	-	0.188
Group 2	-	-	-	0.188
Share Class R Net Accumulation +				
Group 1	-	-	-	0.249
Group 2	-	-	-	0.249
Share Class R Gross Income				
Group 1	0.241	-	0.241	0.182
Group 2	0.028	0.213	0.241	0.182
Share Class R Gross Accumulation				
Group 1	0.339	-	0.339	0.265
Group 2	0.042	0.297	0.339	0.265

AXA Sterling Strategic Bond Fund

Distribution Table

As at 31 December 2018 (unaudited)

Share Class Z Net Income +

Group 1	-	-	-	0.416
Group 2	-	-	-	0.416

Share Class Z Net Accumulation +

Group 1	-	-	-	0.566
Group 2	-	-	-	0.566

Share Class Z Gross Income

Group 1	0.469	-	0.469	0.411
Group 2	0.363	0.106	0.469	0.411

Share Class Z Gross Accumulation

Group 1	0.726	-	0.726	0.624
Group 2	0.378	0.348	0.726	0.624

+ Net share classes converted into gross share classes at 12 October 2018.

AXA US Short Duration High Yield Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Investment Objective

The aim of the Fund is to provide high income.

Investment Policy

The Fund invests primarily in a diversified portfolio of high yield bonds issued by US companies where the period for full repayment of the bond by the company is expected to be less than 3 years. The fund manager seeks to reduce the effect of credit risk through diversification and its analysis and selection of investments.

The Fund aims to reduce the risk of movements in exchange rates between US Dollars and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

Risk and Reward Profile

As at 31 December 2018 (unaudited)

By investing in a Fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which will generate an income but had less potential for capital return than is the case with funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. You are aware that investing in a Fund which has a US remit can increase risk because of currency movements in return for greater potential reward. You are also aware that investing in sub investment grade bonds may increase the potential income but also increases risk to your investment. Typically you would be investing for a period of at least five years.

Lower Risk

Higher Risk

Potentially lower reward

Potentially higher reward

1	2	3	4	5	6	7
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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. 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 are subject to some level of variation which may result in gains or losses.

Additional risks

Under normal market conditions the Fund's key risk factors are:

- **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 individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

AXA US Short Duration High Yield Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

- **High Yield Bonds risk** - high yield bonds (also known as sub-investment grade bonds) are fixed interest securities issued by companies or governments 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 a 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. A 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 each individual fund's investment objectives and investment policy.

- **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 more 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 individual 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.

Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds 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 ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares 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.

- **Counterparty risk** - at any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

AXA US Short Duration High Yield Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

- **Currency risk** (Note that the Fund aims to reduce the risk of movements in exchange rates by hedging the foreign currency exposure of the Fund back to pounds sterling.) - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's Price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

Investment Review

The high yield market posted a negative return in the six months to 31 December 2018. The ICE BofAML US High Yield Index generated a total return of -2.34% for the period. Positive returns in the third quarter (+2.44%) were offset by negative returns in the fourth quarter (-4.67%). Returns for the period were driven by rising interest rates, US-China trade tensions and concerns over the duration of the economic cycle. Flows into the high yield market were negative in the second half of 2018, with \$20.7 billion in outflows for the period. On a quarterly basis, outflows were \$0.5 billion in the third quarter, followed by outflows of \$20.2 billion in Q4. The high yield primary market priced \$61.1 billion of new issuance in the second half of 2018, down 60% from the \$152.4 billion priced during the same period in 2017. There was \$4.7 billion of high yield default volume during the period, lower than the \$7.2 billion of high yield default volume in the same period in 2017. The par-weighted high yield default rate at 31 December 2018 was 1.81%, down from 1.98% at the beginning of the period.

For the second half of 2018, high yield outperformed US equities (S&P 500, -6.86%) but underperformed US treasuries (+1.93%) and US investment grade corporates (+0.90%). Within US high yield, returns were driven by the higher end of the credit quality spectrum, as BB rated (-0.71%) and B rated (-2.56%) credit outperformed lower quality CCC and lower-rated (-7.80%) credits on a relative basis. From a sector perspective, two out of 18 industry sectors posted positive total returns for the period. On a relative basis, utilities (+0.52%), media (+0.30%) and healthcare (-0.32%) were the best-performing sectors, while energy (-7.66%), insurance (-3.11%) and retail (-2.99%) were the worst-performing sectors. During the second half of 2018, the ICE BofAML US High Yield Option-Adjusted Spread widened from 371 basis points (bps) at 30 June 2018 to 533bps at 31 December 2018, an increase of 162bps. The High Yield Index's yield-to-worst ended the period at 7.95%, compared to 6.53% at the start of the period. The High Yield Index's average price was \$92.31 at 31 December 2018, \$5.53 lower than the \$97.84 average price at the start of the period.

AXA US Short Duration High Yield Fund

Investment Manager's Report

For the six months ended 31 December 2018 (unaudited)

AXA IM's US Short Duration High Yield Fund performed very well during the six-month period ending 31 December 2018, generating a modestly positive return (gross USD), despite a volatile and negative return (-2.34%) for the overall high yield market. Our up-in-quality positioning, the shorter duration nature of our holdings and our positioning and security selection within the energy sector all benefited performance and helped dampen volatility. During the second half of 2018, the yield-to-worst of the Fund (exclusive of cash) widened by 124bps to 6.21%, while the overall market yield widened by 142bps to 7.95%. The Option Adjusted Spread of the Fund widened by 127bps to 360bps. The overall Fund duration (using a calculation of modified duration-to-worst) increased from 2.0 to 2.5, while the market duration increased from 4.2 to 4.3.

Position count decreased during the second half of 2018, but the portfolio remains well diversified. We believe that diversification of portfolio holdings is important for the Fund and helps to manage credit risk. Our top holding at the year-end, a 1.6% position, was HRG Group. At 31 December 2018, approximately 62% of the portfolio was invested in securities in excess of three years, but which we expect to be redeemed early. This is down roughly 5% from 30 June as a large number of bonds rolled into the three-year maturity window during December; however, we still believe that the yield-to-call bonds are a better source of relative value. Market technicals were mixed during the second half of 2018 as flows were significantly negative, partially offset by substantially lower volumes of new issuance. Although primary market activity has been extremely light recently, we expect volumes to pick up in the new year once volatility subsides, and companies to opportunistically refinance debt maturing in excess of three years. Coupled with healthy corporate fundamentals, a benign default rate, and much more attractive valuations, the backdrop for the Short Duration Fund remains supportive.

All performance data source: AXA Investment Managers and Bloomberg.

Past performance is not a guide for future performance.

Major Purchases

- Bombardier 8.75% 01/12/21
- DAE Funding 5.25% 15/11/21
- Cogent Communications 5.375% 01/03/22
- Lifepoint Health 5.875% 01/12/23
- Ascent Resources Utica 10% 01/04/22

Major Sales

- First Data 7% 01/12/23
- LifePoint Health 5.5% 01/12/21
- JBS Investments 7.75% 28/10/20
- Envision Healthcare 5.625% 15/07/22
- Sprint Communications 7% 01/03/20

Carl Whitbeck

31 December 2018

AXA Investment Managers UK Limited

AXA US Short Duration High Yield Fund

Comparative Tables

As at 31 December 2018 (unaudited)

Z Net Income +

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	92.48	95.79
Closing net asset value (£) †	-	38,647,723	45,882,219
Closing number of shares	-	41,791,212	47,899,995
Operating charges ^	-	0.76%	0.76%

Z Net Accumulation +

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	126.31	126.11
Closing net asset value (£) †	-	56,477,472	23,047,514
Closing number of shares	-	44,713,663	18,276,177
Operating charges ^	-	0.76%	0.76%

Z Gross Income

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	89.91	92.53	95.87
Closing net asset value (£) †	31,829,647	2,421,293	18,950,773
Closing number of shares	35,402,952	2,616,676	19,767,332
Operating charges ^	0.76%	0.76%	0.76%

Z Gross Accumulation

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	133.59	134.49	134.25
Closing net asset value (£) †	73,161,019	1,662,691	11,622,488
Closing number of shares	54,765,926	1,236,257	8,657,194
Operating charges ^	0.76%	0.76%	0.76%

ZI Net Income +

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	92.49	95.84
Closing net asset value (£) †	-	204,311,823	270,119,294
Closing number of shares	-	220,895,343	281,829,807
Operating charges ^	-	0.46%	0.46%

ZI Net Accumulation +

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	-	128.82	128.21
Closing net asset value (£) †	-	161,881,048	87,764,663
Closing number of shares	-	125,667,242	68,451,500
Operating charges ^	-	0.46%	0.46%

ZI Gross Income

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	89.66	92.29	95.65
Closing net asset value (£) †	353,818,137	248,268,339	313,735,972
Closing number of shares	394,603,005	269,021,155	328,020,677
Operating charges ^	0.46%	0.46%	0.46%

ZI Gross Accumulation

	31/12/2018	30/06/2018	30/06/2017
Closing net asset value per share †	136.93	137.65	137.02
Closing net asset value (£) †	224,627,186	129,902,270	142,275,773
Closing number of shares	164,046,204	94,372,933	103,838,425
Operating charges ^	0.46%	0.46%	0.46%

† Valued at bid-market prices.

^ Operating charges include indirect costs incurred in the maintenance and running of the sub-fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within these tables have been calculated against the average Net Asset Value for the accounting period.

+ Net share classes converted into gross share classes at 12 October 2018.

AXA US Short Duration High Yield Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CORPORATE BONDS 96.75% (30/06/18: 101.09%)			
Austria 0.00% (30/06/18: 1.02%)			
Bermuda 0.54% (30/06/18: 2.00%)			
Aircastle 5.125% 15/03/21	385,000	306	0.04
Aircastle 7.625% 15/04/20	130,000	106	0.02
NCL 4.75% 15/12/21	4,162,000	3,250	0.48
Canada 4.09% (30/06/18: 2.88%)			
Bombardier 7.75% 15/03/20	3,945,000	3,132	0.46
Bombardier 8.75% 01/12/21	10,085,000	8,116	1.19
Brookfield Residential Properties 6.125% 01/07/22	1,215,000	899	0.13
Brookfield Residential Properties 6.5% 15/12/20	2,140,000	1,660	0.24
Masonite International 5.625% 15/03/23	4,778,000	3,611	0.53
New Red Finance 4.625% 15/01/22	6,840,000	5,170	0.76
NOVA Chemicals 5.25% 01/08/23	6,041,000	4,471	0.65
Videotron 5% 15/07/22	1,105,000	861	0.13
Cayman Islands 2.80% (30/06/18: 2.74%)			
Nexteer Automotive 5.875% 15/11/21	3,530,000	2,808	0.41
Park Aerospace 3.625% 15/03/21	8,885,000	6,680	0.98
Park Aerospace 5.25% 15/08/22	8,538,000	6,486	0.95
Sable International Finance 6.875% 01/08/22	3,967,000	3,171	0.46
Finland 0.06% (30/06/18: 0.05%)			
Nokia 3.375% 12/06/22	529,000	392	0.06
France 0.00% (30/06/18: 0.53%)			
Germany 0.98% (30/06/18: 0.80%)			
IHO Verwaltungs 4.125% 15/09/21	9,037,213	6,706	0.98
Ireland 0.45% (30/06/18: 1.35%)			
Ardagh Packaging Finance 4.25% 15/09/22	4,150,000	3,088	0.45
Luxembourg 1.20% (30/06/18: 0.90%)			
Altice Luxembourg 7.75% 15/05/22	5,580,000	3,967	0.58
Nielsen Luxembourg 5.5% 01/10/21	5,470,000	4,247	0.62
Netherlands 0.34% (30/06/18: 0.95%)			
Fiat Chrysler Automobiles 4.5% 15/04/20	1,110,000	870	0.13
NXP 4.125% 01/06/21	1,859,000	1,438	0.21
United Kingdom 0.93% (30/06/18: 1.17%)			
International Game Technology 6.25% 15/02/22	4,980,000	3,919	0.57
Jaguar Land Rover Automotive 4.25% 15/11/19	3,177,000	2,436	0.36
United States 85.36% (30/06/18: 86.70%)			
ADT Security 5.25% 15/03/20	870,000	683	0.10
ADT Security 6.25% 15/10/21	3,470,000	2,752	0.40
AECOM Global II 5% 01/04/22	4,645,000	3,574	0.52
AES 4% 15/03/21	2,667,000	2,042	0.30
Alliance Data Systems 5.375% 01/08/22	3,011,000	2,299	0.34
Alliance Data Systems 5.875% 01/11/21	10,108,000	7,906	1.16
Ally Financial 4.125% 30/03/20	1,222,000	945	0.14
AMC Entertainment 5.875% 15/02/22	9,095,000	6,910	1.01
American Builders & Contractors Supply 5.75% 15/12/23	4,832,000	3,747	0.55

AXA US Short Duration High Yield Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Amkor Technology 6.375% 01/10/22	6,175,000	4,850	0.71
Antero Resources 5.375% 01/11/21	4,946,000	3,719	0.54
APX 8.875% 01/12/22	11,350,000	8,534	1.25
Aramark Services 5.125% 15/01/24	4,345,000	3,369	0.49
Ascent Resources Utica 10% 01/04/22	2,891,000	2,310	0.34
Ashland 4.75% 15/08/22	4,140,000	3,178	0.46
Avanos Medical 6.25% 15/10/22	2,161,000	1,680	0.25
B&G Foods 4.625% 01/06/21	2,960,000	2,260	0.33
Ball 4.375% 15/12/20	169,000	134	0.02
Beacon Roofing Supply 6.375% 01/10/23	4,475,000	3,470	0.51
Berry Global 5.5% 15/05/22	6,870,000	5,367	0.79
Berry Global 6% 15/10/22	3,770,000	2,975	0.44
Blue Cube Spinco 9.75% 15/10/23	4,115,000	3,528	0.52
Blue Racer Midstream 6.125% 15/11/22	7,709,000	5,813	0.85
Boyd Gaming 6.875% 15/05/23	6,168,000	4,819	0.70
Cable One 5.75% 15/06/22	3,910,000	3,078	0.45
Carmike Cinemas 6% 15/06/23	8,127,000	6,349	0.93
CCO 5.125% 15/02/23	3,905,000	2,986	0.44
CCO 5.25% 15/03/21	2,600,000	2,038	0.30
CCO 5.25% 30/09/22	3,475,000	2,708	0.40
CCO 5.75% 01/09/23	7,545,000	5,813	0.85
Centene 5.625% 15/02/21	4,082,000	3,213	0.47
Centene 6.125% 15/02/24	2,535,000	2,035	0.30
Central Garden & Pet 6.125% 15/11/23	8,586,000	6,725	0.98
CenturyLink 5.625% 01/04/20	4,655,000	3,628	0.53
Cinemark USA 5.125% 15/12/22	10,671,000	8,232	1.20
CIT 4.125% 09/03/21	2,115,000	1,630	0.24
CNH Industrial Capital 4.375% 06/11/20	305,000	238	0.03
Cogent Communications 5.375% 01/03/22	6,641,000	5,162	0.76
CommScope 5% 15/06/21	5,689,000	4,400	0.64
Continental Resources 5% 15/09/22	496,000	385	0.06
Crestwood Midstream Partners 6.25% 01/04/23	6,118,000	4,552	0.67
CSC 5.125% 15/12/21	9,548,000	7,328	1.07
CSC 10.125% 15/01/23	3,776,000	3,182	0.47
DAE Funding 4% 01/08/20	8,083,000	6,157	0.90
DAE Funding 4.5% 01/08/22	5,346,000	4,020	0.59
DAE Funding 5.25% 15/11/21	4,115,000	3,170	0.46
Darling Ingredients 5.375% 15/01/22	9,540,000	7,416	1.08
DaVita 5.75% 15/08/22	10,180,000	7,967	1.17
Dell International 4.42% 15/06/21	1,081,000	844	0.12
Dell International 5.875% 15/06/21	8,981,000	7,008	1.03
DISH DBS 5.125% 01/05/20	5,025,000	3,907	0.57
DISH DBS 6.75% 01/06/21	6,040,000	4,660	0.68
DISH DBS 7.875% 01/09/19	1,018,000	812	0.12
Edgewell Personal Care 4.7% 19/05/21	875,000	673	0.10
Eldorado Resorts 7% 01/08/23	5,811,000	4,654	0.68
EMC 2.65% 01/06/20	1,162,000	874	0.13
Equinix 5.375% 01/01/22	4,150,000	3,299	0.48
Equinix 5.375% 01/04/23	1,625,000	1,265	0.19
First Data 5.375% 15/08/23	3,230,000	2,485	0.36
First Data 5.75% 15/01/24	3,235,000	2,458	0.36
First Quality Finance 4.625% 15/05/21	8,127,000	6,126	0.90
Fresenius Medical Care US Finance II 5.625% 31/07/19	191,000	151	0.02
General Motors Financial 4.375% 25/09/21	230,000	180	0.03
Genesis Energy 6.75% 01/08/22	3,771,000	2,894	0.42
GLP Capital 4.375% 15/04/21	1,206,000	940	0.14
GLP Capital 4.875% 01/11/20	2,057,000	1,624	0.24

AXA US Short Duration High Yield Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Gulfport Energy 6.625% 01/05/23	2,058,000	1,531	0.22
HCA 6.5% 15/02/20	604,000	484	0.07
HCA 7.5% 15/02/22	3,075,000	2,559	0.37
HCA Healthcare 6.25% 15/02/21	4,740,000	3,800	0.56
Hill-Rom 5.75% 01/09/23	650,000	508	0.07
Hughes Satellite Systems 6.5% 15/06/19	1,185,000	937	0.14
Hughes Satellite Systems 7.625% 15/06/21	510,000	414	0.06
Huntsman International 4.875% 15/11/20	1,164,000	912	0.13
Icahn Enterprises 6% 01/08/20	3,940,000	3,078	0.45
Icahn Enterprises 6.25% 01/02/22	9,076,000	7,037	1.03
Infor US 5.75% 15/08/20	1,665,000	1,305	0.19
Informatica 7.125% 15/07/23	830,000	631	0.09
IQVIA 4.875% 15/05/23	2,570,000	1,968	0.29
Jaguar 6.375% 01/08/23	7,680,000	5,734	0.84
JBS USA LUX 7.25% 01/06/21	3,520,000	2,767	0.40
L Brands 6.625% 01/04/21	3,342,000	2,684	0.39
L Brands 7% 01/05/20	999,000	800	0.12
Lennar 2.95% 29/11/20	1,015,000	767	0.11
Lennar 4.125% 15/01/22	3,860,000	2,902	0.42
Lennar 4.5% 15/06/19	1,214,000	948	0.14
Lennar 4.75% 01/04/21	1,035,000	803	0.12
Lennar 6.625% 01/05/20	172,000	139	0.02
Lennar 8.375% 15/01/21	1,413,000	1,176	0.17
Level 3 Financing 5.375% 15/08/22	8,985,000	6,896	1.01
Level 3 Financing 6.125% 15/01/21	2,743,000	2,154	0.32
Level 3 Parent 5.75% 01/12/22	10,242,000	7,881	1.15
Live Nation Entertainment 5.375% 15/06/22	6,800,000	5,286	0.77
LTF Merger Sub 8.5% 15/06/23	4,010,000	3,175	0.46
MEDNAX 5.25% 01/12/23	1,159,000	887	0.13
MGM Resorts International 6.625% 15/12/21	6,720,000	5,395	0.79
MGM Resorts International 6.75% 01/10/20	3,499,000	2,809	0.41
Michaels Stores 5.875% 15/12/20	5,793,000	4,526	0.66
Moog 5.25% 01/12/22	4,901,000	3,810	0.56
Multi-Color 6.125% 01/12/22	5,800,000	4,509	0.66
National CineMedia 6% 15/04/22	4,620,000	3,618	0.53
NCR 4.625% 15/02/21	3,249,000	2,468	0.36
NCR 5.875% 15/12/21	5,899,000	4,505	0.66
Netflix 5.375% 01/02/21	2,170,000	1,721	0.25
Netflix 5.5% 15/02/22	3,180,000	2,503	0.37
Newfield Exploration 5.75% 30/01/22	1,431,000	1,138	0.17
Nexstar Broadcasting 5.875% 15/11/22	3,072,000	2,400	0.35
Nexstar Broadcasting 6.125% 15/02/22	5,085,000	3,963	0.58
NGPL PipeCo 4.375% 15/08/22	2,681,000	2,042	0.30
Nielsen Finance 4.5% 01/10/20	3,135,000	2,425	0.35
Nielsen Finance 5% 15/04/22	10,632,000	7,981	1.17
Owens-Brockway Glass Container 5% 15/01/22	4,225,000	3,251	0.48
Party City 6.125% 15/08/23	1,162,000	890	0.13
Penske Automotive 3.75% 15/08/20	3,970,000	3,047	0.45
Penske Automotive 5.75% 01/10/22	3,347,000	2,608	0.38
PQ 6.75% 15/11/22	4,308,000	3,450	0.50
Prestige Brands 5.375% 15/12/21	11,207,000	8,580	1.26
Prime Security Services Borrower 9.25% 15/05/23	5,325,000	4,301	0.63
PulteGroup 4.25% 01/03/21	4,061,000	3,163	0.46
QEP Resources 6.875% 01/03/21	2,015,000	1,586	0.23
Range Resources 5.75% 01/06/21	5,006,000	3,744	0.55
Realogy 4.5% 15/04/19	1,145,000	893	0.13
Realogy 5.25% 01/12/21	9,680,000	7,202	1.05

AXA US Short Duration High Yield Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Reynolds 5.125% 15/07/23	3,611,000	2,694	0.39
Reynolds 5.75% 15/10/20	5,615,979	4,387	0.64
Reynolds 6.287% 15/07/21	4,210,000	3,281	0.48
Reynolds 6.875% 15/02/21	1,240,604	969	0.14
SBA Communications 4% 01/10/22	2,523,000	1,883	0.28
SBA Communications 4.875% 15/07/22	4,050,000	3,116	0.46
Scientific Games International 10% 01/12/22	11,934,000	9,440	1.38
Sealed Air 4.875% 01/12/22	1,487,000	1,153	0.17
Sealed Air 5.25% 01/04/23	1,153,000	903	0.13
Sealed Air 6.5% 01/12/20	1,100,000	893	0.13
Sinclair Television 5.375% 01/04/21	5,690,000	4,445	0.65
Sinclair Television 6.125% 01/10/22	7,225,000	5,673	0.83
Sirius XM Radio 3.875% 01/08/22	7,381,000	5,535	0.81
Solera 10.5% 01/03/24	9,505,000	7,928	1.16
Sophia 9% 30/09/23	1,797,000	1,407	0.21
Sotera Health 6.5% 15/05/23	5,417,000	4,062	0.59
Southern Star Central 5.125% 15/07/22	4,155,000	3,124	0.46
Spectrum Brands 6.625% 15/11/22	2,730,000	2,178	0.32
Spectrum Brands 7.75% 15/01/22	12,913,000	10,278	1.50
Sprint 7.25% 15/09/21	2,365,000	1,889	0.28
Sprint Capital 6.9% 01/05/19	432,000	340	0.05
Sprint Communications 7% 01/03/20	3,397,000	2,724	0.40
Standard Industries 5.5% 15/02/23	3,326,000	2,546	0.37
Steel Dynamics 5.125% 01/10/21	2,980,000	2,353	0.34
Summit Materials 6.125% 15/07/23	3,402,000	2,633	0.39
Sunoco 4.875% 15/01/23	5,342,000	4,110	0.60
Surgery Center 8.875% 15/04/21	5,393,000	4,182	0.61
Symantec 3.95% 15/06/22	1,590,000	1,195	0.17
Syneos Health 7.5% 01/10/24	2,306,000	1,878	0.27
Targa Resources Partners 4.125% 15/11/19	5,118,000	3,988	0.58
Targa Resources Partners 5.25% 01/05/23	4,259,000	3,275	0.48
Taylor Morrison Communities 5.25% 15/04/21	5,160,000	4,001	0.59
Tenet Healthcare 5.5% 01/03/19	2,010,000	1,570	0.23
Tenet Healthcare 6% 01/10/20	3,934,000	3,112	0.46
Tenet Healthcare 7.5% 01/01/22	4,486,000	3,566	0.52
T-Mobile USA 4% 15/04/22	906,000	692	0.10
T-Mobile USA 6% 01/03/23	2,960,000	2,324	0.34
TransDigm 5.5% 15/10/20	9,120,000	7,115	1.04
TransDigm 6% 15/07/22	10,269,000	7,902	1.16
Tribune Media 5.875% 15/07/22	4,530,000	3,555	0.52
Univar USA 6.75% 15/07/23	5,815,000	4,509	0.66
Univision Communications 6.75% 15/09/22	7,038,000	5,485	0.80
Watco 6.375% 01/04/23	6,075,000	4,770	0.70
Welbilt 9.5% 15/02/24	5,202,000	4,354	0.64
WESCO Distribution 5.375% 15/12/21	1,550,000	1,202	0.18
William Carter 5.25% 15/08/21	750,000	584	0.09
WMG Acquisition 5.625% 15/04/22	9,799,000	7,675	1.12
WPX Energy 6% 15/01/22	1,800,000	1,374	0.20
WR Grace & Co-Conn 5.125% 01/10/21	5,070,000	3,931	0.58
Zayo 6% 01/04/23	10,179,000	7,552	1.10
ZF North America Capital 4% 29/04/20	1,093,000	852	0.12
TOTAL CORPORATE BONDS		661,198	96.75

FORWARD CURRENCY CONTRACTS (1.16%) (30/06/18: (4.48%))

Bought USD61,304,083 for GBP48,000,000 Settlement 22/01/2019	(31)	-
Bought USD50,863,572 for GBP40,000,000 Settlement 19/02/2019	(255)	(0.04)

AXA US Short Duration High Yield Fund

Portfolio Statement

As at 31 December 2018 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Bought USD15,188,180 for GBP12,000,000 Settlement 18/03/2019		(148)	(0.02)
Bought USD38,175,921 for GBP30,000,000 Settlement 19/03/2019		(211)	(0.03)
Sold USD383,268,687 for GBP291,001,000 Settlement 22/01/2019		(8,896)	(1.30)
Sold USD335,403,047 for GBP261,266,202 Settlement 19/02/2019		(816)	(0.12)
Sold USD338,772,381 for GBP266,789,000 Settlement 18/03/2019		2,425	0.35
TOTAL FORWARD CURRENCY CONTRACTS		(7,932)	(1.16)
Portfolio of investments		653,266	95.59
Net other assets		30,170	4.41
Total net assets		683,436	100.00

All bonds are denominated in US dollars (unless otherwise indicated).

At 31 December 2018, there were no investments in the Fund which were valued using a quote from a single broker (30/06/18: £nil).

AXA US Short Duration High Yield Fund

Statement of Total Return

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Income:				
Net capital losses		(21,554)		(13,551)
Revenue	21,444		19,295	
Expenses	(2,141)		(2,197)	
Interest payable and similar charges	-		-	
Net revenue before taxation	19,303		17,098	
Taxation	-		-	
Net revenue after taxation		19,303		17,098
Total return before distributions		(2,251)		3,547
Distributions		(19,413)		(17,098)
Change in net assets attributable to Shareholders from investment activities		(21,664)		(13,551)

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2018 (unaudited)

	01/07/18 to 31/12/18 £'000	£'000	01/07/17 to 31/12/17 £'000	£'000
Opening net assets attributable to Shareholders		843,573		913,399
Amounts receivable on issue of shares	86,686		90,659	
Amounts payable on cancellation of shares	(232,028)		(62,672)	
		(145,342)		27,987
Change in net assets attributable to Shareholders from investment activities (see above)		(21,664)		(13,551)
Retained distributions on accumulation shares		6,869		5,430
Closing net assets attributable to Shareholders		683,436		933,265

The above statement shows the comparative closing net assets at 31 December 2017 whereas the current accounting period commenced 1 July 2018.

AXA US Short Duration High Yield Fund

Balance Sheet

As at 31 December 2018 (unaudited)

	31/12/18	30/06/18
	£'000	£'000
Assets:		
Fixed assets:		
Investments	663,623	853,348
Current assets:		
Debtors	13,916	14,512
Cash and bank balances	27,902	30,367
 Total assets	 705,441	 898,227
Liabilities:		
Investment liabilities	(10,357)	(38,354)
Creditors:		
Distribution payable	(9,193)	(10,669)
Other creditors	(2,455)	(5,631)
 Total liabilities	 (22,005)	 (54,654)
 Net assets attributable to Shareholders	 683,436	 843,573

AXA US Short Duration High Yield Fund

Distribution Table

As at 31 December 2018 (unaudited)

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

Group 2 Shares purchased on or after 1 July 2018 to 31 December 2018

	Gross revenue (p)	Equalisation (p)	Distribution payable 28/02/19 (p)	Distribution paid 28/02/18 (p)
Share Class Z Net Income +				
Group 1	-	-	-	1.678
Group 2	-	-	-	1.678
Share Class Z Net Accumulation +				
Group 1	-	-	-	2.193
Group 2	-	-	-	2.193
Share Class Z Gross Income				
Group 1	2.023	-	2.023	1.664
Group 2	0.758	1.265	2.023	1.664
Share Class Z Gross Accumulation				
Group 1	2.940	-	2.940	2.349
Group 2	0.759	2.181	2.940	2.349
Share Class ZI Net Income +				
Group 1	-	-	-	1.808
Group 2	-	-	-	1.808
Share Class ZI Net Accumulation +				
Group 1	-	-	-	2.444
Group 2	-	-	-	2.444
Share Class ZI Gross Income				
Group 1	2.148	-	2.148	1.810
Group 2	0.869	1.279	2.148	1.810
Share Class ZI Gross Accumulation				
Group 1	3.206	-	3.206	2.591
Group 2	1.375	1.831	3.206	2.591

+ Net share classes converted into gross share classes at 12 October 2018.

Accounting Policies

For the six months ended 31 December 2018 (unaudited)

Accounting Basis

Basis of accounting

The Financial Statements of the Company comprise the Financial Statements of each of the sub-funds and 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 Instrument of Incorporation and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

The accounting policies applied are consistent with those of the annual Financial Statements for the year ended 30 June 2018 and are described in those Financial Statements.

Statement of the Authorised Corporate Director's ("ACD") Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook ("COLL") require the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of its net revenue and the net capital gains/(losses) on the property of the Company for the period. In preparing the financial statements the ACD is required to:

- Select suitable accounting policies and then apply them consistently;
- Conform with the disclosure requirements of the Statement of Recommended Practice - Financial statements of UK Authorised Funds issued by the Investment Management Association ("IMA SORP 2014") in May 2014;
- Follow generally accepted accounting principles and applicable accounting standards;
- Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for the management of each portfolio in accordance with the Instrument of Incorporation, Prospectus and COLL.

The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the AXA Investment Managers UK Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

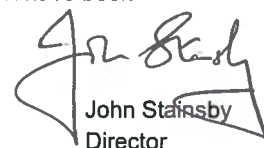
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors approval

In accordance with the requirements of the Financial Conduct Authority Sourcebook, the contents of this report have been approved on behalf of AXA Investment Managers UK Limited by:

Philippe Le Barrois d'Orgeval
Director

27th February 2019


John Stansby
Director

Further Information

Classes of Shares

The Company can issue different classes of shares in respect of any Fund. Holders of Income shares are entitled to be paid the revenue attributable to such shares, in respect of each annual or accounting period. Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

Valuation Point

All investments are valued at their fair value price as at 4:30pm on 31 December 2018 being the last business day of the accounting period (with the exception of Global High Income Fund & US Short Duration High Yield Fund which are valued at midday). The fair value for non-derivative securities is bid price. Other investments have been stated at the Manager's valuation and this has been indicated in the portfolio statements.

Other Information

The Instrument of Incorporation, Prospectus and the most recent and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application. Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

Report

The annual report of the Company will be published within four months of each annual accounting period and the report will be published within two months of each accounting period.

Interim accounts	period ended 31 December
Annual accounts	year ended 30 June

Data Protection

The details you have provided will be held on computer by the Funds' Registrar but will not be used for any purpose except to fulfil its obligations to shareholders.

Effects of Personal Taxation

Investors should be aware that unless their shares are held within an ISA, or switched between Funds in this OEIC, selling shares is treated as a disposal for the purpose of Capital Gains tax.

Risk Warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them may fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency of a fund are subject to fluctuation in exchange rates, which may be favourable or unfavourable.

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 required on all reports & accounts published after 13 January 2017. During the period to 31 December 2018 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

Further Information

Annual Management Charge

AXA Investment Managers UK Limited, as ACD, will receive an Annual Management Charge out of the property for AXA Global High Income Fund at the rate of 0.45% per annum for Class A Shares, 1.25% per annum for Class R Shares, 0.50% per annum for Class Z Shares; for AXA Sterling Corporate Bond Fund at the rate of 1% per annum for Class R Shares, 0.50% per annum for Class Z Shares, 0.40% per annum for Class B Shares; for AXA Sterling Index-Linked Bond Fund at the rate of 0.25% per annum for Class A Shares, 0.75% per annum for Class R Shares, 0.30% per annum for Class Z Shares; for AXA Sterling Strategic Bond Fund at the rate of 1.25% per annum for Class R Shares, 0.50% per annum for Class Z Shares, 0.40% per annum for Class B Shares; for AXA Sterling Credit Short Duration Bond Fund at the rate of 0.35% per annum for Class A Shares, 0.85% per annum for Class R Shares, 0.40% per annum for Class Z Shares, 0.25% per annum for Class ZI Shares; for AXA US Short Duration High Yield Fund at the rate of 0.75% per annum for Class Z Shares, 0.45% per annum for Class ZI Shares; for AXA Global Short Duration Bond Fund at the rate of 0.40% per annum for Class Z Shares, 0.25% per annum for Class ZI Shares, 0.20% per annum for Class S Shares; for AXA Sterling Buy and Maintain Credit Fund at the rate of 0.13% per annum for Class Z Shares based on the net asset value of the relevant Fund calculated on a mid-market basis. The Annual Management Charge accrues monthly and is payable monthly in arrears. The maximum permitted Annual Management Charge payable to the ACD is 2% per annum for Class A, Class B, Class R, Class S, Class Z and Class ZI Shares.

Preliminary Charge

There is currently no initial charge on Class A Shares, Class B Shares, Class R Shares, Class S Shares, Class Z Shares and Class ZI Shares; for Class H Shares there is initial charge 5%.