

AXA Defensive Distribution Fund R GBP

Fund facts - 29/02/2012



RICHARD MARWOOD

Fund Manager

Joined September 1996

Richard joined AXA Sun Life Investment Management in 1996 as a Portfolio Manager in UK Equities and has occupied a similar position for AXA Investment Managers UK since 2000.

Richard graduated with a First Class Honours Degree in Mechanical Engineering from the University of Sheffield and a Postgraduate Degree in Aerodynamics from Lincoln College, University of Oxford.

Fund history

Merger between AXA Cautious Managed (AXA UK Investment Company ICVC) and AXA Defensive Distribution Fund (AXA Distribution Investment Company ICVC) dated 3 October 2008.

Objective

The aim of this Fund is to achieve growing income with some prospects for capital growth over the medium to long term.

Fund manager's commentary

Main changes to the portfolio during February

During February the Fund manager added to both equity and index-linked gilt positions.

Factors affecting performance during February

Equity markets were strong in February. The FTSE All Share Index returned +4.3% with the FTSE 100 Index up +3.9%. The FTSE 250 Index was up +6.5% and FTSE Small Cap ex IT rose by +6.9%. The key macro economic news included generally better-than-expected data relating to the US economy. In Europe, there was anticipation about the second European Central Bank Long Term Refinancing Operation (LTRO) which duly materialised as €529.5 billion was advanced to banks at the end of the month. In addition, a new loan agreement was reached with Greece.

In the UK the month was dominated by the annual results season which, in aggregate, saw improved company profits and higher dividends across a wide range of industries. In addition, the corporate finance market showed signs of life with TPG bidding £508 million for Globe Ops; the announcement of a Glencore share offer for Xstrata which if completed would value the combined company at £80 billion; the possible combination of Misys with Temenos. There were bid approaches for Cove Energy from Royal Dutch Shell, which was subsequently topped by a higher cash offer from Thailand based PTT; and a tentative offer for Bowleven by Dragon Oil.

Meanwhile, Vodafone disclosed it was considering a cash offer for Cable & Wireless Worldwide. Talvivaara announced an £81m share placing. Finally, the key US litigation involving BP (relating to its Gulf of Mexico oil spill) was postponed to see if a pre-trial settlement between the parties could be achieved.

The UK base rate was maintained at 0.5%, and the 12 month rate of inflation, as measured by the Retail Price Index, declined to 3.9% in January. It was announced that the Chancellor will deliver the Budget on 21st March. Elsewhere, FTSE-A Index-Linked All Stocks Index returned -1.8% in the month and conventional gilts returned -1.3%, as measured by the FTSE-A Govt All Stocks Index.

Current market influences and outlook

The central asset mix of the Fund is 55% index-linked gilts, 29% UK equities, 7% conventional gilts and 9% cash. Within the equity portfolio, our approach remains to look for opportunities to buy shares in strong companies at attractive valuations, particularly in situations where we perceive short-term market sentiment to be overly pessimistic.

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

Top ten holdings

| | % |
|----------------------------------|-------------|
| UK TREASURY IL 2.5% 26/07/2016 | 16.8 |
| UK TREASURY IL 2.5% 16/08/2013 | 13.7 |
| UK TREASURY IL 1.25% 22/11/2017 | 3.1 |
| STRIP PPMT (5%) 07/09/14 | 2.5 |
| ROYAL DUTCH SHELL B SHARES | 2.5 |
| UK TREASURY IL 1.125% 22/11/2037 | 2.5 |
| UK TREASURY IL 1.875% 22/11/2022 | 2.5 |
| UK TREASURY 1.25% 22/11/2032 | 2.4 |
| UK TREASURY IL 1.25% 22/11/2027 | 2.3 |
| BP | 1.8 |
| Total* | 50.2 |
| Total number of holdings | 222 |

* Total may not equal sum of top ten holdings weightings (above) due to rounding.

AXA Defensive Distribution Fund R GBP

Fund facts - 29/02/2012

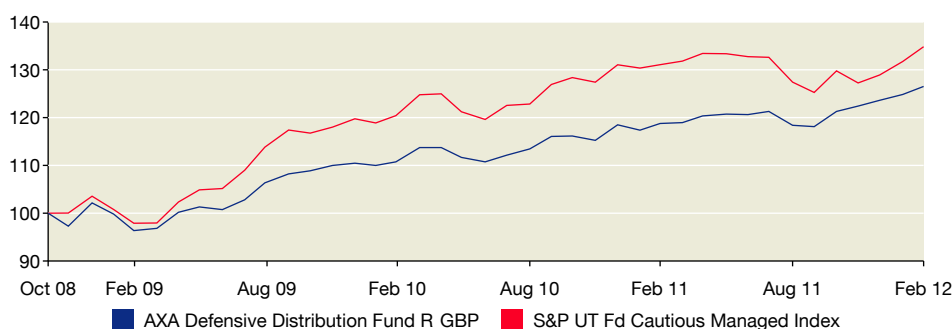
Discrete performance over 12 month periods to latest quarter end (%)

| | 31/12/06 | 31/12/07 | 31/12/08 | 31/12/09 | 31/12/10 |
|---------------------------------------|------------|------------|------------|------------|------------|
| | - 31/12/07 | - 31/12/08 | - 31/12/09 | - 31/12/10 | - 31/12/11 |
| AXA Defensive Distribution Fund R GBP | - | - | 8.1 | 7.3 | 4.3 |

Cumulative performance

| | Fund (%) | Sector median (%) | Ranking | Quartile |
|--------------|----------|-------------------|---------|----------|
| 6 M. | 6.9 | 6.2 | 56/159 | 2 |
| Year to date | 2.3 | 4.7 | 122/163 | 3 |
| 1 Y. | 6.5 | 2.9 | 17/156 | 1 |
| 3 Y. | 31.3 | 40.0 | 92/124 | 3 |
| 5 Y. | - | - | - | - |

Fund performance over five years (%)



Performance data takes into account the annual management charges, but not any initial charge that may be payable. Source: AXA Investment Managers and Morningstar. Figures are quoted on a single pricing basis, in sterling terms, net of fees and expenses, and assume net income is reinvested. Investments in stock market Funds should normally be viewed as medium-to long-term investments. We recommend that customers speak to their financial advisers before making any investment decisions.

In order that investors can monitor the progress of their investment, the returns on the Fund are compared with those of a Composite Index/Benchmark/Sector which we believe best matches the long term objectives of the Fund. This information has been included for comparative purposes only. The objective and policy of the Fund may not precisely match this comparison.

Asset class breakdown

| | % |
|------------------------|-------|
| UK Index-Linked | 54.34 |
| UK Equities | 32.84 |
| UK Government Bonds | 4.52 |
| Overseas Equities | 0.08 |
| UK Corporate Bonds | 0.06 |
| Non UK Corporate Bonds | 0.04 |
| Cash | 8.14 |

Ratings allocation of bond portfolio

| | % |
|-----|-------|
| AAA | 99.93 |
| BBB | 0.06 |

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 29/02/2012.

Important information

The value of investments and income generated from them can go down as well as up and is not guaranteed. Investors may not get back the amount originally invested. Past performance is not a guide to future returns. **This document does not provide you with all of the facts you need to make an informed investment decision. Before investing you should read the Simplified Prospectus and where appropriate seek professional investment advice.**

Issued by AXA Investment Managers UK Limited (AXA IM UK). AXA IM UK is the Authorised Corporate Director, Authorised Fund Manager and Investment Manager for a range of Open Ended Investment Companies (OEICs) and Authorised Unit Trusts. AXA IM UK is registered in England and Wales No. 01431068. Registered office: 7 Newgate Street, London, EC1A 7NX. AXA IM UK is authorised and regulated by the Financial Services Authority (No. 119368). Administration office: PO Box 10908, Chelmsford, CM99 2UT. Tel: 0845 777 5511 Fax: 0844 620 0151. Telephone calls may be recorded or monitored for quality assurance purposes.

Fund facts

| | |
|----------------------|-------------------------------|
| Fund type | OEIC |
| Fund size | £542.0m |
| Underlying Yield* | 2.845% |
| Yield to Worst* | 3.521% |
| Launch date | 03/10/08 |
| Sector | Mixed Investment 0-35% Shares |
| Currencies available | GBP |
| Dealing day | 09:00 to 17:30 business hours |
| Valuation point | 12:00 London time |

* Net of tax after charges.

The former sector, Cautious Managed, has been changed to Mixed Investment 0-35% Shares as at 1 January 2012

Investment information

| | |
|---------------------------|--------|
| Initial charge | 5.00% |
| Annual charge | 1.50% |
| Min initial investment | £1,000 |
| Min subsequent investment | £500 |
| Min monthly investment | £50 |
| ISA status | Yes |

Fund codes

| | | |
|-------|--------------|--------------|
| Sedol | accumulation | 0529806 |
| | income | 0529817 |
| ISIN | accumulation | GB0005298061 |
| | income | GB0005298178 |
| MEX | accumulation | SNMEIA |
| | income | SNMEII |

Income payments

| | |
|---------------------|--------------------------------|
| Accounting Final | 31 May |
| Ref Dates | |
| | Interim 31 Aug, 30 Nov, 28 Feb |
| Distributions Final | 31 Jul |
| | Interim 31 Oct, 31 Jan, 30 Apr |
| Calendar year | Net income (p) |
| 2008 | 0.37 |
| 2009 | 1.54 |
| 2010 | 2.66 |
| 2011 | 4.12 |

Customer services

0845 777 5511

Broker services desk

0845 766 0184

www.axa-im.co.uk