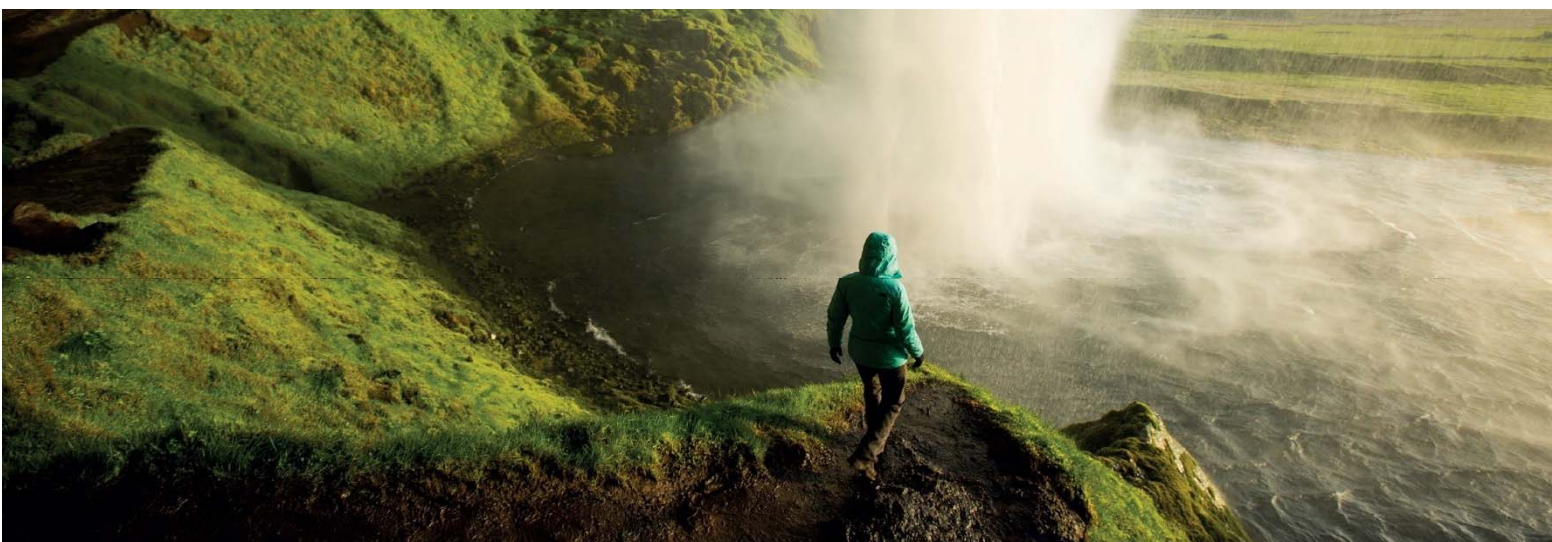


**Interim Long Report & Financial Statements  
For the period ended  
31 December 2019**

## **AXA Fixed Interest Investment ICVC**



## 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](http://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 £9,204,300, there are no other cross holdings.

### **Important Events During the Period**

During the period from 1st July 2019 to 31st December 2019 there were no significant changes to the Prospectus or the Instrument of Incorporation.

## AXA Global High Income Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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.

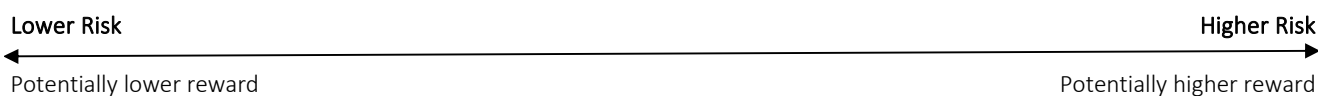
The Fund is managed with reference to the composition and risk profile of the BofA Merrill Lynch Global High Yield Return Index. However the Fund Manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index. The BofA Merrill Lynch Global High Yield Return index is designed to measure the performance of the global high yield bond market. This index best represents the types of bonds in which the Fund predominantly invests. 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).

This Fund is actively managed in reference to the BofA Merrill Lynch Global High Yield Return index, which may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 31 December 2019 (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.



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 levels of variation which, may result in gains or losses.

## AXA Global High Income Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### 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.

- **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.

## AXA Global High Income Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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, the 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 the 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** - assets of the 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 the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.



## AXA Global High Income Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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 the 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

We entered the second half of 2019 on the back of a healthy rally in most financial assets in the first half. This had been driven by the US Federal Reserve suggesting further rate hikes were unlikely at the turn of the year and then moving to make cuts. The European Central Bank also began discussing possible loosening options and these were delivered with a slight cut in interest rates in September and the restarting of quantitative easing in November. The government bonds rally began to run out of steam in September and saw a partial reversal, but riskier assets like equities and high yield continued to perform, if anything, picking up speed in the fourth quarter.

For much of 2019, it never really felt like a bull credit (corporate bonds) market. Better rated BBs were performing as well if not better than the weaker B/CCC rating classes, which is in an unusually strong rally. Part of the explanation is the performance of government bonds, which support BB valuations, but there was also an underlying risk aversion that lingered in the market. Dispersion (or lack of correlation) between bonds within rating bands increased even as the number of idiosyncratic problem stories dropped. It was only really in the fourth quarter rally that the weaker credits began to really outperform as markets begin to sense a bottoming in economic performance.

Default rates picked up a little in 2019 but looked to have peaked in the short term in September. On a notional-weighted basis, the default rate in Europe ended 2019 at 1.8%, down from 2.1% in September (12-month trailing, JP Morgan).

Over the period in review, the Fund generated a total net return of +3.19% (A share class, net of fees) and +3.46% (A share class, gross of fees) while its comparative benchmark, the ICE BofAML Global High Yield Index delivered a return of +3.36% (GBP hedged).

Looking at regions the ICE BofAML US High Yield Index returned +3.0% behind Europe as the ICE BofAML European Currency High Yield Index returned +4.1%, while emerging market somewhat recovered from a weak third quarter at +3.7% 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 2019 period, the Fund generated a total net return of +11.1% (A share class, net of fees) and +11.7% (A share class, gross of fees) while its comparative benchmark, the ICE BofAML Global High Yield Index delivered a return of +12.32% (GBP hedged).

The Fund's underperformance against its comparative benchmark through 2019 can be largely explained by the Fund's overall positioning through the period in review: as the market rallied, the Fund has found it harder to keep up with the index.



## AXA Global High Income Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

While there continue to be some credit issues, this has been less about micro credit risk positioning and more about macro interest rate risk as our lower duration position (a measure of the sensitivity of a bond's price to a change of interest rates) has not benefited in an environment of strongly rallying government bonds. This has led BB bonds, which tend to have longer duration (and where we are underweight), to perform better than might have been expected in such a robust credit rally.

The level of risk aversion among investors remaining high also resulted in the significant underperformance of triple C securities in the US (where we are overweight). However, the Fund's positioning in the energy sector, many of which are triple C, helped, specifically the underweight position in the exploration & production and oilfield services sub-sectors. Our underweight position in banking was a negative contributor. Our underweight exposure to emerging markets (EM) was neutral as EM held up reasonably well against other high-yielding regions.

The Fund was also impacted by a few idiosyncratic stories, notably our position in Exela Technologies cost 37 basis points, which we subsequently exited by year-end.

As we begin the new year, we remain positive on the high yield asset class. With a yield-to-worst (lowest potential yield that can be received on a bond without an issuer defaulting) at the tighter end of the historical range to start the year, we acknowledge that the return of 2019 is unlikely to repeat. However, we believe that fundamental trends and default outlook will remain stable, while the dovish stance (monetary policy that promotes lower interest rates) from central banks will carry on pushing for strong market technicals (market conditions that affect demand, trading activity and the subsequent inflows and outflows to an asset class). We continue to expect a low global growth economy in 2020, which tends to be an attractive environment for the asset class. Looking at macro, global geopolitical currents should provide some volatility through the year from US elections, trade wars, Middle East tensions to European politics.

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

*Past performance is not a guide to future performance.*

#### Major Purchases

- Refinitiv US 6.25% 15/05/26
- CenturyLink 5.125% 15/12/26
- Diamond Sports 5.375% 15/08/26
- Galaxy 6.5% 31/07/26
- Diamond Sports 6.625% 15/08/27

#### Major Sales

- Multi-Color 6.125% 01/12/22
- TransDigm 6% 15/07/22
- New Red Finance 4.625% 15/01/22
- Unitymedia 6.125% 15/01/25
- Alliance Data Systems 5.375% 01/08/22

**James Gledhill & Yves Berger**

31 December 2019

AXA Investment Managers UK Limited

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 90.30% (30/06/19: 96.08%)</b>			
<b>Australia 0.25% (30/06/19: 0.36%)</b>			
Nufarm Australia 5.75% 30/04/26	366,000	273	0.25
<b>Austria 0.15% (30/06/19: 0.26%)</b>			
Sappi Papier 3.125% 15/04/26	EUR 202,000	170	0.15
<b>Bahamas 0.38% (30/06/19: 0.18%)</b>			
Silversea Cruise Finance 7.25% 01/02/25	524,000	420	0.38
<b>Bermuda 0.04% (30/06/19: 0.04%)</b>			
IHS Markit 5% 01/11/22	50,000	40	0.04
<b>Canada 3.79% (30/06/19: 4.41%*)</b>			
Bausch Health 4.5% 15/05/23	EUR 200,000	172	0.15
Bausch Health 5.5% 01/11/25	384,000	304	0.28
Bausch Health 7% 15/03/24	876,000	691	0.63
Bombardier 7.875% 15/04/27	526,000	409	0.37
Bombardier 8.75% 01/12/21	532,000	441	0.40
Clearwater Seafoods 6.875% 01/05/25	309,000	246	0.22
Entertainment One 4.625% 15/07/26	GBP 100,000	108	0.10
GFL Environmental 5.125% 15/12/26	133,000	106	0.10
GFL Environmental 7% 01/06/26	407,000	326	0.30
GW B-CR Security 9.5% 01/11/27	119,000	96	0.09
New Red Finance 5% 15/10/25	528,000	414	0.38
NOVA Chemicals 4.875% 01/06/24	304,000	238	0.22
Precision Drilling 7.125% 15/01/26	213,000	153	0.14
Precision Drilling 7.75% 15/12/23	433,000	327	0.30
Quebecor Media 5.75% 15/01/23	155,000	127	0.11
<b>Cayman Islands 0.76% (30/06/19: 0.70%)</b>			
HNA Ecotech Panorama Cayman 8% 15/04/21	375,000	253	0.23
Mizzen 7% 01/05/21	GBP 142,050	140	0.13
Nexteer Automotive 5.875% 15/11/21	200,000	154	0.14
Punch Taverns Finance 5.267% 30/03/24	GBP 122,948	129	0.12
UPCB Finance IV 4% 15/01/27	EUR 180,000	161	0.14
<b>Czech Republic 0.26% (30/06/19: 0.22%)</b>			
Residomo 3.375% 15/10/24	EUR 150,000	132	0.12
Sazka 4.125% 20/11/24	EUR 167,000	149	0.14
<b>Denmark 0.14% (30/06/19: 0.16%)</b>			
Norican 4.5% 15/05/23	EUR 200,000	152	0.14
<b>France 2.42% (30/06/19: 2.42%*)</b>			
Altice France 3.375% 15/01/28	EUR 100,000	88	0.08
Altice France 5.875% 01/02/27	EUR 100,000	96	0.09
BNP Paribas 7.195% Perpetual	200,000	169	0.15
Casino Guichard Perrachon 4.498% 07/03/24	EUR 200,000	155	0.14
Constellium 4.25% 15/02/26	EUR 200,000	177	0.16
Credit Agricole 7.375% 18/12/23	GBP 150,000	182	0.17

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Crown European 3.375% 15/05/25	EUR 195,000	182	0.17
Elis 2.875% 15/02/26	EUR 200,000	188	0.17
Europcar Mobility 4% 30/04/26	EUR 200,000	164	0.15
Faurecia 2.625% 15/06/25	EUR 191,000	169	0.15
Fnac Darty 2.625% 30/05/26	EUR 200,000	178	0.16
Kapla Holding 3.375% 15/12/26	EUR 200,000	173	0.16
La Financiere Atalian 4% 15/05/24	EUR 200,000	136	0.12
Loxam 2.875% 15/04/26	EUR 100,000	86	0.08
Mobilux Finance 5.5% 15/11/24	EUR 150,000	131	0.12
Paprec 4% 31/03/25	EUR 233,000	190	0.17
Picard 3% 30/11/23	EUR 100,000	83	0.08
SPCM 2.875% 15/06/23	EUR 123,000	105	0.10
<b>Germany 0.96% (30/06/19: 1.86%)</b>			
CeramTec 5.25% 15/12/25	EUR 100,000	89	0.08
Consus Real Estate 9.625% 15/05/24	EUR 250,000	228	0.21
DEMIRE Deutsche Mittelstand Real Estate 1.875% 15/10/24	EUR 200,000	172	0.16
IHO Verwaltungs 3.75% 15/09/26	EUR 150,000	135	0.12
Nidda 5% 30/09/25	EUR 200,000	177	0.16
Nidda Healthcare 3.5% 30/09/24	EUR 100,000	88	0.08
Peach Property Finance 3.5% 15/02/23	EUR 100,000	87	0.08
SGL Carbon 4.625% 30/09/24	EUR 100,000	83	0.07
<b>Guernsey 0.10% (30/06/19: 0.11%)</b>			
Summit Properties 2% 31/01/25	EUR 135,000	112	0.10
<b>Ireland 0.75% (30/06/19: 0.36%*)</b>			
Ardagh Packaging Finance 4.75% 15/07/27	GBP 150,000	157	0.14
Ardagh Packaging Finance 6% 15/02/25	300,000	238	0.22
eircom Finance 3.5% 15/05/26	EUR 120,000	108	0.10
James Hardie International Finance 3.625% 01/10/26	EUR 144,000	130	0.12
Smurfit Kappa Acquisitions 2.875% 15/01/26	EUR 200,000	187	0.17
<b>Isle of Man 0.15% (30/06/19: 0.17%)</b>			
Playtech 3.75% 12/10/23	EUR 188,000	166	0.15
<b>Italy 1.28% (30/06/19: 1.39%)</b>			
ASR Media and Sponsorship 5.125% 01/08/24	EUR 225,000	201	0.18
International Design 6.5% 15/11/25	EUR 126,000	113	0.10
Intesa Sanpaolo 7% Perpetual	EUR 200,000	180	0.16
LKQ Italia 3.875% 01/04/24	EUR 200,000	191	0.18
Rekeep 9% 15/06/22	EUR 169,000	133	0.12
Sisal 7% 31/07/23	EUR 137,500	121	0.11
Telecom Italia 3.25% 16/01/23	EUR 200,000	182	0.17
Telecom Italia 5.875% 19/05/23	GBP 100,000	111	0.10
UniCredit 5.375% Perpetual	EUR 200,000	171	0.16
<b>Japan 0.16% (30/06/19: 0.00%)</b>			
SoftBank 3.125% 19/09/25	EUR 200,000	174	0.16

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>Jersey 0.55% (30/06/19: 0.54%)</b>			
Avis Budget Finance 4.125% 15/11/24	EUR 211,000	185	0.17
CPUK Finance 4.25% 28/08/22	GBP 200,000	203	0.19
Galaxy 6.5% 31/07/26	GBP 200,000	211	0.19
<b>Luxembourg 2.83% (30/06/19: 2.93%*)</b>			
Altice 4.75% 15/01/28	EUR 106,000	91	0.08
ARD Finance 6.5% 30/06/27	276,000	215	0.20
B&M European Value Retail 4.125% 01/02/22	GBP 100,000	101	0.09
Camelot Finance 4.5% 01/11/26	642,000	499	0.45
eDreams ODIGEO 5.5% 01/09/23	EUR 130,000	117	0.11
Garfunkelux 7.5% 01/08/22	EUR 193,000	163	0.15
INEOS 5.375% 01/08/24	EUR 200,000	177	0.16
INEOS 5.625% 01/08/24	322,000	250	0.23
Lincoln Financing 3.625% 01/04/24	EUR 100,000	88	0.08
Monitchem 5.25% 15/03/25	EUR 100,000	89	0.08
Nielsen Luxembourg 5.5% 01/10/21	498,000	379	0.35
Rossini 6.75% 30/10/25	EUR 200,000	189	0.17
Samsonite 3.5% 15/05/26	EUR 200,000	176	0.16
Summer 5.75% 31/10/26	EUR 176,000	156	0.14
Swissport Financing 5.25% 15/08/24	EUR 100,000	90	0.08
Swissport Financing 9% 15/02/25	EUR 170,000	153	0.14
Vivion Investments 3% 08/08/24	EUR 200,000	173	0.16
<b>Mexico 0.32% (30/06/19: 0.34%)</b>			
Cemex 2.75% 05/12/24	EUR 200,000	174	0.16
Nemak 3.25% 15/03/24	EUR 200,000	177	0.16
<b>Netherlands 4.19% (30/06/19: 4.23%*)</b>			
CBR Fashion Finance 5.125% 01/10/22	EUR 150,000	131	0.12
Darling Global Finance 3.625% 15/05/26	EUR 210,000	188	0.17
Digi Communications 5% 15/10/23	EUR 111,000	97	0.09
Dufry One 2% 15/02/27	EUR 125,000	107	0.10
Energizer Gamma Acquisition 4.625% 15/07/26	EUR 200,000	180	0.16
Fiat Chrysler Automobiles 3.75% 29/03/24	EUR 150,000	144	0.13
Hertz Netherlands 5.5% 30/03/23	EUR 200,000	177	0.16
InterXion 4.75% 15/06/25	EUR 143,000	131	0.12
IPD 3 4.5% 15/07/22	EUR 200,000	173	0.16
NN 4.625% 08/04/44	EUR 100,000	98	0.09
OI European 3.125% 15/11/24	EUR 250,000	226	0.21
Selecta 5.875% 01/02/24	EUR 143,000	125	0.11
Sigma 5.75% 15/05/26	EUR 192,000	164	0.15
Sigma 7.875% 15/05/26	541,000	410	0.37
Starfruit 6.5% 01/10/26	EUR 100,000	91	0.08
Starfruit 8% 01/10/26	325,000	263	0.24
Stars 7% 15/07/26	208,000	170	0.16
Teva Pharmaceutical Finance Netherlands II 1.25% 31/03/23	EUR 200,000	159	0.14
Trivium Packaging Finance 3.75% 15/08/26	EUR 200,000	180	0.16
Trivium Packaging Finance 5.5% 15/08/26	352,000	282	0.26
United 4.875% 01/07/24	EUR 200,000	177	0.16
Ziggo 4.25% 15/01/27	EUR 215,000	197	0.18

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Ziggo 5.5% 15/01/27	555,000	446	0.41
Ziggo Bond 6% 15/01/27	350,000	280	0.26
<b>Norway 0.20% (30/06/19: 0.39%)</b>			
Nassa Topco 2.875% 06/04/24	EUR 250,000	217	0.20
<b>Spain 0.23% (30/06/19: 0.16%*)</b>			
Grifols 2.25% 15/11/27	EUR 100,000	88	0.08
Grupo Antolin Irausa 3.25% 30/04/24	EUR 200,000	164	0.15
<b>Sweden 0.23% (30/06/19: 0.26%)</b>			
Intrum 3.125% 15/07/24	EUR 139,000	120	0.11
Radisson Hotel 6.875% 15/07/23	EUR 150,000	137	0.12
<b>United Arab Emirates 0.24% (30/06/19: 0.00%)</b>			
GEMS MENASA Cayman 7.125% 31/07/26	333,000	265	0.24
<b>United Kingdom 4.17% (30/06/19: 3.82%*)</b>			
Arqiva Broadcast Finance 6.75% 30/09/23	GBP 100,000	107	0.10
Arrow Global Finance 5.125% 15/09/24	GBP 150,000	153	0.14
Barclays 7.875% Perpetual	GBP 200,000	222	0.20
Drax 4.25% 01/05/22	GBP 200,000	204	0.19
EC Finance 2.375% 15/11/22	EUR 100,000	86	0.08
EG Global Finance 6.25% 30/10/25	EUR 166,000	149	0.14
EG Global Finance 8.5% 30/10/25	429,000	347	0.32
EI 6.875% 15/02/21	GBP 180,000	181	0.16
HBOS 6% 01/11/33	120,000	115	0.10
HSBC 5.25% Perpetual	EUR 200,000	185	0.17
International Game Technology 4.75% 15/02/23	EUR 200,000	186	0.17
Investec Bank 4.25% 24/07/28	GBP 140,000	144	0.13
Iron Mountain UK 3.875% 15/11/25	GBP 207,000	211	0.19
Jerrold 6.25% 15/09/21	GBP 140,000	143	0.13
Miller Homes 5.5% 15/10/24	GBP 100,000	103	0.09
Nationwide Building Society 5.875% Perpetual	GBP 200,000	216	0.20
Newday 7.375% 01/02/24	GBP 200,000	196	0.18
Ocado 4% 15/06/24	GBP 180,000	184	0.17
Pension Insurance 6.5% 03/07/24	GBP 150,000	171	0.16
Pinewood Finance 3.25% 30/09/25	GBP 100,000	102	0.09
Stonegate Pub Co Financing 4.875% 15/03/22	GBP 100,000	102	0.09
TalkTalk Telecom 5.375% 15/01/22	GBP 197,000	199	0.18
Titan Global Finance 2.375% 16/11/24	EUR 200,000	175	0.16
Travelex Financing 8% 15/05/22	EUR 150,000	131	0.12
Victoria 5.25% 15/07/24	EUR 150,000	135	0.12
Virgin Media Secured Finance 5% 15/04/27	GBP 200,000	212	0.19
Viridian 4.75% 15/09/24	GBP 118,000	120	0.11
Voyage Care 5.875% 01/05/23	GBP 100,000	101	0.09
<b>United States 65.75% (30/06/19: 70.77%*)</b>			
ACCO Brands 5.25% 15/12/24	519,000	409	0.37
ACI Worldwide 5.75% 15/08/26	426,000	347	0.32
Acrisure 8.125% 15/02/24	1,013,000	832	0.76

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
ADT Security 4.125% 15/06/23	210,000	164	0.15
AECOM Global II 5% 01/04/22	345,000	270	0.25
Alliance Data Systems 4.75% 15/12/24	514,000	389	0.35
Allied Universal 9.75% 15/07/27	303,000	245	0.22
American Midstream Partners 9.5% 15/12/21	1,025,000	726	0.66
Antero Resources 5.625% 01/06/23	416,000	254	0.23
Aramark Services 5% 01/04/25	278,000	220	0.20
Ascend Learning 6.875% 01/08/25	356,000	283	0.26
Ascend Learning GTD 6.875% 01/08/25	398,000	316	0.29
Ascent Resources Utica 7% 01/11/26	456,000	273	0.25
Ascent Resources Utica 10% 01/04/22	350,000	263	0.24
Avanos Medical 6.25% 15/10/22	150,000	115	0.10
Axalta Coating Systems 4.875% 15/08/24	628,000	492	0.45
B&G Foods 5.25% 01/04/25	303,000	237	0.22
B&G Foods 5.25% 15/09/27	220,000	167	0.15
Bausch Health Americas 9.25% 01/04/26	372,000	324	0.30
Belden 2.875% 15/09/25	EUR 191,000	166	0.15
Berry Global 5.5% 15/05/22	675,000	517	0.47
Berry Petroleum 7% 15/02/26	215,000	151	0.14
Blue Cube Spinco 9.75% 15/10/23	325,000	265	0.24
Blue Cube Spinco 10% 15/10/25	718,000	601	0.55
Blue Racer Midstream 6.125% 15/11/22	776,000	576	0.52
Blue Racer Midstream 6.625% 15/07/26	459,000	314	0.29
Calumet Specialty Products Partners 11% 15/04/25	350,000	288	0.26
Capitol Investment Merger Sub 2 10% 01/08/24	310,000	243	0.22
Catalent Pharma Solutions 4.75% 15/12/24	EUR 121,000	106	0.10
Catalent Pharma Solutions 4.875% 15/01/26	144,000	113	0.10
Catalent Pharma Solutions 5% 15/07/27	143,000	113	0.10
CCO 4.75% 01/03/30	342,000	264	0.24
CCO 5.125% 15/02/23	330,000	253	0.23
CCO 5.125% 01/05/23	390,000	301	0.27
CCO 5.25% 30/09/22	844,000	646	0.59
CCO 5.75% 15/01/24	92,000	71	0.06
CCO 5.75% 15/02/26	467,000	373	0.34
CCO 5.875% 01/05/27	424,000	339	0.31
CDK Global 5.875% 15/06/26	202,000	163	0.15
Centene 4.625% 15/12/29	366,000	292	0.27
Centene 5.375% 01/06/26	340,000	273	0.25
Centene 6.125% 15/02/24	606,000	477	0.43
Central Garden & Pet 6.125% 15/11/23	179,000	140	0.13
CenturyLink 5.125% 15/12/26	861,000	662	0.60
CenturyLink 6.75% 01/12/23	200,000	169	0.15
CenturyLink 6.875% 15/01/28	280,000	234	0.21
CGG 7.875% 01/05/23	EUR 100,000	90	0.08
Change Healthcare 5.75% 01/03/25	1,057,000	825	0.75
Charles River Laboratories International 5.5% 01/04/26	204,000	166	0.15
Chesapeake Energy 11.5% 01/01/25	83,000	59	0.05
Churchill Downs 5.5% 01/04/27	320,000	257	0.23
Cincinnati Bell 7% 15/07/24	688,000	541	0.49
Cincinnati Bell 8% 15/10/25	200,000	160	0.15
CommScope 5% 15/06/21	24,000	18	0.02

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
CommScope 5.5% 01/03/24	382,000	301	0.27
CommScope 6% 01/03/26	342,000	275	0.25
CommScope 8.25% 01/03/27	211,000	168	0.15
Crestwood Midstream Partners 6.25% 01/04/23	530,000	408	0.37
CrownRock 5.625% 15/10/25	715,000	551	0.50
Curo 8.25% 01/09/25	362,000	240	0.22
DAE Funding 5.25% 15/11/21	326,000	256	0.23
Delek Logistics Partners 6.75% 15/05/25	662,000	499	0.45
Dell International 5.875% 15/06/21	513,000	394	0.36
Dell International 7.125% 15/06/24	540,000	431	0.39
Diamond Sports 5.375% 15/08/26	312,000	240	0.22
Diamond Sports 6.625% 15/08/27	538,000	396	0.36
DISH DBS 5.875% 15/07/22	424,000	340	0.31
Dun & Bradstreet 6.875% 15/08/26	350,000	293	0.27
Dun & Bradstreet 10.25% 15/02/27	666,000	582	0.53
Eagle 7.625% 15/05/22	611,000	468	0.43
Eagle 7.75% 15/05/22	652,000	501	0.46
Eldorado Resorts 6% 15/09/26	316,000	263	0.24
Eldorado Resorts 7% 01/08/23	692,000	545	0.50
Energizer 5.5% 15/06/25	102,000	80	0.07
Energizer 7.75% 15/01/27	312,000	262	0.24
Enova International 8.5% 01/09/24	410,000	294	0.27
Enova International 8.5% 15/09/25	168,000	120	0.11
Envision Healthcare 8.75% 15/10/26	449,000	212	0.19
Equinix 2.875% 01/10/25	EUR 150,000	131	0.12
Equinix 5.875% 15/01/26	420,000	337	0.31
Everi Payments 7.5% 15/12/25	225,000	182	0.17
Flex Acquisition 7.875% 15/07/26	585,000	446	0.41
Freedom Mortgage 8.25% 15/04/25	600,000	441	0.40
Freedom Mortgage 10.75% 01/04/24	325,000	254	0.23
Gartner 5.125% 01/04/25	592,000	467	0.43
Genesis Energy 5.625% 15/06/24	285,000	208	0.19
Genesis Energy 6.5% 01/10/25	368,000	269	0.25
Getty Images 9.75% 01/03/27	308,000	231	0.21
Golden Entertainment 7.625% 15/04/26	426,000	342	0.31
Granite Merger Sub 2 11% 15/07/27	473,000	380	0.35
Greystar Real Estate Partners 5.75% 01/12/25	560,000	440	0.40
GTT Communications 7.875% 31/12/24	547,000	312	0.28
Gulfport Energy 6.375% 15/01/26	522,000	243	0.22
Hadrian Merger Sub 8.5% 01/05/26	318,000	247	0.23
HCA 7.5% 15/02/22	570,000	477	0.43
HCA 7.69% 15/06/25	260,000	237	0.22
Hilcorp Energy I 5% 01/12/24	200,000	146	0.13
Hilcorp Energy I 6.25% 01/11/28	508,000	365	0.33
Howard Hughes 5.375% 15/03/25	470,000	372	0.34
Icahn Enterprises 5.25% 15/05/27	164,000	126	0.11
Indigo Natural Resources 6.875% 15/02/26	334,000	238	0.22
Infor US 5.75% 15/05/22	EUR 150,000	129	0.12
Informatica 7.125% 15/07/23	507,000	390	0.36
IQVIA 3.25% 15/03/25	EUR 150,000	130	0.12
Iron Mountain 5.75% 15/08/24	200,000	153	0.14



## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Iron Mountain 6% 15/08/23	324,000	250	0.23
Ittron 5% 15/01/26	262,000	206	0.19
Jaguar 6.375% 01/08/23	924,000	722	0.66
JBS USA LUX 6.75% 15/02/28	491,000	412	0.38
Kenan Advantage 7.875% 31/07/23	1,395,000	1,033	0.94
KGA Escrow 7.5% 15/08/23	381,000	306	0.28
Koppers 6% 15/02/25	224,000	176	0.16
Kraft Heinz Foods 4.875% 15/02/25	438,000	341	0.31
Kronos Acquisition 9% 15/08/23	657,000	472	0.43
LABL Escrow Issuer 6.75% 15/07/26	421,000	339	0.31
LABL Escrow Issuer 10.5% 15/07/27	320,000	248	0.23
Lamar Media 5% 01/05/23	500,000	385	0.35
Lamar Media 5.375% 15/01/24	234,000	181	0.16
Lamb Weston 4.875% 01/11/26	364,000	293	0.27
Level 3 Financing 5.125% 01/05/23	200,000	153	0.14
Level 3 Financing 5.375% 15/08/22	794,000	603	0.55
Levi Strauss & Co 3.375% 15/03/27	EUR 200,000	181	0.16
Live Nation Entertainment 4.875% 01/11/24	642,000	503	0.46
LTF Merger Sub 8.5% 15/06/23	633,000	489	0.45
Match 6.375% 01/06/24	511,000	406	0.37
Matthews International 5.25% 01/12/25	452,000	342	0.31
Mauser Packaging Solutions 5.5% 15/04/24	464,000	362	0.33
Mauser Packaging Solutions 7.25% 15/04/25	1,145,000	856	0.78
McGraw-Hill Global Education 7.875% 15/05/24	860,000	560	0.51
Meredith 6.875% 01/02/26	416,000	329	0.30
MSCI 4.75% 01/08/26	176,000	140	0.13
MSCI 5.25% 15/11/24	331,000	257	0.23
Mueller Water Products 5.5% 15/06/26	198,000	158	0.14
National CineMedia 5.875% 15/04/28	188,000	152	0.14
NCR 5% 15/07/22	400,000	306	0.28
Netflix 3.625% 15/05/27	EUR 200,000	182	0.17
Netflix 4.875% 15/06/30	198,000	153	0.14
New Enterprise Stone & Lime 6.25% 15/03/26	693,000	550	0.50
Nexstar Broadcasting 5.625% 15/07/27	254,000	203	0.19
Nielsen Finance 5% 15/04/22	272,000	206	0.19
NortonLifeLock 5% 15/04/25	212,000	164	0.15
Novelis 6.25% 15/08/24	333,000	265	0.24
NVA 6.875% 01/04/26	772,000	631	0.57
Owens-Brockway Glass Container 5% 15/01/22	254,000	200	0.18
Panther BF Aggregator 2 8.5% 15/05/27	312,000	251	0.23
Parsley Energy 6.25% 01/06/24	580,000	458	0.42
PBF 7% 15/11/23	260,000	204	0.19
PBF Logistics 6.875% 15/05/23	690,000	538	0.49
Performance Food 5.5% 15/10/27	156,000	126	0.11
Photo Holdings Merger Sub 8.5% 01/10/26	622,000	438	0.40
Pilgrim's Pride 5.875% 30/09/27	318,000	261	0.24
Polaris Intermediate 8.5% 01/12/22	718,000	506	0.46
Post 5.75% 01/03/27	486,000	395	0.36
PQ 5.75% 15/12/25	408,000	323	0.29
PQ 6.75% 15/11/22	618,000	484	0.44
Prestige Brands 5.125% 15/01/28	147,000	116	0.11

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Prestige Brands 6.375% 01/03/24	804,000	632	0.58
Prime Security Services Borrower 9.25% 15/05/23	661,000	524	0.48
Rackspace Hosting 8.625% 15/11/24	866,000	640	0.58
Rayonier AM Products 5.5% 01/06/24	742,000	423	0.39
Realogy 9.375% 01/04/27	354,000	280	0.26
Refinitiv US 4.5% 15/05/26	EUR 100,000	93	0.08
Refinitiv US 6.25% 15/05/26	757,000	626	0.57
Refinitiv US 6.875% 15/11/26	EUR 100,000	96	0.09
Refinitiv US 8.25% 15/11/26	307,000	262	0.24
Reynolds 5.33125% 15/07/21	948,000	719	0.65
Reynolds 5.75% 15/10/20	542,700	411	0.37
SBA Communications 4.875% 01/09/24	334,000	263	0.24
Scientific Games International 5.5% 15/02/26	EUR 237,000	209	0.19
Scientific Games International 7% 15/05/28	237,000	192	0.17
Scientific Games International 7.25% 15/11/29	211,000	173	0.16
Sealed Air 4.5% 15/09/23	EUR 100,000	96	0.09
Sealed Air 4.875% 01/12/22	314,000	252	0.23
Service 5.375% 15/05/24	112,000	87	0.08
Sinclair Television 5.5% 01/03/30	544,000	422	0.38
Sinclair Television 5.625% 01/08/24	200,000	156	0.14
Sirius XM Radio 4.625% 15/07/24	400,000	318	0.29
Sirius XM Radio 5.5% 01/07/29	160,000	131	0.12
SM Energy 6.75% 15/09/26	265,000	197	0.18
Solera 10.5% 01/03/24	1,137,000	913	0.83
Sophia 9% 30/09/23	1,300,000	1,011	0.92
Southern Star Central 5.125% 15/07/22	825,000	630	0.57
Southwestern Energy 7.75% 01/10/27	295,000	207	0.19
Sprint 7.125% 15/06/24	274,000	223	0.20
Sprint 7.625% 01/03/26	268,000	224	0.20
Sprint 7.875% 15/09/23	392,000	327	0.30
Sprint Capital 8.75% 15/03/32	564,000	519	0.47
Sprint Communications 7% 15/08/20	170,000	132	0.12
SS&C Technologies 5.5% 30/09/27	478,000	387	0.35
Standard Industries 5.5% 15/02/23	1,003,000	773	0.70
Standard Industries 6% 15/10/25	501,000	399	0.36
Staples 10.75% 15/04/27	262,000	202	0.18
Steel Dynamics 5.125% 01/10/21	300,000	227	0.21
Summit Materials 6.125% 15/07/23	806,000	622	0.57
Summit Midstream 5.5% 15/08/22	629,000	420	0.38
Superior Industries International 6% 15/06/25	EUR 100,000	82	0.07
Surgery Center 6.75% 01/07/25	341,000	257	0.23
Surgery Center 10% 15/04/27	534,000	441	0.40
Targa Resources Partners 6.75% 15/03/24	815,000	639	0.58
TEGNA 5.5% 15/09/24	410,000	321	0.29
Tenet Healthcare 4.875% 01/01/26	616,000	488	0.44
Tenet Healthcare 5.125% 01/05/25	420,000	327	0.30
T-Mobile USA 6% 01/03/23	498,000	384	0.35
T-Mobile USA 6% 15/04/24	336,000	263	0.24
T-Mobile USA 6.375% 01/03/25	350,000	274	0.25
Triumph 6.25% 15/09/24	128,000	102	0.09
UGI International 3.25% 01/11/25	EUR 200,000	179	0.16

## AXA Global High Income Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Unisys 10.75% 15/04/22	266,000	216	0.20
Univar Solutions USA 5.125% 01/12/27	258,000	204	0.19
Univision Communications 6.75% 15/09/22	576,000	441	0.40
Verscend Escrow 9.75% 15/08/26	418,000	346	0.32
VICI Properties 4.625% 01/12/29	66,000	52	0.05
Vizient 6.25% 15/05/27	104,000	85	0.08
Watco 6.375% 01/04/23	1,075,000	826	0.75
Welbilt 9.5% 15/02/24	779,000	625	0.57
West Street Merger Sub 6.375% 01/09/25	430,000	325	0.30
Zayo 5.75% 15/01/27	463,000	357	0.33
Zayo 6% 01/04/23	450,000	349	0.32
<b>TOTAL CORPORATE BONDS</b>		<b>99,120</b>	<b>90.30</b>
<b>COLLECTIVE INVESTMENT SCHEMES 0.44% (30/06/19: 0.47%)</b>			
<b>Luxembourg 0.44% (30/06/19: 0.47%)</b>			
AXA World Funds - Asian High Yield Bonds^	5,300	486	0.44
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>		<b>486</b>	<b>0.44</b>
<b>FORWARD CURRENCY CONTRACTS 1.34% (30/06/19: (1.23%))</b>			
Bought USD4,300,000 for GBP3,244,377 Settlement 31/01/20		8	0.01
Sold EUR8,100,000 for GBP7,003,033 Settlement 31/01/20		112	0.10
Sold EUR6,450,000 for GBP5,526,695 Settlement 14/02/20		36	0.03
Sold EUR3,900,000 for GBP3,311,338 Settlement 27/03/20		(14)	(0.01)
Sold USD45,000,000 for GBP34,838,598 Settlement 31/01/20		799	0.73
Sold USD28,600,000 for GBP22,144,940 Settlement 14/02/20		519	0.47
Sold USD39,100,000 for GBP29,545,803 Settlement 27/03/20		13	0.01
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>1,473</b>	<b>1.34</b>
Portfolio of investments		101,079	92.08
Net other assets		8,692	7.92
<b>Total net assets</b>		<b>109,771</b>	<b>100.00</b>

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

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

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

At 31 December 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19: £nil).

## AXA Global High Income Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	A Gross Accumulation			A Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	122.57	118.77	113.38	87.79	87.32	88.13
Closing net asset value (£) †	27,979,241	29,018,256	924,031	188,825	198,300	185,956
Closing number of shares	22,826,818	24,432,836	814,955	215,085	227,095	210,993
Operating charges^	0.50%	0.48%	0.50%	0.50%	0.48%	0.50%

	H Gross Accumulation		
	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	244.60	236.45	224.70
Closing net asset value (£) †	12,230	11,823	11,235
Closing number of shares	5,000	5,000	5,000
Operating charges^	0.05%	0.03%	0.05%

	R Gross Accumulation			R Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	228.77	222.57	214.21	91.90	91.41	92.25
Closing net asset value (£) †	9,839,965	17,607,343	2,007,147	3,916,882	3,979,957	1,984,936
Closing number of shares	4,301,323	7,910,990	936,988	4,261,934	4,353,798	2,151,760
Operating charges^	1.30%	1.28%	1.30%	1.30%	1.28%	1.30%

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	228.82	221.77	211.96	97.42	96.90	97.80
Closing net asset value (£) †	26,598,663	31,823,482	2,493,489	41,235,585	22,962,209	2,950,971
Closing number of shares	11,624,312	14,349,530	1,176,389	42,328,522	23,697,726	3,017,445
Operating charges^	0.55%	0.53%	0.55%	0.55%	0.53%	0.55%

† Valued at bid-market prices.

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

## AXA Global High Income Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		583		(5,926)
Revenue	3,192		3,459	
Expenses	(371)		(391)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	2,820		3,067	
Taxation	-		-	
Net revenue after taxation		2,820		3,067
Total return before distributions		3,403		(2,859)
Distributions		(2,820)		(3,067)
Change in net assets attributable to Shareholders from investment activities		583		(5,926)

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		105,601		114,852
Amounts receivable on issue of shares	23,272		6,230	
Amounts payable on cancellation of shares	(21,484)		(14,916)	
		1,788		(8,686)
Change in net assets attributable to Shareholders from investment activities (see above)		583		(5,926)
Retained distributions on accumulation shares		1,798		2,225
Unclaimed distributions		1		-
Closing net assets attributable to Shareholders		109,771		102,465

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.

## AXA Global High Income Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	101,093	101,990
Current assets:		
Debtors	4,397	2,789
Cash and bank balances	5,010	5,329
 Total assets	 <u>110,500</u>	 <u>110,108</u>
<b>Liabilities:</b>		
Investment liabilities	(14)	(1,327)
Creditors:		
Distribution payable	(531)	(370)
Other creditors	(184)	(2,810)
 Total liabilities	 <u>(729)</u>	 <u>(4,507)</u>
 Net assets attributable to Shareholders	 <u>109,771</u>	 <u>105,601</u>

## AXA Global High Income Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 30 September 2019

	Net revenue (p)	Equalisation (p)	Distribution paid 29/11/19 (p)	Distribution paid 30/11/18 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	1.709	-	1.709	1.608
Group 2	1.078	0.631	1.709	1.608
<b>Share Class A Gross Income</b>				
Group 1	1.257	-	1.257	1.250
Group 2	0.730	0.527	1.257	1.250
<b>Share Class H Gross Accumulation</b>				
Group 1	3.685	-	3.685	3.479
Group 2	3.685	-	3.685	3.479
<b>Share Class R Gross Accumulation</b>				
Group 1	2.739	-	2.739	2.601
Group 2	1.094	1.645	2.739	2.601
<b>Share Class R Gross Income</b>				
Group 1	1.125	-	1.125	1.121
Group 2	0.626	0.499	1.125	1.121
<b>Share Class Z Gross Accumulation</b>				
Group 1	3.162	-	3.162	2.977
Group 2	1.427	1.735	3.162	2.977
<b>Share Class Z Gross Income</b>				
Group 1	1.383	-	1.383	1.375
Group 2	0.545	0.838	1.383	1.375



## AXA Global High Income Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2019

Group 2 Shares purchased on or after 1 October 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 28/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	1.454	-	1.454	1.693
Group 2	0.987	0.467	1.454	1.693
<b>Share Class A Gross Income</b>				
Group 1	1.054	-	1.054	1.298
Group 2	0.341	0.713	1.054	1.298
<b>Share Class H Gross Accumulation</b>				
Group 1	3.172	-	3.172	3.626
Group 2	3.172	-	3.172	3.626
<b>Share Class R Gross Accumulation</b>				
Group 1	2.262	-	2.262	2.747
Group 2	1.252	1.010	2.262	2.747
<b>Share Class R Gross Income</b>				
Group 1	0.918	-	0.918	1.170
Group 2	0.500	0.418	0.918	1.170
<b>Share Class Z Gross Accumulation</b>				
Group 1	2.686	-	2.686	3.135
Group 2	0.814	1.872	2.686	3.135
<b>Share Class Z Gross Income</b>				
Group 1	1.157	-	1.157	1.428
Group 2	0.531	0.626	1.157	1.428

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Investment Objective

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

#### Investment Policy

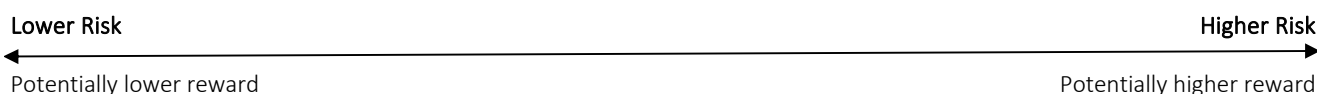
The Fund invests predominantly in a diversified portfolio of bonds (including index-linked bonds) issued by companies and governments globally (including in emerging markets) where the period for full repayment of the bond by the company or government is expected to be less than 5 years. The Fund aims 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.

The Fund does not have a benchmark. ICE BofAML British Pound 3-Month Deposit Bid Rate Average Index (L5BP) may be used by investors to compare the Fund's performance. 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 actively managed. It is not managed in reference to any benchmark.

#### Risk and Reward Profile

As at 31 December 2019 (unaudited)



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 2019 (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 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 - 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.

Index-linked bonds risk is an inherent risk of investing in index-linked bonds. Exposure to this risk is managed by the allocation decision on the proportion of the portfolio to invest in index-linked bonds, as well as the amount of remaining maturity of these bonds, which will affect their sensitivity in value, to changes in expected inflation levels.

- High yield bonds risk (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.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

- Risks linked to investment in sovereign debt - the Fund 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 Fund 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.

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.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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, the 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 the 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** - assets of the 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 the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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 the 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

Despite credit spreads widening (yield premium over the relevant government bond) during the third quarter due to the ongoing US-China trade dispute, they moved sharply tighter during the fourth quarter. This came on the back of the announcement of an interim US-China trade agreement, hopes for a smoother Brexit following the conclusive UK general election, an accommodative US Federal Reserve (Fed) and good corporate results. As such, credit spreads ended the second half of 2019 tighter.

For the first time since 2008, the Fed cut interest rates three times, taking them to a range of 1.50–1.75% over the period. However, Fed Chairman Jerome Powell reiterated that interest rates may remain on hold throughout 2020 and that these cuts were not beginning of an easing cycle. Meanwhile, the European Central Bank (ECB) reduced its deposit rate to a record low of -0.50% in September and announced a €20 billion per month bond-buying initiative from November onwards. The ECB stated that monthly asset purchases would be maintained for as long as needed. The moves were seen as contentious, with several members of the ECB's council feeling that the measures went beyond what was required. ECB President Mario Draghi was replaced by Christine Lagarde in November after an eight-year tenure. Finally, the Bank of England decided to maintain interest rates unchanged at 0.75% during the period, but warned that rates may have to be cut if uncertainties persist around the world economy and Brexit.

Brexit continued to dominate headlines. In July, Theresa May stepped down as prime minister, having failed to secure parliamentary approval for her Brexit deal. Having succeeded Theresa May as prime minister, Boris Johnson led the Conservative Party to victory in December's general election. The result gave him a clear majority in parliament, which means the UK is set to leave the EU on 31 January 2020, reducing to some extent the uncertainty around Brexit.

While US treasury and UK gilt yields were slightly lower over the period, German bund yields were slightly higher. The yield on the 10-year treasury fell to 1.92% from 2.00% during the period. In August, the US yield curve inverted again, with three-month treasuries yielding up to 0.50% more than 10-year treasuries. Historically, this has pointed to an impending recession. The curve subsequently recovered, touching a new high for 2019 in November.

#### Fund activity

During the period, we continued to increase our exposure to sovereign bonds and investment grade (IG) to the detriment of high yield (HY) and emerging markets (EM) in order to further de-risk and take some profits. As such, the average credit quality of the Fund improved to BBB+ from BBB.

Within the sovereign allocation, we kept our exposure to short-dated US Treasury Inflation Protected Securities constant while adding a new exposure to short-dated (having less than five years to redemption) French index-linked bonds in October.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

Within IG, we increased our exposure to sterling and euro IG while decreasing our exposure to US dollar IG. We were active during the period in both the IG primary (companies issuing new debt) and secondary markets (existing debt traded between investors). Names bought through the former included US energy company Occidental Petroleum in US dollars, Norwegian bank DNB in euro and UK insurer RSA in sterling, all being new additions to the Fund. We also added new names to the Fund in the secondary market, including US financial services company Global Payments in US dollar and UK REIT Land Securities in sterling.

We remained cautious on HY and EM (favouring the latter) throughout the period due to expensive valuations. However, we were still active in the primary and secondary markets. Names bought through the former included Chinese bank ICBC in sterling and US high yield packaging company Ball in euro, both being new additions to the Fund. We also added new names to the Fund in the secondary market including UK pub operator Punch Taverns in sterling. Towards the end of the period and following a strong recovery, we switched out of Argentine energy company Pampa and added a new position in Turkish industrial conglomerate Koc.

#### Outlook

While the recent positive news flow should lead to some improvement in the economic data, we still expect growth to remain lacklustre in 2020 as the upcoming US election, the next phase of US-China trade negotiations and the future UK-EU trade relationship should lead to further uncertainties later this year and weigh on business investment and consumer confidence.

As such, we maintain a defensive bias, with a higher allocation to IG, to allow us to add to HY and EM at better levels, due to expensive valuations in global fixed income markets and given the lack of monetary policy options left to central banks to accelerate growth.

*All performance data source: AXA Investment Managers and Bloomberg.*

*Past performance is not a guide to future performance.*

#### Major Purchases

- French Republic Government Bond 0.25% 25/07/24
- Land Securities Capital Markets 1.974% 8/02/26
- Global Payments 4% 01/06/23
- Occidental Petroleum 2.7% 15/08/22
- DNB Bank 0.05% 14/11/23

#### Major Sales / Redemptions

- Noble Energy 4.15% 15/12/21
- General Motors Financial 3.2% 06/07/21
- Express Scripts 3.9% 15/02/22
- Omnicom 4.45% 15/08/20
- Petroleos Mexicanos 4.875% 24/01/22

**Nicolas Trindade**

31 December 2019

AXA Investment Managers UK Limited



## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 87.07% (30/06/19: 87.62%)</b>			
<b>Argentina 0.46% (30/06/19: 0.91%)</b>			
YPF 8.5% 23/03/21	1,630,000	1,218	0.46
<b>Australia 1.12% (30/06/19: 1.51%)</b>			
Commonwealth Bank of Australia 2.5785% 18/09/22	1,400,000	1,068	0.41
Macquarie 6% 14/01/20	500,000	379	0.14
Macquarie 6.25% 14/01/21	1,000,000	785	0.30
Scentre Trust 2.375% 08/04/22	GBP 700,000	716	0.27
<b>Belgium 1.52% (30/06/19: 1.19%)</b>			
Belfius Bank 0.75% 12/09/22	EUR 800,000	692	0.26
Belfius Bank 1.625% 15/03/28	EUR 1,400,000	1,208	0.46
Euroclear Bank 1.25% 30/09/24	GBP 1,229,000	1,230	0.47
KBC 1.875% 11/03/27	EUR 1,000,000	879	0.33
<b>Bermuda 0.37% (30/06/19: 0.40%)</b>			
Hiscox 2% 14/12/22	GBP 970,000	982	0.37
<b>Brazil 0.42% (30/06/19: 0.47%)</b>			
Natura Cosméticos 5.375% 01/02/23	1,400,000	1,105	0.42
<b>Canada 1.14% (30/06/19: 1.25%)</b>			
Bank of Montreal 3.3% 05/02/24	2,000,000	1,576	0.60
Manulife Financial 4.9% 17/09/20	600,000	463	0.18
Royal Bank of Canada 1.01338% 08/12/22	GBP 946,000	942	0.36
<b>Cayman Islands 1.82% (30/06/19: 1.47%)</b>			
Mizzen Bondco 7% 01/05/21	GBP 568,200	561	0.21
Punch Taverns Finance 5.943% 30/09/22	GBP 1,223,560	1,290	0.49
QNB Finance 3.5% 28/03/24	3,782,000	2,956	1.12
<b>China 0.61% (30/06/19: 0.34%)</b>			
Industrial & Commercial Bank of China 1.5% 31/07/22	GBP 1,616,000	1,619	0.61
<b>Colombia 0.41% (30/06/19: 0.46%)</b>			
Ecopetrol 5.875% 18/09/23	1,300,000	1,090	0.41
<b>Curacao 0.23% (30/06/19: 0.25%)</b>			
Teva Pharmaceutical Finance 3.65% 10/11/21	800,000	595	0.23
<b>Denmark 1.12% (30/06/19: 1.57%)</b>			
Nykredit Realkredit 0.875% 17/01/24	EUR 3,413,000	2,953	1.12
<b>Finland 0.23% (30/06/19: 0.26%)</b>			
Sampo 1.5% 16/09/21	EUR 700,000	611	0.23
<b>France 5.35% (30/06/19: 5.70%)</b>			
Banque Federative du Credit Mutuel 0.875% 08/06/20	GBP 800,000	800	0.30
BNP Paribas 3.5% 01/03/23	800,000	626	0.24
BPCE 2.75% 08/07/26	EUR 1,000,000	882	0.33

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Carrefour 0.875% 12/06/23	EUR 1,200,000	1,042	0.40
Credit Agricole 2.956% 24/04/23	1,116,000	853	0.32
Credit Agricole 3.264% 10/01/22	700,000	539	0.20
Dexia Credit Local 1.125% 15/06/22	GBP 800,000	802	0.30
EssilorLuxottica 0% 27/05/23	EUR 1,400,000	1,191	0.45
Fnac Darty 1.875% 30/05/24	EUR 645,000	566	0.21
ICADE 1.875% 14/09/22	EUR 1,100,000	977	0.37
La Banque Postale 2.75% 23/04/26	EUR 1,000,000	877	0.33
La Banque Postale 4.375% 30/11/20	EUR 100,000	88	0.03
RCI Banque 0.037% 12/01/23	EUR 2,112,000	1,769	0.67
RCI Banque 1.875% 08/11/22	GBP 283,000	285	0.11
Societe Fonciere Lyonnaise 1.875% 26/11/21	EUR 300,000	263	0.10
Societe Fonciere Lyonnaise 2.25% 16/11/22	EUR 100,000	90	0.03
Societe Generale 1.25% 15/02/24	EUR 2,000,000	1,757	0.67
Veolia Environnement 0% 23/11/20	EUR 900,000	766	0.29
<b>Germany 1.36% (30/06/19: 1.49%)</b>			
ADLER Real Estate 1.5% 17/04/22	EUR 800,000	688	0.26
DEMIRE Deutsche Mittelstand Real Estate 1.875% 15/10/24	EUR 1,000,000	862	0.33
Deutsche Bank 1.75% 16/12/21	GBP 700,000	697	0.26
Deutsche Bank 1.875% 28/02/20	GBP 700,000	700	0.27
Schaeffler 1.875% 26/03/24	EUR 720,000	639	0.24
<b>Guernsey 0.55% (30/06/19: 0.60%)</b>			
Credit Suisse Funding Guernsey 3% 27/05/22	GBP 1,400,000	1,455	0.55
<b>Hungary 0.21% (30/06/19: 0.23%)</b>			
MFB Magyar Fejlesztési Bank 6.25% 21/10/20	700,000	547	0.21
<b>Ireland 4.29% (30/06/19: 3.30%)</b>			
AerCap Global Aviation Trust 4.875% 16/01/24	2,013,000	1,653	0.63
AIB 1.25% 28/05/24	EUR 1,153,000	1,006	0.38
Bank of Ireland 1% 25/11/25	EUR 2,376,000	2,031	0.77
Bank of Ireland 1.25% 09/04/20	EUR 700,000	597	0.23
eircom Finance 1.75% 01/11/24	EUR 1,041,000	883	0.33
ESB Finance 6.5% 05/03/20	GBP 1,100,000	1,110	0.42
Johnson Controls International 0% 04/12/20	EUR 763,000	649	0.25
MMC Norilsk Nickel 6.625% 14/10/22	1,500,000	1,251	0.47
Novolipetsk Steel Via Steel Funding 4.5% 15/06/23	1,000,000	800	0.30
SMBC Aviation Capital Finance 2.65% 15/07/21	1,750,000	1,333	0.51
<b>Isle Of Man 0.38% (30/06/19: 0.43%)</b>			
Playtech 3.75% 12/10/23	EUR 1,129,000	995	0.38
<b>Italy 3.91% (30/06/19: 4.29%)</b>			
Autostrade per l'Italia 6.25% 09/06/22	GBP 1,190,000	1,273	0.48
FCA Bank Ireland 1.625% 29/09/21	GBP 1,825,000	1,826	0.69
Intesa Sanpaolo 0.75% 04/12/24	EUR 796,000	679	0.26
Intesa Sanpaolo 5.25% 28/01/22	GBP 1,450,000	1,551	0.59
Terna Rete Elettrica Nazionale 1% 23/07/23	EUR 535,000	468	0.18
UniCredit 1% 18/01/23	EUR 1,300,000	1,116	0.42

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
UniCredit 1.625% 03/07/25	EUR 1,486,000	1,293	0.49
Unione di Banche Italiane 0.75% 17/10/22	EUR 989,000	843	0.32
Unione di Banche Italiane 1.5% 10/04/24	EUR 1,449,000	1,257	0.48
<b>Japan 1.12% (30/06/19: 1.26%)</b>			
Mitsubishi UFJ Financial 2.72963% 25/07/22	1,300,000	990	0.38
Mizuho Financial 2.85375% 28/02/22	700,000	535	0.20
Sumitomo Mitsui Financial 0.055% 14/06/22	EUR 445,000	379	0.14
Sumitomo Mitsui Financial 2.57613% 18/10/22	1,000,000	760	0.29
Sumitomo Mitsui Financial 2.61775% 12/07/22	385,000	293	0.11
<b>Jersey 3.31% (30/06/19: 3.56%)</b>			
AA Bond 2.75% 31/07/23	GBP 1,900,000	1,812	0.69
AA Bond 2.875% 31/01/22	GBP 1,000,000	989	0.37
CPUK Finance 7.239% 28/02/24	GBP 1,400,000	1,679	0.64
Glencore Finance Europe 6% 03/04/22	GBP 1,400,000	1,537	0.58
Heathrow Funding 7.125% 14/02/24	GBP 1,100,000	1,331	0.50
Heathrow Funding 9.2% 29/03/21	GBP 900,000	988	0.37
Porterbrook Rail Finance 6.5% 20/10/20	GBP 400,000	416	0.16
<b>Luxembourg 3.58% (30/06/19: 4.23%)</b>			
Allergan Funding 1.5% 15/11/23	EUR 1,289,000	1,152	0.44
B&M European Value Retail 4.125% 01/02/22	GBP 350,000	354	0.13
Becton Dickinson Euro Finance 0.632% 04/06/23	EUR 1,356,000	1,164	0.44
Garfunkelux Holdco 3 8.5% 01/11/22	GBP 900,000	891	0.34
Gazprom Capital 5.338% 25/09/20	GBP 1,050,000	1,079	0.41
HeidelbergCement Finance Luxembourg 3.25% 21/10/20	EUR 1,000,000	873	0.33
Logicor Financing 0.5% 30/04/21	EUR 562,000	481	0.18
Logicor Financing 0.75% 15/07/24	EUR 1,605,000	1,369	0.52
Medtronic Global 0% 02/12/22	EUR 1,424,000	1,211	0.46
Medtronic Global 0.375% 07/03/23	EUR 1,014,000	871	0.33
<b>Mauritius 0.49% (30/06/19: 0.55%)</b>			
HT Global IT Solutions 7% 14/07/21	1,650,000	1,285	0.49
<b>Mexico 0.00% (30/06/19: 0.45%)</b>			
<b>Netherlands 9.70% (30/06/19: 8.39%)</b>			
ABN AMRO Bank 6.375% 27/04/21	EUR 1,200,000	1,104	0.42
Achmea 2.5% 19/11/20	EUR 600,000	522	0.20
BMW Finance 0.625% 06/10/23	EUR 1,233,000	1,068	0.41
BMW International Investment 1.25% 11/07/22	GBP 687,000	687	0.26
BMW International Investment 1.375% 01/10/24	GBP 1,300,000	1,290	0.49
Daimler International Finance 1.5% 13/01/22	GBP 550,000	552	0.21
Daimler International Finance 2% 04/09/23	GBP 600,000	609	0.23
de Volksbank 0.125% 28/09/20	EUR 946,000	806	0.31
EDP Finance 2.625% 18/01/22	EUR 800,000	716	0.27
EDP Finance 8.625% 04/01/24	GBP 700,000	887	0.34
Enel Finance International 0% 17/06/24	EUR 1,587,000	1,334	0.51
ING Groep 0.1% 03/09/25	EUR 1,300,000	1,088	0.41
ING Groep 3.1105% 29/03/22	700,000	537	0.20

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
innogy Finance 0.75% 30/11/22	EUR 791,000	684	0.26
innogy Finance 5.5% 06/07/22	GBP 700,000	774	0.29
innogy Finance 6.5% 20/04/21	GBP 550,000	587	0.22
Koninklijke KPN 3.75% 21/09/20	EUR 700,000	612	0.23
MDGH - GMTN 2.5% 07/11/24	1,895,000	1,437	0.54
NN 1% 18/03/22	EUR 750,000	652	0.25
OCI 5% 15/04/23	EUR 562,000	496	0.19
SABIC Capital II 4% 10/10/23	1,983,000	1,580	0.60
Siemens Financieringsmaatschappij 0% 05/09/24	EUR 852,000	723	0.27
Teva Pharmaceutical Finance Netherlands III 6% 15/04/24	1,600,000	1,213	0.46
Volkswagen Financial Services 1.625% 09/06/22	GBP 1,300,000	1,304	0.49
Volkswagen Financial Services 1.875% 07/09/21	GBP 300,000	302	0.11
Vonovia Finance 0.052% 22/12/22	EUR 1,500,000	1,276	0.48
Vonovia Finance 0.875% 03/07/23	EUR 400,000	347	0.13
Vonovia Finance 1.625% 15/12/20	EUR 700,000	606	0.23
Vonovia Finance 2.125% 09/07/22	EUR 400,000	358	0.14
Wintershall Dea Finance 0.452% 25/09/23	EUR 1,700,000	1,448	0.55
<b>Norway 0.82% (30/06/19: 0.00%)</b>			
DNB Bank 0.05% 14/11/23	EUR 2,545,000	2,155	0.82
<b>Peru 0.21% (30/06/19: 0.24%)</b>			
Banco BBVA Peru 5% 26/08/22	700,000	561	0.21
<b>Portugal 0.16% (30/06/19: 0.00%)</b>			
Caixa Geral de Depositos 1.25% 25/11/24	EUR 500,000	428	0.16
<b>Spain 2.63% (30/06/19: 2.59%)</b>			
Banco Santander 1.375% 31/07/24	GBP 900,000	894	0.34
Banco Santander 2.96788% 12/04/23	2,400,000	1,829	0.69
Banco Santander 3.40788% 11/04/22	800,000	616	0.23
Bankia 0.875% 25/03/24	EUR 900,000	782	0.30
Bankinter 0.875% 05/03/24	EUR 800,000	699	0.26
Telefonica Emisiones 1.069% 05/02/24	EUR 1,300,000	1,144	0.43
Telefonica Emisiones 5.597% 12/03/20	GBP 1,000,000	1,008	0.38
<b>Sweden 1.26% (30/06/19: 1.54%)</b>			
Intrum 2.75% 15/07/22	EUR 490,000	422	0.16
Scania 1.875% 28/06/22	GBP 1,600,000	1,606	0.61
Svenska Handelsbanken 1.625% 18/06/22	GBP 1,275,000	1,292	0.49
<b>Switzerland 0.21% (30/06/19: 0.23%)</b>			
UBS 3.43913% 01/02/22	700,000	541	0.21
<b>Turkey 0.96% (30/06/19: 0.50%)</b>			
Akbank Turk 4% 24/01/20	500,000	378	0.14
Akbank Turk 5% 24/10/22	1,100,000	836	0.32
KOC 5.25% 15/03/23	1,700,000	1,316	0.50
<b>United Arab Emirates 0.79% (30/06/19: 0.90%)</b>			
Abu Dhabi Commercial Bank 4% 13/03/23	1,300,000	1,025	0.39

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Kuwait Projects 9.375% 15/07/20	1,350,000	1,059	0.40
<b>United Kingdom 14.12% (30/06/19: 13.46%)</b>			
Babcock International 1.75% 06/10/22	EUR 1,650,000	1,453	0.55
BAE Systems 4.125% 08/06/22	GBP 985,000	1,052	0.40
Barclays Bank 10% 21/05/21	GBP 850,000	946	0.36
Close Brothers 2.75% 26/04/23	GBP 386,000	401	0.15
Close Brothers 4.25% 24/01/27	GBP 1,150,000	1,202	0.46
Co-operative 5.125% 17/05/24	GBP 419,000	448	0.17
Co-operative 6.875% 08/07/20	GBP 650,000	668	0.25
Drax Finco 4.25% 01/05/22	GBP 950,000	969	0.37
EC Finance 2.375% 15/11/22	EUR 1,030,000	884	0.33
Firstgroup 5.25% 29/11/22	GBP 700,000	758	0.29
Firstgroup 8.75% 08/04/21	GBP 550,000	596	0.23
Friends Life 8.25% 21/04/22	GBP 750,000	866	0.33
Gold Fields Orogen 4.875% 07/10/20	649,000	499	0.19
Great Rolling Stock 6.25% 27/07/20	GBP 950,000	976	0.37
HSBC 2.175% 27/06/23	GBP 1,156,000	1,175	0.45
Intu SGS Finance 3.875% 17/03/23	GBP 2,200,000	1,965	0.74
Investec Bank 4.25% 24/07/28	GBP 1,508,000	1,548	0.59
Land Securities Capital Markets 1.974% 8/02/26	GBP 2,400,000	2,444	0.93
Lendlease Europe Finance 6.125% 12/10/21	GBP 1,250,000	1,340	0.51
Lloyds Bank 5.75% 09/07/25	GBP 1,200,000	1,225	0.46
Lloyds Bank Corporate Markets 1.75% 11/07/24	GBP 1,413,000	1,423	0.54
National Express 0.089% 15/05/20	EUR 859,000	730	0.28
National Express 2.5% 11/11/23	GBP 1,000,000	1,029	0.39
National Express 6.625% 17/06/20	GBP 500,000	512	0.19
Nationwide Building Society 3.766% 08/03/24	2,200,000	1,724	0.65
Natwest Markets 1.125% 14/06/23	EUR 1,748,000	1,524	0.58
Next 5.375% 26/10/21	GBP 1,200,000	1,288	0.49
Rothsay Life 5.5% 17/09/29	GBP 713,000	773	0.29
RSA Insurance 1.625% 28/08/24	GBP 1,681,000	1,682	0.64
Santander UK 0.451% 27/03/24	EUR 1,167,000	995	0.38
Severn Trent Utilities Finance 1.125% 07/09/21	GBP 350,000	350	0.13
Severn Trent Utilities Finance 1.625% 04/12/22	GBP 417,000	423	0.16
Tesco Personal Finance 3.5% 25/07/25	GBP 775,000	805	0.31
Thames Water Utilities Finance 5.05% 30/06/20	GBP 1,350,000	1,372	0.52
TSB Bank 1.02338% 07/12/22	GBP 473,000	471	0.18
WPP Finance 0.047% 20/03/22	EUR 823,000	699	0.26
<b>United States 22.21% (30/06/19: 23.60%)</b>			
American Express 2.75% 20/05/22	1,533,000	1,180	0.45
American Honda Finance 1.3% 21/03/22	GBP 700,000	703	0.27
Associated Bank 3.5% 13/08/21	2,011,000	1,550	0.59
AT&T 3% 30/06/22	2,500,000	1,933	0.73
Athene Global Funding 2.75% 20/04/20	1,865,000	1,415	0.54
Aviation Capital 7.125% 15/10/20	1,984,000	1,559	0.59
Avnet 3.75% 01/12/21	1,300,000	1,010	0.38
Ball 0.875% 15/03/24	EUR 2,201,000	1,884	0.71
Bank of America 2.369% 21/07/21	2,500,000	1,896	0.72
BAT Capital 2.78988% 15/08/22	600,000	457	0.17

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Charter Communications Operating 3.579% 23/07/20	900,000	685	0.26
Charter Communications Operating 4.464% 23/07/22	1,000,000	796	0.30
Cielo USA 3.75% 16/11/22	462,857	350	0.13
Citigroup 2.75% 24/01/24	GBP 504,000	527	0.20
Citizens Bank 2.25% 02/03/20	2,000,000	1,514	0.57
Comcast 3.45% 01/10/21	2,550,000	1,985	0.75
CVS Health 3.35% 09/03/21	1,053,000	809	0.31
CVS Health 3.7% 09/03/23	800,000	631	0.24
Dell International 4.42% 15/06/21	1,700,000	1,324	0.50
Digital Stout 4.75% 13/10/23	GBP 1,500,000	1,664	0.63
Enterprise Products Operating 2.8% 15/02/21	800,000	612	0.23
Exelon Generation 2.95% 15/01/20	2,225,000	1,685	0.64
Fidelity National Information Services 0.125% 03/12/22	EUR 1,214,000	1,033	0.39
Fidelity National Information Services 0.75% 21/05/23	EUR 710,000	615	0.23
Fidelity National Information Services 1.7% 30/06/22	GBP 1,000,000	1,012	0.38
Fiserv 0.375% 01/07/23	EUR 414,000	354	0.13
Ford Motor Credit 3.021% 06/03/24	EUR 795,000	713	0.27
General Electric 1.25% 26/05/23	EUR 1,300,000	1,133	0.43
General Mills 3.2% 16/04/21	575,000	442	0.17
General Motors Financial 0.2% 02/09/22	EUR 649,000	548	0.21
Global Payments 4% 01/06/23	2,700,000	2,147	0.81
Hasbro 2.6% 19/11/22	1,340,000	1,020	0.39
Ingersoll-Rand Global 2.9% 21/02/21	1,985,000	1,516	0.57
JPMorgan Chase 3.207% 01/04/23	3,000,000	2,325	0.88
Kinder Morgan Energy Partners 5.8% 01/03/21	870,000	686	0.26
Manufacturers & Traders Trust 2.54688% 01/12/21	1,850,000	1,401	0.53
Metropolitan Life Global Funding I 2.875% 11/01/23	GBP 800,000	838	0.32
MPT Operating Partnership 2.55% 05/12/23	GBP 724,000	736	0.28
New York Life Global Funding 1.75% 15/12/22	GBP 828,000	843	0.32
NextEra Energy Capital 2.9% 01/04/22	1,214,000	937	0.36
Occidental Petroleum 2.7% 15/08/22	2,750,000	2,103	0.80
Office Properties Income Trust 3.6% 01/02/20	1,350,000	1,022	0.39
Penske Truck Leasing 4.25% 17/01/23	1,360,000	1,083	0.41
People's United Financial 3.65% 06/12/22	2,340,000	1,841	0.70
Philip Morris International 1.75% 19/03/20	EUR 800,000	683	0.26
Regions Financial 3.8% 14/08/23	2,000,000	1,596	0.60
Ryder System 3.5% 01/06/21	650,000	501	0.19
Stryker 0.25% 03/12/24	EUR 1,245,000	1,056	0.40
Truist Bank 2.59% 29/01/21	750,000	569	0.22
ViacomCBS 2.5% 15/02/23	1,308,000	998	0.38
Wells Fargo 3.069% 24/01/23	2,000,000	1,542	0.58
Williams 4% 15/11/21	1,500,000	1,169	0.44
<b>TOTAL CORPORATE BONDS</b>		<b>229,768</b>	<b>87.07</b>
<b>COLLECTIVE INVESTMENT SCHEMES 3.49% (30/06/19: 3.71%)</b>			
<b>United Kingdom 3.49% (30/06/19: 3.71%)</b>			
~ AXA Fixed Interest Investment ICVC - US Short Duration High Yield Fund	6,300,000	9,204	3.49
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>		<b>9,204</b>	<b>3.49</b>

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>GOVERNMENT BONDS 4.58% (30/06/19: 3.41%)</b>			
<b>Argentina 0.00% (30/06/19: 0.22%)</b>			
<b>Dominican Republic 0.16% (30/06/19: 0.18%)</b>			
Dominican Republic International Bond 7.50% 06/05/21	533,333	420	0.16
<b>Egypt 0.42% (30/06/19: 0.46%)</b>			
Egypt Government International Bond 5.577% 21/02/23	1,403,000	1,111	0.42
<b>France 1.70% (30/06/19: 0.00%)</b>			
French Republic Government Bond 0.25% 25/07/24	EUR 4,600,000	4,486	1.70
<b>United States 2.30% (30/06/19: 2.55%)</b>			
United States Treasury Inflation Indexed Bonds 0.125% 15/04/21	3,690,000	3,026	1.15
United States Treasury Inflation Indexed Bonds 0.125% 15/04/22	3,807,000	3,044	1.15
<b>TOTAL GOVERNMENT BONDS</b>		<b>12,087</b>	<b>4.58</b>
<b>FORWARD CURRENCY CONTRACTS 0.89% (30/06/19: (0.25%))</b>			
Sold EUR90,415,000 for GBP77,285,346 Settlement 04/02/20		352	0.13
Sold USD119,860,000 for GBP92,661,613 Settlement 04/02/20		2,005	0.76
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>2,357</b>	<b>0.89</b>
Portfolio of investments		253,416	96.03
Net other assets		10,466	3.97
<b>Total net assets</b>		<b>263,882</b>	<b>100.00</b>

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

At 31 December 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19 : £nil).



## AXA Global Short Duration Bond Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	S Gross Accumulation			S Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	104.51	103.06	100.05	99.03	98.64	98.01
Closing net asset value (£) †	11,384,054	12,187,219	13,897,251	109,449,690	110,654,627	81,722,937
Closing number of shares	10,893,002	11,824,953	13,889,684	110,527,277	112,185,003	83,382,343
Operating charges^	0.22%	0.23%	0.23%	0.22%	0.23%	0.23%

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	103.96	102.63	99.83	99.03	98.64	98.01
Closing net asset value (£) †	53,275,059	41,898,116	24,213,582	19,804,445	18,165,287	11,981,536
Closing number of shares	51,244,645	40,824,611	24,254,339	19,998,509	18,415,655	12,224,216
Operating charges^	0.42%	0.43%	0.43%	0.42%	0.43%	0.43%

	ZI Gross Accumulation			ZI Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	103.67	102.26	99.32	98.83	98.45	97.82
Closing net asset value (£) †	33,769,431	32,049,211	26,092,593	36,198,848	29,363,223	17,194,373
Closing number of shares	32,574,881	31,340,810	26,270,138	36,625,929	29,826,883	17,577,418
Operating charges^	0.27%	0.28%	0.27%	0.27%	0.28%	0.27%

† Valued at bid-market prices.

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

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

## AXA Global Short Duration Bond Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		971		(3,240)
Revenue	2,974		2,631	
Expenses	(377)		(292)	
Interest payable and similar charges	(133)		(50)	
Net revenue before taxation	2,464		2,289	
Taxation	-		-	
Net revenue after taxation	2,464		2,289	
Total return before distributions		3,435		(951)
Distributions		(2,464)		(2,289)
Change in net assets attributable to Shareholders from investment activities		971		(3,240)

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		244,318		175,102
Amounts receivable on issue of shares	29,674		45,606	
Amounts payable on cancellation of shares	(11,975)		(6,734)	
		17,699		38,872
Change in net assets attributable to Shareholders from investment activities (see above)		971		(3,240)
Retained distributions on accumulation shares		894		776
Closing net assets attributable to Shareholders		263,882		211,510

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.

## AXA Global Short Duration Bond Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	253,416	231,845
Current assets:		
Debtors	3,341	3,462
Cash and bank balances	7,906	13,875
 Total assets	 <b>264,663</b>	 <b>249,182</b>
<b>Liabilities:</b>		
Investment liabilities	-	(977)
Creditors:		
Distribution payable	(671)	(807)
Other creditors	(110)	(3,080)
 Total liabilities	 <b>(781)</b>	 <b>(4,864)</b>
 Net assets attributable to Shareholders	 <b>263,882</b>	 <b>244,318</b>

## AXA Global Short Duration Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 30 September 2019

	Net revenue (p)	Equalisation (p)	Distribution paid 29/11/19 (p)	Distribution paid 30/11/18 (p)
<b>Share Class S Gross Accumulation</b>				
Group 1	0.606	-	0.606	0.614
Group 2	0.606	-	0.606	0.614
<b>Share Class S Gross Income</b>				
Group 1	0.581	-	0.581	0.602
Group 2	0.231	0.350	0.581	0.602
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.550	-	0.550	0.562
Group 2	0.250	0.300	0.550	0.562
<b>Share Class Z Gross Income</b>				
Group 1	0.529	-	0.529	0.552
Group 2	0.159	0.370	0.529	0.552
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.588	-	0.588	0.597
Group 2	0.245	0.343	0.588	0.597
<b>Share Class ZI Gross Income</b>				
Group 1	0.567	-	0.567	0.588
Group 2	0.240	0.327	0.567	0.588

## AXA Global Short Duration Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2019

Group 2 Shares purchased on or after 1 October 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 28/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class S Gross Accumulation</b>				
Group 1	0.431	-	0.431	0.577
Group 2	0.431	-	0.431	0.577
<b>Share Class S Gross Income</b>				
Group 1	0.411	-	0.411	0.562
Group 2	0.194	0.217	0.411	0.562
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.377	-	0.377	0.524
Group 2	0.187	0.190	0.377	0.524
<b>Share Class Z Gross Income</b>				
Group 1	0.361	-	0.361	0.511
Group 2	0.201	0.160	0.361	0.511
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.415	-	0.415	0.560
Group 2	0.186	0.229	0.415	0.560
<b>Share Class ZI Gross Income</b>				
Group 1	0.397	-	0.397	0.548
Group 2	0.206	0.191	0.397	0.548

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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 & Collateralised 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. The ICE BofAML Sterling Corporate & Collateralised index is designed to measure the performance of sterling corporate bonds (or sterling fixed interest securities). This index best represents the types of bonds in which the Fund predominantly invests.

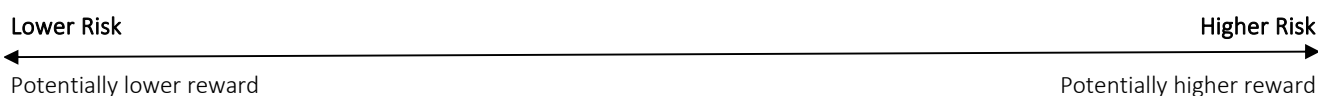
Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives 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).

This Fund is actively managed in reference to the ICE BofAML Sterling Corporate & Collateralised index, which will be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 31 December 2019 (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.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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 - 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, the 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.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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 the 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 - assets of the 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. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the 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 the 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

Our last report for the 12 months ending 30 June 2019 had seen the US-China trade war escalate and a softer period of economic growth, particularly within global manufacturing, which had seen monetary policy expectations shift lower. The original 29 March 2019 Brexit deadline had to be extended as an agreement in UK parliament remained elusive, ultimately forcing Prime Minister (PM) Theresa May to resign.



## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

These have continued to feature heavily over the latest six months.

As widely expected, Boris Johnson was chosen to succeed Theresa May as UK PM by Conservative Party members in July, populating his cabinet with a heavy bias towards pro-Brexit ministers. Committing to deliver Brexit by the 31 October deadline, no matter what, he claimed he wanted to leave the EU with a deal. MPs however, were clearly suspicious of the new PM's intentions given his previous preference for a hard Brexit, not helped by his decision to suspend parliament for five weeks from 9 September (subsequently ruled illegal). Fearing disastrous economic consequences of a no-deal Brexit, parliament passed an opposition-led bill in September (backed by some Conservative MPs who were subsequently expelled from the party) to prevent such an outcome, forcing a further extension to 31 January 2020 if no deal was agreed.

The blocking of a harder Brexit option reinvigorated the need to get a deal done, rather than risk no Brexit at all. In October, a deal was agreed between the UK and the EU, although concessions on the Irish border resulted in the loss of DUP support for the government, making parliamentary support difficult for the government. With time slipping away, the PM was forced to request an extension to Article 50 to the end of January 2020 as the law to ensure against a no-deal Brexit kicked in. MPs agreed to debate the Withdrawal Agreement Bill (WAB) in late October but rejected the three-day timetable. The PM called for a general election to end the political deadlock in Westminster, but sceptical MPs, including some from his own party, only agreed once confident a no-deal Brexit was off the table, setting a 12 December date. Although the election was not a straight vote on Brexit, the Conservative's committed Brexit stance wooed many traditional opposition Labour party voters, ensuring a large Conservative majority, thereby clearing the path for Brexit. A second referendum could have seen a 'Remain' outcome victorious, however, the Liberal Democrats, the only party committed to cancelling Brexit fared poorly, while Labour's Brexit stance was blurry. The WAB was subsequently passed, so the UK will formally leave the EU on 31 January. A new law to guarantee the transition period – where trade continues uninterrupted – does not extend beyond the end of 2020, has again raised the prospect of a no-deal Brexit, given scepticism a likely complicated trade deal can be negotiated in such a short period of time.

Face-to-face US-China trade talks resumed in July after breaking down in early May, but lasted only 24 hours, not helped by critical comments about China from the unpredictable President Trump as talks began. The trade war escalated in August as Trump, unhappy that trade talks were not progressing fast enough, slapped a new 10% tariff on \$300 billion of Chinese imports not already subject to US duties (\$250 billion at 25%) from 1 September. Part of this was subsequently delayed. China's retaliation later in the month, prompted the US to respond by increasing all previously announced tariffs increased by 5%. President Trump was more friendly towards China in September but was under the spotlight after whistle-blower allegations of improper conduct towards the Ukraine, that risked his impeachment. The tone surrounding talks became more positive although the extent of any agreement was scaled down from a broad trade deal to a 'Phase One' deal. This long-running saga was resolved in December when the two sides did agree this phase of the trade deal, with China committing to many structural changes and purchases of various American products, with the US not implementing further scheduled tariff increases, and offering small concessions on existing tariffs.

The US Federal Reserve (Fed) delivered its well flagged 25 basis points (bps) cut in US interest rates on the last day of July, reversing December's 25bps hike. Fed Chairman Powell viewed it as an insurance cut (against weaker global growth, trade tensions and muted inflation) and referred to similar mid-cycle adjustments in 1995 and 1998, suggesting this was not the start of a long series of rate cuts. The European Central Bank (ECB) suggested it too would likely cut rates in the coming months. Economic data remained soft, manufacturing in particular struggling given trade policies. Rates were cut as expected in the US and Europe in September in response, and the ECB announced it would restart quantitative easing (QE) in November, targeting €20 billion of monthly bond purchases. September also saw an attack on Saudi Arabian oil facilities, prompting oil prices to temporarily spike as tensions in the Middle East increased. The Fed delivered its well-flagged third 25bps rate cut in October, suggesting a pause unless the economic backdrop changes significantly. Holding rates as expected in December, the Fed appeared less concerned about risks as it removed its reference to uncertainties in its statement. President Trump was impeached in December, but provoked little reaction, the next step being a trial in the Senate where his Republican party has the majority, making the two-thirds vote requirement for his conviction/removal difficult. The Bank of England held rates throughout, although in November two of its policy-setting members surprisingly voted to cut rates, at odds with the central bank's own forecast that suggest small hikes would be required to meet its inflation target.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

Markets were in risk-off mode over the summer given softer economic growth, trade wars and heightened no-deal Brexit risks, with government bonds the safe-haven beneficiary. Yields shifted lower before reversing higher in September, as risk of a no-deal Brexit receded, only to move lower again following the Saudi oil attacks and second US rate cut. Yields spiked higher given the more positive backdrop on trade and Brexit, as well as hopes that growth was stabilising following central bank support, continuing to trend higher into year-end. Ten-year gilt yields were a net 1bps lower over the period at 0.82%, but were as low as 0.41% in early September. The ICE Gilt Index produced a total return of +2.18%, with long gilts performing best.

Corporate bond supply picked after the summer lull, and was generally well received, although new issuance dried up as usual in the seasonally quiet December. The Bank of England's Corporate Bond Purchase Scheme reinvestment programme saw over £500 million invested into corporate bonds over several weeks from September. With the ECB restarting its QE programme in November, the technical backdrop (market conditions that affect demand, trade activity and the subsequent inflows and outflows of an asset class) is more supportive for corporate bonds generally, even if this does not affect sterling bonds directly. Risk markets had been underpinned by expectations of looser monetary policy, but turned more cautious in August given the increasing number of negative headlines. As macro concerns subsided, confidence in risk markets increased, with corporate bond spreads (yield premium over the relevant government bond) 19bps lower (adjusted for +5bps index rebalancing) at +132bps over the period. In addition to spread, returns from corporate bonds are also based on the move in underlying gilt yields, so combined with little change in gilt yields, corporate bond yields were 21bps lower at 2.16%, to give a total return on the ICE BofAML Sterling Corporates & Collateralised Index of +3.46% with 1-5 years +1.25%, 5-15 years +2.88% and Over 15 years +5.32%. By rating band, moves were as expected in a more risk-on environment, with lower-rated bonds outperforming, BBB's 30bps tighter at +170bps, while AAA rated spreads were 1bps wider at +41bps. By sector, traditional high spread/high beta subordinated financials (both insurance and banks) saw spreads tighten the most, while high-quality sectors covered bonds and quasi-government had limited if any spread move. Best total returns were subordinated financials due to spread tightening and longer duration sectors services, real estate and healthcare, which benefited from a bigger price rise in longer dated gilts. Lowest total returns were from high quality sectors due to limited spread tightening, as well as shorter duration automotive, which saw limited benefit from the muted price move in shorter-dated gilts.

The AXA Sterling Corporate Bond Fund provided a total return of +2.99% (Z Acc, net of fees and gross of tax) during the 6 months to 31 December 2019.

The Fund was active in the new issue market, buying new bonds from BMW (2022), Lloyds Bank Corporate Markets, Tesco Personal Finance, Pension Insurance Corp, RSA, National Grid, Rothesay Life, Euroclear Bank, Credit Agricole, BMW (2024), Mass Mutual, Logicor (secured), Daimler, Scottish Power Transmission and Yorkshire Water. Allocations of new issues were often substantially lower than the amount requested, illustrating strong demand. Secondary market purchases (existing debt traded between investors) included bonds from Land Securities, Hastings, TSB, BNP, Westpac, CIBC, Orange, Fonterra, and UPS. The Fund maintained a significant exposure to securitised bonds, topping up holdings from Greene King, Thames Water, AB Ports, Intu, the AA, Canary Wharf, Mitchells & Butler, Broadgate and Student Finance as well as adding funeral services group Dignity. Many holdings were top-sliced to fund purchases, while several positions were exited fully including Skipton Building Society, Admiral Group, BAE Systems, Bunzl, Vicinity Centres, Coventry Building Society, Total, America Movil, Dexia, Manchester Airport, BHP and Pension Insurance Corp (15%+ profit taken on the new issue). We added some duration via gilt futures after gilt yields had backed up from their summer lows.

With much of the uncertainty (trade wars, its impact on global growth and Brexit) that cast a shadow over markets in 2019 now removed, coupled with the monetary policy support from central banks, there should be an improvement in economic data. Much of this good news, however, is already priced into markets. Government bond yields fell sharply for a substantial part of 2019 as monetary policy easing was priced in (as opposed to tightening expected at the start of the year) but have bounced from their summer lows. A further significant rise is unlikely, however, unless inflation spikes higher. Corporate bond spreads are relatively tight (expensive) as investors priced out recession risk on expectations (correctly so) of looser monetary policy. That said, corporate fundamentals should improve with a cyclical upturn, and investors are likely to continue to be attracted by the

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

additional returns provided compared with very low-yielding government bonds. An economic downturn, viewed as unlikely, would be damaging for companies and see corporate bonds come under pressure. Meanwhile on the growth front, the re-elected Conservative government in the UK is expected to boost government spending in its March budget, while in Europe, the central bank continues to suggest that governments should look to loosen fiscal policy to complement the support it has provided by negative interest rates and QE, although to date they have been reluctant to do so. Negotiating the terms on which the UK will trade with the EU post Brexit will be a significant challenge, especially in the time allowed (i.e. by the end of 2020), suggesting continued uncertainty on investment in the UK and a continued drag on growth.

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

*Past performance is not a guide to future performance.*

#### Major Purchases

- Fonterra Co-operative 9.375% 04/12/23
- MassMutual Global Funding II 1.375% 15/12/26
- Hastings Finance 3% 24/05/25
- Yorkshire Water Finance 1.75% 26/11/26
- National Grid Electricity Transmission 1.375% 16/09/26

#### Major Sales

- BNP Paribas 5.75% 24/01/22
- Skipton Building Society 1.75% 30/06/22
- Admiral 5.5% 25/07/24
- BL Superstores Finance 5.578% 04/10/30
- London Power Networks 6.125% 07/06/27

**Phil Roantree**

31 December 2019

AXA Investment Managers UK Limited

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 97.18% (30/06/19: 98.20%)</b>			
<b>Australia 1.35% (30/06/19: 2.57%)</b>			
APT Pipelines 4.25% 26/11/24	250,000	281	0.47
Scentre Group Trust 1 3.875% 16/07/26	300,000	333	0.55
Westpac Banking 1% 30/06/22	200,000	199	0.33
<b>Belgium 1.12% (30/06/19: 0.66%)</b>			
Anheuser-Busch InBev 2.25% 24/05/29	381,000	392	0.65
Euroclear Bank 1.25% 30/09/24	284,000	284	0.47
<b>Bermuda 0.47% (30/06/19: 0.49%)</b>			
Hiscox 6.125% 24/11/45	250,000	284	0.47
<b>Canada 0.42% (30/06/19: 0.35%)</b>			
Canadian Imperial Bank of Commerce 1.125% 30/06/22	250,000	250	0.42
<b>Cayman Islands 1.65% (30/06/19: 1.92%)</b>			
Trafford Centre Finance 7.03% 28/01/29	521,799	639	1.06
Yorkshire Power Finance 7.25% 04/08/28	250,000	356	0.59
<b>Denmark 0.26% (30/06/19: 0.27%)</b>			
Orsted 2.125% 17/05/27	152,000	157	0.26
<b>France 4.35% (30/06/19: 5.25%)</b>			
Banque Federative du Credit Mutuel 2.25% 18/12/23	300,000	311	0.52
BPCE 5.25% 16/04/29	400,000	493	0.82
CNP Assurances 7.375% 30/09/41	300,000	330	0.55
Credit Agricole 1.25% 02/10/24	300,000	298	0.49
Electricite de France 6% Perpetual	200,000	222	0.37
Electricite de France 6.125% 02/06/34	150,000	217	0.36
Orange 5.75% Perpetual	400,000	442	0.73
Total Capital International 1.66% 22/07/26	300,000	304	0.51
<b>Germany 0.76% (30/06/19: 0.80%)</b>			
Deutsche Bahn Finance 1.875% 13/02/26	244,000	252	0.42
Deutsche Bahn Finance 2.75% 20/06/22	200,000	208	0.34
<b>Guernsey 0.44% (30/06/19: 0.45%)</b>			
Credit Suisse Funding Guernsey 2.75% 08/08/25	250,000	263	0.44
<b>Ireland 0.64% (30/06/19: 0.65%)</b>			
GE Capital UK Funding Unlimited 5.875% 18/01/33	300,000	384	0.64
<b>Italy 0.28% (30/06/19: 0.30%)</b>			
FCA Bank Ireland 1.625% 29/09/21	171,000	171	0.28
<b>Japan 0.67% (30/06/19: 0.70%)</b>			
East Japan Railway 4.75% 08/12/31	300,000	404	0.67

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>Jersey 7.20% (30/06/19: 6.43%)</b>			
AA Bond 2.75% 31/07/23	617,000	589	0.98
AA Bond 2.875% 31/01/22	150,000	148	0.25
AA Bond 4.875% 31/07/24	238,000	243	0.40
CPUK Finance 3.69% 28/08/28	300,000	322	0.53
CPUK Finance 7.239% 28/02/24	400,000	480	0.80
Gatwick Funding 4.625% 27/03/34	150,000	190	0.31
Gatwick Funding 5.25% 23/01/24	184,000	212	0.35
Hastings Finance 3% 24/05/25	600,000	594	0.99
Heathrow Funding 6.45% 10/12/31	200,000	293	0.49
Heathrow Funding 7.125% 14/02/24	500,000	605	1.00
Intu Jersey 2 2.875% 01/11/22	500,000	335	0.56
Porterbrook Rail Finance 7.125% 20/10/26	250,000	323	0.54
<b>Mexico 0.00% (30/06/19: 0.28%)</b>			
<b>Netherlands 5.40% (30/06/19: 4.00%)</b>			
BMW International Investment 1.25% 11/07/22	132,000	132	0.22
BMW International Investment 1.375% 01/10/24	500,000	496	0.83
Cooperatieve Rabobank 4.625% 23/05/29	350,000	417	0.69
Daimler International Finance 1.625% 11/11/24	300,000	298	0.50
Daimler International Finance 2% 04/09/23	300,000	305	0.51
E.ON International Finance 6.375% 07/06/32	250,000	358	0.59
Enel Finance International 5.625% 14/08/24	250,000	296	0.49
Highbury Finance 7.017% 20/03/23	266,815	300	0.50
innogy Finance 6.25% 03/06/30	250,000	343	0.57
Koninklijke KPN 5.75% 17/09/29	250,000	303	0.50
<b>New Zealand 1.08% (30/06/19: 0.00%)</b>			
Fonterra Co-operative 9.375% 04/12/23	500,000	652	1.08
<b>Spain 1.58% (30/06/19: 1.63%)</b>			
Abertis Infraestructuras 3.375% 27/11/26	300,000	315	0.52
Banco Santander 2.75% 12/09/23	300,000	313	0.52
Telefonica Emisiones 5.445% 08/10/29	250,000	321	0.54
<b>Sweden 1.77% (30/06/19: 2.15%)</b>			
Scania 1.875% 28/06/22	250,000	251	0.42
Svenska Handelsbanken 1.625% 18/06/22	275,000	279	0.46
Svenska Handelsbanken 2.375% 18/01/22	250,000	257	0.43
Swedbank 1.625% 28/12/22	275,000	277	0.46
<b>Switzerland 0.46% (30/06/19: 0.48%)</b>			
UBS London 1.25% 10/12/20	273,000	274	0.46
<b>United Arab Emirates 0.55% (30/06/19: 0.56%)</b>			
DP World 4.25% 25/09/30	300,000	333	0.55

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>United Kingdom 59.37% (30/06/19: 60.83%)</b>			
ABP Finance 6.25% 14/12/26	550,000	678	1.13
Anglian Water Services Financing 2.625% 15/06/27	250,000	250	0.42
Anglian Water Services Financing 4.5% 22/02/26	250,000	277	0.46
Aspire Defence Finance 4.674% 31/03/40	134,043	176	0.29
Aviva 6.125% 14/11/36	100,000	121	0.20
Barclays 3% 08/05/26	250,000	262	0.44
Barclays 3.125% 17/01/24	250,000	263	0.44
Barclays Bank 9.5% 07/08/21	150,000	168	0.28
Barclays Bank 10% 21/05/21	300,000	334	0.55
BAT International Finance 7.25% 12/03/24	250,000	304	0.51
BL Superstores Finance 5.578% 04/10/30	45,274	52	0.09
BP Capital Markets 1.827% 08/09/25	156,000	160	0.27
British Telecommunications 3.125% 21/11/31	250,000	266	0.44
Broadgate Financing 4.851% 05/04/31	295,000	375	0.62
Broadgate Financing 4.949% 05/04/29	575,737	667	1.11
Cadent Finance 2.125% 22/09/28	250,000	254	0.42
Canary Wharf Finance II 6.8% 22/10/33	716,980	923	1.53
Centrica 4.375% 13/03/29	225,000	264	0.44
Centrica 5.25% 10/04/75	200,000	213	0.35
Close Brothers 4.25% 24/01/27	400,000	418	0.70
Compass 2% 03/07/29	200,000	209	0.35
Dignity Finance 3.5456% 31/12/34	199,505	213	0.35
Direct Line Insurance 4.75% Perpetual	450,000	426	0.71
Direct Line Insurance 9.25% 27/04/42	100,000	117	0.19
Eastern Power Networks 6.25% 12/11/36	250,000	385	0.64
Electricity North West 8.875% 25/03/26	375,000	530	0.88
esure 6.75% 19/12/24	250,000	254	0.42
Eversholt Funding 6.359% 02/12/25	250,000	306	0.51
Firstgroup 8.75% 08/04/21	200,000	217	0.36
GlaxoSmithKline Capital 3.375% 20/12/27	250,000	285	0.47
Great Rolling Stock 6.875% 27/07/35	256,690	327	0.54
Greene King Finance 3.593% 15/03/35	483,000	522	0.87
Greene King Finance 5.318% 15/09/31	260,656	304	0.51
Hammerson 3.5% 27/10/25	400,000	410	0.68
HSBC 2.256% 13/11/26	199,000	202	0.34
HSBC 5.75% 20/12/27	250,000	306	0.51
HSBC 6.75% 11/09/28	400,000	527	0.88
Imperial Brands Finance 5.5% 28/09/26	300,000	354	0.59
Intu SGS Finance 3.875% 17/03/23	250,000	223	0.37
Intu SGS Finance 4.25% 17/09/30	250,000	215	0.36
Investec Bank 4.25% 24/07/28	400,000	411	0.68
Land Securities Capital Markets 1.974% 08/02/24	300,000	306	0.51
Legal & General 5.125% 14/11/48	222,000	252	0.42
Legal & General 5.375% 27/10/45	300,000	340	0.57
Lendlease Europe Finance 6.125% 12/10/21	260,000	279	0.46
Lloyds Bank 7.5% 15/04/24	400,000	500	0.83
Lloyds Bank 7.625% 22/04/25	200,000	255	0.42
Lloyds Bank Corporate Markets 1.75% 11/07/24	282,000	284	0.47
Logicor 2019-1 UK 1.875% 17/11/26	279,000	279	0.46
London & Quadrant Housing Trust 2.625% 28/02/28	300,000	313	0.52

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Marston's Issuer 3.275% 15/07/35	250,000	208	0.35
Martlet Homes 3% 09/05/52	150,000	165	0.27
Meadowhall Finance 4.986% 12/01/32	140,912	172	0.29
Mitchells & Butlers Finance 6.013% 15/12/28	313,241	354	0.59
Mitchells & Butlers Finance 6.469% 15/09/30	532,000	601	1.00
Motability Operations 4.375% 08/02/27	300,000	358	0.59
National Grid Electricity Transmission 1.375% 16/09/26	500,000	495	0.82
Nationwide Building Society 3.25% 20/01/28	373,000	420	0.70
NewRiver REIT 3.5% 07/03/28	400,000	399	0.66
Next 3.625% 18/05/28	500,000	534	0.89
Next 4.375% 02/10/26	300,000	337	0.56
NIE Finance 6.375% 02/06/26	200,000	255	0.42
Northern Gas Networks Finance 4.875% 30/06/27	350,000	427	0.71
Northumbrian Water Finance 1.625% 11/10/26	400,000	397	0.66
Places for People Homes 3.625% 22/11/28	384,000	414	0.69
Places For People Treasury 2.875% 17/08/26	359,000	369	0.61
Provident Financial 7% 04/06/23	248,000	257	0.43
Prudential 5.56% 20/07/55	250,000	278	0.46
Prudential 5.625% 20/10/51	250,000	286	0.48
Quadgas Finance 3.375% 17/09/29	400,000	414	0.69
RL Finance Bonds No. 2 6.125% 30/11/43	300,000	339	0.56
Royal Bank of Scotland 3.125% 28/03/27	206,000	218	0.36
RSL Finance No 1 6.625% 31/03/38	219,449	320	0.53
Santander UK 2.92% 08/05/26	400,000	417	0.69
Santander UK 3.625% 14/01/26	300,000	327	0.54
Scottish Widows 7% 16/06/43	450,000	619	1.03
Segro 2.375% 11/10/29	250,000	260	0.43
Segro 6.75% 23/11/21	200,000	219	0.36
Severn Trent Utilities Finance 6.125% 26/02/24	300,000	355	0.59
Society of Lloyd's 4.75% 30/10/24	350,000	389	0.65
Southern Gas Networks 3.1% 15/09/36	219,000	243	0.40
Southern Gas Networks 4.875% 21/03/29	200,000	252	0.42
SP Manweb 4.875% 20/09/27	265,000	325	0.54
SP Transmission 2% 13/11/31	250,000	249	0.41
Standard Chartered 5.125% 06/06/34	250,000	301	0.50
Student Finance 2.6663% 30/09/24	800,000	800	1.33
Telereal Securitisation 4.0902% 10/12/33	400,000	412	0.69
Telereal Securitisation 5.3887% 10/12/31	259,821	312	0.52
Tesco Personal Finance 3.5% 25/07/25	100,000	104	0.17
Tesco Property Finance 2 6.0517% 13/10/39	209,961	274	0.46
Tesco Property Finance 3 5.744% 13/04/40	241,553	313	0.52
Tesco Property Finance 6 5.4111% 13/07/44	310,160	393	0.65
Thames Water Utilities Finance 4% 19/06/25	250,000	278	0.46
Thames Water Utilities Finance 5.75% 13/09/30	500,000	544	0.90
TP ICAP 5.25% 26/01/24	250,000	273	0.45
Tritax Big Box REIT 2.625% 14/12/26	400,000	412	0.69
TSB Banking 5.75% 06/05/26	643,000	659	1.09
United Utilities Water Finance 2% 14/02/25	400,000	410	0.68
Virgin Money 3.375% 24/04/26	246,000	250	0.42
Vodafone 4.875% 03/10/78	400,000	432	0.72
Western Power Distribution South West 2.375% 16/05/29	250,000	258	0.43



## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Western Power Distribution South West 5.875% 25/03/27	275,000	348	0.58
Yorkshire Building Society 3.375% 13/09/28	350,000	358	0.59
Yorkshire Water Finance 1.75% 26/11/26	500,000	500	0.83
Zurich Finance UK 6.625% Perpetual	400,000	451	0.75
<b>United States 7.36% (30/06/19: 7.43%)</b>			
AT&T 4.375% 14/09/29	400,000	468	0.78
BAT Capital 2.125% 15/08/25	250,000	249	0.41
Berkshire Hathaway Finance 2.375% 19/06/39	400,000	419	0.69
Digital Stout Holding 3.75% 17/10/30	350,000	389	0.65
Fidelity National Information Services 3.36% 21/05/31	250,000	274	0.45
Ford Motor Credit 4.535% 06/03/25	160,000	168	0.28
General Electric 5.25% 07/12/28	350,000	421	0.70
Goldman Sachs 3.125% 25/07/29	250,000	270	0.45
MassMutual Global Funding II 1.375% 15/12/26	600,000	596	0.99
Prologis 2.25% 30/06/29	250,000	257	0.43
Tennessee Valley Authority 5.625% 07/06/32	200,000	287	0.48
United Parcel Service 5.5% 12/02/31	300,000	406	0.67
Washington Mutual Bank 5.5% 10/06/19^	850,000	-	-
Wells Fargo Bank 5.25% 01/08/23	200,000	226	0.38
<b>TOTAL CORPORATE BONDS</b>		<b>58,488</b>	<b>97.18</b>
<b>FUTURES (0.09%) (30/06/19: 0.02%)</b>			
<b>United Kingdom (0.09%) (30/06/19: 0.02%)</b>			
Long Gilt Futures March 2020		(55)	(0.09)
<b>TOTAL FUTURES</b>		<b>(55)</b>	<b>(0.09)</b>
Portfolio of investments		58,433	97.09
Net other assets		1,750	2.91
<b>Total net assets</b>		<b>60,183</b>	<b>100.00</b>

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

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

At 31 December 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19 : £nil).



## AXA Sterling Corporate Bond Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	B Gross Accumulation			B Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	127.30	123.40	116.79	111.64	110.02	107.38
Closing net asset value (£) †	9,887,400	10,066,869	10,562,817	387,939	433,318	420,783
Closing number of shares	7,767,119	8,157,674	9,044,666	347,476	393,866	391,881
Operating charges^	0.47%	0.45%	0.46%	0.47%	0.45%	0.46%

	H Gross Accumulation			R Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	172.93	167.27	160.21			
Closing net asset value (£) †	4,984	4,984	8,353,801			
Closing number of shares	2,882	2,980	5,214,378			
Operating charges^	0.04%	0.05%	0.06%			

	R Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	153.79	149.54	142.37	87.55	86.27	84.20
Closing net asset value (£) †	6,651,986	6,480,841	1,585,679	2,503,148	2,580,899	2,043,230
Closing number of shares	4,325,478	4,333,957	1,113,772	2,859,117	2,991,521	2,426,516
Operating charges^	1.07%	1.05%	1.06%	1.07%	1.05%	1.06%

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	164.93	159.97	151.55	95.35	93.96	91.70
Closing net asset value (£) †	35,261,314	26,352,050	1,788,734	5,486,509	11,258,290	432,574
Closing number of shares	21,378,925	16,473,207	1,180,319	5,754,280	11,982,441	471,720
Operating charges^	0.57%	0.55%	0.56%	0.57%	0.55%	0.56%

† Valued at bid-market prices.

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

## AXA Sterling Corporate Bond Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		776		(1,240)
Revenue	1,121		1,057	
Expenses	(191)		(171)	
Interest payable and similar charges	-		-	
	<u>930</u>		<u>886</u>	
Net revenue before taxation				
		930		886
Taxation	-		-	
	<u>930</u>		<u>886</u>	
Net revenue after taxation				
		1,706		(354)
Total return before distributions				
		(930)		(886)
Distributions				
		<u>776</u>		<u>(1,240)</u>
Change in net assets attributable to Shareholders from investment activities				

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		57,177		62,722
Amounts receivable on issue of shares	12,275		41,941	
Amounts payable on cancellation of shares	<u>(10,847)</u>		<u>(54,718)</u>	
		1,428		(12,777)
Change in net assets attributable to Shareholders from investment activities (see above)		776		(1,240)
Retained distributions on accumulation shares		801		647
Unclaimed distributions		1		-
		<u>60,183</u>		<u>49,352</u>
Closing net assets attributable to Shareholders				

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.

## AXA Sterling Corporate Bond Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	58,488	56,161
Current assets:		
Debtors	945	1,059
Cash and bank balances	932	1,164
 Total assets	 <u>60,365</u>	 <u>58,384</u>
<b>Liabilities:</b>		
Investment liabilities	(55)	-
Creditors:		
Distribution payable	(55)	(100)
Other creditors	(72)	(1,107)
 Total liabilities	 <u>(182)</u>	 <u>(1,207)</u>
 Net assets attributable to Shareholders	 <u>60,183</u>	 <u>57,177</u>

## AXA Sterling Corporate Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 30 September 2019

	Net revenue (p)	Equalisation (p)	Distribution paid 29/11/19 (p)	Distribution paid 30/11/18 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	1.167	-	1.167	0.886
Group 2	0.425	0.742	1.167	0.886
<b>Share Class B Gross Income</b>				
Group 1	1.041	-	1.041	0.815
Group 2	1.041	-	1.041	0.815
<b>Share Class H Gross Accumulation</b>				
Group 1	1.765	-	1.765	1.376
Group 2	1.765	-	1.765	1.376
<b>Share Class R Gross Accumulation</b>				
Group 1	1.178	-	1.178	0.865
Group 2	0.499	0.679	1.178	0.865
<b>Share Class R Gross Income</b>				
Group 1	0.680	-	0.680	0.512
Group 2	0.308	0.372	0.680	0.512
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.471	-	1.471	1.111
Group 2	0.669	0.802	1.471	1.111
<b>Share Class Z Gross Income</b>				
Group 1	0.864	-	0.864	0.673
Group 2	0.330	0.534	0.864	0.673

## AXA Sterling Corporate Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2019

Group 2 Shares purchased on or after 1 October 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 28/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.913	-	0.913	0.978
Group 2	0.543	0.370	0.913	0.978
<b>Share Class B Gross Income</b>				
Group 1	0.807	-	0.807	0.892
Group 2	0.807	-	0.807	0.892
<b>Share Class H Gross Accumulation</b>				
Group 1	1.437	-	1.437	1.378
Group 2	1.437	-	1.437	1.378
<b>Share Class R Gross Accumulation</b>				
Group 1	0.872	-	0.872	0.970
Group 2	0.476	0.396	0.872	0.970
<b>Share Class R Gross Income</b>				
Group 1	0.499	-	0.499	0.570
Group 2	0.423	0.076	0.499	0.570
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.142	-	1.142	1.230
Group 2	0.652	0.490	1.142	1.230
<b>Share Class Z Gross Income</b>				
Group 1	0.665	-	0.665	0.739
Group 2	0.370	0.295	0.665	0.739

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Investment Objective

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

#### Investment Policy

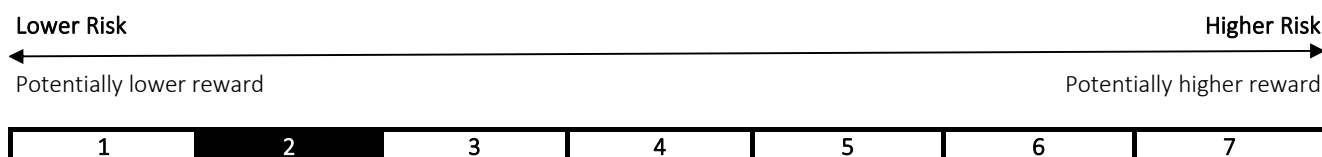
The Fund invests primarily in sterling-denominated investment grade bonds issued by companies with a bias towards shorter maturities (less than five years) with the aim of reducing the effect of fluctuations in interest rates. The ACD seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds.

The Fund does not have a benchmark. ICE BofAML British Pound 3-Month Deposit Bid Rate Average Index (L5BP) may be used by investors to compare the Fund's performance. The Fund may also invest in other transferable securities, cash, deposits, units in collective investment schemes (including those that are operated by the ACD) and money market instruments. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of stock lending, borrowing, cash holding and hedging techniques permitted in the applicable Financial Conduct Authority rules.

#### Risk and Reward Profile

As at 31 December 2019 (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.



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).

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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** - 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.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

- Counterparty risk - at any one time, the 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 their 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 the 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 - assets of the 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 the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the 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 the 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.



## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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 Review

Despite credit spreads widening (yield premium over the relevant government bond) during the third quarter due to the ongoing US-China trade dispute, they moved sharply tighter during the fourth quarter. This came on the back of the announcement of an interim US-China trade agreement, hopes for a smoother Brexit following the conclusive UK general election, an accommodative US Federal Reserve (Fed) and good corporate results. As such, credit spreads ended the second half of 2019 tighter.

For the first time since 2008, the Fed cut interest rates three times, taking them to a range of 1.50–1.75% over the period. However, Fed Chairman Jerome Powell reiterated that interest rates may remain on hold throughout 2020 and that these cuts were not beginning of an easing cycle. Meanwhile, the European Central Bank (ECB) reduced its deposit rate to a record low of -0.50% in September and announced a €20 billion per month bond-buying initiative from November onwards. The ECB stated that monthly asset purchases would be maintained for as long as needed. The moves were seen as contentious, with several members of the ECB's council feeling that the measures went beyond what was required. ECB president Mario Draghi was replaced by Christine Lagarde in November after an eight-year tenure.

Brexit continued to dominate headlines. In July, Theresa May stepped down as prime minister, having failed to secure parliamentary approval for her Brexit deal. Having succeeded Theresa May as prime minister, Boris Johnson led the Conservative Party to victory in December's general election. The result gave him a clear majority in parliament, which means the UK is set to leave the EU on 31 January 2020, reducing to some extent the uncertainty around Brexit.

While US treasury and UK gilt yields were slightly lower over the period, German bund yields were higher. The yield on the 10-year gilt slightly fell to 0.82% from 0.83% over the period, hitting a low of 0.41% on 3 September. With UK economic data mixed over the period, the Bank of England decided to maintain interest rates unchanged at 0.75% but warned that rates may have to be cut if uncertainties persist around the world economy and Brexit.

#### Fund activity

During the period, we increased our exposure to attractive cyclical and financial names at the expense of defensive names, as we believed the global growth slowdown would not lead to a recession in the short term.

We were active in both primary (companies issuing new debt) and secondary markets (existing debt traded between investors). Names bought in the sterling primary market included Chinese bank ICBC, UK insurer RSA and German consumer goods company Henkel, all being new additions to the Fund. We also added new names to the Fund through the sterling secondary market, including New Zealand dairy co-operative Fonterra and UK student accommodation company Liberty Living. We were also active in the euro primary market buying the new issue from French warehouse and logistics company Logisor.

#### Outlook

While the recent positive news flow should lead to some improvement in the economic data, we still expect growth to remain lacklustre in 2020 as the upcoming US election, the next phase of US-China trade negotiations and the future UK-EU trade relationship should lead to further uncertainties later this year and weigh on business investment and consumer confidence.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

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As such, we maintain a defensive bias within the Fund to allow us to benefit from potential pockets of weaknesses ahead, due to expensive valuations in the sterling credit market and given the lack of monetary policy options left to central banks to accelerate growth.

*All performance data source: AXA Investment Managers and Bloomberg.*

*Past performance is not a guide to future performance.*

#### Major Purchases

- Fonterra Co-operative 9.375% 04/12/23
- Industrial & Commercial Bank of China 1.5% 31/07/22
- Logisor Financing 0.75% 15/07/24
- RSA Insurance 1.625% 28/08/24
- Lloyds Bank Corporate Markets 1.75% 11/07/24

#### Major Sales / Redemptions

- BAE Systems 4.125% 08/06/22
- Deutsche Telekom International Finance 6.5% 08/04/22
- Canadian Imperial Bank of Commerce 1.20575% 10/01/22
- Northumbrian Water Finance 6.875% 06/02/23
- American International 5% 26/04/23

**Nicolas Trindade**

31 December 2019

AXA Investment Managers UK Limited

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 96.48% (30/06/19: 94.35%)</b>			
<b>Australia 3.48% (30/06/19: 3.85%)</b>			
Commonwealth Bank of Australia 1.2024% 12/07/21	4,000,000	4,007	0.56
Commonwealth Bank of Australia 2.5785% 18/09/22	USD 5,000,000	3,805	0.53
National Australia Bank 0.875% 26/06/20	2,400,000	2,399	0.34
National Australia Bank 1.125% 10/11/21	1,500,000	1,504	0.21
Scentre 2.375% 08/04/22	9,481,000	9,698	1.35
Westpac Banking 1% 30/06/22	3,125,000	3,115	0.43
Westpac Banking 2.625% 14/12/22	408,000	425	0.06
<b>Belgium 1.55% (30/06/19: 0.87%)</b>			
Eni Finance International 4.75% 28/01/21	7,350,000	7,613	1.06
Euroclear Bank 1.25% 30/09/24	3,499,000	3,501	0.49
<b>Bermuda 0.64% (30/06/19: 0.51%)</b>			
Hiscox 2% 14/12/22	4,544,000	4,601	0.64
<b>Canada 1.37% (30/06/19: 3.06%)</b>			
Bank of Nova Scotia 1.375% 05/12/23	4,101,000	4,104	0.57
Glencore Canada Financial 7.375% 27/05/20	1,000,000	1,024	0.14
Royal Bank of Canada 1.0134% 08/12/22	4,730,000	4,708	0.66
<b>Cayman Islands 0.19% (30/06/19: 0.82%)</b>			
Trafford Centre Finance 4.25% 28/04/24	1,300,000	1,389	0.19
<b>China 0.72% (30/06/19: 0.00%)</b>			
Industrial & Commercial Bank of China 1.5% 31/07/22	5,172,000	5,183	0.72
<b>Finland 0.92% (30/06/19: 0.76%)</b>			
Nordea Bank 2.9086% 27/05/21	USD 4,000,000	3,051	0.43
OP Corporate Bank 2.5% 20/05/22	3,420,000	3,530	0.49
<b>France 7.74% (30/06/19: 8.20%)</b>			
Banque Federative du Credit Mutuel 1.375% 20/12/21	2,800,000	2,817	0.39
Banque Federative du Credit Mutuel 1.875% 13/12/22	3,400,000	3,467	0.48
Banque Federative du Credit Mutuel 2.25% 18/12/23	4,000,000	4,145	0.58
BNP Paribas 5.75% 24/01/22	3,800,000	4,124	0.57
BPCE 2.125% 16/12/22	6,000,000	6,174	0.86
BPCE 3.1188% 22/05/22	USD 3,000,000	2,292	0.32
Credit Agricole 1.25% 02/10/24	2,600,000	2,585	0.36
Credit Agricole 2.956% 24/04/23	USD 2,326,000	1,769	0.25
Credit Agricole 7.375% 18/12/23	3,750,000	4,560	0.64
Dexia Credit Local 0.875% 07/09/21	2,200,000	2,196	0.31
Dexia Credit Local 1.125% 15/06/22	2,300,000	2,307	0.32
Dexia Credit Local 1.375% 07/12/22	3,000,000	3,032	0.42
Dexia Credit Local 2% 17/06/20	2,900,000	2,914	0.41
Electricite de France 6.875% 12/12/22	3,100,000	3,625	0.51
Engie 6.125% 11/02/21	3,500,000	3,700	0.52
RCI Banque 1.875% 08/11/22	3,571,000	3,596	0.50
SNCF Reseau 5.5% 01/12/21	2,000,000	2,169	0.30

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>Germany 3.04% (30/06/19: 2.14%)</b>			
Aareal Bank 1.5% 16/06/22	8,000,000	8,057	1.13
Deutsche Bank 1.75% 16/12/21	3,300,000	3,285	0.46
Deutsche Bank 1.875% 28/02/20	5,900,000	5,900	0.82
Henkel 1% 30/09/24	4,500,000	4,506	0.63
<b>Guernsey 0.00% (30/06/19: 0.70%)</b>			
<b>Ireland 2.11% (30/06/19: 2.06%)</b>			
ESB Finance 6.5% 05/03/20	8,450,000	8,524	1.19
GE Capital UK Funding 4.125% 13/09/23	2,500,000	2,702	0.38
GE Capital UK Funding 5.125% 24/05/23	3,500,000	3,858	0.54
<b>Italy 3.13% (30/06/19: 2.81%)</b>			
Autostrade per l'Italia 6.25% 09/06/22	7,133,000	7,628	1.06
FCA Bank Ireland 1.625% 29/09/21	6,810,000	6,815	0.95
Intesa Sanpaolo 5.25% 28/01/22	7,500,000	8,022	1.12
<b>Japan 1.90% (30/06/19: 1.61%)</b>			
Mitsubishi UFJ Financial 3.7869% 01/03/21	USD 1,851,000	1,423	0.20
Mizuho Financial 2.8538% 28/02/22	USD 3,500,000	2,665	0.37
Sumitomo Mitsui Financial 2.5591% 18/10/22	USD 7,800,000	5,911	0.83
Sumitomo Mitsui Financial 3.565% 09/03/21	USD 4,700,000	3,604	0.50
<b>Jersey 6.59% (30/06/19: 5.90%)</b>			
AA Bond 2.75% 31/07/23	3,293,000	3,142	0.44
AA Bond 2.875% 31/01/22	5,300,000	5,242	0.73
AA Bond 4.2487% 31/07/20	1,281,000	1,297	0.18
CPUK Finance 7.239% 28/02/24	7,967,000	9,561	1.33
Gatwick Funding 5.25% 23/01/24	8,000,000	9,198	1.28
Glencore Finance Europe 6% 03/04/22	4,484,000	4,924	0.69
Heathrow Funding 6% 20/03/20	4,250,000	4,291	0.60
Heathrow Funding 7.125% 14/02/24	3,500,000	4,236	0.59
Porterbrook Rail Finance 6.5% 20/10/20	5,163,000	5,369	0.75
<b>Luxembourg 3.11% (30/06/19: 2.09%)</b>			
Allergan Funding 1.5% 15/11/23	EUR 2,257,000	2,011	0.28
Becton Dickinson Euro Finance 0.632% 04/06/23	EUR 1,396,000	1,194	0.17
Gazprom Capital 5.338% 25/09/20	3,958,000	4,065	0.57
Logicor Financing 0.5% 30/04/21	EUR 2,144,000	1,828	0.25
Logicor Financing 0.75% 15/07/24	EUR 5,446,000	4,631	0.65
Medtronic Global 0% 02/12/22	EUR 4,170,000	3,536	0.49
Medtronic Global 0.375% 07/03/23	EUR 5,852,000	5,011	0.70
<b>Mexico 0.55% (30/06/19: 0.43%)</b>			
Petroleos Mexicanos 8.25% 02/06/22	3,500,000	3,955	0.55
<b>Netherlands 9.63% (30/06/19: 9.68%)</b>			
ABN AMRO Bank 1% 30/06/20	1,700,000	1,700	0.24
BMW International Investment 1% 17/11/21	2,250,000	2,248	0.31
BMW International Investment 1.25 11/07/22	1,902,000	1,902	0.27

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
BMW International Investment 1.375% 01/10/24	3,700,000	3,673	0.51
BMW International Investment 1.875% 11/09/23	3,000,000	3,059	0.43
Daimler International Finance 1.5% 18/08/21	2,500,000	2,510	0.35
Daimler International Finance 2% 04/09/23	1,500,000	1,524	0.21
Daimler International Finance 2.75% 04/12/20	2,180,000	2,210	0.31
EDP Finance 8.625% 04/01/24	6,700,000	8,492	1.18
Highbury Finance 7.017% 20/03/23	3,768,766	4,241	0.59
ING 3.1105% 29/03/22	USD 5,500,000	4,202	0.58
ING Bank 2.8741% 17/08/20	USD 1,320,000	1,002	0.14
innogy Finance 5.625% 06/12/23	3,200,000	3,727	0.52
innogy Finance 6.5% 20/04/21	4,500,000	4,800	0.67
Teva Pharmaceutical Finance Netherlands 6% 15/04/24	USD 6,000,000	4,542	0.63
Toyota Motor Finance Netherlands 1.375% 23/05/23	3,500,000	3,521	0.49
Volkswagen Financial Services 1.5% 12/04/21	1,412,000	1,415	0.20
Volkswagen Financial Services 1.625% 09/06/22	3,700,000	3,711	0.52
Volkswagen Financial Services 1.75% 17/04/20	1,000,000	1,002	0.14
Volkswagen Financial Services 1.75% 12/09/22	410,000	413	0.06
Volkswagen Financial Services 1.875% 07/09/21	900,000	907	0.13
Volkswagen Financial Services 2.75% 02/10/20	3,250,000	3,286	0.46
Vonovia Finance 0.052% 22/12/22	EUR 5,800,000	4,920	0.69
<b>New Zealand 1.09% (30/06/19: 0.00%)</b>			
Fonterra Co-operative 9.375% 04/12/23	6,000,000	7,821	1.09
<b>Norway 1.40% (30/06/19: 1.19%)</b>			
DNB Bank 1.625% 15/12/23	9,879,000	10,043	1.40
<b>Spain 3.76% (30/06/19: 2.90%)</b>			
Banco Santander 1.375% 31/07/24	2,500,000	2,486	0.35
Banco Santander 2.9679% 12/04/23	USD 7,000,000	5,317	0.74
Banco Santander 3.4079% 11/04/22	USD 4,000,000	3,062	0.43
Iberdrola Finanzas 6% 01/07/22	3,900,000	4,344	0.60
Telefonica Emisiones 5.289% 09/12/22	5,000,000	5,571	0.78
Telefonica Emisiones 5.597% 12/03/20	6,100,000	6,150	0.86
<b>Sweden 2.62% (30/06/19: 2.98%)</b>			
Scania 1.875% 28/06/22	7,000,000	7,030	0.98
Svenska Handelsbanken 1.625% 18/06/22	6,365,000	6,452	0.90
Swedbank 1.25% 29/12/21	2,645,000	2,645	0.37
Swedbank 1.625% 28/12/22	2,625,000	2,648	0.37
<b>Switzerland 0.21% (30/06/19: 1.08%)</b>			
UBS Funding Switzerland 3.6178% 14/04/21	USD 2,000,000	1,537	0.21
<b>United Kingdom 30.39% (30/06/19: 29.14%)</b>			
Barclays Bank 10% 21/05/21	3,812,000	4,245	0.59
Barclays Bank UK 1.0044% 09/01/23	2,700,000	2,688	0.36
BUPA Finance 3.375% 17/06/21	6,760,000	6,981	0.97
BUPA Finance 5% 25/04/23	2,000,000	2,193	0.31
Close Brothers 2.75% 26/04/23	2,223,000	2,311	0.32
Close Brothers 4.25% 24/01/27	4,324,000	4,521	0.63

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Close Brothers Finance 3.875% 27/06/21	2,420,000	2,517	0.35
Coventry Building Society 1.0944% 17/03/20	1,100,000	1,101	0.15
Coventry Building Society 1.3114% 13/11/23	3,200,000	3,212	0.45
Coventry Building Society 1.5% 23/01/23	2,868,000	2,880	0.40
Coventry Building Society 5.875% 28/09/22	1,300,000	1,460	0.20
Eastern Power Networks 5.75% 08/03/24	2,000,000	2,347	0.33
Eversholt Funding 5.831% 02/12/20	5,250,000	5,456	0.76
FCE Bank 3.25% 19/11/20	3,400,000	3,441	0.48
Firstgroup 5.25% 29/11/22	1,200,000	1,300	0.18
Firstgroup 8.75% 08/04/21	3,816,000	4,137	0.58
Friends Life 12% 21/05/21	2,106,000	2,415	0.34
Friends Life 8.25% 21/04/22	2,050,000	2,367	0.33
Great Rolling Stock 6.25% 27/07/20	7,775,000	7,982	1.11
HSBC 2.175 27/06/23	6,681,000	6,794	0.95
HSBC 4.125% 08/03/21	USD 2,000,000	1,543	0.21
HSBC 6.5% 20/05/24	2,000,000	2,412	0.34
Intu SGS Finance 3.875% 17/03/23	8,006,000	7,150	1.00
Investec Bank 4.25% 24/07/28	5,619,000	5,767	0.80
Land Securities Capital Markets 1.974% 08/02/24	8,000,000	8,151	1.14
Land Securities Capital Markets 5.425% 31/03/22	3,405,000	3,436	0.48
Lendlease Europe Finance 6.125% 12/10/21	5,112,000	5,480	0.76
Liberty Living Finance 2.625% 28/11/24	4,500,000	4,646	0.65
Lloyds Bank 5.75% 09/07/25	1,700,000	1,736	0.24
Lloyds Bank Corporate Markets 1.75% 11/07/24	4,804,000	4,837	0.67
London Stock Exchange 4.75% 02/11/21	6,364,100	6,747	0.94
Manchester Airport Funding 4.125% 02/04/24	3,250,000	3,624	0.51
Mitchells & Butlers Finance 5.965% 15/12/23	2,131,417	2,267	0.32
National Express 0.089% 15/05/20	EUR 1,207,000	1,022	0.14
National Express 2.5% 11/11/23	4,362,000	4,488	0.63
National Express 6.625% 17/06/20	6,370,000	6,519	0.91
National Westminster Bank 1.0471% 15/05/20	2,500,000	2,501	0.35
National Westminster Bank 1.3121% 22/03/23	2,000,000	2,009	0.28
Nationwide Building Society 1.4624% 10/01/24	5,333,000	5,382	0.75
Next 5.375% 26/10/21	7,449,000	7,995	1.12
Northern Electric Finance 8.875% 16/10/20	1,000,000	1,060	0.15
Northern Powergrid Yorkshire 9.25% 17/01/20	3,382,000	3,392	0.47
Rothsay Life 5.5% 17/09/29	2,046,000	2,216	0.31
RSA Insurance 1.625% 28/08/24	4,849,000	4,849	0.68
Santander UK 0.451% 27/03/24	EUR 3,083,000	2,619	0.37
Santander UK 1.875% 17/02/20	5,092,000	5,097	0.71
Scottish Widows 5.5% 16/06/23	3,500,000	3,893	0.54
Segro 6.75% 23/11/21	2,794,000	3,061	0.43
Segro 6.75% 23/02/24	1,612,000	1,928	0.27
Segro 7% 14/03/22	3,900,000	4,341	0.61
Sky 2.875% 24/11/20	6,045,000	6,141	0.86
Tesco Personal Finance 3.5% 25/07/25	2,550,000	2,649	0.37
Thames Water Utilities Finance 2.375% 03/05/23	1,700,000	1,717	0.24
Thames Water Utilities Finance 5.05% 30/06/20	7,000,000	7,113	0.99
TSB Bank 1.0234% 07/12/22	2,365,000	2,355	0.33
Western Power Distribution South Wales 9.25% 09/11/20	1,250,000	1,334	0.19
Wm Morrison Supermarkets 4.625% 08/12/23	5,364,000	6,029	0.84

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>United States 10.34% (30/06/19: 11.57%)</b>			
American Honda Finance 1.3% 21/03/22	5,067,000	5,086	0.71
Bank of America 6.125% 15/09/21	2,000,000	2,168	0.30
BAT Capital Corp 2.7899% 15/08/22	USD 2,800,000	2,124	0.30
Becton Dickinson 1.401% 24/05/23	EUR 6,200,000	5,432	0.76
BP Capital Markets America 2.5525% 19/09/22	USD 1,739,000	1,319	0.18
Citigroup 2.75% 24/01/24	5,022,000	5,251	0.73
Digital Stout 2.75% 19/07/24	1,021,000	1,064	0.15
Digital Stout 4.75% 13/10/23	5,600,000	6,215	0.87
Fidelity National Information Services 1.7% 30/06/22	6,668,000	6,748	0.94
Fiserv 0.375% 01/07/23	EUR 1,534,000	1,307	0.18
Ford Motor Credit 3.2305% 28/03/22	USD 2,162,000	1,616	0.23
General Electric 5.5% 07/06/21	3,035,000	3,201	0.45
General Motors Financial 3.3878% 14/01/22	USD 2,500,000	1,904	0.27
Jackson National Life Global Funding 2.6766% 27/06/22	USD 8,300,000	6,333	0.88
McDonald's 6.375% 03/02/20	5,300,000	5,323	0.74
Metropolitan Life Global Funding I 1.125% 15/12/21	4,344,000	4,351	0.61
Metropolitan Life Global Funding I 1.625% 09/06/22	4,000,000	4,042	0.56
New York Life Global Funding 1.75% 15/12/22	4,532,000	4,615	0.64
Wells Fargo 2.125% 22/04/22	5,877,000	5,998	0.84
<b>TOTAL CORPORATE BONDS</b>		<b>691,584</b>	<b>96.48</b>
<b>FUTURES 0.01% (30/06/19: (0.01%))</b>			
<b>Germany 0.01% (30/06/19: (0.01%))</b>			
Euro-BOBL Futures March 2020	171	84	0.01
<b>United States 0.00% (30/06/19: 0.00%)</b>			
5 Year Treasury Note Futures March 2020	51	13	-
<b>TOTAL FUTURES</b>		<b>97</b>	<b>0.01</b>
<b>FORWARD CURRENCY CONTRACTS 0.25% (30/06/19: 0.00%)</b>			
Sold EUR40,220,000 for GBP34,417,589 Settlement 03/03/20		267	0.04
Sold USD78,700,000 for GBP60,794,604 Settlement 03/03/20		1,486	0.21
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>1,753</b>	<b>0.25</b>
Portfolio of investments		693,434	96.74
Net other assets		23,396	3.26
<b>Total net assets</b>		<b>716,830</b>	<b>100.00</b>

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

At 31 December 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19: £nil).



## AXA Sterling Credit Short Duration Bond Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	A Gross Accumulation			A Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	109.94	108.64	106.67	100.79	100.41	100.09
Closing net asset value (£) †	7,626,793	8,548,307	2,400,587	120,387	84,576	4,975
Closing number of shares	6,937,175	7,868,584	2,250,389	119,444	84,229	4,970
Operating charges^	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%

	H Gross Accumulation					
	31/12/2019	30/06/2019	30/06/2018			
Closing net asset value per share (p) †	129.37	127.61	124.87			
Closing net asset value (£) †	582,483	14,691,779	14,221,147			
Closing number of shares	450,240	11,512,915	11,388,963			
Operating charges^	0.01%	0.01%	0.01%			

	R Gross Accumulation			R Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	119.56	118.45	116.89	103.50	103.11	102.78
Closing net asset value (£) †	9,741,630	11,272,712	344,863	298,045	256,972	5,139
Closing number of shares	8,147,601	9,517,044	295,038	287,966	249,217	5,000
Operating charges^	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	124.30	122.86	120.70	103.38	102.99	102.66
Closing net asset value (£) †	380,412,399	430,080,087	31,715,669	149,386,349	155,062,614	65,635,265
Closing number of shares	306,037,046	350,056,091	26,276,634	144,502,524	150,558,203	63,932,516
Operating charges^	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%

	ZI Accumulation			ZI Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	103.08	101.81	99.87	99.30	98.93	98.61
Closing net asset value (£) †	64,914,054	20,092,125	6,412,466	103,747,827	242,610,234	150,028,951
Closing number of shares	62,973,983	19,735,508	6,421,084	104,477,096	245,236,045	152,138,036
Operating charges^	0.26%	0.26%	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 Fund, as disclosed in expenses within the Statement of Total Return. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

## AXA Sterling Credit Short Duration Bond Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		3,356		(7,559)
Revenue	7,512		7,377	
Expenses	(1,453)		(1,508)	
Interest payable and similar charges	(6)		(8)	
Net revenue before taxation	6,053		5,861	
Taxation	-		-	
Net revenue after taxation		6,053		5,861
Total return before distributions		9,409		(1,698)
Distributions		(6,053)		(5,860)
Change in net assets attributable to Shareholders from investment activities		3,356		(7,558)

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		882,699		758,026
Amounts receivable on issue of shares	97,479		(428,742)	
Amounts payable on cancellation of shares	(270,459)		464,417	
		(172,980)		35,675
Change in net assets attributable to Shareholders from investment activities (see above)		3,356		(7,558)
Retained distributions on accumulation shares		3,755		3,123
Closing net assets attributable to Shareholders		716,830		789,266

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.

## AXA Sterling Credit Short Duration Bond Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	693,434	833,142
Current assets:		
Debtors	12,493	15,841
Cash and bank balances	14,105	53,039
 Total assets	 <u>720,032</u>	 <u>902,022</u>
<b>Liabilities:</b>		
Investment liabilities	-	(407)
Creditors:		
Distribution payable	(1,018)	(1,580)
Other creditors	(2,184)	(17,336)
 Total liabilities	 <u>(3,202)</u>	 <u>(19,323)</u>
 Net assets attributable to Shareholders	 <u>716,830</u>	 <u>882,699</u>

## AXA Sterling Credit Short Duration Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 30 September 2019

	Net revenue (p)	Equalisation (p)	Distribution paid 29/11/19 (p)	Distribution paid 30/11/18 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	0.459	-	0.459	0.389
Group 2	0.237	0.222	0.459	0.389
<b>Share Class A Gross Income</b>				
Group 1	0.424	-	0.424	0.370
Group 2	0.362	0.062	0.424	0.370
<b>Share Class H Gross Accumulation</b>				
Group 1	0.650	-	0.650	0.568
Group 2	0.650	-	0.650	0.568
<b>Share Class R Gross Accumulation</b>				
Group 1	0.347	-	0.347	0.283
Group 2	0.207	0.140	0.347	0.283
<b>Share Class R Gross Income</b>				
Group 1	0.302	-	0.302	0.252
Group 2	0.082	0.220	0.302	0.252
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.503	-	0.503	0.428
Group 2	0.302	0.201	0.503	0.428
<b>Share Class Z Gross Income</b>				
Group 1	0.422	-	0.422	0.364
Group 2	0.233	0.189	0.422	0.364
<b>Share Class ZI Accumulation</b>				
Group 1	0.456	-	0.456	0.392
Group 2	0.256	0.200	0.456	0.392
<b>Share Class ZI Income</b>				
Group 1	0.443	-	0.443	0.387
Group 2	0.195	0.248	0.443	0.387

## AXA Sterling Credit Short Duration Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2019

Group 2 Shares purchased on or after 1 October 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 29/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	0.436	-	0.436	0.413
Group 2	0.184	0.252	0.436	0.413
<b>Share Class A Gross Income</b>				
Group 1	0.402	-	0.402	0.395
Group 2	0.148	0.254	0.402	0.395
<b>Share Class H Gross Accumulation</b>				
Group 1	0.619	-	0.619	0.597
Group 2	0.619	-	0.619	0.597
<b>Share Class R Gross Accumulation</b>				
Group 1	0.325	-	0.325	0.300
Group 2	0.218	0.107	0.325	0.300
<b>Share Class R Gross Income</b>				
Group 1	0.282	-	0.282	0.264
Group 2	0.247	0.035	0.282	0.264
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.478	-	0.478	0.452
Group 2	0.262	0.216	0.478	0.452
<b>Share Class Z Gross Income</b>				
Group 1	0.399	-	0.399	0.382
Group 2	0.117	0.282	0.399	0.382
<b>Share Class ZI Accumulation</b>				
Group 1	0.435	-	0.435	0.413
Group 2	0.243	0.192	0.435	0.413
<b>Share Class ZI Income</b>				
Group 1	0.421	-	0.421	0.406
Group 2	0.192	0.229	0.421	0.406

## AXA Sterling Index-Linked Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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. The FTSE Actuaries UK index-Linked Gilts Over 5 Years index is designed to measure the performance of UK Government index-linked bonds with over 5 years maturity. This index best represents the types of bonds in which the Fund predominantly invests.

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).

This Fund is actively managed in reference to the FTSE Actuaries UK index-Linked Gilts Over 5 Years index, which may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 31 December 2019 (unaudited)

By investing in a fund which invests primarily in indexed-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 levels 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.

## AXA Sterling Index-Linked Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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.

- **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.

Index-linked bonds risk is an inherent risk of investing in index-linked bonds. Exposure to this risk is managed by the allocation decision on the proportion of the portfolio to invest in index-linked bonds, as well as the amount of remaining maturity of these bonds, which will affect their sensitivity in value, to changes in expected inflation levels.

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, the 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 their 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.

## AXA Sterling Index-Linked Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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 the 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 - assets of the 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 the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the 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 the 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 Sterling Index-Linked Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Market Overview

Our last report for the 12 months ending 30 June 2019 had seen US-China trade war escalate and a softer period of economic growth, particularly within global manufacturing, which had seen monetary policy expectations shift lower. The original 29 March 2019 Brexit deadline had to be extended as an agreement in the UK parliament remained elusive, ultimately forcing Prime Minister (PM) Theresa May to resign.

These have continued to feature heavily over the latest six months.

As widely expected, Boris Johnson was chosen to succeed Theresa May as UK PM by Conservative Party members in July, populating his cabinet with a heavy bias towards pro-Brexit ministers. Committing to deliver Brexit by the 31 October deadline, no matter what, he claimed he wanted to leave the EU with a deal. MP's however, were clearly suspicious of the new PM's intentions given his previous preference for a hard Brexit, not helped by his decision to suspend parliament for five weeks from 9 September (subsequently ruled illegal). Fearing disastrous economic consequences of a no-deal Brexit, Parliament passed an opposition-led bill in September (backed by some Conservative MPs who were subsequently expelled from the party) to prevent such an outcome, forcing a further extension to 31 January 2020 if no deal was agreed.

The blocking of a harder Brexit option reinvigorated the need to get a deal done, rather than potentially no Brexit at all. In October, a deal was agreed between the UK and the EU, although concessions on the Irish border resulted in the loss of DUP support for the government, making parliamentary support difficult for the government. With time slipping away, the PM was forced to request an extension to Article 50 to the end of January 2020 as the law to ensure against a no-deal Brexit kicked in. MPs agreed to debate the Withdrawal Agreement Bill (WAB) in late October but rejected the three-day timetable. The PM called for a general election to end the political deadlock in Westminster, but sceptical MPs, including some from his own party, only agreed once confident a no-deal Brexit was off the table, setting a 12 December date. Although the election was not a straight vote on Brexit, the Conservative's committed Brexit stance wooed many traditional opposition Labour party voters, ensuring a large Conservative majority, thereby clearing the path for Brexit. A second referendum could have seen a 'Remain' outcome victorious, however, the Liberal Democrats, the only party committed to cancelling Brexit fared poorly, while Labour's Brexit stance was blurry. The WAB was subsequently passed, so the UK will formally leave the EU on 31 January. A new law to guarantee the transition period – where trade continues uninterrupted - does not extend beyond the end of 2020, has again raised the prospect of a no-deal Brexit, given scepticism a likely complicated trade deal can be negotiated in such a short period of time.

Face-to-face US-China trade talks resumed in July after breaking down in early May, but lasted only 24 hours, not helped by critical comments about China from the unpredictable President Trump as talks began. The trade war escalated in August as Trump, unhappy that trade talks were not progressing fast enough, slapped a new 10% tariff on \$300 billion of Chinese imports not already subject to US duties (\$250 billion at 25%) from 1 September. Part of this was subsequently delayed. China's retaliation later in the month, prompted the US to respond by increasing all previously announced tariffs increased by 5%. President Trump was more friendly towards China in September but was under the spotlight after whistle-blower allegations of improper conduct towards the Ukraine, that risked his impeachment. The tone surrounding talks became more positive although the extent of any agreement was scaled down from a broad trade deal to a 'Phase One' deal. This long-running saga was resolved in December when the two sides did agree this phase of the trade deal, with China committing to many structural changes and purchases of various American products, with the US not implementing further scheduled tariff increases, and offering small concessions on existing tariffs.

The US Federal Reserve (Fed) delivered its well flagged 25 basis points (bps) cut in US interest rates on the last day of July, reversing December's 25bps hike. Fed Chairman Powell viewed it as an insurance cut (against weaker global growth, trade tensions and muted inflation) and referred to similar mid-cycle adjustments in 1995 and 1998, suggesting this was not the start of a long series of rate cuts. The European Central Bank (ECB) suggested it too would likely cut rates in the coming months. Economic data remained soft, manufacturing in particular struggling given trade policies. Rates were cut as expected in the US and Europe in September in response, and the ECB announced it would restart quantitative easing (QE) in November, targeting

## AXA Sterling Index-Linked Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

€20 billion of monthly bond purchases. September also saw an attack on Saudi Arabian oil facilities, prompting oil prices to temporarily spike as tensions in the Middle East increased. The Fed delivered its well-flagged third 25bps rate cut in October, suggesting a pause unless the economic backdrop changes significantly. Holding rates as expected in December, the Fed appeared less concerned about risks as it removed its reference to uncertainties in its statement. President Trump was impeached in December, but provoked little reaction, the next step being a trial in the Senate where his Republican party has the majority, making the two-thirds vote requirement for his conviction/removal difficult. The Bank of England held rates throughout, although in November two of its policy-setting members surprisingly voted to cut rates, at odds with the central bank's own forecast that suggest small hikes would be required to meet its inflation target.

#### Government Bonds

Markets were in risk-off mode over the summer given softer economic growth, trade wars and heightened no-deal Brexit risks, with government bonds the safe-haven beneficiary. Yields shifted lower before reversing higher in September, as risk of a no-deal Brexit receded, only to move lower again following the Saudi oil attacks and second US rate cut. Yields spiked higher given the more positive backdrop on trade and Brexit, as well as hopes that growth was stabilising following central bank support, continuing to trend higher into year-end. Ten-year gilt yields were a net 1bps lower over the period at 0.82%, but were as low as 0.41% in early September. Yield curve flattening (a decrease in the difference between short- and long-term rates for bonds of the same credit quality) over the summer given the chase for yield, was only partially unwound, with 30-year gilt yields 14bps lower at 1.33% over the six months, having been as low as 0.92%.

UK gilts returned +2.07%, measured by the FTSE Actuaries UK Government All Stocks Index.

#### Index-linked Gilts

The UK's rate of inflation (measured by the consumer price index) fell from 2.0% in June 2019 to 1.5% by November. Inflation spiked to 2.1% in July, briefly exceeding the Bank of England's 2% target, before it subsequently fell back. November's reading meant that CPI inflation continued to be at a three-year low, and comfortably below the Bank of England's target.

The Retail Price Index, which is more relevant for index linked bonds, fell from 2.8% in June to 2.2% in November.

In September, the Chancellor of the Exchequer surprised the UK Inflation market by announcing proposals to reform the retail price index (RPI), to align the measure with the consumer price index including owner occupiers' housing costs (CPIH). In his letter, the chancellor announced that a consultation would take place in Q1 2020 to gather information about the potential impact of any change, whether the change should be made before 2030 and, if so when between February 2025 and 2030 it should occur. The initial market reaction to this announcement was a negative one with breakevens (the difference in yield between a nominal bond and an inflation-linked bond) narrowing sharply; however, this repricing was met with strong investor demand as emerging and index-linked bonds recovered much of their relative underperformance. This support for the asset class was confirmed in November when the Debt Management Office (DMO) syndicated their 2041 index linked bond for £2.25 billion, receiving over £17 billion in orders.

Index-linked gilts returned -1.36%, measured by the FTSE Actuaries Index Linked All Stocks Index, underperforming nominal bonds as the weakness in sterling over the first half of 2019, which was of benefit to index-linked bonds reversed.

#### Fund Activity

We entered the period with an overweight duration (a measure of sensitivity of a bond's price to a change in interest rates) exposure relative to the comparative benchmark as well as a curve flattening bias, and we added to this exposure in July as markets became increasingly concerned about the impact of a more hostile relationship between the US and China as well as a greater likelihood of a no-deal Brexit. As we progressed through the period, we adopted a more conservative stance and reduced our duration exposure as well as our curve flattening in November, as the headwinds that were facing the global economy namely trade wars and Brexit dissipated. We ended the year with a slight duration underweight relative to the comparative benchmark.

## AXA Sterling Index-Linked Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Fund performance and outlook

During the six months to 31 December 2019, the AXA Sterling Index Linked Bond Fund provided a total return of -2.30% (Z Acc, net of fees and gross of tax), compared with the FTSE Actuaries UK Govt Index-Linked 5 years+ index return of -1.50%.

With much of the uncertainty (trade wars, its impact on global growth and Brexit) that cast a shadow over markets in 2019 now removed, coupled with the monetary policy support from central banks, there should be an improvement in economic data. Much of this good news, however, is already priced into markets. Government bond yields fell sharply for a substantial part of 2019 as monetary policy easing was priced in (as opposed to tightening expected at the start of the year) but have bounced from their summer lows. A further significant rise is unlikely, however, unless inflation spikes higher. Meanwhile on the growth front, the re-elected Conservative government in the UK is expected to boost government spending in its March budget, while in Europe, the central bank continues to suggest that governments should look to loosen fiscal policy to complement the support it has provided with negative interest rates and QE, although to date they have been reluctant to do so. Negotiating the terms on which the UK will trade with the EU post Brexit will be a significant challenge, especially in the time allowed (i.e. by the end of 2020), suggesting continued uncertainty on investment in the UK and a continued drag on growth.

*All performance data source: AXA Investment Managers and Bloomberg.*

*Past performance is not a guide to future performance.*

#### Major Purchases

- UK Treasury 0.125% IL 22/03/29
- UK Treasury 0.125% IL 22/03/26
- UK Treasury 0.125% IL 10/08/28
- UK Treasury 0.125% IL 10/08/41
- UK Treasury 0.125% IL 22/11/36

#### Major Sales

- UK Treasury 0.75% IL 22/11/47
- UK Treasury 2.5% IL 17/07/24
- UK Treasury 1.25% IL 22/11/27
- UK Treasury 0.75% IL 22/03/34
- UK Treasury 0.125% IL 22/03/24

**Mark Healy**

31 December 2019

AXA Investment Managers UK Limited

## AXA Sterling Index-Linked Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

Holding	Market Value £'000	% of Total Net Assets
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**INDEX LINKED GOVERNMENT BONDS 94.51% (30/06/19: 95.67%)**
**United Kingdom 94.51% (30/06/19: 95.67%)**

UK Treasury 0.125% IL 22/03/26	8,130,000	10,646	4.90
UK Treasury 0.125% IL 10/08/28	5,000,000	6,453	2.97
UK Treasury 0.125% IL 22/03/29	9,270,000	14,244	6.55
UK Treasury 0.125% IL 22/11/36	4,750,000	7,678	3.53
UK Treasury 0.125% IL 10/08/41	6,123,000	9,842	4.53
UK Treasury 0.125% IL 22/03/44	6,400,000	12,331	5.67
UK Treasury 0.125% IL 22/03/46	5,038,000	9,386	4.32
UK Treasury 0.125% IL 10/08/48	1,967,000	3,563	1.64
UK Treasury 0.125% IL 22/11/56	2,262,000	4,840	2.23
UK Treasury 0.125% IL 22/03/58	3,621,000	8,142	3.75
UK Treasury 0.125% IL 22/11/65	2,768,000	6,921	3.18
UK Treasury 0.125% IL 22/03/68	3,405,000	9,386	4.32
UK Treasury 0.25% IL 22/03/52	4,192,000	9,393	4.32
UK Treasury 0.375% IL 22/03/62	5,120,000	14,200	6.53
UK Treasury 0.5% IL 22/03/50	3,728,000	9,675	4.45
UK Treasury 0.625% IL 22/03/40	3,743,000	8,244	3.79
UK Treasury 0.625% IL 22/11/42	3,888,000	9,213	4.24
UK Treasury 0.75% IL 22/03/34	5,189,000	9,660	4.44
UK Treasury 0.75% IL 22/11/47	486,900	1,316	0.60
UK Treasury 1.125% IL 22/11/37	3,620,000	8,826	4.06
UK Treasury 1.25% IL 22/11/27	1,000,000	1,974	0.91
UK Treasury 1.25% IL 22/11/32	4,657,000	9,533	4.38
UK Treasury 1.25% IL 22/11/55	2,478,000	9,346	4.30
UK Treasury 2% IL 26/01/35	1,441,000	4,127	1.90
UK Treasury 4.125% IL 22/07/30	1,737,000	6,522	3.00

**TOTAL INDEX LINKED GOVERNMENT BONDS**
**205,461 94.51**
**INDEX LINKED CORPORATE BONDS 3.20% (30/06/19: 3.52%)**
**Cayman Islands 0.00% (30/06/19: 0.05%\*)**
**Jersey 0.33% (30/06/19: 0.36%)**

Heathrow Funding 3.334% IL 09/12/39	300,000	718	0.33
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**Supranational 0.01% (30/06/19: 0.01%)**

European Investment Bank 2.65% IL 16/04/20	10,000	17	0.01
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**United Kingdom 2.86% (30/06/19: 3.10%\*)**

Artesian Finance 3.625% IL 30/09/32	93,000	247	0.11
CTRL Section 1 Finance 2.334% IL 02/11/51	57,000	182	0.08
DWR Cymru Financing 3.514% IL 31/03/30	38,000	94	0.04
London Power Networks 3.125% IL 07/06/32	36,000	89	0.04
National Grid Gas 4.1875% IL 14/12/22	93,000	182	0.09
Network Rail Infrastructure Finance 1.375% IL 22/11/37	956,000	2,307	1.06
Network Rail Infrastructure Finance 1.75% IL 22/11/27	1,416,000	2,674	1.23
Network Rail Infrastructure Finance 1.9618% IL 01/12/25	160,000	309	0.14
Tesco 3.322% IL 05/11/25	39,000	79	0.04

## AXA Sterling Index-Linked Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Thames Water Utilities Finance 3.375% IL 21/07/21	32,000	56	0.03
<b>TOTAL INDEX LINKED CORPORATE BONDS</b>		<b>6,954</b>	<b>3.20</b>
<b>FUTURES (0.03%) (30/06/19: 0.03%)</b>			
<b>United Kingdom (0.03%) (30/06/19: 0.03%)</b>			
Long Gilt Futures March 2020	46	(61)	(0.03)
<b>TOTAL FUTURES</b>		<b>(61)</b>	<b>(0.03)</b>
Portfolio of investments		212,354	97.68
Net other assets		5,046	2.32
<b>Total net assets</b>		<b>217,400</b>	<b>100.00</b>

\* 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 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19: £nil).

## AXA Sterling Index-Linked Bond Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	A Gross Accumulation			H Gross Accumulation		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	147.90	150.48	137.50	272.58	276.99	252.47
Closing net asset value (£) †	5,191,523	5,324,404	4,880,962	6,263,496	6,364,761	6,912,146
Closing number of shares	3,510,196	3,538,301	3,549,731	2,297,838	2,297,838	2,737,802
Operating charges^	0.27%	0.27%	0.27%	0.02%	0.02%	0.02%

	R Gross Accumulation			Z Gross Accumulation		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	250.92	255.95	235.04	298.35	303.63	277.58
Closing net asset value (£) †	34,325,598	22,145,410	12,280,633	171,619,088	168,451,396	74,002,521
Closing number of shares	13,679,986	8,652,290	5,224,824	57,523,460	55,479,283	26,659,710
Operating charges^	0.77%	0.77%	0.77%	0.32%	0.32%	0.32%

† Valued at bid-market prices.

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

## AXA Sterling Index-Linked Bond Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital (losses)/gains		(3,327)		2,568
Revenue	(438)		(770)	
Expenses	(400)		(354)	
Interest payable and similar charges	-		-	
Net expense before taxation	(838)		(1,124)	
Taxation	-		-	
Net expense after taxation		(838)		(1,124)
Total return before equalisation		(4,165)		1,444
Equalisation		-		-
Change in net assets attributable to Shareholders from investment activities		(4,165)		1,444

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		202,286		221,170
Amounts receivable on issue of shares	27,802		6,121	
Amounts payable on cancellation of shares	(8,523)		(34,760)	
		19,279		(28,639)
Change in net assets attributable to Shareholders from investment activities (see above)		(4,165)		1,444
Closing net assets attributable to Shareholders		217,400		193,975

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.

## AXA Sterling Index-Linked Bond Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	212,415	200,709
Current assets:		
Debtors	451	389
Cash and bank balances	4,706	3,781
 Total assets	 <u>217,572</u>	 <u>204,879</u>
<b>Liabilities:</b>		
Investment liabilities	(61)	-
Creditors:		
Other creditors	(111)	(2,593)
 Total liabilities	 <u>(172)</u>	 <u>(2,593)</u>
 Net assets attributable to Shareholders	 <u>217,400</u>	 <u>202,286</u>



## Investment Manager's Report

## Investment Objective

## Investment Policy

## Risk and Reward Profile

### Why is this Fund in this category?

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## AXA Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### 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.

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** - 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.

## AXA Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

- Counterparty risk - at any one time, the 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 their 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 the 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 - assets of the 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 the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the 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 the 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 Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Investment Review

Our last report for the 12 months ending 30 June 2019 had seen the US-China trade war escalate and a softer period of economic growth, particularly within global manufacturing, which had seen monetary policy expectations shift lower. The original 29 March 2019 Brexit deadline had to be extended as an agreement in UK parliament remained elusive, ultimately forcing Prime Minister (PM) Theresa May to resign.

These have continued to feature heavily over the latest six months.

As widely expected, Boris Johnson was chosen to succeed Theresa May as UK PM by Conservative Party members in July, populating his cabinet with a heavy bias towards pro-Brexit ministers. Committing to deliver Brexit by the 31 October deadline, no matter what, he claimed he wanted to leave the EU with a deal. However, MPs were clearly suspicious of the new PM's intentions given his previous preference for a hard Brexit, not helped by his decision to suspend parliament for five weeks from 9 September (subsequently ruled illegal). Fearing disastrous economic consequences of a no-deal Brexit, parliament passed an opposition-led bill in September - which had been backed by some Conservative MPs who were subsequently expelled from the party - to prevent such an outcome, forcing a further extension to 31 January 2020 if a no-deal outcome was agreed.

The blocking of a harder Brexit option reinvigorated the need to get a deal done, rather than risk no Brexit at all. In October, a deal was agreed between the UK and the EU, although concessions on the Irish border resulted in the loss of DUP support for the government, making parliamentary support difficult for the government. With time slipping away, the PM was forced to request an extension to Article 50 to the end of January 2020 as the law to ensure against a no-deal Brexit kicked in. MPs agreed to debate the Withdrawal Agreement Bill (WAB) in late October but rejected the three-day timetable. The PM called for a general election to end the political deadlock in Westminster, but sceptical MPs, including some from his own party, only agreed once confident a no-deal Brexit was off the table, setting a 12 December date. Although the election was not a straight vote on Brexit, the Conservative's committed Brexit stance wooed many traditional opposition Labour Party voters, ensuring a large Conservative majority, thereby clearing the path for Brexit. A second referendum could have seen a 'Remain' outcome victorious; however, the Liberal Democrats, the only party committed to cancelling Brexit, fared poorly, while Labour's Brexit stance was blurry. The WAB was subsequently passed, so the UK will formally leave the EU on 31 January. A new law to guarantee the transition period - where trade continues uninterrupted - does not extend beyond the end of 2020, has again raised the prospect of a no-deal Brexit, given scepticism that a likely complicated trade deal can be negotiated in such a short period of time.

Face-to-face US-China trade talks resumed in July after breaking down in early May but lasted only 24 hours, not helped by critical comments about China from the unpredictable President Trump as talks began. The trade war escalated in August as Trump, unhappy that trade talks were not progressing fast enough, slapped a new 10% tariff on \$300 billion of Chinese imports not already subject to US duties (\$250 billion at 25%) from 1 September. Part of this was subsequently delayed. China's retaliation later in the month, prompted the US to respond by increasing all previously announced tariffs increased by 5%. President Trump was more friendly towards China in September but was under the spotlight after whistle-blower allegations of improper conduct towards the Ukraine, which risked his impeachment. The tone surrounding talks became more positive although the extent of any agreement was scaled down from a broad trade deal to a 'Phase One' deal. This long-running saga was resolved in December when the two sides agreed this phase of the trade deal. China committed to many structural changes and purchases of various American products. Elsewhere, the US did not implement further scheduled tariff increases, and instead offered small concessions on existing tariffs.

The US Federal Reserve (Fed) delivered its well flagged 25 basis points (bps) cut in US interest rates on the last day of July, reversing December's 25bps hike. Fed Chairman Powell viewed it as an insurance cut (against weaker global growth, trade tensions and muted inflation) and referred to similar mid-cycle adjustments in 1995 and 1998, suggesting this was not the start of a long series of rate cuts. The European Central Bank (ECB) suggested it too would likely cut rates in the coming months. Economic data remained soft, with manufacturing particularly struggling given trade policies. Rates were cut as expected in the US and Europe in September in response, and the ECB announced it would restart quantitative easing (QE) in November,

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targeting €20 billion of monthly bond purchases. September also saw an attack on Saudi Arabian oil facilities, prompting oil prices to temporarily spike as tensions in the Middle East increased. The Fed delivered its well-flagged third 25bps rate cut in October, suggesting a pause unless the economic backdrop changes significantly. Holding rates as expected in December, the Fed appeared less concerned about risks as it removed its reference to uncertainties in its statement. President Trump was impeached in December but provoked little reaction. The next step would be a trial in the Senate where his Republican party has the majority, making the two-thirds vote requirement for his conviction/removal difficult. The Bank of England held rates throughout. Although, in November two of its policy-setting members surprisingly voted to cut rates; this came at odds with the central bank's own forecast that suggested small hikes would be required to meet its inflation target.

Markets were in risk-off mode over the summer given softer economic growth, trade wars and heightened no-deal Brexit risks, with government bonds the safe-haven beneficiary. Yields shifted lower before reversing higher in September, as risk of a no-deal Brexit receded, only to move lower again following the Saudi oil attacks and second US rate cut. Yields spiked higher given the more positive backdrop on trade and Brexit, as well as hopes that growth was stabilising following central bank support, continuing to trend higher into year-end. Ten-year gilt yields were a net 1bps lower over the period at 0.82% but were as low as 0.41% in early September. The ICE Gilt Index produced a total return of +2.18%, with long gilts performing best.

Corporate bond supply picked after the summer lull, and was generally well received, although new issuance dried up as usual in the seasonally quiet December. The Bank of England's Corporate Bond Purchase Scheme reinvestment programme saw over £500 million invested into corporate bonds over several weeks from September. With the ECB restarting its QE programme in November, the technical backdrop (market conditions that affect demand, trade activity and the subsequent inflows and outflows of an asset class) is more supportive for corporate bonds generally, even if this does not affect sterling bonds directly. Risk markets had been underpinned by expectations of looser monetary policy. However, this turned more cautious in August given the increasing number of negative headlines. As macro concerns subsided, confidence in risk markets increased, with corporate bond spreads (yield premium over the relevant government bond) 19bps lower (adjusted for +5bps index rebalancing) at +132bps over the period. In addition to spread, returns from corporate bonds are also based on the move in underlying gilt yields, so combined with little change in gilt yields, corporate bond yields were 21bps lower at 2.16%, to give a total return on the ICE BofAML Sterling Corporates & Collateralised Index of +3.46% with 1-5 years +1.25%, 5-15 years +2.88% and Over 15 years +5.32%. By rating band, moves were as expected in a more risk-on environment, with lower-rated bonds outperforming, BBB's 30bps tighter at +170bps, while AAA rated spreads were 1bps wider at +41bps. By sector, traditional high spread/high beta subordinated financials (both insurance and banks) saw spreads tighten the most, while high-quality sectors covered bonds and quasi-government had limited if any spread move. Best total returns were subordinated financials due to spread tightening and longer duration sectors services, real estate and healthcare, which benefited from a bigger price rise in longer dated gilts. Lowest total returns were from high-quality sectors due to limited spread tightening, as well as shorter duration automotive, which saw limited benefit from the muted price move in shorter-dated gilts.

With much of the uncertainty (trade wars, its impact on global growth and Brexit) that cast a shadow over markets in 2019 now removed, coupled with the monetary policy support from central banks, there should be an improvement in economic data. Much of this good news, however, is already priced into markets. Government bond yields fell sharply for a substantial part of 2019 as monetary policy easing was priced in (as opposed to tightening expected at the start of the year) but have bounced from their summer lows. A further significant rise is unlikely, however, unless inflation spikes higher. Corporate bond spreads are relatively tight (expensive) as investors priced out recession risk on expectations (correctly so) of looser monetary policy. That said, corporate fundamentals should improve with a cyclical upturn, and investors are likely to continue to be attracted by the additional returns provided compared with very low-yielding government bonds. An economic downturn, viewed as unlikely, would be damaging for companies and see corporate bonds come under pressure. Meanwhile on the growth front, the re-elected Conservative government in the UK is expected to boost government spending in its March budget. Elsewhere in Europe,

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the central bank continues to suggest that governments should look to loosen fiscal policy to complement the support it has provided by negative interest rates and QE, although to date they have been reluctant to do so. Negotiating the terms on which the UK will trade with the EU post Brexit will be a significant challenge, especially in the time allowed (i.e. by the end of 2020), suggesting continued uncertainty on investment in the UK and a continued drag on growth.

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

*Past performance is not a guide for future performance.*

#### Major Purchases

- Westfield Stratford City Finance 1.642% 04/08/26
- National Express 2.375% 20/11/28
- MassMutual Global Funding II 1.375% 15/12/26
- Phillips 66 3.9% 15/03/28
- Royal Bank of Canada 1.375% 09/12/24

#### Major Sales

- University of Oxford 2.544% 08/12/2117
- Westpac Banking 5% 21/10/19
- CaixaBank 1.125% 17/05/24
- Vodafone 5.9% 26/11/32
- Wales & West Utilities Finance 3% 03/08/38

**Lionel Pernias**

31 December 2019

AXA Investment Managers UK Limited

## AXA Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 97.94% (30/06/19: 95.82%)</b>			
<b>Australia 2.27% (30/06/19: 2.79%)</b>			
APT Pipelines 4.25% 26/11/24	1,700,000	1,912	0.66
Macquarie Bank 3.5% 18/12/20	800,000	818	0.28
National Australia Bank 5.125% 09/12/21	780,000	841	0.29
Scentre Trust 1 3.875% 16/07/26	1,057,000	1,171	0.40
Scentre Trust 3.5% 12/02/25	USD 300,000	235	0.08
Vicinity Centres Trust 3.375% 07/04/26	1,529,000	1,637	0.56
<b>Belgium 0.36% (30/06/19: 0.38%)</b>			
Anheuser-Busch InBev 2.25% 24/05/29	152,000	157	0.05
Anheuser-Busch InBev 2.85% 25/05/37	877,000	924	0.31
<b>Bermuda 0.45% (30/06/19: 0.49%)</b>			
Hiscox 2% 14/12/22	1,306,000	1,323	0.45
<b>Canada 1.26% (30/06/19: 0.55%)</b>			
Bank of Montreal 1.625% 21/06/22	450,000	458	0.16
Bank of Nova Scotia 1.25% 08/06/22	800,000	804	0.28
Bank of Nova Scotia 1.375% 05/12/23	759,000	760	0.26
Bank of Nova Scotia 1.75% 23/12/22	200,000	204	0.07
Royal Bank of Canada 1.375% 09/12/24	1,428,000	1,432	0.49
<b>Cayman Islands 2.22% (30/06/19: 2.32%*)</b>			
Lunar Funding I 5.75% 18/10/33	1,200,000	1,716	0.59
Southern Water Services Finance 5% 31/03/21	365,000	381	0.13
Southern Water Services Finance 5.125% 30/09/56	111,000	186	0.06
Southern Water Services Finance 6.64% 31/03/26	384,000	487	0.17
Tencent 3.975% 11/04/29	USD 2,000,000	1,626	0.56
Trafford Centre Finance 6.5% 28/07/33	1,532,071	2,055	0.71
<b>China 0.38% (30/06/19: 0.00%)</b>			
Industrial & Commercial Bank of China 1.5% 31/07/22	1,099,000	1,101	0.38
<b>Denmark 0.50% (30/06/19: 0.53%)</b>			
Orsted 2.5% 16/05/33	1,379,000	1,450	0.50
<b>Finland 0.44% (30/06/19: 0.59%)</b>			
Nordea Bank 2.375% 02/06/22	400,000	412	0.14
OP Corporate Bank 2.5% 20/05/22	850,000	877	0.30
<b>France 7.16% (30/06/19: 6.73%)</b>			
Banque Federative du Credit Mutuel 0.875% 08/06/20	400,000	400	0.14
Banque Federative du Credit Mutuel 1.375% 20/12/21	400,000	402	0.14
Banque Federative du Credit Mutuel 1.5% 07/10/26	600,000	596	0.19
Banque Federative du Credit Mutuel 2.25% 18/12/23	600,000	622	0.21
BNP Paribas 5.75% 24/01/22	1,290,000	1,400	0.48
Bouygues 5.5% 06/10/26	1,250,000	1,558	0.54
BPCE 5.25% 16/04/29	1,500,000	1,850	0.64
Cie de Saint-Gobain 5.625% 15/11/24	1,350,000	1,614	0.56
Credit Agricole 1.25% 02/10/24	400,000	398	0.14



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	Holding	Market Value £'000	% of Total Net Assets
Credit Agricole 7.375% 18/12/23	1,150,000	1,398	0.48
Engie 5% 01/10/60	1,050,000	1,809	0.62
LVMH Moet Hennessy Louis Vuitton 1% 14/06/22	267,000	268	0.09
Orange 5.625% 23/01/34	400,000	557	0.19
Orange 8.125% 20/11/28	630,000	949	0.33
SNCF Mobilites 5.375% 18/03/27	700,000	888	0.31
Societe Generale 1.875% 03/10/24	1,300,000	1,309	0.45
Societe Generale 2.625% 27/02/25	EUR 200,000	185	0.06
Sodexo 1.75% 26/06/28	330,000	340	0.12
Suez 5.375% 02/12/30	500,000	678	0.23
Total Capital International 1.25% 16/12/24	236,000	236	0.08
Total Capital International 1.75% 07/07/25	589,000	603	0.21
Total Capital International 2.7% 25/01/23	USD 250,000	193	0.07
Total Capital International 3.75% 10/04/24	USD 700,000	565	0.19
Vinci 2.25% 15/03/27	1,900,000	1,997	0.69
<b>Germany 0.46% (30/06/19: 0.50%)</b>			
Deutsche Bahn Finance 1.875% 13/02/26	1,300,000	1,342	0.46
<b>Guernsey 0.55% (30/06/19: 0.59%)</b>			
Credit Suisse Funding Guernsey 2.75% 08/08/25	1,405,000	1,476	0.51
Credit Suisse Funding Guernsey 3% 27/05/22	117,000	122	0.04
<b>Ireland 0.64% (30/06/19: 0.66%)</b>			
GE Capital UK Funding Unlimited 8% 14/01/39	1,180,000	1,852	0.64
<b>Italy 0.51% (30/06/19: 0.55%)</b>			
Intesa Sanpaolo 5.25% 28/01/22	850,000	909	0.31
Intesa Sanpaolo 5.25% 12/01/24	USD 700,000	565	0.20
<b>Japan 0.31% (30/06/19: 0.34%)</b>			
East Japan Railway 4.5% 25/01/36	450,000	616	0.21
East Japan Railway 5.25% 22/04/33	200,000	285	0.10
<b>Jersey 2.61% (30/06/19: 2.30%)</b>			
CPUK Finance 7.239% 28/02/24	1,450,000	1,740	0.60
Gatwick Funding 6.5% 02/03/41	1,210,000	1,957	0.67
Heathrow Funding 4.625% 31/10/46	1,428,000	2,015	0.69
Porterbrook Rail Finance 4.625% 04/04/29	1,610,000	1,871	0.65
<b>Luxembourg 1.11% (30/06/19: 1.02%)</b>			
Gazprom Gaz Capital 4.25% 06/04/24	1,550,000	1,679	0.58
Gazprom Gaz Capital 5.338% 25/09/20	320,000	329	0.11
Schlumberger Investment 3.3% 14/09/21	USD 600,000	462	0.16
Whirlpool Finance Luxembourg 1.25% 02/11/26	EUR 852,000	760	0.26
<b>Mexico 0.19% (30/06/19: 0.20%)</b>			
America Movil 5% 27/10/26	450,000	542	0.19
<b>Netherlands 6.33% (30/06/19: 6.75%)</b>			
ABN AMRO Bank 1.375% 07/06/22	200,000	202	0.07



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	Holding	Market Value £'000	% of Total Net Assets
ABN AMRO Bank 2.375% 07/12/21	900,000	924	0.32
Aegon 6.125% 15/12/31	800,000	1,142	0.39
Aegon 6.625% 16/12/39	300,000	493	0.17
Allianz Finance II 4.5% 13/03/43	1,100,000	1,600	0.55
BMW Finance 0.875% 16/08/22	1,087,000	1,078	0.37
BMW International Investment 1.375% 01/10/24	600,000	596	0.21
Cooperatieve Rabobank 4.625% 23/05/29	1,544,000	1,838	0.63
Deutsche Telekom International Finance 7.625% 15/06/30	948,000	1,428	0.49
E.ON International Finance 6.375% 07/06/32	365,000	523	0.18
EDP Finance 8.625% 04/01/24	700,000	887	0.31
Enel Finance International 3.625% 25/05/27	USD 261,000	204	0.07
Enel Finance International 4.625% 14/09/25	USD 350,000	288	0.10
Enel Finance International 5.625% 14/08/24	660,000	781	0.27
ING Bank 5.8% 25/09/23	USD 800,000	669	0.23
innogy Finance 4.75% 31/01/34	100,000	127	0.04
innogy Finance 6.125% 06/07/39	600,000	917	0.32
innogy Finance 6.5% 20/04/21	500,000	533	0.18
Linde Finance 5.875% 24/04/23	1,275,000	1,478	0.51
Naturgy Finance 1.375% 19/01/27	EUR 300,000	268	0.09
NN 0.875% 13/01/23	EUR 811,000	703	0.24
Siemens 3.75% 10/09/42	1,300,000	1,724	0.59

#### New Zealand 0.00% (30/06/19: 0.10%)

#### Norway 1.10% (30/06/19: 1.11%)

DNB Bank 1.625% 15/12/23	747,000	759	0.26
DNB Bank 4.25% 27/01/20	640,000	641	0.22
Equinor 6.875% 11/03/31	1,180,000	1,809	0.62

#### Saudi Arabia 0.62% (30/06/19: 0.50%)

Saudi Arabian Oil 3.5% 16/04/29	USD 2,300,00	1,800	0.62
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#### Spain 1.40% (30/06/19: 1.81%)

Banco Bilbao Vizcaya Argentaria 3% 20/10/20	USD 900,000	683	0.24
Banco Santander 2.5% 18/03/25	EUR 200,000	184	0.06
Banco Santander 2.75% 12/09/23	1,200,000	1,252	0.43
Banco Santander 3.125% 19/01/27	EUR 200,000	193	0.07
Mapfre 1.625% 19/05/26	EUR 800,000	729	0.25
Telefonica Emisiones 5.375% 02/02/26	850,000	1,017	0.35

#### Sweden 1.50% (30/06/19: 1.61%)

Essity 1.625% 30/03/27	EUR 641,000	585	0.20
Skandinaviska Enskilda Banken 1.25% 05/08/22	300,000	301	0.10
Skandinaviska Enskilda Banken 3% 18/12/20	700,000	714	0.25
Svenska Handelsbanken 1.625% 15/12/23	1,000,000	1,016	0.35
Svenska Handelsbanken 2.75% 05/12/22	610,000	639	0.22
Swedbank 1.25% 29/12/21	198,000	198	0.07
Swedbank 1.625% 28/12/22	225,000	227	0.08
Vattenfall 6.875% 15/04/39	390,000	663	0.23

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	Holding	Market Value £'000	% of Total Net Assets
<b>Switzerland 0.36% (30/06/19: 0.39%)</b>			
UBS London 1.25% 10/12/20	1,042,000	1,044	0.36
<b>United Kingdom 48.11% (30/06/19: 48.45%*)</b>			
ABP Finance 6.25% 14/12/26	700,000	862	0.30
Affinity Sutton Capital Markets 5.981% 17/09/38	405,000	633	0.22
Anglian Water Services Financing 1.625% 10/08/25	150,000	150	0.05
Anglian Water Services Financing 2.75% 26/10/29	800,000	859	0.29
Anglian Water Services Financing 4.5% 05/10/27	850,000	1,015	0.35
Aspire Defence Finance 4.674% 31/03/40	1,537,026	1,998	0.69
AstraZeneca 5.75% 13/11/31	1,165,000	1,652	0.57
Barclays 3.25% 12/02/27	1,300,000	1,385	0.48
Barclays Bank 10% 21/05/21	360,000	401	0.14
BG Energy Capital 5% 04/11/36	550,000	783	0.27
BG Energy Capital 5.125% 01/12/25	900,000	1,089	0.37
BP Capital Markets 2.03% 14/02/25	1,900,000	1,966	0.68
Broadgate Financing 4.821% 05/07/33	530,000	705	0.24
Broadgate Financing 4.999% 05/10/31	1,075,000	1,302	0.45
BUPA Finance 5% 25/04/23	600,000	658	0.23
BUPA Finance 5% 08/12/26	1,000,000	1,150	0.39
Canary Wharf Finance II 5.952% 22/01/35	440,000	636	0.22
Cardiff University 3% 07/12/55	1,500,000	1,899	0.65
Clarion Funding 2.625% 18/01/29	500,000	532	0.18
Clarion Funding 3.125% 19/04/48	350,000	402	0.14
Clydesdale Bank 4.625% 08/06/26	500,000	602	0.21
Compass 2% 03/07/29	1,577,000	1,648	0.57
Connect Plus M25 Issuer 2.607% 31/03/39	1,577,173	1,714	0.59
Coventry Building Society 1% 05/05/20	229,000	229	0.08
Coventry Building Society 1.875% 24/10/23	767,000	782	0.27
Coventry Building Society 5.875% 28/09/22	460,000	517	0.18
Crh Finance 4.125% 02/12/29	1,350,000	1,585	0.54
CTRL Section 1 Finance 5.234% 02/05/35	1,484,766	1,967	0.68
Diageo Finance 1.75% 12/10/26	751,000	770	0.26
Dignity Finance 3.5456% 31/12/34	1,396,535	1,494	0.51
DWR Cymru Financing 2.5% 31/03/36	300,000	326	0.11
DWR Cymru Financing 6.015% 31/03/28	1,080,000	1,455	0.50
Eastern Power Networks 4.75% 30/09/21	170,000	181	0.06
Eastern Power Networks 6.25% 12/11/36	200,000	308	0.11
Eversholt Funding 6.697% 22/02/35	1,330,000	1,738	0.60
Experian Finance 2.125% 27/09/24	992,000	1,027	0.35
FCE Bank 2.727% 03/06/22	1,050,000	1,066	0.37
Friends Life 8.25% 21/04/22	1,000,000	1,155	0.40
Genfinance II 6.064% 21/12/39	400,000	600	0.21
GlaxoSmithKline Capital 5.25% 19/12/33	400,000	562	0.19
GlaxoSmithKline Capital 6.375% 09/03/39	640,000	1,064	0.37
Great Rolling Stock 6.25% 27/07/20	880,000	903	0.31
Greene King Finance 5.318% 15/09/31	1,589,936	1,854	0.64
Harbour Funding 5.28% 31/03/34	470,000	636	0.22
Haven Funding 8.125% 30/09/37	1,001,622	1,586	0.54
High Speed Rail Finance 1 4.375% 01/11/38	470,000	602	0.21
HSBC 3% 22/07/28	100,000	105	0.04

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	Holding	Market Value £'000	% of Total Net Assets
HSBC 5.75% 20/12/27	514,000	629	0.22
HSBC Bank 6.5% 07/07/23	850,000	988	0.34
Hutchison Whampoa Finance UK 5.625% 24/11/26	1,250,000	1,566	0.54
Hyde Housing Association 5.125% 23/07/40	490,000	698	0.24
Integrated Accommodation Services 6.48% 31/03/29	816,852	1,008	0.35
Intu SGS Finance 4.25% 17/09/30	1,114,000	956	0.33
Intu SGS Finance 4.625% 17/03/28	100,000	86	0.03
Juturna European Loan Conduit No 16 5.0636% 10/08/33	1,449,232	1,811	0.62
Land Securities Capital Markets 1.974% 08/02/24	1,200,000	1,223	0.42
Legal & General Finance 5.875% 11/12/31	632,000	898	0.31
Legal & General Finance 5.875% 05/04/33	500,000	721	0.25
Liberty Living Finance 2.625% 28/11/24	1,258,000	1,299	0.45
Lloyds Bank 6.5% 17/09/40	250,000	420	0.14
Lloyds Bank 7.5% 15/04/24	440,000	550	0.19
Lloyds Bank 7.625% 22/04/25	750,000	956	0.33
London & Quadrant Housing Trust 2.625% 28/02/28	539,000	562	0.19
London & Quadrant Housing Trust 3.125% 28/02/53	500,000	539	0.18
London Power Networks 2.625% 01/03/29	700,000	738	0.25
Longstone Finance 4.896% 19/04/31	1,480,000	1,721	0.59
Manchester Airport Funding 2.875% 31/03/39	892,000	951	0.33
Manchester Airport Funding 2.875% 30/09/44	150,000	158	0.05
Manchester Airport Funding 4.75% 31/03/34	482,000	627	0.21
Meadowhall Finance 4.986% 12/01/32	1,571,173	1,916	0.66
Mitchells & Butlers Finance 5.574% 15/12/30	443,288	503	0.17
Mitchells & Butlers Finance 6.013% 15/12/28	272,310	307	0.10
Motability Operations 1.75% 03/07/29	400,000	401	0.14
Motability Operations 3.75% 16/07/26	556,000	637	0.22
Motability Operations 5.375% 28/06/22	280,000	310	0.11
National Express 2.375% 20/11/28	1,956,000	1,958	0.67
National Grid Electricity Transmission 7.375% 13/01/31	395,000	609	0.21
Nationwide Building Society 3.25% 20/01/28	1,400,000	1,576	0.54
Nats En Route 5.25% 31/03/26	1,342,218	1,527	0.52
NatWest Markets 7.5% 29/04/24	360,000	440	0.15
Next 3% 26/08/25	1,362,000	1,417	0.49
Next 5.375% 26/10/21	330,000	354	0.12
NIE Finance 2.5% 27/10/25	675,000	704	0.24
Northern Gas Networks Finance 4.875% 30/06/27	335,000	409	0.14
Northern Gas Networks Finance 4.875% 15/11/35	150,000	202	0.07
Northern Powergrid Yorkshire 2.25% 09/10/59	604,000	593	0.20
Northumbrian Water Finance 2.375% 05/10/27	400,000	416	0.14
Notting Hill Genesis 2.875% 31/01/29	407,000	428	0.15
Octagon Healthcare Funding 5.333% 31/12/35	1,404,225	1,775	0.61
Peabody Capital No 2 3.25% 14/09/48	1,000,000	1,112	0.38
Places for People Homes 5.09% 31/07/24	1,338,000	1,531	0.53
Prudential 6.125% 19/12/31	1,130,000	1,516	0.52
Rio Tinto Finance 4% 11/12/29	1,550,000	1,880	0.65
Royal Bank of Scotland 2.875% 19/09/26	450,000	469	0.16
RSA Insurance 1.625% 28/08/24	1,355,000	1,355	0.47
RSL Finance No 1 6.625% 31/03/38	373,063	543	0.19
Sanctuary Capital 6.697% 23/03/39	390,000	653	0.22
Santander UK 3.875% 15/10/29	1,400,000	1,667	0.57

## AXA Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Scottish Widows 7% 16/06/43	1,042,000	1,434	0.49
Segro 2.375% 11/10/29	850,000	884	0.30
Severn Trent Utilities Finance 1.125% 07/09/21	100,000	100	0.03
Severn Trent Utilities Finance 2.75% 05/12/31	600,000	650	0.22
Sky 6% 21/05/27	550,000	714	0.24
Society of Lloyd's 4.75% 30/10/24	1,350,000	1,502	0.52
Southern Gas Networks 2.5% 03/02/25	542,000	569	0.20
Southern Gas Networks 3.1% 15/09/36	573,000	635	0.22
Southern Housing 3.5% 19/10/47	1,525,000	1,797	0.62
Sovereign Housing Capital 5.705% 10/09/39	436,000	672	0.23
SP Manweb 4.875% 20/09/27	1,250,000	1,533	0.53
Stagecoach 4% 29/09/25	521,000	554	0.19
Standard Chartered 4.375% 18/01/38	350,000	456	0.16
Standard Chartered 5.125% 06/06/34	1,300,000	1,564	0.54
Student Finance 2.6663% 30/09/24	1,570,000	1,570	0.54
Sunderland SHG Finance 6.38% 31/03/42	425,000	604	0.21
Telereal Securitisation 5.9478% 10/12/31	1,179,679	1,449	0.50
Tesco Property Finance 1 7.6227% 13/07/39	324,971	472	0.16
Thames Water Utilities Finance 5.125% 28/09/37	700,000	935	0.32
Thames Water Utilities Finance 6.75% 16/11/28	750,000	1,024	0.35
THFC Funding No 2 6.35% 08/07/39	1,140,000	1,812	0.62
Together Housing Finance 4.5% 17/12/42	1,250,000	1,676	0.58
Transport for London 4.5% 31/03/31	1,300,000	1,592	0.55
Unilever 1.125% 03/02/22	147,000	148	0.05
Unilever 1.375% 15/09/24	500,000	505	0.17
Unilever 1.5% 22/07/26	457,000	461	0.16
United Utilities Water Finance 2% 14/02/25	1,139,000	1,169	0.40
University of Cambridge 2.35% 27/06/78	600,000	729	0.25
University of Cambridge 3.75% 17/10/52	750,000	1,151	0.40
University of Leeds 3.125% 19/12/50	1,400,000	1,755	0.60
University of Liverpool 3.375% 25/06/55	1,313,000	1,856	0.64
University of Manchester 4.25% 04/07/53	1,120,000	1,785	0.61
University of Oxford 2.544% 08/12/2117	540,000	640	0.22
University of Southampton 2.25% 11/04/57	1,709,000	1,768	0.61
Wales & West Utilities Finance 4.625% 13/12/23	350,000	397	0.14
Wales & West Utilities Finance 6.25% 30/11/21	50,000	55	0.02
Wellcome Trust 4% 09/05/59	220,000	377	0.13
Western Power Distribution South West 2.375% 16/05/29	511,000	527	0.18
Western Power Distribution West Midlands 5.75% 16/04/32	420,000	579	0.20
Westfield Stratford City Finance 1.642% 04/08/26	1,984,000	2,004	0.69
Wheatley Capital 4.375% 28/11/44	404,000	523	0.18
White City Property Finance 5.1202% 17/04/35	1,283,923	1,646	0.57
WPP Finance 2010 3.75% 19/09/24	USD 2,000,000	1,588	0.55
Yorkshire Building Society 3.5% 21/04/26	1,250,000	1,365	0.47
Yorkshire Water Finance 2.75% 18/04/41	100,000	105	0.04
Yorkshire Water Finance 6.375% 19/08/39	1,020,000	1,674	0.58
<b>United States 17.10% (30/06/19: 14.56%)</b>			
AbbVie 3.6% 14/05/25	USD 764,000	608	0.21
American Honda Finance 1.3% 21/03/22	1,523,000	1,529	0.53
American International 5% 26/04/23	850,000	948	0.33

## AXA Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Amgen 4% 13/09/29	1,350,000	1,573	0.54
Apple 3.05% 31/07/29	1,370,000	1,566	0.54
AT&T 4.25% 01/06/43	650,000	757	0.26
AT&T 7% 30/04/40	400,000	626	0.22
AT&T 7% 30/04/40	150,000	234	0.08
Bank of America 2.3% 25/07/25	1,510,000	1,562	0.54
Becton Dickinson 1% 15/12/22	EUR 566,000	490	0.17
Becton Dickinson 3.7% 06/06/27	USD 139,000	112	0.04
Berkshire Hathaway Finance 2.625% 19/06/59	1,551,000	1,706	0.59
Cardinal Health 3.41% 15/06/27	USD 1,822,000	1,403	0.48
Citigroup 1.75% 23/10/26	289,000	288	0.10
Citigroup 2.75% 24/01/24	489,000	511	0.18
Citigroup 3.875% 26/03/25	USD 200,000	159	0.05
Citigroup 4.5% 03/03/31	374,000	450	0.15
Citigroup 5.15% 21/05/26	306,000	369	0.13
Comcast 5.5% 23/11/29	800,000	1,062	0.37
Fidelity National Information Services 1.7% 30/06/22	1,035,000	1,047	0.36
Fidelity National Information Services 2.602% 21/05/25	500,000	523	0.18
Fiserv 2.25% 01/07/25	1,886,000	1,935	0.66
Goldman Sachs 4.25% 29/01/26	1,400,000	1,581	0.54
HCP 4% 01/06/25	USD 1,100,000	893	0.31
JPMorgan Chase 3.5% 18/12/26	1,400,000	1,587	0.55
MassMutual Global Funding II 1.375% 15/12/26	1,835,000	1,823	0.63
McDonald's 5.875% 23/04/32	1,335,000	1,871	0.64
McKesson 3.125% 17/02/29	850,000	874	0.30
Metropolitan Life Global Funding I 3.5% 30/09/26	1,370,000	1,550	0.53
Morgan Stanley 2.625% 09/03/27	1,850,000	1,950	0.67
Pfizer 2.735% 15/06/43	1,000,000	1,092	0.38
Pfizer 144A 2.735% 15/06/43	577,000	627	0.22
Phillips 66 3.9% 15/03/28	USD 1,700,000	1,401	0.48
PNC Bank 3.25% 01/06/25	USD 700,000	554	0.19
Procter & Gamble 1.8% 03/05/29	1,461,000	1,522	0.52
Prologis 2.25% 30/06/29	1,643,000	1,692	0.58
RELX Capital 4% 18/03/29	USD 2,000,000	1,640	0.56
Schlumberger 3.9% 17/05/28	USD 300,000	241	0.08
Schlumberger 4% 21/12/25	USD 1,400,000	1,137	0.39
Toyota Motor Credit 1.125% 07/09/21	1,251,000	1,255	0.43
United Parcel Service 5.125% 12/02/50	1,050,000	1,667	0.57
Verizon Communications 3.375% 27/10/36	1,704,000	1,927	0.66
Walmart 5.625% 27/03/34	1,200,000	1,784	0.61
Welltower 4.8% 20/11/28	1,335,000	1,588	0.55
<b>TOTAL CORPORATE BONDS</b>		<b>284,746</b>	<b>97.94</b>
<b>FUTURES 0.05% (30/06/19: (0.09%))</b>			
<b>Germany 0.01% (30/06/19: (0.01%))</b>			
Euro Bond Futures March 2020	(17)	36	0.01
<b>United Kingdom 0.00% (30/06/19: (0.01%))</b>			
Long Gilt Futures March 2020	8	(10)	-

## AXA Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>United States 0.04% (30/06/19: (0.07%))</b>			
10 Year Treasury Note Futures March 2020	(151)	118	0.04
<b>TOTAL FUTURES</b>		<b>144</b>	<b>0.05</b>
<b>FORWARD CURRENCY CONTRACTS 0.05% (30/06/19: 0.03%)</b>			
Sold EUR5,000,000 for GBP4,242,472 Settlement 06/03/20	-	(3)	-
Sold USD23,000,000 for GBP17,489,275 Settlement 06/03/20	-	157	0.05
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>154</b>	<b>0.05</b>
Portfolio of investments		285,044	98.04
Net other assets		5,691	1.96
<b>Total net assets</b>		<b>290,735</b>	<b>100.00</b>

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

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

At 31 December 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19: £nil).

## AXA Sterling Buy and Maintain Credit Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	140.14	135.87	128.26	104.60	102.66	99.44
Closing net asset value (£) †	105,631,752	93,519,299	106,022,138	185,103,098	175,118,378	26,607,649
Closing number of shares	75,376,904	68,832,000	82,663,192	176,959,724	170,576,603	26,757,845
Operating charges^	0.15%	0.15%	0.16%	0.15%	0.15%	0.16%

† Valued at bid-market prices.

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

## AXA Sterling Buy and Maintain Credit Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		5,004		(3,327)
Revenue	3,670		2,728	
Expenses	(217)		(139)	
Interest payable and similar charges	(3)		(2)	
	<u>3,450</u>		<u>2,587</u>	
Net revenue before taxation	3,450		2,587	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>3,450</u>		<u>2,587</u>
Total return before distributions		8,454		(740)
Distributions		(3,450)		(2,587)
		<u></u>		<u></u>
Change in net assets attributable to Shareholders from investment activities		<u>5,004</u>		<u>(3,327)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		268,638		173,894
Amounts receivable on issue of shares	24,677		61,077	
Amounts payable on cancellation of shares	<u>(8,819)</u>		<u>(555)</u>	
		15,858		60,522
Change in net assets attributable to Shareholders from investment activities (see above)		5,004		(3,327)
Retained distributions on accumulation shares		1,235		1,557
		<u></u>		<u></u>
Closing net assets attributable to Shareholders		<u>290,735</u>		<u>232,646</u>

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.



## AXA Sterling Buy and Maintain Credit Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	285,057	257,538
Current assets:		
Debtors	3,890	3,582
Cash and bank balances	2,980	10,655
 Total assets	 <u>291,927</u>	 <u>271,775</u>
<b>Liabilities:</b>		
Investment liabilities	(13)	(292)
Creditors:		
Distribution payable	(1,119)	(1,095)
Other creditors	(60)	(1,750)
 Total liabilities	 <u>(1,192)</u>	 <u>(3,137)</u>
 Net assets attributable to Shareholders	 <u>290,735</u>	 <u>268,638</u>

## AXA Sterling Buy and Maintain Credit Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

#### First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 30 September 2019

	Net revenue (p)	Equalisation (p)	Distribution paid 29/11/19 (p)	Distribution paid 30/11/18 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.878	-	0.878	0.856
Group 2	0.318	0.560	0.878	0.856
<b>Share Class Z Gross Income</b>				
Group 1	0.664	-	0.664	0.664
Group 2	0.359	0.305	0.664	0.664

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2019

Group 2 Shares purchased on or after 1 October 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 28/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.842	-	0.842	0.849
Group 2	0.548	0.294	0.842	0.849
<b>Share Class Z Gross Income</b>				
Group 1	0.633	-	0.633	0.654
Group 2	0.429	0.204	0.633	0.654

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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 ICE BofAML 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. The ICE BofAML Sterling Broad Market index is designed to measure the performance of gilts and sterling non-gilt fixed interest securities. This index best represents the types of bonds in which the Fund predominantly invests.

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).

This Fund is actively managed in reference to the ICE BofAML Sterling Broad Market index, which may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 31 December 2019 (unaudited)



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).

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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.

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 - 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, the 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 their 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.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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 the 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 - assets of the 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 the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the 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 the 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 Sterling Strategic Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Investment Review

Our last report for the 12 months ending 30 June 2019 had seen the US-China trade war escalate and a softer period of economic growth, particularly within global manufacturing, which had seen monetary policy expectations shift lower. The original 29 March 2019 Brexit deadline had to be extended as an agreement in the UK parliament remained elusive, ultimately forcing Prime Minister (PM) Theresa May to resign.

These have continued to feature heavily over the latest six months.

As widely expected, Boris Johnson was chosen to succeed Theresa May as UK PM by Conservative Party members in July, populating his cabinet with a heavy bias towards pro-Brexit ministers. Committing to deliver Brexit by the 31 October deadline, no matter what, he claimed he wanted to leave the EU with a deal. MP's however, were clearly suspicious of the new PM's intentions given his previous preference for a hard Brexit, not helped by his decision to suspend parliament for five weeks from 9 September (subsequently ruled illegal). Fearing disastrous economic consequences of a no-deal Brexit, Parliament passed an opposition-led bill in September (backed by some Conservative MPs who were subsequently expelled from the party) to prevent such an outcome, forcing a further extension to 31 January 2020 if no deal was agreed.

The blocking of a harder Brexit option reinvigorated the need to get a deal done, rather than potentially no Brexit at all. In October, a deal was agreed between the UK and the EU, although concessions on the Irish border resulted in the loss of DUP support for the government, making parliamentary support difficult for the government. With time slipping away, the PM was forced to request an extension to Article 50 to the end of January 2020 as the law to ensure against a no-deal Brexit kicked in. MPs agreed to debate the Withdrawal Agreement Bill (WAB) in late October but rejected the three-day timetable. The PM called for a general election to end the political deadlock in Westminster, but sceptical MPs, including some from his own party, only agreed once confident a no-deal Brexit was off the table, setting a 12 December date. Although the election was not a straight vote on Brexit, the Conservative's committed Brexit stance wooed many traditional opposition Labour party voters, ensuring a large Conservative majority, thereby clearing the path for Brexit. A second referendum could have seen a 'Remain' outcome victorious, however, the Liberal Democrats, the only party committed to cancelling Brexit fared poorly, while Labour's Brexit stance was blurry. The WAB was subsequently passed, so the UK will formally leave the EU on 31 January. A new law to guarantee the transition period – where trade continues uninterrupted - does not extend beyond the end of 2020, has again raised the prospect of a no-deal Brexit, given scepticism a likely complicated trade deal can be negotiated in such a short period of time.

Face-to-face US-China trade talks resumed in July after breaking down in early May, but lasted only 24 hours, not helped by critical comments about China from the unpredictable President Trump as talks began. The trade war escalated in August as Trump, unhappy that trade talks were not progressing fast enough, slapped a new 10% tariff on \$300 billion of Chinese imports not already subject to US duties (\$250 billion at 25%) from 1 September. Part of this was subsequently delayed. China's retaliation later in the month, prompted the US to respond by increasing all previously announced tariffs increased by 5%. President Trump was more friendly towards China in September but was under the spotlight after whistle-blower allegations of improper conduct towards the Ukraine, that risked his impeachment. The tone surrounding talks became more positive although the extent of any agreement was scaled down from a broad trade deal to a 'Phase One' deal. This long-running saga was resolved in December when the two sides did agree this phase of the trade deal, with China committing to many structural changes and purchases of various American products, with the US not implementing further scheduled tariff increases, and offering small concessions on existing tariffs.

The US Federal Reserve (Fed) delivered its well flagged 25 basis points (bps) cut in US interest rates on the last day of July, reversing December's 25bps hike. Fed Chairman Powell viewed it as an insurance cut (against weaker global growth, trade tensions and muted inflation) and referred to similar mid-cycle adjustments in 1995 and 1998, suggesting this was not the start of a long series of rate cuts. The European Central Bank (ECB) suggested it too would likely cut rates in the coming months. Economic data remained soft, manufacturing in particular struggling given trade policies. Rates were cut as expected in the US and Europe in September in response, and the ECB announced it would restart quantitative easing (QE) in November, targeting €20 billion of monthly bond purchases. September also saw an attack on Saudi Arabian oil facilities, prompting oil prices to

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

temporarily spike as tensions in the Middle East increased. The Fed delivered its well-flagged third 25bps rate cut in October, suggesting a pause unless the economic backdrop changes significantly. Holding rates as expected in December, the Fed appeared less concerned about risks as it removed its reference to uncertainties in its statement. President Trump was impeached in December, but provoked little reaction, the next step being a trial in the Senate where his Republican party has the majority, making the two-thirds vote requirement for his conviction/removal difficult. The Bank of England held rates throughout, although in November two of its policy-setting members surprisingly voted to cut rates, at odds with the central bank's own forecast that suggest small hikes would be required to meet its inflation target.

Markets were in risk-off mode over the summer given softer economic growth, trade wars and heightened no-deal Brexit risks, with government bonds the safe-haven beneficiary. Yields shifted lower before reversing higher in September, as risk of a no-deal Brexit receded, only to move lower again following the Saudi oil attacks and second US rate cut. Yields spiked higher given the more positive backdrop on trade and Brexit, as well as hopes that growth was stabilising following central bank support, continuing to trend higher into year end. Ten-year gilt yields were a net 1bps lower over the period at 0.82%, but were as low as 0.41% in early September. Yield curve flattening (a decrease in the difference between short- and long-term rates for bonds of the same credit quality) over the summer given the chase for yield, was only partially unwound, with 30-year gilt yields 14bps lower at 1.33% over the six months, having been as low as 0.92%. The ICE Gilt Index produced a total return of +2.18%, with 0-5 years +0.30%, 5-15 years +0.78% and Over 15 years +3.64%.

Corporate bond supply picked after the summer lull, and was generally well received, although new issuance dried up as usual in the seasonally quiet December. The Bank of England's Corporate Bond Purchase Scheme reinvestment programme saw over £500 million invested into corporate bonds over several weeks from September. With the ECB restarting its QE programme in November, the technical backdrop (market conditions that affect demand, trade activity and the subsequent inflows and outflows of an asset class) is more supportive for corporate bonds generally, even if this does not affect sterling bonds directly. Risk markets had been underpinned by expectations of looser monetary policy, but turned more cautious in August given the increasing number of negative headlines. As macro concerns subsided, confidence in risk markets increased, with corporate bond spreads (yield premium over the relevant government bond) 16bps lower (adjusted for +6bps index rebalancing) at +114bps over the period. In addition to spread, returns from corporate bonds are also based on the move in underlying gilt yields, so combined with little change in gilt yields, corporate bond yields were 18bps lower at 1.94%, to give a total return on the ICE BofAML Sterling Non-Gilts Index of +2.99%. By rating band, moves were as expected in a more risk-on environment, with lower rated bonds outperforming, BBB's 30bps tighter at +170bps, while AAA rated spreads were 1bps wider at +41bps. Total returns were strongest for longer-dated corporate bonds, given the fall in long gilt yields, as well as high beta sectors due to tighter spreads. High-quality quasi-government and covered bond sectors lagged given limited spread tightening.

The AXA Sterling Strategic Bond Fund provided a total return of +1.97% (Z Acc, net of fees and gross of tax) during the 6 months to 31 December 2019.

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 continues to favour a small overweight in corporate bonds, encouraged extra yield in a global low yield environment and relatively supportive credit fundamentals, with an underweight in lower yielding gilts as a consequence. Wary of the outright low level of yields, the Fund has adopted a small short duration position relative to the index, in order to reduce the negative price impact from any move higher in yields. Many corporate bond purchases were new issues which we believed offered decent relative value, including bonds from Lloyds Bank Corporate markets (a new issuing entity from Lloyds), M&G, Rothesay Life, Euroclear Bank, Credit Agricole, BMW, Mass Mutual, Logicor (secured) and Daimler. Secondary market purchases (existing debt traded between investors) included bonds from Land Securities, Hastings, the AA and TSB. Sales were generally top slicing holdings to make room for purchases, although the extent of our overweight in corporate bonds was reduced to lock in some of the excess returns as spreads tightened.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

With much of the uncertainty (trade wars, its impact on global growth and Brexit) that cast a shadow over markets in 2019 now removed, coupled with the monetary policy support from central banks, there should be an improvement in economic data. Much of this good news, however, is already priced into markets. Government bond yields fell sharply for a substantial part of 2019 as monetary policy easing was priced in (as opposed to tightening expected at the start of the year) but have bounced from their summer lows. A further significant rise is unlikely, however, unless inflation spikes higher. Corporate bond spreads are relatively tight (expensive) as investors priced out recession risk on expectations (correctly so) of looser monetary policy. That said, corporate fundamentals should improve with a cyclical upturn, and investors are likely to continue to be attracted by the additional returns provided compared with very low-yielding government bonds. An economic downturn, viewed as unlikely, would be damaging for companies and see corporate bonds come under pressure. Meanwhile on the growth front, the re-elected Conservative government in the UK is expected to boost government spending in its March budget, while in Europe, the central bank continues to suggest that governments should look to loosen fiscal policy to complement the support it has provided with negative interest rates and QE, although to date they have been reluctant to do so. Negotiating the terms on which the UK will trade with the EU post Brexit will be a significant challenge, especially in the time allowed (i.e. by the end of 2020), suggesting continued uncertainty on investment in the UK and a continued drag on growth.

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

*Past performance is not a guide for future performance.*

#### Major Purchases

- UK Treasury 0.625% 07/06/25
- UK Treasury 0.875% 22/10/29
- Land Securities Capital Markets 1.974% 08/02/24
- TSB Banking 5.75% 06/05/26
- BMW International Investment 1.375% 01/10/24

#### Major Sales

- UK Treasury 2% 07/09/25
- UK Treasury 3.75% 22/07/52
- UK Treasury 1.75% 22/07/19
- UK Treasury 1.75% 07/09/22
- Admiral 5.5% 25/07/24

**Phil Roantree**

31 December 2019

AXA Investment Managers UK Limited



## AXA Sterling Strategic Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>GOVERNMENT BONDS 63.84% (30/06/19: 63.42%)</b>			
<b>United Kingdom 63.84% (30/06/19: 63.42%)</b>			
UK Treasury 0.625% 07/06/25	3,100,000	3,097	1.94
UK Treasury 0.875% 22/10/29	2,800,000	2,814	1.76
UK Treasury 1.25% 22/07/27	8,283,000	8,634	5.40
UK Treasury 1.5% 22/01/21	1,017,000	1,027	0.64
UK Treasury 1.5% 22/07/26	2,454,000	2,592	1.62
UK Treasury 1.5% 22/07/47	3,325,000	3,454	2.16
UK Treasury 1.75% 07/09/22	3,600,000	3,716	2.33
UK Treasury 2.25% 07/09/23	4,659,000	4,944	3.09
UK Treasury 2.5% 22/07/65	3,150,000	4,550	2.85
UK Treasury 2.75% 07/09/24	900,000	989	0.62
UK Treasury 3.25% 22/01/44	1,549,000	2,158	1.35
UK Treasury 3.5% 22/01/45	2,777,000	4,057	2.54
UK Treasury 3.5% 22/07/68	2,861,000	5,248	3.28
UK Treasury 3.75% 22/07/52	1,572,000	2,602	1.63
UK Treasury 4% 22/01/60	3,100,000	5,809	3.64
UK Treasury 4.25% 07/12/27	5,690,000	7,261	4.54
UK Treasury 4.25% 07/06/32	1,328,000	1,837	1.15
UK Treasury 4.25% 07/03/36	3,374,199	4,913	3.08
UK Treasury 4.25% 07/09/39	2,301,001	3,507	2.20
UK Treasury 4.25% 07/12/40	2,053,000	3,171	1.98
UK Treasury 4.25% 07/12/46	1,908,000	3,169	1.98
UK Treasury 4.25% 07/12/55	2,010,000	3,749	2.35
UK Treasury 4.5% 07/09/34	3,885,677	5,678	3.55
UK Treasury 4.5% 07/12/42	2,225,175	3,634	2.27
UK Treasury 4.75% 07/12/30	4,242,000	5,968	3.74
UK Treasury 4.75% 07/12/38	2,150,000	3,438	2.15
<b>TOTAL GOVERNMENT BONDS</b>		<b>102,016</b>	<b>63.84</b>
<b>CORPORATE BONDS 34.54% (30/06/19: 34.75%)</b>			
<b>Australia 0.69% (30/06/19: 1.06%)</b>			
APT Pipelines 4.25% 26/11/24	250,000	281	0.18
Scentre Trust 3.875% 16/07/26	375,000	416	0.26
Vicinity Centres Trust 3.375% 07/04/26	375,000	401	0.25
<b>Belgium 0.40% (30/06/19: 0.25%)</b>			
Anheuser-Busch InBev 4% 24/09/25	350,000	398	0.25
Euroclear Bank 1.25% 30/09/24	236,000	236	0.15
<b>Canada 0.50% (30/06/19: 0.49%)</b>			
Bank of Nova Scotia 0.75% 14/09/21	250,000	249	0.16
Royal Bank of Canada 1.125% 22/12/21	550,000	551	0.34
<b>Denmark 0.10% (30/06/19: 0.10%)</b>			
Orsted 2.125% 17/05/27	152,000	158	0.10
<b>France 3.65% (30/06/19: 3.47%)</b>			
Banque Federative du Credit Mutuel 2.25% 18/12/23	500,000	518	0.32
BNP Paribas 5.75% 24/01/22	500,000	543	0.34

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	Holding	Market Value £'000	% of Total Net Assets
BPCE 5.25% 16/04/29	600,000	740	0.46
CNP Assurances 7.375% 30/09/41	300,000	330	0.21
Credit Agricole 1.25% 02/10/24	400,000	398	0.25
Electricite de France 5.5% 17/10/41	400,000	581	0.36
Electricite de France 6% Perpetual	600,000	665	0.42
Engie 7% 30/10/28	400,000	579	0.36
Orange 5.75% Perpetual	600,000	663	0.42
SNCF Reseau 5.25% 31/01/35	350,000	507	0.32
Total Capital International 1.66% 22/07/26	300,000	304	0.19
<b>Germany 1.03% (30/06/19: 1.01%)</b>			
Deutsche Bahn Finance 1.875% 13/02/26	244,000	252	0.16
Deutsche Bahn Finance 3.125% 24/07/26	350,000	389	0.24
Kreditanstalt fuer Wiederaufbau 1.125% 07/12/21	1,000,000	1,006	0.63
<b>Ireland 0.51% (30/06/19: 0.48%)</b>			
GE Capital UK Funding Unlimited 8% 14/01/39	520,000	816	0.51
<b>Italy 0.32% (30/06/19: 0.32%)</b>			
FCA Bank Ireland 1.625% 29/09/21	513,000	513	0.32
<b>Jersey 1.48% (30/06/19: 1.22%)</b>			
AA Bond 2.75% 31/07/23	450,000	429	0.27
AA Bond 4.875% 31/07/24	298,000	304	0.19
CPUK Finance 3.69% 28/08/28	500,000	537	0.33
Hastings Finance 3% 24/05/25	500,000	495	0.31
Heathrow Funding 7.125% 14/02/24	500,000	605	0.38
<b>Luxembourg 0.00% (30/06/19: 0.17%)</b>			
<b>Netherlands 1.77% (30/06/19: 1.48%)</b>			
BMW International Investment 1.375% 01/10/24	500,000	496	0.31
Daimler International Finance 1.625% 11/11/24	200,000	199	0.12
Daimler International Finance 2% 04/09/23	400,000	406	0.25
E.ON International Finance 5.875% 30/10/37	500,000	731	0.46
Highbury Finance 7.017% 20/03/23	466,927	526	0.33
Koninklijke KPN 5.75% 17/09/29	391,000	474	0.30
<b>Spain 0.40% (30/06/19: 0.53%)</b>			
Abertis Infraestructuras 3.375% 27/11/26	200,000	210	0.13
Banco Santander 2.75% 12/09/23	200,000	209	0.13
Telefonica Emisiones 5.289% 09/12/22	200,000	223	0.14
<b>Supranational 1.09% (30/06/19: 1.06%)</b>			
European Investment Bank 4.5% 07/03/44	550,000	874	0.55
International Bank for Reconstruction & Development 4.875% 07/12/28	650,000	860	0.54
<b>Sweden 0.48% (30/06/19: 0.46%)</b>			
Svenska Handelsbanken 1.625% 18/06/22	375,000	380	0.24
Swedbank 1.625% 28/12/22	375,000	378	0.24

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	Holding	Market Value £'000	% of Total Net Assets
<b>Switzerland 0.12% (30/06/19: 0.11%)</b>			
Credit Suisse 2.125% 12/09/25	182,000	185	0.12
<b>United Arab Emirates 0.28% (30/06/19: 0.27%)</b>			
DP World 4.25% 25/09/30	400,000	444	0.28
<b>United Kingdom 17.98% (30/06/19: 17.92%)</b>			
ABP Finance 6.25% 14/12/26	500,000	616	0.39
Anglian Water Services Financing 4.5% 22/02/26	600,000	665	0.42
Bank of Scotland 4.875% 20/12/24	500,000	585	0.37
Barclays 3% 08/05/26	250,000	262	0.16
BP Capital Markets 1.827% 08/09/25	156,000	160	0.10
British Telecommunications 3.125% 21/11/31	250,000	266	0.17
Cadent Finance 2.125% 22/09/28	630,000	639	0.40
Centrica 5.25% 10/04/75	300,000	320	0.20
Close Brothers 4.25% 24/01/27	349,000	365	0.23
Compass 3.85% 26/06/26	550,000	635	0.40
Connect Plus M25 Issuer 2.607% 31/03/39	252,621	275	0.17
Co-Operative Bank 4.75% 11/11/21	45,000	47	0.03
Eastern Power Networks 4.75% 30/09/21	250,000	266	0.17
Firstgroup 8.75% 08/04/21	600,000	650	0.41
Greene King Finance 3.593% 15/03/35	467,000	505	0.32
Hammerson 3.5% 27/10/25	250,000	256	0.16
HSBC Bank 5.375% 22/08/33	573,000	742	0.46
Intu Metrocentre Finance 4.125% 06/12/23	500,000	458	0.29
Intu SGS Finance 4.25% 17/09/30	400,000	343	0.21
Investec Bank 4.25% 24/07/28	400,000	411	0.26
Land Securities Capital Markets 1.974% 08/02/24	500,000	509	0.32
Land Securities Capital Markets 2.375% 29/03/27	141,000	147	0.09
LCR Finance 4.5% 07/12/28	550,000	707	0.44
Legal & General 5.375% 27/10/45	563,000	639	0.40
Lloyds Bank 1.75% 31/03/22	500,000	508	0.32
Lloyds Bank 1.75% 11/07/24	283,000	285	0.18
Lloyds Bank 7.625% 22/04/25	884,000	1,127	0.70
Logicor 1.875% 17/11/26	223,000	223	0.14
Marston's Issuer 3.30238% 15/07/35	884,000	720	0.45
Mitchells & Butlers Finance 5.965% 15/12/23	463,549	493	0.31
NIE Finance 6.375% 02/06/26	565,000	721	0.45
Northern Gas Networks Finance 5.625% 23/03/40	500,000	752	0.47
Northumbrian Water Finance 1.625% 11/10/26	425,000	422	0.26
Places For People Treasury 2.875% 17/08/26	719,000	739	0.46
Provident Financial 7% 04/06/23	248,000	257	0.16
M&G 5.625% 20/10/51	400,000	457	0.29
Quadgas Finance 3.375% 17/09/29	250,000	259	0.16
RL Finance Bonds No. 2 6.125% 30/11/43	500,000	566	0.35
Royal Bank of Scotland 3.125% 28/03/27	206,000	218	0.14
Santander UK 2.92% 08/05/26	500,000	522	0.33
Scottish Widows 5.5% 16/06/23	300,000	334	0.21
Scottish Widows 7% 16/06/43	300,000	413	0.26
Severn Trent Utilities Finance 1.625% 04/12/22	297,000	301	0.19
Southern Gas Networks 3.1% 15/09/36	273,000	302	0.19

## AXA Sterling Strategic Bond Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
SSE 3.875% Perpetual	500,000	504	0.31
Stagecoach 4% 29/09/25	326,000	347	0.22
Standard Chartered 5.125% 06/06/34	400,000	481	0.30
Student Finance 2.6663% 30/09/24	618,000	618	0.39
Telereal Securitisation 4.0902% 10/12/33	500,000	515	0.32
Telereal Securitisation 5.5653% 10/12/31	363,340	433	0.27
Tesco Property Finance 3 5.744% 13/04/40	628,039	814	0.51
Thames Water Utilities Finance 4% 19/06/25	500,000	555	0.35
Tritax Big Box REIT 2.625% 14/12/26	500,000	514	0.32
TSB Banking 5.75% 06/05/26	500,000	512	0.32
United Utilities Water Finance 2% 14/02/25	500,000	513	0.32
Vodafone 3% 12/08/56	250,000	249	0.16
Western Power Distribution South West 5.75% 23/03/40	500,000	755	0.47
Wheatley Capital 4.375% 28/11/44	450,000	582	0.36
Wm Morrison Supermarkets 4.75% 04/07/29	600,000	726	0.45
Yorkshire Building Society 3.375% 13/09/28	500,000	511	0.32
<b>United States 3.74% (30/06/19: 4.35%)</b>			
American Honda Finance 1.3% 21/03/22	473,000	475	0.30
AT&T 5.2% 18/11/33	700,000	889	0.55
BAT Capital 2.125% 15/08/25	400,000	398	0.25
Berkshire Hathaway Finance 2.375% 19/06/39	500,000	524	0.33
Citigroup 7.375% 01/09/39	400,000	702	0.44
Digital Stout 3.75% 17/10/30	450,000	500	0.31
Digital Stout 4.75% 13/10/23	100,000	111	0.07
Discovery Communications 2.5% 20/09/24	185,000	189	0.12
Fidelity National Information Services 2.602% 21/05/25	100,000	105	0.06
Fidelity National Information Services 3.36% 21/05/31	250,000	274	0.17
MassMutual Global Funding II 1.375% 15/12/26	367,000	365	0.23
Tennessee Valley Authority 5.625% 07/06/32	600,000	860	0.54
Washington Mutual Bank 5.5% 10/06/19^	550,000	-	-
Wells Fargo 2.125% 22/04/22	575,000	587	0.37
<b>TOTAL CORPORATE BONDS</b>		<b>55,154</b>	<b>34.54</b>
<b>FUTURES 0.05% (30/06/19: (0.06%))</b>			
<b>United Kingdom 0.05% (30/06/19: (0.06%))</b>			
Long Gilt Futures March 2020	(65)	79	0.05
<b>TOTAL FUTURES</b>		<b>79</b>	<b>0.05</b>
Portfolio of investments		157,249	98.43
Net other assets		2,514	1.57
<b>Total net assets</b>		<b>159,763</b>	<b>100.00</b>

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

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

At 31 December 2019, there were no investments in the fund which were valued using a quote from a single broker (30/06/19: £nil).

## AXA Sterling Strategic Bond Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	B Gross Accumulation			B Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	120.14	117.45	111.77	111.71	110.15	106.72
Closing net asset value (£) †	46,545,715	47,962,875	34,223,614	582,539	575,592	311,245
Closing number of shares	38,743,164	40,837,214	30,619,867	521,460	522,547	291,647
Operating charges^	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%

	H Gross Accumulation		
	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	168.42	164.31	155.81
Closing net asset value (£) †	8,421	8,215	7,791
Closing number of shares	5,000	5,000	5,000
Operating charges^	0.03%	0.03%	0.03%

	R Gross Accumulation			R Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	143.73	141.12	135.44	99.88	98.49	95.42
Closing net asset value (£) †	2,080,749	2,293,724	717,500	57,120	63,420	4,875
Closing number of shares	1,447,653	1,625,350	529,753	57,188	64,395	5,109
Operating charges^	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	176.22	172.36	164.19	113.31	111.73	108.25
Closing net asset value (£) †	110,335,683	111,630,235	114,737,185	153,045	138,889	4,966
Closing number of shares	62,612,311	64,765,230	69,880,518	135,062	124,310	4,587
Operating charges^	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%

† Valued at bid-market prices.

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

## AXA Sterling Strategic Bond Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		2,401		(2,118)
Revenue	1,763		1,934	
Expenses	(424)		(445)	
Interest payable and similar charges	-		-	
Net revenue before taxation	1,339		1,489	
Taxation	-		-	
Net revenue after taxation		1,339		1,489
Total return before distributions		3,740		(629)
Distributions		(1,339)		(1,489)
Change in net assets attributable to Shareholders from investment activities		2,401		(2,118)

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		162,673		181,599
Amounts receivable on issue of shares	5,613		979	
Amounts payable on cancellation of shares	(12,239)		(19,003)	
		(6,626)		(18,024)
Change in net assets attributable to Shareholders from investment activities (see above)		2,401		(2,118)
Retained distributions on accumulation shares		1,315		1,443
Closing net assets attributable to Shareholders		159,763		162,900

The above statement shows the comparative closing net assets at 31 December 2019 whereas the current accounting period commenced 1 July 2019.

## AXA Sterling Strategic Bond Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	157,249	159,689
Current assets:		
Debtors	1,334	1,450
Cash and bank balances	1,524	2,092
 Total assets	 <u>160,107</u>	 <u>163,231</u>
<b>Liabilities:</b>		
Investment liabilities	-	(97)
Creditors:		
Distribution payable	(3)	(3)
Other creditors	(341)	(458)
 Total liabilities	 <u>(344)</u>	 <u>(558)</u>
 Net assets attributable to Shareholders	 <u>159,763</u>	 <u>162,673</u>

## AXA Sterling Strategic Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 30 September 2019

	Net revenue (p)	Equalisation (p)	Distribution paid 29/11/19 (p)	Distribution paid 30/11/18 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.534	-	0.534	0.489
Group 2	0.260	0.274	0.534	0.489
<b>Share Class B Gross Income</b>				
Group 1	0.501	-	0.501	0.467
Group 2	0.501	-	0.501	0.467
<b>Share Class H Gross Accumulation</b>				
Group 1	0.918	-	0.918	0.825
Group 2	0.918	-	0.918	0.825
<b>Share Class R Gross Accumulation</b>				
Group 1	0.323	-	0.323	0.305
Group 2	0.138	0.185	0.323	0.305
<b>Share Class R Gross Income</b>				
Group 1	0.226	-	0.226	0.212
Group 2	0.121	0.105	0.226	0.212
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.738	-	0.738	0.678
Group 2	0.400	0.338	0.738	0.678
<b>Share Class Z Gross Income</b>				
Group 1	0.479	-	0.479	0.445
Group 2	0.248	0.231	0.479	0.445



## AXA Sterling Strategic Bond Fund

### Distribution Tables

As at 31 December 2019 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2019

Group 2 Shares purchased on or after 1 October 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 28/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.509	-	0.509	0.523
Group 2	0.264	0.245	0.509	0.523
<b>Share Class B Gross Income</b>				
Group 1	0.475	-	0.475	0.497
Group 2	0.475	-	0.475	0.497
<b>Share Class H Gross Accumulation</b>				
Group 1	0.899	-	0.899	0.879
Group 2	0.899	-	0.899	0.879
<b>Share Class R Gross Accumulation</b>				
Group 1	0.299	-	0.299	0.339
Group 2	0.293	0.006	0.299	0.339
<b>Share Class R Gross Income</b>				
Group 1	0.209	-	0.209	0.241
Group 2	0.114	0.095	0.209	0.241
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.702	-	0.702	0.726
Group 2	0.437	0.265	0.702	0.726
<b>Share Class Z Gross Income</b>				
Group 1	0.453	-	0.453	0.469
Group 2	0.260	0.193	0.453	0.469

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### Investment Objective

The aim of the Fund is to generate income by investing in high yield debt securities (being sub-investment grade corporate bonds) while seeking to avoid the risk of default.

#### Investment Policy

The Fund aims to deliver a return by investing generally (meaning at least 60 per cent of its assets) in high yield bonds (being sub-investment grade corporate bonds) with a bias towards shorter maturities (where the full repayment of the bond by the company is expected to be less than three years), issued primarily by companies with their predominant place of business in the US.

The Fund may also invest in such bonds denominated in US Dollars and issued by non-US companies. The ACD seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds. The Fund does not have a benchmark. ICE BofAML British Pound 3-Month Deposit Bid Rate Average Index (L5BP) may be used by investors to compare the Fund's performance.

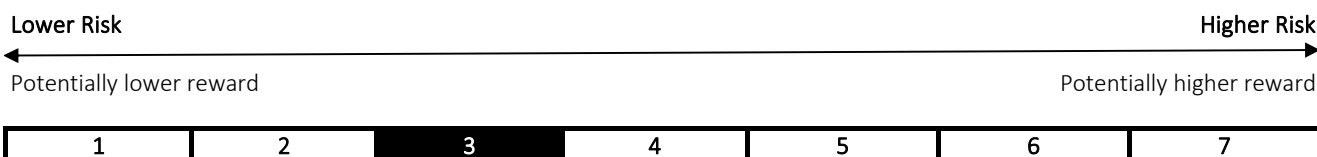
The Fund may also invest in other transferable securities (including, but not limited to, high yield debt securities, investment grade debt securities, convertibles, tbbills), cash, deposits, units in collective investment schemes (including those that are operated by the ACD) and money market instruments. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority Rules.

The Fund is actively managed. It is not managed in reference to any benchmark.

#### Risk and Reward Profile

As at 31 December 2019 (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.



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 levels of variation, which may result in gains or losses.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

#### 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.

- **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.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

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, the 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** - assets of the 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 US Short Duration High Yield Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (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

Over the six months to 31 December 2019, the US high yield market posted a positive return of +3.86%, as measured by the ICE BofAML US High Yield Index. Every month during the second half of 2019 posted a positive return. Returns for the period were driven by multiple rate cuts by the US Federal Reserve, improved sentiment regarding a US-China trade agreement, and heavier-than-normal new issue supply. Flows into the high yield market were positive in the second half of 2019, with \$6.9 billion for the period. On a quarterly basis, inflows were \$3.1 billion in the third quarter, followed by \$3.8 billion in the fourth quarter. The high yield primary market (companies issuing new debt) priced \$146.1 billion of new issuances in the second half of 2019, up 147% from the \$59.1 billion priced during the same period in 2018. There was \$18.4 billion of high yield default volume during the period, up from \$4.7 billion of high yield default volume in the same period in 2018. The par-weighted high yield default rate as of 31 December 2019 was +2.63%, up from +1.46% at the beginning of the period.

For the second half of 2019, US high yield underperformed US equities (S&P 500 +10.92%) and US investment grade corporates (+4.25%) but outperformed US treasuries (+1.60%). Within US high yield, returns were driven by the higher end of the credit quality spectrum, as BB rated credits (+4.48%) outperformed B rated credits (+4.09%) and CCC and-lower-rated credits (+0.47%). From a sector perspective, all but one of the 18 industry sectors posted positive total returns for the period. On a relative basis, insurance (+9.12%), banking (+6.89%) and automotive (+6.70%) were the best-performing sectors, while energy (-1.81%), telecommunications (+3.68%) and services (+3.92%) were the worst-performing sectors. During the second half of 2019, the High Yield Index's Option Adjusted Spread (yield premium over the relevant government bond) tightened from 407 basis points (bps) as of 30 June 2019 to 360bps as of 31 December 2019, a decrease of 47bps. The High Yield Index's yield-to-worst ended the period at 5.41%, compared to 6.06% at the start of the period. The High Yield Index's average price was \$100.74 on 31 December 2019, \$1.83 higher than the \$98.91 average price at the start of the period.

AXA US Short Duration High Yield Fund performed well during the six-month period ending 31 December 2019, generating a modest return (gross USD) and capturing roughly 70% of the overall market's +3.86% return. Performance benefited from our up-in-quality positioning and our positioning and security selection within the energy sector, offset by the shorter duration nature of our holdings (a measure of the sensitivity of a bond's price to a change of interest rates). During the second half of 2019, the yield-to-worst of the Fund (exclusive of cash) tightened by 83bps to 3.19%, while the overall market yield tightened by 65bps to 5.41%. The Option Adjusted Spread of the Fund tightened by 46bps to 156bps. The overall Fund duration (using a calculation of modified duration-to-worst) decreased from 1.1 to 0.9, while the market duration decreased from 3.4 to 3.0.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the six months ended 31 December 2019 (unaudited)

Position count increased during the second half of 2019 and 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 year-end, a 1.3% position, was Nielsen Finance LLC. As of 31 December 2019, approximately 52% of the portfolio was invested in securities in excess of three years, but which we expect to be redeemed early. This is up roughly 1% from 30 June as we still believe that the yield-to-call bonds offer attractive relative value. Market technicals (market conditions that affect demand, trading activity and the subsequent inflows and outflows of an asset class) remain positive overall, although were a bit mixed during the second half of 2019 as flows were positive, partially offset by an active primary market. New issuance remains predominately focused on refinancings, and we expect companies to continue to opportunistically refinance debt maturing in excess of three years. Coupled with still healthy corporate fundamentals and a benign default rate, the backdrop for AXA US Short Duration High Yield Fund remains supportive.

*All performance data source: AXA Investment Managers and Bloomberg.*

*Past performance is not a guide to future performance.*

#### Major Purchases

- JBS USA Finance 5.875% 15/07/24
- Tenet Healthcare 4.625% 01/09/24
- UPCB Finance IV 5.375% 15/01/25
- Centene 4.75% 15/01/25
- Sprint Communications 11.5% 15/11/21

#### Major Sales

- Prestige Brands 5.375% 15/12/21
- DaVita 5.75% 15/08/22
- Scientific Games International 10% 01/12/22
- Alliance Data Systems 5.875% 01/11/21
- TransDigm 6% 15/07/22

**Carl Whitbeck**

31 December 2019

AXA Investment Managers UK Limited

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 92.65% (30/06/19: 98.29%)</b>			
<b>Austria 0.46% (30/06/19: 0.38%)</b>			
JBS Investments 6.25% 05/02/23	4,500,000	3,438	0.46
<b>Bermuda 0.05% (30/06/19: 0.54%)</b>			
Aircastle 5.125% 15/03/21	385,000	301	0.04
Aircastle 7.625% 15/04/20	130,000	100	0.01
<b>Canada 4.27% (30/06/19: 4.64%)</b>			
Bausch Health 6.5% 15/03/22	3,099,000	2,396	0.32
Bausch Health 7% 15/03/24	2,655,000	2,095	0.28
Bombardier 5.75% 15/03/22	5,615,000	4,390	0.58
Bombardier 8.75% 01/12/21	10,675,000	8,856	1.17
Brookfield Residential Properties 6.125% 01/07/22	1,215,000	935	0.12
GFL Environmental 5.625% 01/05/22	3,919,000	3,019	0.40
New Red Finance 4.25% 15/05/24	2,473,000	1,924	0.26
New Red Finance 5% 15/10/25	3,645,000	2,860	0.38
NOVA Chemicals 5.25% 01/08/23	6,221,000	4,804	0.64
Videotron 5% 15/07/22	1,105,000	883	0.12
<b>Cayman Islands 3.39% (30/06/19: 2.71%)</b>			
Avolon 5.25% 15/05/24	3,871,000	3,199	0.43
Nexteer Automotive 5.875% 15/11/21	6,956,000	5,357	0.71
Park Aerospace 3.625% 15/03/21	6,885,000	5,283	0.70
Park Aerospace 5.25% 15/08/22	5,414,000	4,367	0.58
UPCB Finance IV 5.375% 15/01/25	9,400,000	7,316	0.97
<b>Finland 0.05% (30/06/19: 0.06%)</b>			
Nokia 3.375% 12/06/22	529,000	405	0.05
<b>Ireland 1.12% (30/06/19: 0.45%)</b>			
Ardagh Packaging Finance 4.25% 15/09/22	4,150,000	3,173	0.42
Ardagh Packaging Finance 6% 15/02/25	6,635,000	5,268	0.70
<b>Luxembourg 0.79% (30/06/19: 1.09%)</b>			
INEOS 5.625% 01/08/24	1,625,000	1,263	0.17
Nielsen Luxembourg 5.5% 01/10/21	6,190,000	4,710	0.62
<b>Netherlands 0.63% (30/06/19: 0.32%)</b>			
Fiat Chrysler Automobiles 4.5% 15/04/20	1,110,000	846	0.11
NXP 4.125% 01/06/21	1,859,000	1,443	0.19
Ziggo Bond 5.875% 15/01/25	3,135,000	2,444	0.33
<b>Norway 0.95% (30/06/19: 0.27%)</b>			
Aker BP 4.75% 15/06/24	9,110,000	7,155	0.95
<b>United Kingdom 1.30% (30/06/19: 1.40%)</b>			
International Game Technology 6.25% 15/02/22	7,540,000	6,021	0.80
Virgin Media Finance 5.75% 15/01/25	1,020,000	795	0.10
Virgin Media Finance 6% 15/10/24	3,850,000	3,002	0.40

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
<b>United States 79.64% (30/06/19: 86.43%)</b>			
Acadia Healthcare 5.625% 15/02/23	3,400,000	2,616	0.35
Acadia Healthcare 6.5% 01/03/24	1,137,000	891	0.12
ACCO Brands 5.25% 15/12/24	1,230,000	970	0.13
ADT Security 4.125% 15/06/23	1,780,000	1,390	0.18
ADT Security 6.25% 15/10/21	7,720,000	6,195	0.82
AECOM 5.875% 15/10/24	1,880,000	1,576	0.21
AECOM Global II 5% 01/04/22	4,645,000	3,640	0.48
AES 4% 15/03/21	2,667,000	2,047	0.27
AES 4.875% 15/05/23	748,000	574	0.08
Albertsons 6.625% 15/06/24	4,119,000	3,258	0.43
Alliance Data Systems 4.75% 15/12/24	6,542,000	4,947	0.66
Ally Financial 4.125% 30/03/20	1,222,000	929	0.12
Aramark Services 5% 01/04/25	2,575,000	2,040	0.27
Aramark Services 5.125% 15/01/24	4,995,000	3,884	0.52
Ashland 4.75% 15/08/22	4,140,000	3,275	0.43
Avanos Medical 6.25% 15/10/22	3,186,000	2,445	0.32
Avantor 6% 01/10/24	1,476,000	1,194	0.16
B&G Foods 5.25% 01/04/25	4,668,000	3,645	0.48
Ball 4.375% 15/12/20	169,000	130	0.02
Berry Global 5.125% 15/07/23	1,715,000	1,331	0.18
Berry Global 5.5% 15/05/22	6,870,000	5,260	0.70
Berry Global 6% 15/10/22	6,199,000	4,781	0.63
Blue Cube Spinco 9.75% 15/10/23	4,115,000	3,352	0.44
Blue Racer Midstream 6.125% 15/11/22	7,709,000	5,725	0.76
Boyd Gaming 6.375% 01/04/26	235,000	191	0.03
CCO 5.125% 15/02/23	7,489,000	5,733	0.76
CCO 5.125% 01/05/23	295,000	228	0.03
CCO 5.25% 30/09/22	4,125,000	3,158	0.42
CCO 5.75% 01/09/23	9,445,000	7,285	0.97
CCO 5.875% 01/04/24	5,415,000	4,250	0.56
Centene 4.75% 15/01/25	9,254,000	7,260	0.96
Centene 6.125% 15/02/24	4,924,000	3,873	0.51
Central Garden & Pet 6.125% 15/11/23	8,861,000	6,935	0.92
CenturyLink 5.625% 01/04/20	4,655,000	3,546	0.47
CenturyLink 5.8% 15/03/22	1,185,000	943	0.13
CenturyLink 6.75% 01/12/23	3,830,000	3,237	0.43
Change Healthcare 5.75% 01/03/25	5,709,000	4,457	0.59
Cinemark USA 4.875% 01/06/23	988,000	761	0.10
Cinemark USA 5.125% 15/12/22	10,671,000	8,159	1.08
CIT 4.125% 09/03/21	2,115,000	1,630	0.22
CNH Industrial Capital 4.375% 06/11/20	305,000	235	0.03
Cogent Communications 5.375% 01/03/22	6,641,000	5,254	0.70
CommScope 5% 15/06/21	2,424,000	1,836	0.24
CommScope 5.5% 01/03/24	8,996,000	7,100	0.94
Continental Resources 5% 15/09/22	3,041,000	2,318	0.31
Crestwood Midstream Partners 6.25% 01/04/23	6,118,000	4,711	0.63
CSC 5.375% 15/07/23	2,870,000	2,227	0.30
DAE Funding 4% 01/08/20	6,397,000	4,873	0.65
DAE Funding 4.5% 01/08/22	7,661,000	5,887	0.78



## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
DAE Funding 5% 01/08/24	1,990,000	1,582	0.21
DAE Funding 5.25% 15/11/21	2,384,000	1,875	0.25
DAE Funding 5.75% 15/11/23	8,715,000	6,919	0.92
Dell International 4.42% 15/06/21	1,081,000	842	0.11
Dell International 5.875% 15/06/21	9,647,000	7,418	0.98
Dell International 7.125% 15/06/24	5,820,000	4,649	0.62
DISH DBS 5.125% 01/05/20	5,025,000	3,833	0.51
DISH DBS 6.75% 01/06/21	7,309,000	5,810	0.77
Eagle 7.75% 15/05/22	7,059,000	5,426	0.72
Edgewell Personal Care 4.7% 19/05/21	875,000	677	0.09
Edgewell Personal Care 4.7% 24/05/22	7,596,000	5,966	0.79
Eldorado Resorts 6% 01/04/25	1,275,000	1,014	0.13
Eldorado Resorts 7% 01/08/23	5,811,000	4,575	0.61
EMC 2.65% 01/06/20	1,162,000	878	0.12
Energizer 5.5% 15/06/25	1,022,000	800	0.11
Equinix 5.375% 01/01/22	4,150,000	3,184	0.42
ESH Hospitality 5.25% 01/05/25	2,865,000	2,245	0.30
First Quality Finance 5% 01/07/25	2,573,000	2,031	0.27
General Motors Financial 4.375% 25/09/21	230,000	180	0.02
Genesis Energy 6.75% 01/08/22	4,626,000	3,537	0.47
GLP Capital 4.375% 15/04/21	1,206,000	931	0.12
Gray Television 5.125% 15/10/24	2,765,000	2,174	0.29
Group 1 Automotive 5% 01/06/22	395,000	303	0.04
Group 1 Automotive 5.25% 15/12/23	3,545,000	2,758	0.37
HCA 7.5% 15/02/22	3,350,000	2,803	0.37
HCA Healthcare 6.25% 15/02/21	4,740,000	3,745	0.50
Hill-Rom 5% 15/02/25	770,000	606	0.08
Holly Energy Partners 6% 01/08/24	645,000	509	0.07
Hughes Satellite Systems 7.625% 15/06/21	510,000	413	0.05
Icahn Enterprises 6.25% 01/02/22	9,076,000	7,001	0.93
Icahn Enterprises 6.75% 01/02/24	3,215,000	2,525	0.34
Informatica 7.125% 15/07/23	4,650,000	3,573	0.47
Iron Mountain 5.75% 15/08/24	545,000	417	0.06
Iron Mountain 6% 15/08/23	3,670,000	2,837	0.38
Jaguar 6.375% 01/08/23	11,615,000	9,079	1.20
JBS USA Finance 5.75% 15/06/25	1,760,000	1,375	0.18
JBS USA Finance 5.875% 15/07/24	10,375,000	8,056	1.07
Kraft Heinz Foods 4.875% 15/02/25	4,410,000	3,431	0.46
L Brands 6.625% 01/04/21	3,342,000	2,650	0.35
Lamar Media 5% 01/05/23	1,640,000	1,262	0.17
Lamar Media 5.375% 15/01/24	2,885,000	2,230	0.30
Lennar 2.95% 29/11/20	1,015,000	770	0.10
Lennar 4.125% 15/01/22	3,860,000	2,992	0.40
Lennar 4.75% 01/04/21	1,035,000	803	0.11
Lennar 6.625% 01/05/20	172,000	132	0.02
Lennar 8.375% 15/01/21	1,413,000	1,131	0.15
Level 3 Financing 5.125% 01/05/23	2,420,000	1,851	0.25
Level 3 Financing 5.375% 15/08/22	7,553,000	5,735	0.76
Level 3 Financing 5.375% 15/01/24	990,000	762	0.10
Levi Strauss & Co 5% 01/05/25	225,000	176	0.02

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Lions Gate Capital 5.875% 01/11/24	5,470,000	4,162	0.55
Lions Gate Capital 6.375% 01/02/24	7,095,000	5,485	0.73
Live Nation Entertainment 4.875% 01/11/24	2,036,000	1,595	0.21
LTF Merger Sub 8.5% 15/06/23	8,520,000	6,579	0.87
Mausser Packaging Solutions 5.5% 15/04/24	5,985,000	4,667	0.62
Moog 5.25% 01/12/22	4,901,000	3,764	0.50
MSCI 5.25% 15/11/24	614,000	478	0.06
NCR 5% 15/07/22	465,000	356	0.05
NCR 6.375% 15/12/23	1,463,000	1,135	0.15
Netflix 5.375% 01/02/21	2,170,000	1,694	0.22
Netflix 5.5% 15/02/22	4,280,000	3,439	0.46
New Enterprise Stone & Lime 10.125% 01/04/22	2,105,000	1,687	0.22
Nexstar Broadcasting 5.625% 01/08/24	7,525,000	5,939	0.79
NGPL PipeCo 4.375% 15/08/22	2,681,000	2,108	0.28
Nielsen Finance 4.5% 01/10/20	8,940,000	6,785	0.90
Nielsen Finance 5% 15/04/22	12,397,000	9,409	1.25
NortonLifeLock 3.95% 15/06/22	1,590,000	1,234	0.16
NortonLifeLock 5% 15/04/25	1,230,000	951	0.13
Outfront Media Capital 5.625% 15/02/24	1,205,000	935	0.12
Owens-Brockway Glass Container 5% 15/01/22	7,280,000	5,721	0.76
Owens-Brockway Glass Container 5.875% 15/08/23	2,720,000	2,204	0.29
Parsley Energy 6.25% 01/06/24	4,626,000	3,651	0.48
Penske Automotive 3.75% 15/08/20	3,970,000	3,036	0.40
Penske Automotive 5.375% 01/12/24	270,000	210	0.03
Penske Automotive 5.75% 01/10/22	3,347,000	2,572	0.34
Performance Food 5.5% 01/06/24	1,175,000	912	0.12
Pilgrim's Pride 5.75% 15/03/25	2,707,000	2,111	0.28
PQ 6.75% 15/11/22	8,881,000	6,950	0.92
Prime Security Services Borrower 9.25% 15/05/23	9,253,000	7,341	0.97
PulteGroup 4.25% 01/03/21	4,061,000	3,128	0.42
QEP Resources 6.875% 01/03/21	3,550,000	2,751	0.36
Realogy 5.25% 01/12/21	9,135,000	7,002	0.93
Reynolds 5.125% 15/07/23	3,611,000	2,802	0.37
Reynolds 5.33125% 15/07/21	9,395,000	7,121	0.94
Reynolds 5.75% 15/10/20	5,615,979	4,257	0.56
Reynolds 7% 15/07/24	6,195,000	4,848	0.64
RHP Hotel Properties 5% 15/04/23	990,000	764	0.10
SBA Communications 4% 01/10/22	2,523,000	1,943	0.26
SBA Communications 4.875% 15/07/22	7,365,000	5,643	0.75
Scientific Games International 5% 15/10/25	4,562,000	3,622	0.48
Sealed Air 4.875% 01/12/22	1,487,000	1,192	0.16
Sealed Air 5.25% 01/04/23	1,153,000	930	0.12
Service 5.375% 15/05/24	4,505,000	3,513	0.47
Sinclair Television 5.625% 01/08/24	6,420,000	5,004	0.66
Sinclair Television 5.875% 15/03/26	1,667,000	1,327	0.18
Sirius XM Radio 3.875% 01/08/22	7,381,000	5,707	0.76
Sirius XM Radio 4.625% 15/05/23	730,000	562	0.07
Sirius XM Radio 4.625% 15/07/24	3,278,000	2,603	0.35
Sirius XM Radio 5.375% 15/04/25	4,621,000	3,615	0.48
Solera 10.5% 01/03/24	11,085,000	8,906	1.18

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

	Holding	Market Value £'000	% of Total Net Assets
Sophia 9% 30/09/23	6,202,000	4,824	0.64
Southern Star Central 5.125% 15/07/22	6,850,000	5,231	0.69
Sprint 7.25% 15/09/21	10,685,000	8,554	1.14
Sprint Communications 7% 01/03/20	3,397,000	2,585	0.34
Sprint Communications 11.5% 15/11/21	10,580,000	9,151	1.21
Standard Industries 5.375% 15/11/24	1,540,000	1,198	0.16
Standard Industries 5.5% 15/02/23	5,453,000	4,200	0.56
Standard Industries 6% 15/10/25	2,915,000	2,324	0.31
Steel Dynamics 5.125% 01/10/21	4,480,000	3,395	0.45
Steel Dynamics 5.5% 01/10/24	3,131,000	2,442	0.32
Summit Materials 6.125% 15/07/23	3,402,000	2,624	0.35
Sunoco 4.875% 15/01/23	6,147,000	4,758	0.63
Targa Resources Partners 5.25% 01/05/23	7,154,000	5,470	0.73
Taylor Morrison Communities 5.875% 15/04/23	581,000	474	0.06
TEGNA 4.875% 15/09/21	1,545,000	1,171	0.16
TEGNA 5.5% 15/09/24	2,511,000	1,968	0.26
TEGNA 6.375% 15/10/23	3,426,000	2,675	0.35
Tenet Healthcare 4.625% 15/07/24	2,845,000	2,209	0.29
Tenet Healthcare 4.625% 01/09/24	10,179,000	8,034	1.07
T-Mobile USA 4% 15/04/22	906,000	702	0.09
T-Mobile USA 6% 01/03/23	4,305,000	3,318	0.44
TreeHouse Foods 6% 15/02/24	3,745,000	2,938	0.39
Unisys 10.75% 15/04/22	5,205,000	4,236	0.56
Univision Communications 6.75% 15/09/22	10,928,000	8,377	1.11
Valvoline 5.5% 15/07/24	480,000	377	0.05
VeriSign 4.625% 01/05/23	4,545,000	3,497	0.46
Watco 6.375% 01/04/23	8,780,000	6,747	0.90
Welbilt 9.5% 15/02/24	5,202,000	4,175	0.55
WESCO Distribution 5.375% 15/12/21	1,550,000	1,176	0.16
WESCO Distribution 5.375% 15/06/24	1,130,000	888	0.12
WMG Acquisition 5% 01/08/23	995,000	770	0.10
WPX Energy 6% 15/01/22	1,885,000	1,477	0.20
WPX Energy 8.25% 01/08/23	2,355,000	2,050	0.27
WR Grace & Co-Conn 5.125% 01/10/21	5,780,000	4,560	0.61
Zayo 6% 01/04/23	10,179,000	7,888	1.05
ZF North America Capital 4% 29/04/20	1,093,000	831	0.11
<b>TOTAL CORPORATE BONDS</b>		<b>698,345</b>	<b>92.65</b>

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 31 December 2019 (unaudited)

#### FORWARD CURRENCY CONTRACTS 2.11% (30/06/19: (1.74%))

Sold USD323,726,145 for GBP252,001,000 Settlement 21/01/20

Sold USD324,884,055 for GBP252,266,202 Settlement 18/02/20

Sold USD315,481,348 for GBP240,589,000 Settlement 16/03/20

#### TOTAL FORWARD CURRENCY CONTRACTS

Portfolio of investments

Net other assets

Total net assets

Holding	Market Value £'000	% of Total Net Assets
	7,049	0.93
	6,627	0.88
	2,229	0.30
	<b>15,905</b>	<b>2.11</b>
	<hr/>	
	714,250	94.76
	39,466	5.24
	<hr/>	
	<b>753,716</b>	<b>100.00</b>

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

At 31 December 2019, there were no investments in the Fund which were valued using a quote from a single broker (30/06/19: £nil).

## AXA US Short Duration High Yield Fund

### Comparative Tables

As at 31 December 2019 (unaudited)

	Z Gross Accumulation			Z Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	141.57	139.52	134.49	91.50	92.03	92.53
Closing net asset value (£) †	85,396,372	103,283,614	1,662,691	32,484,622	31,008,516	2,421,293
Closing number of shares	60,321,276	74,029,325	1,236,257	35,503,905	33,693,344	2,616,676
Operating charges^	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%

	ZI Gross Accumulation			ZI Gross Income		
	31/12/2019	30/06/2019	30/06/2018	31/12/2019	30/06/2019	30/06/2018
Closing net asset value per share (p) †	145.54	143.22	137.65	91.25	91.78	92.29
Closing net asset value (£) †	311,093,719	262,189,467	129,902,270	324,741,638	339,267,154	248,268,339
Closing number of shares	213,744,461	183,072,454	94,372,933	355,884,293	369,637,424	269,021,155
Operating charges^	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%

† Valued at bid-market prices.

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

## AXA US Short Duration High Yield Fund

### Statement of Total Return

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Income:				
Net capital losses		(4,422)		(21,554)
Revenue	18,219		21,444	
Expenses	(1,942)		(2,141)	
Interest payable and similar charges	-		-	
Net revenue before taxation	16,277		19,303	
Taxation	-		-	
Net revenue after taxation		16,277		19,303
Total return before distributions		11,855		(2,251)
Distributions		(16,277)		(19,413)
Change in net assets attributable to Shareholders from investment activities		(4,422)		(21,664)

### Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 December 2019 (unaudited)

	01/07/19 to 31/12/19		01/07/18 to 31/12/18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		735,749		843,573
Amounts receivable on issue of shares	104,452		86,686	
Amounts payable on cancellation of shares	(90,584)		(232,028)	
		13,868		(145,342)
Change in net assets attributable to Shareholders from investment activities (see above)		(4,422)		(21,664)
Retained distributions on accumulation shares		8,520		6,869
Unclaimed distributions		1		-
Closing net assets attributable to Shareholders		753,716		683,436

The above statement shows the comparative closing net assets at 31 December 2018 whereas the current accounting period commenced 1 July 2019.

## AXA US Short Duration High Yield Fund

### Balance Sheet

As at (unaudited)

	31/12/19 £'000	30/06/19 £'000
<b>Assets:</b>		
Fixed assets:		
Investments	714,250	723,111
Current assets:		
Debtors	12,379	11,471
Cash and bank balances	35,410	26,647
 Total assets	 <u>762,039</u>	 <u>761,229</u>
<b>Liabilities:</b>		
Investment liabilities	-	(12,753)
Creditors:		
Distribution payable	(7,918)	(8,053)
Other creditors	(405)	(4,674)
 Total liabilities	 <u>(8,323)</u>	 <u>(25,480)</u>
 Net assets attributable to Shareholders	 <u>753,716</u>	 <u>735,749</u>

## AXA US Short Duration High Yield Fund

### Distribution Table

As at 31 December 2019 (unaudited)

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2019

Group 2 Shares purchased on or after 1 July 2019 to 31 December 2019

	Net revenue (p)	Equalisation (p)	Distribution payable 28/02/20 (p)	Distribution paid 28/02/19 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	2.875	-	2.875	2.940
Group 2	1.428	1.447	2.875	2.940
<b>Share Class Z Gross Income</b>				
Group 1	1.898	-	1.898	2.023
Group 2	0.862	1.036	1.898	2.023
<b>Share Class ZI Gross Accumulation</b>				
Group 1	3.175	-	3.175	3.206
Group 2	2.041	1.134	3.175	3.206
<b>Share Class ZI Gross Income</b>				
Group 1	2.036	-	2.036	2.148
Group 2	1.051	0.985	2.036	2.148



## Accounting Policies

For the six months ended 31 December 2019 (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 2019 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, and amended in June 2017;
- 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.

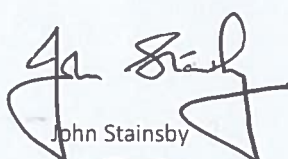
### Directors approval

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

26th January 2020



John Stainsby  
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 2019 being the last business day of the accounting period (with the exception of Global High Income Fund, US Short Duration High Yield Fund & Global Short Duration Bond 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 semi-annual report will be published within two months of each accounting period.

<b>Interim accounts</b>	period ended 31 December
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<b>Annual accounts</b>	period ended 30 June
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### 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.

## Further Information

### 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 2019 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

### 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, Z classes (only for US Short Duration High Yield Fund) and Class ZI Shares; for Class H Shares there is initial charge 5%.