

# AXA Ethical Distribution Fund Z GBP



**Matthew HUDDART**  
Joined 2000

Matthew joined the UK Equities team in 2000 as a research assistant, he became an analyst in 2003. As an analyst he specialised in insurance, general financials and real estate. He began managing portfolios in 2014.

Matthew is a CFA charterholder, he earned the right to use the Chartered Financial Analyst designation in 2005. He holds a BSc (Hons) in Mathematics.



**Jamie FORBES-WILSON**  
Joined 2003

Jamie joined AXA Investment Managers in 2003 as an investment manager responsible for charity, pension and private client portfolios. He began his career in 1996 as a graduate trainee with Wise Speke, a regional private client stockbroking firm. The company subsequently became part of Brewin Dolphin, where he worked as a private client portfolio manager.

Jamie graduated from Exeter University in 1996 with a BA (Hons) degree in Economic History and Politics. He is a Chartered Fellow of the Chartered Institute for Securities and Investment (CISI).

## Fund history

Converted to an OEIC from the SL Ethical UT on 08/03/1999. The AXA Ethical Fund transferred to newly created AXA Ethical Distribution Fund on 21/11/2008.

## Objective

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

## Fund manager's commentary

### Main changes to the portfolio during June

We supported a number of equity raises in the month including Lancashire Group, a front foot raise to take advantage of the increasing insurance pricing environment. We closed our position in Great Portland as we view the London Office market will be difficult for some time. We also invested some cash into index-linked gilts.

### Factors affecting performance during June

Both credit (corporate bonds) and equity markets continued to make gains, finishing the quarter with a positive tone. The FTSE All-Share Index rose 1.54% in the month. The FTSE 100 Index gained 1.66%, outperforming the FTSE 250 (ex-Investment Companies) Index, which fell 0.37%. The FTSE Small Cap (ex-Investment Companies) Index rose 3.42%. During Q2, the FTSE All-Share Index rose 10.17%, finishing the period down 17.51% year-to-date.

Central banks and governments around the world have shown an absolute commitment to supporting economies, which requires borrowing costs, i.e. interest rates, to remain low. As a consequence, investors' confidence has grown, and markets have rallied on the back of optimism that a 'V-shaped' recovery is achievable. In the meantime, virus cases have started to show a disturbing increase and the danger of the opening up of economies going into reverse is very real. For the UK, the news flow from Brexit negotiations has been mixed at best, and there remains a cloud over the domestic outlook.

Ten-year gilts were unchanged over the month at 18 basis points (bps), with the curve generally steeper (positioning for an increase in the difference between short-term and long-term rates for bonds of the same credit quality) following the Bank of England's meeting at which they announced an additional quantitative easing (QE) package of £100bn for the balance of the year. They gave no hint of any further cut in rates, which would mark a move into negative territory, which somewhat disappointed the market. In the UK, short-dated linkers (having less than five years to redemption) underperformed following the release of disappointing inflation data and speculation around a VAT cut, while longer-dated index linked bonds made record lows in yields as demand from pension funds continued to outstrip the very limited supply.

The UK's Consumer Price Index (CPI) inflation rate fell to 0.5%, while the Retail Price Index (RPI) measure of inflation dropped sharply to 1.0%.

### Current market influences and outlook

The central asset mix of the Fund is 55% UK equities, 35% index-linked gilts, 7% conventional gilts, and 3% cash. Within the equity portfolio, our approach remains to look for opportunities to buy into strong companies, which meet the Fund's ethical criteria, at attractive valuations, particularly in situations where we perceive short-term market sentiment to be overly pessimistic.

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested. **Before investing you should read the fund's Key Investor Information Document (KIID) for full product details including investment risks and contact a financial adviser where unsure.**

## Top ten holdings

	%
UK GILT INFLATION LINKED 0.125% 03/22/2024	8.5
UK GILT INFLATION LINKED 1.875% 11/22/2022	3.3
DIAGEO PLC	3.0
UK GILT INFLATION LINKED 0.13% 03/22/2026	2.8
UK GILT INFLATION LINKED 2.5% 07/17/2024	2.6
PRUDENTIAL PLC	2.5
LONDON STOCK EXCHANGE GROUP PLC	2.1
GAMES WORKSHOP GROUP PLC	2.0
LANCASHIRE HOLDINGS LTD	1.6
UK GILT INFLATION LINKED 1.25% 11/22/2032	1.6
<b>Total*</b>	<b>30.0</b>
<b>Total number of holdings</b>	<b>101</b>

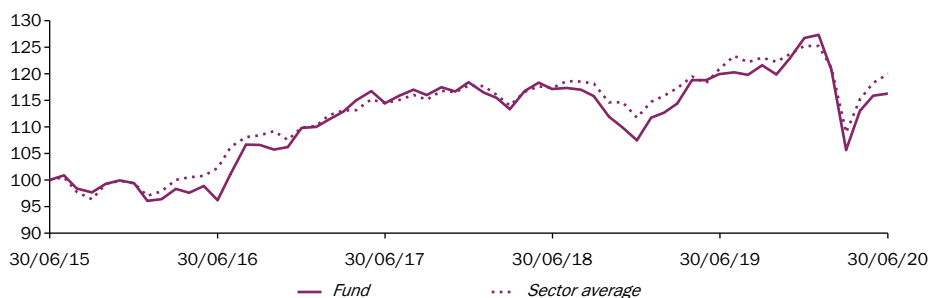
## Discrete performance over 12 month periods to latest quarter end (%)

	30/06/15	30/06/16	30/06/17	30/06/18	30/06/19
	- 30/06/16	- 30/06/17	- 30/06/18	- 30/06/19	- 30/06/20
AXA Ethical Distribution Fund Z GBP	-3.8	19.0	2.3	2.4	-3.1

## Cumulative performance

	Fund (%)	Sector median (%)	Ranking	Quartile
6 M.	-8.3	-4.3	140/167	4
Year to date	-8.3	-4.3	140/167	4
1 Y.	-3.1	-0.8	118/161	3
3 Y.	1.6	3.9	96/143	3
5 Y.	16.3	19.5	82/128	3

## Cumulative performance over five years



Performance data takes into account the annual management charges, but not any initial charge that may be payable.

Source: AXA Investment Managers and Morningstar. Figures are quoted on single price basis, net of R share class fees and expenses with net income reinvested, in GBP. Performance takes into account ongoing charges but not any initial charge that may be payable. **Past performance is not a guide to future performance.**

The fund does not have an official benchmark. The fund's peer group sector is the IA OE Mixed Investment 20-60% Shares sector which is provided here for comparison purposes only.

## Asset Class Allocation

	%
Sterling Equities	55.43
Sterling Index-Linked	34.92
Sterling Government Bonds	5.43
Cash	4.22

## Ratings allocation of bond portfolio

	%
AA	100.00

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 30/06/2020.

## Fund facts

Fund type	OEIC
Fund size	£197.4m
Underlying Yield*	1.50%
Launch date	24/11/08
IA Sector	Mixed Investment 20-60% Shares
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

\* The Underlying yield reflects the annualised income net of expenses of the fund as a percentage of the mid-market unit price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any initial charge and investors may be subject to tax on distributions.

## Investment information

Initial charge	Nil%
Ongoing charges	0.77%
Min initial investment	£100,000
Min subsequent investment	£5,000
Min monthly investment	£N/A
ISA status	Eligible

## Fund codes

Sedol	accumulation	0540926
	income	B3FKKK5
ISIN	accumulation	GB0005409262
	income	GB00B3FKKK57

## Income payments

Accounting Ref Dates	Final	31 Oct
	Interim	30 Apr
Distributions	Final	31 Dec
	Interim	30 Jun
Calendar year	Net income (p)	
2015	3.97	
2016	6.91	
2017	3.04	
2018	3.14	
2019	5.61	