

Annual Long Report & Audited Financial Statements
For the year ended
31 May 2019

AXA Distribution Investment ICVC

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

Contents Page

| | |
|---|-------------|
| AXA Distribution Investment ICVC | Page |
| Directory* | 3 |
| Authorised Corporate Director's ("ACD") Report* | 4 |
| Fund Investment Commentaries* and Financial Statements | |
| AXA Defensive Distribution Fund | 5 |
| AXA Distribution Fund | 32 |
| AXA Ethical Distribution Fund | 55 |
| AXA Global Distribution Fund | 75 |
| AXA Lifetime Distribution Fund | 105 |
| Accounting Policies | 129 |
| Statement of the Authorised Corporate Director's ("ACD") Responsibilities | 132 |
| Statement of the Depositary's Responsibilities | 133 |
| Report of the Independent Auditor | 134 |
| Further Information * | 137 |

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

Directory

The Company and Head Office

AXA Distribution Investment ICVC
7 Newgate Street
London EC1A 7NX

Authorised Corporate Director ("ACD")

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

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

The Administrator and address for inspection of Register

DST Financial Services International Limited and DST Financial Services Europe Limited
DST House
St Nicholas Lane
Basildon
Essex, SS15 5FS

Sub-Investment Managers

AXA Rosenberg Investment Management LLC
4 Orinda Way
Building E
Orinda
California
USA 94563

AXA Investment Managers Asia (Singapore) Limited
133 Cecil Street
15-02 Keck Seng Tower
Singapore 069535

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 Distribution Investment ICVC

AXA Distribution 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 five 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.

None of the sub-funds included within this report have holdings in any of the Company's other sub-funds.

Important Events During the Year

During the period from 1st June 2018 to 31st May 2019 there were no significant changes to the Prospectus or the Instrument of Incorporation.

Compulsory Conversion of Net Share Classes

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

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

Investment Objective

The aim of this Fund is to provide income with some prospect for long-term capital growth.

Investment Policy

The Fund invests in a mix of UK Government bonds, the majority of which are linked to the rate of inflation, shares in large and medium sized UK listed companies, and cash. The Fund's typical asset mix would have at least a minimum investment in UK Government bonds and cash of 60%. As a result of this asset mix the fund's value should be less volatile than a fund with a higher proportion of its investments in shares. The fund manager selects shares in companies based upon their prospects for future growth in dividend payments following an in depth analysis of their financial status, quality of business model and corporate governance arrangements. Investments in UK Government bonds are diversified across a range of maturities (i.e., the length of time for full repayment of the bond by the Government).

Risk and Reward Profile

As at 31 May 2019

By investing in a fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which has reduced risk and you are prepared to accept less potential reward than is the case with other funds. 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.

Lower Risk

Higher Risk

← Potentially lower reward Potentially higher reward →

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

Why is this Fund in this category?

The capital of the Fund is not guaranteed. The Fund is invested in financial markets and uses techniques and instruments which are subject to some level of variation which, may result in gains or losses.

Additional risks

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

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

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

- 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.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

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.

- 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, the 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 the Fund's investment objectives and investment policy.

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

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

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

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

- Liquidity risk - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such 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 Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

• 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 this 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.

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

Market Overview

Following two years of double-digit returns, the FTSE All-Share Index fell -9.47% (in total returns) in 2018 – its worst annual performance since the financial crisis. For the first time since the stock market crash of 2000, cash outperformed both bonds and equities over the calendar year. The new year brought a reversal of the negative investor sentiment and markets have resumed their positive, albeit volatile, progress.

The first quarter of 2019 heralded a renewed wave of investor optimism and a strong rally across asset classes. This was driven by the US Federal Reserve (Fed) reacting to the market's weakness in Q4 2018, and the potential for a weaker global growth outlook, by becoming more patient. Having been on a tightening path, the Fed is not now expected to raise interest rates in the US at any point in the next few years. In fact, the next move expected by the bond market is a cut. In addition, the Fed's policy to reduce the size of its balance sheet ('quantitative tightening') has been wound back and is set to end in September 2019. Another market worry has been the impact of the US-China trade negotiations on the global economy. Some progress seems to have been made since the beginning of the year over their trade dispute, although there is still much uncertainty around how the negotiations will evolve. In the meantime, US GDP remains robust. In China the authorities are now stimulating domestic demand with a package of tax cuts, infrastructure investment and measures designed to support bank credit growth. At worst, this should have the effect of stabilising GDP growth.

UK politics remain an important and constantly evolving factor for UK equities, principally reflected through movements of sterling's value. As none of the Brexit options put to parliament managed to attract majority support, PM Theresa May invited opposition leader Jeremy Corbyn for talks to help find a solution. The EU 27 leaders also granted the UK a flexible extension for Article 50 to 31 October 2019. As a result, the UK took part in the European Parliamentary elections on 23 May and the result made it clear that the UK general public is beyond dissatisfied with the lack of Brexit progress made by the two main UK political parties. Despite the political uncertainties the UK economy generated positive surprises helped by the robust labour market and modest wage inflation.

After six weeks, cross-party Brexit talks between the government and the Labour Party broke down. PM May resigned after a backlash over her new Brexit offer via the Withdrawal Agreement Bill, which offered several concessions in a bid to appeal to various factions across parliament. The market has interpreted the farcical developments within the Conservative party as increasing the likelihood of either a hardline Conservative Brexiter leading the UK towards a 'no-deal' Brexit, or a general election that could pave the way for a potentially less market-friendly Labour government. Former Foreign Secretary Boris Johnson is the favorite to win the leadership contest, but Conservatives towards the center of the party are opposed to a pro-Brexit leader. Johnson said after Theresa May's resignation that the UK will leave the EU on 31 October with a deal or no deal, adding he will go back to the EU to discuss the Irish backstop and the UK should not revoke. However, the EU said there will be no new Brexit deal.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

As we entered May, the S&P 500 was at an all-time high. However sentiment has been tested by the escalation of the US-China trade deal situation. President Trump followed through on his threat to raise the tariff rate on \$200 billion of Chinese imports from 10% to 25%. US officials accused China of reneging on its trade commitments. China retaliated against the US move with tariffs raised on \$60 billion in US goods, while the US threatened to block telecom companies from accessing US markets. Talks, while still reportedly ongoing, were said to have reached a low-point and reports suggested a trade deal is unlikely this year. A notable silver-lining for Europe in this has been the Trump administration reportedly putting off a decision on whether to impose auto tariffs on foreign cars for about six months, as it turns up the heat on China. The White House announced that it had effectively banned the sale of Huawei equipment to US companies, while also stating Huawei will no longer be able to procure American components and technology. These moves perhaps reveal the true reason behind the trade war positioning. Market hopes improved when President Trump said he expects a "fruitful" meeting with Xi at the G20 in late June.

Bond markets have put in a strong performance over the past six months as the trade tariff conflict between US and China escalated with increasing concerns of the implications for the global economy. The FTSE UK Gilts All Stocks (TR) index has risen 6.86% over the six months to 31 May 2019. By comparison the FTSE UK Gilts Index-Linked (All TR) index is up 11.46%. In the US, the rates market is now pricing in two interest rate cuts by the FOMC before the year-end, with almost four cuts over the next 18 months now implied by markets. Much focus has been on the inverted yield curve in the US which has historically been seen as a useful recession indicator.

Outlook

Concerns surrounding the macro uncertainties that have hung over the market for a number of months remain and keep investor sentiment in check. Significantly, however, the supportive backdrop of central banks globally (and the US Fed in particular) continues to underpin the low inflation, low interest rate, high employment conditions that have characterised developed economies for some time. Interestingly, central banks around the world keep buying record amounts of gold - worldwide 651.5 tons of bullion was bought by Governments in 2018, the second-highest total on record, according to the World Gold Council. Perhaps this reflects concerns more troubled waters ahead. For now at least, we continue to see attractions in equity valuations and look forward to making further progress over the period ahead.

Fund Commentary

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

The six-month period to the end of May 2019 was positive for markets. The Defensive Distribution portfolio benefitted from the tailwinds of a rising equity market and an even stronger index-linked gilt market. Performance statistics for the portfolio are shown in the report.

Within the equity sleeve the portfolio benefitted from participating in the Initial Public Offering of AJ Bell, the investment platform. Aveva, the IT company that develops engineering software, enjoyed considerable share price momentum in the period. Luceco, the manufacturer of electrical products, rose substantially as investors recognised the turnaround potential after its problems last year. Within the equity portfolio, our approach remains to look for opportunities to buy into strong companies at attractive valuations, particularly in situations where we perceive short term market sentiment to be overly pessimistic.

*All performance data source: AXA Investment Managers and Morningstar
Past performance is not a guide for future performance.*

Major Purchases

- Telecom Plus
- Loungers
- Syncona
- Hill & Smith
- Amigo

Major Sales

- UK Treasury 0.125% IL 22/11/19
- UK Treasury 2.5% IL 16/04/20
- Shire
- UK Treasury 2.5% IL 17/07/24
- BT

Jamie Forbes-Wilson, Matthew Huddart

AXA Investment Managers UK Limited
31 May 2019

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|------------|-----------------------|--------------------------|
| BONDS 64.35% (31/05/18: 63.14%) | | | |
| Corporate Bonds 0.00% (31/05/18: 0.00%^) | | | |
| Lambay Capital Securities FRN Perpetual ** | 337,000 | - | - |
| Index Linked Government Bonds 61.73% (31/05/18: 60.43%) | | | |
| UK Treasury 0.125% IL 22/11/19 | 21,007,389 | 24,415 | 9.13 |
| UK Treasury 0.125% IL 22/03/24 | 4,546,083 | 6,123 | 2.29 |
| UK Treasury 0.125% IL 22/03/26 | 2,580,000 | 3,430 | 1.28 |
| UK Treasury 0.125% IL 22/03/44 | 3,014,923 | 6,026 | 2.26 |
| UK Treasury 0.125% IL 22/03/46 | 733,580 | 1,424 | 0.53 |
| UK Treasury 0.125% IL 22/11/56 | 700,000 | 1,617 | 0.61 |
| UK Treasury 0.125% IL 22/03/58 | 549,455 | 1,340 | 0.50 |
| UK Treasury 0.125% IL 22/11/65 | 2,107,000 | 5,898 | 2.21 |
| UK Treasury 0.125% IL 22/03/68 | 1,242,143 | 3,847 | 1.44 |
| UK Treasury 0.25% IL 22/03/52 | 2,754,395 | 6,581 | 2.46 |
| UK Treasury 0.375% IL 22/03/62 | 1,265,361 | 3,869 | 1.45 |
| UK Treasury 0.5% IL 22/03/50 | 1,807,083 | 4,972 | 1.86 |
| UK Treasury 0.625% IL 22/03/40 | 1,678,056 | 3,820 | 1.43 |
| UK Treasury 0.625% IL 22/11/42 | 2,072,670 | 5,092 | 1.90 |
| UK Treasury 0.75% IL 22/03/34 | 2,632,690 | 4,987 | 1.87 |
| UK Treasury 0.75% IL 22/11/47 | 2,555,791 | 7,216 | 2.70 |
| UK Treasury 1.125% IL 22/11/37 | 1,274,343 | 3,183 | 1.19 |
| UK Treasury 1.25% IL 22/11/27 | 2,992,873 | 6,010 | 2.25 |
| UK Treasury 1.25% IL 22/11/32 | 1,718,983 | 3,574 | 1.34 |
| UK Treasury 1.25% IL 22/11/55 | 771,685 | 3,101 | 1.16 |
| UK Treasury 1.875% IL 22/11/22 | 1,900,000 | 3,092 | 1.16 |
| UK Treasury 2% IL 26/01/35 | 881,745 | 2,573 | 0.96 |
| UK Treasury 2.5% IL 16/04/20 | 11,802,648 | 42,065 | 15.74 |
| UK Treasury 2.5% IL 17/07/24 | 1,748,119 | 6,451 | 2.41 |
| UK Treasury 4.125% IL 22/07/30 | 1,118,053 | 4,287 | 1.60 |
| Traditional Government Bonds 2.62% (31/05/18: 2.71%) | | | |
| UK Treasury 0% 07/06/21 | 5,027,381 | 4,964 | 1.86 |
| UK Treasury 3.25% 22/01/44 | 151,427 | 207 | 0.08 |
| UK Treasury 3.75% 22/07/52 | 183,548 | 297 | 0.11 |
| UK Treasury 4.25% 07/06/32 | 305,913 | 423 | 0.16 |
| UK Treasury 4.25% 07/12/40 | 305,913 | 468 | 0.17 |
| UK Treasury 4.5% 07/12/42 | 239,224 | 387 | 0.14 |
| UK Treasury 4.75% 07/12/38 | 173,575 | 275 | 0.10 |
| Ireland 0.00% (31/05/18: 0.00%^) | | | |
| TOTAL BONDS | | 172,014 | 64.35 |
| EQUITIES 32.21% (31/05/18: 34.09%) | | | |
| BASIC MATERIALS 2.58% (31/05/18: 2.18%) | | | |
| Chemicals 0.25% (31/05/18: 0.00%) | | | |
| Scapa | 230,000 | 680 | 0.25 |
| Mining 2.33% (31/05/18: 2.18%) | | | |
| BHP | 153,969 | 2,739 | 1.03 |
| Rio Tinto | 77,000 | 3,475 | 1.30 |
| TOTAL BASIC MATERIALS | | 6,894 | 2.58 |

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| CONSUMER GOODS 2.94% (31/05/18: 4.23%) | | | |
| Beverages 1.44% (31/05/18: 1.11%) | | | |
| Britvic | 170,000 | 1,513 | 0.57 |
| Diageo | 70,000 | 2,324 | 0.87 |
| Food Producers 0.00% (31/05/18: 0.45%) | | | |
| Household Goods & Home Construction 1.07% (31/05/18: 1.41%) | | | |
| Countryside Properties | 300,000 | 913 | 0.34 |
| Reckitt Benckiser | 7,374 | 466 | 0.17 |
| Redrow | 150,000 | 819 | 0.31 |
| Watkin Jones | 310,000 | 668 | 0.25 |
| Personal Goods 0.00% (31/05/18: 0.28%) | | | |
| Tobacco 0.43% (31/05/18: 0.98%) | | | |
| British American Tobacco | 41,000 | 1,143 | 0.43 |
| TOTAL CONSUMER GOODS | | 7,846 | 2.94 |
| CONSUMER SERVICES 2.30% (31/05/18: 2.47%) | | | |
| General Retailers 0.33% (31/05/18: 0.63%) | | | |
| Dunelm | 100,000 | 884 | 0.33 |
| Media 0.28% (31/05/18: 0.38%) | | | |
| ITV | 700,000 | 744 | 0.28 |
| Travel & Leisure 1.69% (31/05/18: 1.46%) | | | |
| Domino's Pizza | 240,000 | 560 | 0.21 |
| Gym | 725,000 | 1,675 | 0.63 |
| Loungers | 593,697 | 1,294 | 0.48 |
| On the Beach | 220,000 | 994 | 0.37 |
| TOTAL CONSUMER SERVICES | | 6,151 | 2.30 |
| FINANCIALS 6.83% (31/05/18: 6.29%) | | | |
| Banks 2.67% (31/05/18: 2.72%) | | | |
| Barclays | 519,295 | 777 | 0.29 |
| HSBC | 800,000 | 5,172 | 1.94 |
| Lloyds Banking | 2,066,000 | 1,184 | 0.44 |
| Equity Investment Instruments 0.36% (31/05/18: 0.00%) | | | |
| Syncona | 400,000 | 958 | 0.36 |
| Financial Services 2.08% (31/05/18: 1.18%) | | | |
| 3i | 200,900 | 2,112 | 0.79 |
| AJ Bell | 419,162 | 1,744 | 0.65 |
| Amigo | 308,572 | 758 | 0.29 |
| IntegraFin | 240,176 | 944 | 0.35 |

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| Life Insurance 1.72% (31/05/18: 2.03%) | | | |
| Just | 850,000 | 412 | 0.15 |
| Prudential | 185,000 | 2,927 | 1.10 |
| St James's Place | 122,000 | 1,266 | 0.47 |
| Nonlife Insurance 0.00% (31/05/18: 0.36%) | | | |
| TOTAL FINANCIALS | | 18,254 | 6.83 |
| HEALTH CARE 2.91% (31/05/18: 3.16%) | | | |
| Health Care Equipment & Services 0.34% (31/05/18: 0.00%) | | | |
| Consort Medical | 101,364 | 922 | 0.34 |
| Pharmaceuticals & Biotechnology 2.57% (31/05/18: 3.16%) | | | |
| AstraZeneca | 40,200 | 2,340 | 0.88 |
| GlaxoSmithKline | 296,600 | 4,517 | 1.69 |
| TOTAL HEALTH CARE | | 7,779 | 2.91 |
| INDUSTRIALS 5.75% (31/05/18: 6.30%) | | | |
| Aerospace & Defense 0.50% (31/05/18: 0.47%) | | | |
| Avon Rubber | 100,000 | 1,334 | 0.50 |
| Construction & Materials 0.85% (31/05/18: 1.02%) | | | |
| Forterra | 440,000 | 1,276 | 0.48 |
| Nexus Infrastructure | 730,000 | 993 | 0.37 |
| Electronic & Electrical Equipment 1.31% (31/05/18: 0.94%) | | | |
| Luceco | 1,269,235 | 1,452 | 0.54 |
| TT Electronics | 805,000 | 2,045 | 0.77 |
| General Industrials 0.00% (31/05/18: 0.43%) | | | |
| Industrial Engineering 1.26% (31/05/18: 1.30%) | | | |
| Bodycote | 140,000 | 1,092 | 0.41 |
| Hill & Smith | 96,618 | 1,158 | 0.43 |
| Rotork | 400,000 | 1,130 | 0.42 |
| Industrial Transportation 0.21% (31/05/18: 0.33%) | | | |
| Eddie Stobart Logistics | 700,000 | 567 | 0.21 |
| Support Services 1.62% (31/05/18: 1.81%) | | | |
| Ashtead | 75,000 | 1,408 | 0.53 |
| BCA Marketplace | 700,000 | 1,281 | 0.48 |
| Boku | 507,492 | 695 | 0.26 |
| Experian | 40,000 | 948 | 0.35 |
| TOTAL INDUSTRIALS | | 15,379 | 5.75 |

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| OIL & GAS 6.09% (31/05/18: 6.38%) | | | |
| Oil & Gas Producers 6.09% (31/05/18: 6.38%) | | | |
| BP | 1,024,873 | 5,507 | 2.06 |
| Royal Dutch Shell 'A' Shares | 127,932 | 3,138 | 1.18 |
| Royal Dutch Shell 'B' Shares | 264,266 | 6,500 | 2.43 |
| Tullow Oil | 574,897 | 1,133 | 0.42 |
| TOTAL OIL & GAS | | 16,278 | 6.09 |
| TECHNOLOGY 2.22% (31/05/18: 1.97%) | | | |
| Software & Computer Services 2.00% (31/05/18: 1.97%) | | | |
| accesso Technology | 77,000 | 601 | 0.23 |
| AVEVA | 48,250 | 1,766 | 0.66 |
| Eckoh * | 1,536,465 | 668 | 0.25 |
| Micro Focus | 52,411 | 997 | 0.37 |
| SDL | 242,833 | 1,316 | 0.49 |
| Technology Hardware & Equipment 0.22% (31/05/18: 0.00%) | | | |
| IQE | 760,000 | 589 | 0.22 |
| TOTAL TECHNOLOGY | | 5,937 | 2.22 |
| TELECOMMUNICATIONS 0.59% (31/05/18: 1.11%) | | | |
| Fixed Line Telecommunications 0.59% (31/05/18: 0.49%) | | | |
| Telecom Plus | 105,000 | 1,581 | 0.59 |
| Mobile Telecommunications 0.00% (31/05/18: 0.62%) | | | |
| Portfolio of investments | | 258,113 | 96.56 |
| Net other assets | | 9,209 | 3.44 |
| Total net assets | | 267,322 | 100.00 |

All investments are ordinary shares unless otherwise stated.

All bonds are denominated in Sterling unless otherwise indicated.

* These are AIM (Alternative Investment Market) holdings.

** These stocks have either been suspended, delisted or are in liquidation. They are included at the Manager's valuation.

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

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2019

| | A Gross Accumulation | | | A Gross Income | | |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 118.71 | 117.16 | 101.84 | 114.51 | 114.09 | 100.87 |
| Return before operating charges ^ | 3.64 | 2.16 | 15.90 | 3.47 | 2.11 | 15.79 |
| Operating charges ^ | (0.61) | (0.61) | (0.58) | (0.59) | (0.59) | (0.57) |
| Return after operating charges ^ | 3.03 | 1.55 | 15.32 | 2.88 | 1.52 | 15.22 |
| Transfer to gross share class | - | - | - | - | - | - |
| Distributions | (2.23) | (1.09) | (1.89) | (2.15) | (1.10) | (2.00) |
| Retained distributions on accumulation shares | 2.23 | 1.09 | 1.89 | - | - | - |
| Closing net asset value per share † | 121.74 | 118.71 | 117.16 | 115.24 | 114.51 | 114.09 |
| *^ after direct transaction costs of: | 0.01 | 0.04 | 0.07 | 0.01 | 0.04 | 0.07 |
| Performance | | | | | | |
| Return after operating charges | 2.55% | 1.32% | 15.04% | 2.52% | 1.33% | 15.09% |
| Other information | | | | | | |
| Closing net asset value (£) † | 2,669,985 | 1,680,053 | 1,453,568 | 59,908 | 4,975 | 4,982 |
| Closing number of shares | 2,193,246 | 1,415,301 | 1,240,637 | 51,985 | 4,344 | 4,367 |
| Operating charges ^ | 0.52% | 0.52% | 0.52% | 0.52% | 0.52% | 0.52% |
| Direct transaction costs * | 0.01% | 0.03% | 0.06% | 0.01% | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 121.80 | 119.30 | 117.50 | 116.30 | 115.80 | 114.70 |
| Lowest share price # | 113.30 | 113.60 | 101.10 | 108.50 | 110.00 | 100.10 |

| | A Net Accumulation | | | A Net Income | | |
|---|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| | 31/05/2019 + (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 + (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 118.19 | 116.66 | 101.56 | 114.43 | 114.02 | 100.81 |
| Return before operating charges ^ | (4.17) | 2.13 | 15.94 | (4.11) | 2.06 | 15.67 |
| Operating charges ^ | (0.22) | (0.60) | (0.58) | (0.22) | (0.59) | (0.58) |
| Return after operating charges ^ | (4.39) | 1.53 | 15.36 | (4.33) | 1.47 | 15.09 |
| Transfer to gross share class | (113.80) | - | - | (109.70) | - | - |
| Distributions | (0.41) | (1.09) | (1.91) | (0.40) | (1.06) | (1.88) |
| Retained distributions on accumulation shares | 0.41 | 1.09 | 1.65 | - | - | - |
| Closing net asset value per share † | - | 118.19 | 116.66 | - | 114.43 | 114.02 |
| *^ after direct transaction costs of: | 0.01 | 0.04 | 0.07 | 0.01 | 0.04 | 0.07 |
| Performance | | | | | | |
| Return after operating charges | -3.71% | 1.31% | 15.12% | -3.78% | 1.29% | 14.97% |
| Other information | | | | | | |
| Closing net asset value (£) † | - | 738,837 | 626,625 | - | 59,590 | 59,403 |
| Closing number of shares | - | 625,114 | 537,160 | - | 52,077 | 52,100 |
| Operating charges ^ | - | 0.52% | 0.52% | - | 0.52% | 0.52% |
| Direct transaction costs * | - | 0.03% | 0.06% | - | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 118.80 | 118.80 | 116.90 | 115.70 | 115.70 | 114.60 |
| Lowest share price # | 113.50 | 113.10 | 100.80 | 110.50 | 110.00 | 100.00 |

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2019

| | B Gross Accumulation | | | B Gross Income | | |
|---|----------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 133.27 | 131.40 | 114.09 | 119.97 | 119.39 | 105.45 |
| Return before operating charges ^ | 4.09 | 2.42 | 17.83 | 3.62 | 2.19 | 16.38 |
| Operating charges ^ | (0.55) | (0.55) | (0.52) | (0.50) | (0.50) | (0.48) |
| Return after operating charges ^ | 3.54 | 1.87 | 17.31 | 3.12 | 1.69 | 15.90 |
| Transfer to gross share class | - | - | - | - | - | - |
| Distributions | (2.51) | (1.23) | (2.13) | (2.24) | (1.11) | (1.96) |
| Retained distributions on accumulation shares | 2.51 | 1.23 | 2.13 | - | - | - |
| Closing net asset value per share † | 136.81 | 133.27 | 131.40 | 120.85 | 119.97 | 119.39 |
| *^ after direct transaction costs of: | 0.02 | 0.04 | 0.08 | 0.01 | 0.04 | 0.07 |
| Performance | | | | | | |
| Return after operating charges | 2.66% | 1.42% | 15.17% | 2.60% | 1.42% | 15.08% |
| Other information | | | | | | |
| Closing net asset value (£) † | 204,755,170 | 191,298,816 | 208,433,448 | 2,159,873 | 1,867,426 | 2,100,243 |
| Closing number of shares | 149,660,744 | 143,538,123 | 158,624,524 | 1,787,191 | 1,556,604 | 1,759,143 |
| Operating charges ^ | 0.42% | 0.42% | 0.42% | 0.42% | 0.42% | 0.42% |
| Direct transaction costs * | 0.01% | 0.03% | 0.06% | 0.01% | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 136.90 | 133.90 | 131.70 | 122.00 | 121.20 | 120.00 |
| Lowest share price # | 127.20 | 127.40 | 113.20 | 113.70 | 115.30 | 104.60 |
| | B Net Accumulation | | | B Net Income | | |
| | 31/05/2019 + (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 + (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 130.99 | 129.15 | 112.40 | 120.17 | 119.60 | 105.63 |
| Return before operating charges ^ | (4.69) | 2.38 | 17.55 | (4.27) | 2.18 | 16.41 |
| Operating charges ^ | (0.20) | (0.54) | (0.52) | (0.18) | (0.50) | (0.48) |
| Return after operating charges ^ | (4.89) | 1.84 | 17.03 | (4.45) | 1.68 | 15.93 |
| Transfer to gross share class | (126.10) | - | - | (115.30) | - | - |
| Distributions | (0.46) | (1.20) | (2.10) | (0.42) | (1.11) | (1.96) |
| Retained distributions on accumulation shares | 0.46 | 1.20 | 1.82 | - | - | - |
| Closing net asset value per share † | - | 130.99 | 129.15 | - | 120.17 | 119.60 |
| *^ after direct transaction costs of: | 0.01 | 0.04 | 0.08 | 0.01 | 0.04 | 0.07 |
| Performance | | | | | | |
| Return after operating charges | -3.73% | 1.42% | 15.15% | -3.70% | 1.41% | 15.08% |
| Other information | | | | | | |
| Closing net asset value (£) † | - | 38,888,447 | 43,976,037 | - | 482,341 | 486,640 |
| Closing number of shares | - | 29,689,072 | 34,051,351 | - | 401,371 | 406,903 |
| Operating charges ^ | - | 0.42% | 0.42% | - | 0.42% | 0.42% |
| Direct transaction costs * | - | 0.03% | 0.06% | - | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 131.60 | 131.60 | 129.40 | 121.40 | 121.40 | 120.20 |
| Lowest share price # | 125.80 | 125.20 | 111.50 | 116.00 | 115.50 | 104.80 |

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2019

| | R Gross Accumulation | | | R Gross Income | | |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 142.25 | 141.81 | 124.48 | 94.84 | 95.43 | 85.22 |
| Return before operating charges ^ | 4.31 | 2.56 | 19.39 | 2.83 | 1.72 | 13.19 |
| Operating charges ^ | (2.13) | (2.12) | (2.06) | (1.41) | (1.43) | (1.40) |
| Return after operating charges ^ | 2.18 | 0.44 | 17.33 | 1.42 | 0.29 | 11.79 |
| Transfer to gross share class | - | - | - | - | - | - |
| Distributions | (2.66) | (1.31) | (2.32) | (1.76) | (0.88) | (1.58) |
| Retained distributions on accumulation shares | 2.66 | 1.31 | 2.32 | - | - | - |
| Closing net asset value per share † | 144.43 | 142.25 | 141.81 | 94.50 | 94.84 | 95.43 |
| *^ after direct transaction costs of: | 0.02 | 0.05 | 0.09 | 0.01 | 0.03 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | 1.53% | 0.31% | 13.92% | 1.50% | 0.30% | 13.83% |
| Other information | | | | | | |
| Closing net asset value (£) † | 17,199,877 | 8,502,319 | 28,559,939 | 3,258,898 | 2,474,751 | 2,806,259 |
| Closing number of shares | 11,908,435 | 5,976,837 | 20,140,025 | 3,448,660 | 2,609,266 | 2,940,548 |
| Operating charges ^ | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% |
| Direct transaction costs * | 0.01% | 0.03% | 0.06% | 0.01% | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 144.60 | 143.60 | 142.40 | 95.37 | 96.26 | 96.09 |
| Lowest share price # | 135.00 | 136.40 | 123.50 | 89.34 | 91.32 | 84.54 |

| | R Net Accumulation | | | R Net Income | | |
|---|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| | 31/05/2019 + (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 + (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 170.74 | 170.20 | 149.76 | 90.77 | 91.33 | 81.56 |
| Return before operating charges ^ | (6.09) | 3.09 | 23.30 | (3.21) | 1.65 | 12.62 |
| Operating charges ^ | (0.95) | (2.55) | (2.48) | (0.50) | (1.37) | (1.34) |
| Return after operating charges ^ | (7.04) | 0.54 | 20.82 | (3.71) | 0.28 | 11.28 |
| Transfer to gross share class | (163.70) | - | - | (86.74) | - | - |
| Distributions | (0.59) | (1.58) | (2.79) | (0.32) | (0.84) | (1.51) |
| Retained distributions on accumulation shares | 0.59 | 1.58 | 2.41 | - | - | - |
| Closing net asset value per share † | - | 170.74 | 170.20 | - | 90.77 | 91.33 |
| *^ after direct transaction costs of: | 0.02 | 0.05 | 0.11 | 0.01 | 0.03 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | -4.12% | 0.32% | 13.90% | -4.09% | 0.31% | 13.83% |
| Other information | | | | | | |
| Closing net asset value (£) † | - | 10,565,091 | 11,415,938 | - | 1,032,119 | 1,018,017 |
| Closing number of shares | - | 6,187,949 | 6,707,503 | - | 1,137,064 | 1,114,616 |
| Operating charges ^ | - | 1.52% | 1.52% | - | 1.52% | 1.52% |
| Direct transaction costs * | - | 0.03% | 0.06% | - | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 172.30 | 172.30 | 170.80 | 92.13 | 92.13 | 91.96 |
| Lowest share price # | 164.40 | 163.70 | 148.50 | 87.92 | 87.40 | 80.89 |

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2019

| | Z Gross Accumulation | | | Z Gross Income | | |
|---|----------------------|------------|------------|----------------|------------|------------|
| | 31/05/2019 | 31/05/2018 | 31/05/2017 | 31/05/2019 | 31/05/2018 | 31/05/2017 |
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 204.55 | 202.38 | 176.34 | 100.59 | 100.45 | 89.03 |
| Return before operating charges ^ | 6.26 | 3.72 | 27.53 | 3.02 | 1.84 | 13.81 |
| Operating charges ^ | (1.56) | (1.55) | (1.49) | (0.76) | (0.77) | (0.74) |
| Return after operating charges ^ | 4.70 | 2.17 | 26.04 | 2.26 | 1.07 | 13.07 |
| Transfer to gross share class | - | - | - | - | - | - |
| Distributions | (3.84) | (1.88) | (3.29) | (1.87) | (0.93) | (1.65) |
| Retained distributions on accumulation shares | 3.84 | 1.88 | 3.29 | - | - | - |
| Closing net asset value per share † | 209.25 | 204.55 | 3.29 | 100.98 | 100.59 | 100.45 |
| *^ after direct transaction costs of: | 0.02 | 0.07 | 0.12 | 0.01 | 0.03 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | 2.30% | 1.07% | 14.77% | 2.25% | 1.07% | 14.68% |
| Other information | | | | | | |
| Closing net asset value (£) † | 34,441,617 | 24,605,092 | 8,498,499 | 2,776,720 | 534,217 | 459,102 |
| Closing number of shares | 16,459,382 | 12,028,638 | 4,199,237 | 2,749,859 | 531,089 | 457,060 |
| Operating charges ^ | 0.77% | 0.77% | 0.77% | 0.77% | 0.77% | 0.77% |
| Direct transaction costs * | 0.01% | 0.03% | 0.06% | 0.01% | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 209.40 | 205.80 | 203.00 | 101.90 | 101.80 | 101.00 |
| Lowest share price # | 194.90 | 195.90 | 175.00 | 95.16 | 96.71 | 88.34 |

| | Z Net Accumulation | | | Z Net Income | | |
|---|--------------------|------------|------------|--------------|------------|------------|
| | 31/05/2019 + | 31/05/2018 | 31/05/2017 | 31/05/2019 + | 31/05/2018 | 31/05/2017 |
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 188.56 | 186.55 | 162.96 | 100.49 | 100.34 | 88.94 |
| Return before operating charges ^ | (6.73) | 3.43 | 25.38 | (3.57) | 1.84 | 13.78 |
| Operating charges ^ | (0.53) | (1.42) | (1.38) | (0.28) | (0.76) | (0.75) |
| Return after operating charges ^ | (7.26) | 2.01 | 24.00 | (3.85) | 1.08 | 13.03 |
| Transfer to gross share class | (181.30) | - | - | (96.29) | - | - |
| Distributions | (0.66) | (1.74) | (3.02) | (0.35) | (0.93) | (1.63) |
| Retained distributions on accumulation shares | 0.66 | 1.74 | 2.61 | - | - | - |
| Closing net asset value per share † | - | 188.56 | 186.55 | - | 100.49 | 100.34 |
| *^ after direct transaction costs of: | 0.02 | 0.06 | 0.12 | 0.01 | 0.03 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | -3.85% | 1.08% | 14.73% | -3.83% | 1.08% | 14.65% |
| Other information | | | | | | |
| Closing net asset value (£) † | - | 13,983,093 | 15,409,485 | - | 2,304,996 | 2,328,557 |
| Closing number of shares | - | 7,415,557 | 8,260,053 | - | 2,293,795 | 2,320,563 |
| Operating charges ^ | - | 0.77% | 0.77% | - | 0.77% | 0.77% |
| Direct transaction costs * | - | 0.03% | 0.06% | - | 0.03% | 0.06% |
| Prices | | | | | | |
| Highest share price # | 189.70 | 189.70 | 187.00 | 101.70 | 101.70 | 100.90 |
| Lowest share price # | 181.20 | 180.60 | 161.70 | 97.12 | 96.61 | 88.23 |

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

† Valued at bid-market prices.

High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

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

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

The figures used within the table have been calculated against the average net asset value for the accounting year.

AXA Defensive Distribution Fund

Statement of Total Return

For the year ended 31 May 2019

| | Note | 01/06/18 to 31/05/19 £'000 | £'000 | 01/06/17 to 31/05/18 £'000 | £'000 |
|---|------|----------------------------------|------------|----------------------------------|------------|
| Income: | | | | | |
| Net capital gains | 2 | | 2,322 | | 2,322 |
| Revenue | 3 | 5,257 | | 2,961 | |
| Expenses | 4 | (1,543) | | (1,812) | |
| Interest payable and similar charges | | - | | - | |
| Net revenue before taxation | | 3,714 | | 1,149 | |
| Taxation | 5 | (19) | | (18) | |
| Net revenue after taxation | | | 3,695 | | 1,131 |
| Total return before distributions | | | 6,017 | | 3,453 |
| Distributions | 6 | | (5,170) | | (2,880) |
| Change in net assets attributable to Shareholders from investment activities | | | 847 | | 573 |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2019

| | 01/06/18 to 31/05/19 £'000 | £'000 | 01/06/17 to 31/05/18 £'000 | £'000 |
|--|----------------------------------|----------------|----------------------------------|----------------|
| Opening net assets attributable to Shareholders | | 299,022 | | 327,637 |
| Amounts receivable on issue of shares | 66,742 | | 4,886 | |
| Amounts payable on cancellation of shares | (104,242) | | (36,834) | |
| | | (37,500) | | (31,948) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 847 | | 573 |
| Retained distributions on accumulation shares | | 4,953 | | 2,760 |
| Closing net assets attributable to Shareholders | | 267,322 | | 299,022 |

AXA Defensive Distribution Fund

Balance Sheet

As at

| | | 31/05/19 | 31/05/18 |
|--|------|----------------|----------------|
| | Note | £'000 | £'000 |
| Assets: | | | |
| Fixed assets: | | | |
| Investments | | 258,113 | 290,754 |
| Current assets: | | | |
| Debtors | 7 | 808 | 974 |
| Cash and bank balances | 8 | 9,123 | 8,056 |
| Total assets | | <u>268,044</u> | <u>299,784</u> |
| Liabilities: | | | |
| Creditors: | | | |
| Distribution payable | | (69) | (35) |
| Other creditors | 9 | (653) | (727) |
| Total liabilities | | <u>(722)</u> | <u>(762)</u> |
| Net assets attributable to Shareholders | | <u>267,322</u> | <u>299,022</u> |

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

Non-derivative securities

Transaction charges

Net capital gains

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 2,323 | 2,323 |
| (1) | (1) |
| 2,322 | 2,322 |

3. Revenue

Bank interest

Interest on debt securities

Overseas dividends

UK dividends

Total revenue

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 14 | 4 |
| 1,386 | (1,134) |
| 248 | 227 |
| 3,609 | 3,864 |
| 5,257 | 2,961 |

4. Expenses

Payable to the ACD, associates of the ACD, and agents of either of them

Annual Management Charge

Registration fees

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees

Safe custody fees

Other expenses

Audit fees

Printing fees

Total expenses

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 1,475 | 1,749 |
| 12 | 13 |
| 1,487 | 1,762 |
| 32 | 32 |
| 8 | 8 |
| 40 | 40 |
| 8 | 8 |
| 8 | 2 |
| 16 | 10 |
| 1,543 | 1,812 |

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

5. Taxation

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| (a) Analysis of the tax charge in the year | | |
| Overseas withholding tax | 19 | 18 |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2018: 20%) is applied to the net revenue before taxation. The differences are explained below:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| Net revenue before taxation | 3,714 | 1,149 |
| Net revenue for the year multiplied by the standard rate of corporation tax | 743 | 230 |
| Effects of: | | |
| Movement in excess management expenses | 948 | 1,830 |
| Overseas withholding tax | 19 | 18 |
| Relief for indexation on UK Gilts | (919) | (1,242) |
| Revenue not subject to corporation tax | (772) | (818) |
| Current tax charge for the year | 19 | 18 |

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance sheet date in the current year or prior year.

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £18,408,832 (2018: £17,461,037) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|--|----------------------------------|----------------------------------|
| First interim | 1,010 | 446 |
| Second interim | 984 | 719 |
| Third interim | 893 | 477 |
| Final | 2,222 | 1,199 |
| Add: Revenue paid on cancellation of shares | 191 | 55 |
| Deduct: Revenue received on creation of shares | (130) | (16) |
| Net distribution for the year | 5,170 | 2,880 |
| Reconciliation of net revenue after taxation to distributions | | |
| Net revenue after taxation | 3,695 | 1,131 |
| Expenses charged to capital | 1,475 | 1,749 |
| Net distribution for the year | 5,170 | 2,880 |

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

| | | |
|---|-----------------|-----------------|
| 7. Debtors | 31/05/19 | 31/05/18 |
| | £'000 | £'000 |
| Amounts receivable for creation of shares | 8 | 90 |
| Accrued revenue | 775 | 868 |
| Overseas tax recoverable | 25 | 16 |
| Total debtors | 808 | 974 |

| | | |
|-------------------------------------|-----------------|-----------------|
| 8. Cash and bank balances | 31/05/19 | 31/05/18 |
| | £'000 | £'000 |
| Cash and bank balances | 9,123 | 8,056 |
| Total cash and bank balances | 9,123 | 8,056 |

| | | |
|--|-----------------|-----------------|
| 9. Other creditors | 31/05/19 | 31/05/18 |
| | £'000 | £'000 |
| Amounts payable for cancellation of shares | 504 | 573 |
| Accrued Annual Management Charge | 120 | 135 |
| Accrued other expenses | 29 | 19 |
| Total other creditors | 653 | 727 |

10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no Shareholdings in the Company at the year end.

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

| | Annual Management Charge rate (%) | 31/05/18 | Issued | Cancelled | Converted | 31/05/19 |
|----------------------|--|-------------|------------|--------------|--------------|-------------|
| A Gross Accumulation | 0.50% | 1,415,301 | 1,375,739 | (1,280,768) | 682,974 | 2,193,246 |
| A Gross Income | 0.50% | 4,344 | 52,595 | (52,640) | 47,686 | 51,985 |
| A Net Accumulation + | 0.50% | 625,114 | 768,725 | (708,464) | (685,375) | - |
| A Net Income + | 0.50% | 52,077 | 48,348 | (52,696) | (47,729) | - |
| B Gross Accumulation | 0.40% | 143,538,123 | 27,834,849 | (49,531,295) | 27,819,067 | 149,660,744 |
| B Gross Income | 0.40% | 1,556,604 | 389,881 | (547,695) | 388,401 | 1,787,191 |
| B Net Accumulation + | 0.40% | 29,689,072 | 28,313,688 | (29,698,348) | (28,304,412) | - |
| B Net Income + | 0.40% | 401,371 | 388,415 | (402,059) | (387,727) | - |
| R Gross Accumulation | 1.50% | 5,976,837 | 6,950,884 | (7,626,986) | 6,607,700 | 11,908,435 |
| R Gross Income | 1.50% | 2,609,266 | 1,093,372 | (1,231,796) | 977,818 | 3,448,660 |
| R Net Accumulation + | 1.50% | 6,187,949 | 5,663,313 | (6,304,392) | (5,546,870) | - |
| R Net Income + | 1.50% | 1,137,064 | 55,874 | (1,247,859) | 54,921 | - |
| Z Gross Accumulation | 0.75% | 12,028,638 | 7,643,830 | (10,298,736) | 7,085,650 | 16,459,382 |
| Z Gross Income | 0.75% | 531,089 | 2,479,385 | (2,588,305) | 2,327,690 | 2,749,859 |
| Z Net Accumulation + | 0.75% | 7,415,557 | 8,101,871 | (7,866,960) | (7,650,468) | - |
| Z Net Income + | 0.75% | 2,293,795 | 2,477,188 | (2,441,118) | (2,329,865) | - |

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

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2018: nil).

13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2018).

Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £25,811,259 (2018: £29,075,378). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was immaterial direct foreign currency exposure within the Fund at the balance sheet date.

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A 1% increase in interest rates would have the effect of decreasing the return and net assets by £22,138,933 (2018: £23,153,000). A 1% decrease would have an equal and opposite effect.

The table below shows the interest rate risk profile at the balance sheet date:

| | Floating rate financial assets £'000 | Fixed rate financial assets £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|-----------------------------|--|---|---|----------------|
| Currency Assets | | | | |
| 31/05/19 | | | | |
| Pound sterling | 9,123 | 172,014 | 86,605 | 267,742 |
| Euro | - | - | 14 | 14 |
| US dollar | - | - | 288 | 288 |
| Total | 9,123 | 172,014 | 86,907 | 268,044 |
| 31/05/18 | | | | |
| Pound sterling | 8,056 | 188,783 | 102,646 | 299,485 |
| Euro | - | - | 4 | 4 |
| US dollar | - | - | 295 | 295 |
| Total | 8,056 | 188,783 | 102,945 | 299,784 |
| | | | | |
| | Floating rate financial liabilities £'000 | Fixed rate financial liabilities £'000 | Financial liabilities not carrying interest £'000 | Total £'000 |
| Currency Liabilities | | | | |
| 31/05/19 | | | | |
| Pound sterling | - | - | (722) | (722) |
| Euro | - | - | - | - |
| US dollar | - | - | - | - |
| Total | - | - | (722) | (722) |
| 31/05/18 | | | | |
| Pound sterling | - | - | (762) | (762) |
| Euro | - | - | - | - |
| US dollar | - | - | - | - |
| Total | - | - | (762) | (762) |

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

| Credit Rating | 31/05/19 | % | 31/05/18 | % |
|-----------------------------|-----------------------|--------------|-----------------------|--------------|
| | Market Value £'000 | | Market Value £'000 | |
| Investment grade | 167,050 | 62.49 | 188,783 | 63.14 |
| Total value of bonds | 167,050 | 62.49 | 188,783 | 63.14 |

14. Portfolio transaction costs

| | Net purchase cost | Commissions paid | | Taxes | | Total purchase cost |
|-------------------------------|----------------------|---------------------|------|-----------|------|---------------------------|
| 31/05/2019 | £'000 | £'000 | % | £'000 | % | £'000 |
| Analysis of purchases | | | | | | |
| Equities | 9,795 | 4 | 0.04 | 24 | 0.25 | 9,824 |
| Collective Investment Schemes | 1,056 | 1 | 0.05 | - | - | 1,057 |
| Total | 10,851 | 5 | | 24 | | 10,881 |

| | Net sale proceeds | Commissions paid | | Taxes | | Total sale proceeds |
|--------------------------|----------------------|---------------------|--------|----------|---|------------------------|
| 31/05/2019 | £'000 | £'000 | % | £'000 | % | £'000 |
| Analysis of sales | | | | | | |
| Equities | 19,325 | (8) | (0.04) | - | - | 19,317 |
| Bonds | 25,583 | - | - | - | - | 25,583 |
| Total | 44,908 | (8) | | - | | 44,900 |

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

| 31/05/2018 | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| Analysis of purchases | | | | | | |
| Equities | 17,913 | 15 | 0.08 | 58 | 0.32 | 17,986 |
| Bonds | 68,459 | - | - | - | - | 68,459 |
| Total | 86,372 | 15 | | 58 | | 86,445 |

| 31/05/2018 | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|---|------------------------------|
| Analysis of sales | | | | | | |
| Equities | 28,358 | (28) | (0.10) | - | - | 28,330 |
| Bonds | 71,201 | - | - | - | - | 71,201 |
| Total | 99,559 | (28) | | - | | 99,531 |

| | 01/06/18 to 31/05/19 | 01/06/17 to 31/05/18 |
|---|-------------------------|-------------------------|
| Transaction costs as percentage of average net asset value | % | % |
| Commissions | 0.00% | 0.01% |
| Taxes | 0.01% | 0.02% |

At the balance sheet date the average portfolio dealing spread was 0.17% (2018: 0.15%).

15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

16. Fair value disclosure

| Valuation technique | 31/05/19 | | 31/05/18 | |
|---------------------|-----------------|----------------------|-----------------|----------------------|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Level 1 ^ | 258,113 | - | 290,754 | - |
| Level 2 ^^ | - | - | - | - |
| Level 3 ^^ | - | - | - | - |
| | 258,113 | - | 290,754 | - |

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

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

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

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

AXA Defensive Distribution Fund

Distribution Tables

As at 31 May 2019

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2018

Group 2 Shares purchased on or after 1 June 2018 to 31 August 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/10/18 (p) | Distribution paid 31/10/17 (p) |
|---|-----------------------|---------------------|---|---|
| Share Class A Gross Accumulation | | | | |
| Group 1 | 0.413 | - | 0.413 | 0.163 |
| Group 2 | 0.331 | 0.082 | 0.413 | 0.163 |
| Share Class A Gross Income | | | | |
| Group 1 | 0.406 | - | 0.406 | 0.169 |
| Group 2 | 0.406 | - | 0.406 | 0.169 |
| Share Class A Net Accumulation | | | | |
| Group 1 | 0.411 | - | 0.411 | 0.162 |
| Group 2 | 0.296 | 0.115 | 0.411 | 0.162 |
| Share Class A Net Income | | | | |
| Group 1 | 0.399 | - | 0.399 | 0.159 |
| Group 2 | 0.399 | - | 0.399 | 0.159 |
| Share Class B Gross Accumulation | | | | |
| Group 1 | 0.464 | - | 0.464 | 0.183 |
| Group 2 | 0.338 | 0.126 | 0.464 | 0.183 |
| Share Class B Gross Income | | | | |
| Group 1 | 0.417 | - | 0.417 | 0.166 |
| Group 2 | 0.342 | 0.075 | 0.417 | 0.166 |
| Share Class B Net Accumulation | | | | |
| Group 1 | 0.456 | - | 0.456 | 0.179 |
| Group 2 | 0.330 | 0.126 | 0.456 | 0.179 |
| Share Class B Net Income | | | | |
| Group 1 | 0.418 | - | 0.418 | 0.166 |
| Group 2 | 0.147 | 0.271 | 0.418 | 0.166 |
| Share Class R Gross Accumulation | | | | |
| Group 1 | 0.494 | - | 0.494 | 0.197 |
| Group 2 | 0.414 | 0.080 | 0.494 | 0.197 |
| Share Class R Gross Income | | | | |
| Group 1 | 0.329 | - | 0.329 | 0.133 |
| Group 2 | 0.329 | - | 0.329 | 0.133 |
| Share Class R Net Accumulation | | | | |
| Group 1 | 0.593 | - | 0.593 | 0.236 |
| Group 2 | 0.303 | 0.290 | 0.593 | 0.236 |
| Share Class R Net Income | | | | |
| Group 1 | 0.315 | - | 0.315 | 0.127 |
| Group 2 | 0.110 | 0.205 | 0.315 | 0.127 |

AXA Defensive Distribution Fund

Distribution Tables

As at 31 May 2019

Share Class Z Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.711 | - | 0.711 | 0.281 |
| Group 2 | 0.506 | 0.205 | 0.711 | 0.281 |

Share Class Z Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.350 | - | 0.350 | 0.140 |
| Group 2 | 0.262 | 0.088 | 0.350 | 0.140 |

Share Class Z Net Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.656 | - | 0.656 | 0.259 |
| Group 2 | 0.294 | 0.362 | 0.656 | 0.259 |

Share Class Z Net Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.349 | - | 0.349 | 0.139 |
| Group 2 | 0.204 | 0.145 | 0.349 | 0.139 |

Second Distribution in pence per share

| | |
|---------|---|
| Group 1 | Shares purchased prior to 1 September 2018 |
| Group 2 | Shares purchased on or after 1 September 2018 to 30 November 2018 |

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/01/19 (p) | Distribution paid 31/01/18 (p) |
|---|-----------------------|---------------------|---|---|
| Share Class A Gross Accumulation | | | | |
| Group 1 | 0.414 | - | 0.414 | 0.269 |
| Group 2 | 0.167 | 0.247 | 0.414 | 0.269 |
| Share Class A Gross Income | | | | |
| Group 1 | 0.403 | - | 0.403 | 0.272 |
| Group 2 | 0.149 | 0.254 | 0.403 | 0.272 |
| Share Class A Net Accumulation + | | | | |
| Group 1 | - | - | - | 0.268 |
| Group 2 | - | - | - | 0.268 |
| Share Class A Net Income + | | | | |
| Group 1 | - | - | - | 0.262 |
| Group 2 | - | - | - | 0.262 |
| Share Class B Gross Accumulation | | | | |
| Group 1 | 0.465 | - | 0.465 | 0.302 |
| Group 2 | 0.273 | 0.192 | 0.465 | 0.302 |
| Share Class B Gross Income | | | | |
| Group 1 | 0.417 | - | 0.417 | 0.274 |
| Group 2 | 0.184 | 0.233 | 0.417 | 0.274 |
| Share Class B Net Accumulation + | | | | |
| Group 1 | - | - | - | 0.297 |
| Group 2 | - | - | - | 0.297 |
| Share Class B Net Income + | | | | |
| Group 1 | - | - | - | 0.275 |
| Group 2 | - | - | - | 0.275 |

AXA Defensive Distribution Fund

Distribution Tables

As at 31 May 2019

Share Class R Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.495 | - | 0.495 | 0.325 |
| Group 2 | 0.199 | 0.296 | 0.495 | 0.325 |

Share Class R Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.328 | - | 0.328 | 0.218 |
| Group 2 | 0.120 | 0.208 | 0.328 | 0.218 |

Share Class R Net Accumulation +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.390 |
| Group 2 | - | - | - | 0.390 |

Share Class R Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.209 |
| Group 2 | - | - | - | 0.209 |

Share Class Z Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.713 | - | 0.713 | 0.465 |
| Group 2 | 0.312 | 0.401 | 0.713 | 0.465 |

Share Class Z Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.349 | - | 0.349 | 0.230 |
| Group 2 | 0.139 | 0.210 | 0.349 | 0.230 |

Share Class Z Net Accumulation +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.429 |
| Group 2 | - | - | - | 0.429 |

Share Class Z Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.230 |
| Group 2 | - | - | - | 0.230 |

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2018

Group 2 Shares purchased on or after 1 December 2018 to 28 February 2019

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/04/19 (p) | Distribution paid 30/04/18 (p) |
|---|-----------------------|---------------------|---|---|
| Share Class A Gross Accumulation | | | | |
| Group 1 | 0.392 | - | 0.392 | 0.184 |
| Group 2 | 0.056 | 0.336 | 0.392 | 0.184 |
| Share Class A Gross Income | | | | |
| Group 1 | 0.377 | - | 0.377 | 0.188 |
| Group 2 | 0.377 | - | 0.377 | 0.188 |
| Share Class A Net Accumulation + | | | | |
| Group 1 | - | - | - | 0.183 |
| Group 2 | - | - | - | 0.183 |

AXA Defensive Distribution Fund

Distribution Tables

As at 31 May 2019

Share Class A Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.179 |
| Group 2 | - | - | - | 0.179 |

Share Class B Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.440 | - | 0.440 | 0.207 |
| Group 2 | 0.241 | 0.199 | 0.440 | 0.207 |

Share Class B Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.393 | - | 0.393 | 0.187 |
| Group 2 | 0.230 | 0.163 | 0.393 | 0.187 |

Share Class B Net Accumulation +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.203 |
| Group 2 | - | - | - | 0.203 |

Share Class B Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.188 |
| Group 2 | - | - | - | 0.188 |

Share Class R Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.466 | - | 0.466 | 0.222 |
| Group 2 | 0.278 | 0.188 | 0.466 | 0.222 |

Share Class R Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.309 | - | 0.309 | 0.149 |
| Group 2 | 0.009 | 0.300 | 0.309 | 0.149 |

Share Class R Net Accumulation +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.266 |
| Group 2 | - | - | - | 0.266 |

Share Class R Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.142 |
| Group 2 | - | - | - | 0.142 |

Share Class Z Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.674 | - | 0.674 | 0.318 |
| Group 2 | 0.402 | 0.272 | 0.674 | 0.318 |

Share Class Z Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.329 | - | 0.329 | 0.157 |
| Group 2 | 0.185 | 0.144 | 0.329 | 0.157 |

Share Class Z Net Accumulation +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.293 |
| Group 2 | - | - | - | 0.293 |

Share Class Z Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.157 |
| Group 2 | - | - | - | 0.157 |

AXA Defensive Distribution Fund

Distribution Tables

As at 31 May 2019

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2019

Group 2 Shares purchased on or after 1 March 2019 to 31 May 2019

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/07/19 (p) | Distribution paid 31/07/18 (p) |
|---|-----------------------|---------------------|--|---|
| Share Class A Gross Accumulation | | | | |
| Group 1 | 1.012 | - | 1.012 | 0.476 |
| Group 2 | 0.778 | 0.234 | 1.012 | 0.476 |
| Share Class A Gross Income | | | | |
| Group 1 | 0.967 | - | 0.967 | 0.472 |
| Group 2 | 0.967 | - | 0.967 | 0.472 |
| Share Class A Net Accumulation + | | | | |
| Group 1 | - | - | - | 0.474 |
| Group 2 | - | - | - | 0.474 |
| Share Class A Net Income + | | | | |
| Group 1 | - | - | - | 0.461 |
| Group 2 | - | - | - | 0.461 |
| Share Class B Gross Accumulation | | | | |
| Group 1 | 1.137 | - | 1.137 | 0.534 |
| Group 2 | 0.922 | 0.215 | 1.137 | 0.534 |
| Share Class B Gross Income | | | | |
| Group 1 | 1.013 | - | 1.013 | 0.483 |
| Group 2 | 0.831 | 0.182 | 1.013 | 0.483 |
| Share Class B Net Accumulation + | | | | |
| Group 1 | - | - | - | 0.525 |
| Group 2 | - | - | - | 0.525 |
| Share Class B Net Income + | | | | |
| Group 1 | - | - | - | 0.484 |
| Group 2 | - | - | - | 0.484 |
| Share Class R Gross Accumulation | | | | |
| Group 1 | 1.201 | - | 1.201 | 0.571 |
| Group 2 | 0.903 | 0.298 | 1.201 | 0.571 |
| Share Class R Gross Income | | | | |
| Group 1 | 0.792 | - | 0.792 | 0.382 |
| Group 2 | 0.571 | 0.221 | 0.792 | 0.382 |
| Share Class R Net Accumulation + | | | | |
| Group 1 | - | - | - | 0.685 |
| Group 2 | - | - | - | 0.685 |
| Share Class R Net Income + | | | | |
| Group 1 | - | - | - | 0.366 |
| Group 2 | - | - | - | 0.366 |

AXA Defensive Distribution Fund

Distribution Tables

As at 31 May 2019

Share Class Z Gross Accumulation

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 1.739 | - | 1.739 | 0.820 |
| Group 2 | 1.422 | 0.317 | 1.739 | 0.820 |

Share Class Z Gross Income

| | | | | |
|---------|-------|-------|-------|-------|
| Group 1 | 0.846 | - | 0.846 | 0.405 |
| Group 2 | 0.640 | 0.206 | 0.846 | 0.405 |

Share Class Z Net Accumulation +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.756 |
| Group 2 | - | - | - | 0.756 |

Share Class Z Net Income +

| | | | | |
|---------|---|---|---|-------|
| Group 1 | - | - | - | 0.405 |
| Group 2 | - | - | - | 0.405 |

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

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

Investment Objective

The aim of this Fund is to provide income with some prospect for long-term capital growth.

Investment Policy

The Fund invests in a mix of shares in large and medium sized UK listed companies, UK Government bonds (the majority of which are linked to the rate of inflation) and cash. The Fund's typical asset mix would range between 50-60% investment in shares and 40-50% in UK Government bonds and cash. The fund manager selects shares in companies based upon their prospects for future growth in dividend payments following an in depth analysis of the quality of their business model, financial status, and corporate governance arrangements. Investments in UK Government bonds are diversified across a range of maturities (i.e., the length of time for full repayment of the bond by the Government).

Risk and Reward Profile

As at 31 May 2019

By investing in a fund which can invest up to 60% in equities you are likely to be looking for an investment which has lower risk than a pure equity based fund but you are prepared to accept some risk for potential reward. 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 predominantly in equities or overseas.



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

Why is this Fund in this category?

The capital of the Fund is not guaranteed. The Fund is invested in financial markets and uses techniques and instruments which are subject to some level of variation which, may result in gains or losses.

Additional risks

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

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

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

- 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.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

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.

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

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

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

- **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, the 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 the Fund's investment objectives and investment policy.

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

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such 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 Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

• 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.

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

Market Review

Following two years of double-digit returns, the FTSE All-Share Index fell -9.47% (in total returns) in 2018 – its worst annual performance since the financial crisis. For the first time since the stock market crash of 2000, cash outperformed both bonds and equities over the calendar year. The new year brought a reversal of the negative investor sentiment and markets have resumed their positive, albeit volatile, progress.

The first quarter of 2019 heralded a renewed wave of investor optimism and a strong rally across asset classes. This was driven by the US Federal Reserve (Fed) reacting to the market's weakness in Q4 2018, and the potential for a weaker global growth outlook, by becoming more patient. Having been on a tightening path, the Fed is not now expected to raise interest rates in the US at any point in the next few years. In fact, the next move expected by the bond market is a cut. In addition, the Fed's policy to reduce the size of its balance sheet ('quantitative tightening') has been wound back and is set to end in September 2019. Another market worry has been the impact of the US-China trade negotiations on the global economy. Some progress seems to have been made since the beginning of the year over their trade dispute, although there is still much uncertainty around how the negotiations will evolve. In the meantime, US GDP remains robust. In China the authorities are now stimulating domestic demand with a package of tax cuts, infrastructure investment and measures designed to support bank credit growth. At worst, this should have the effect of stabilising GDP growth.

UK politics remain an important and constantly evolving factor for UK equities, principally reflected through movements of sterling's value. As none of the Brexit options put to parliament managed to attract majority support, PM Theresa May invited opposition leader Jeremy Corbyn for talks to help find a solution. The EU 27 leaders also granted the UK a flexible extension for Article 50 to 31 October 2019. As a result, the UK took part in the European Parliamentary elections on 23 May and the result made it clear that the UK general public is beyond dissatisfied with the lack of Brexit progress made by the two main UK political parties. Despite the political uncertainties the UK economy generated positive surprises helped by the robust labour market and modest wage inflation.

After six weeks, cross-party Brexit talks between the government and the Labour Party broke down. PM May resigned after a backlash over her new Brexit offer via the Withdrawal Agreement Bill, which offered several concessions in a bid to appeal to various factions across parliament. The market has interpreted the farcical developments within the Conservative party as increasing the likelihood of either a hardline Conservative Brexiter leading the UK towards a 'no-deal' Brexit, or a general election that could pave the way for a potentially less market-friendly Labour government. Former Foreign Secretary Boris Johnson is the favorite to win the leadership contest, but Conservatives towards the center of the party are opposed to a pro-Brexit leader. Johnson said after Theresa May's resignation that the UK will leave the EU on 31 October with a deal or no deal, adding he will go back to the EU to discuss the Irish backstop and the UK should not revoke. However, the EU said there will be no new Brexit deal.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

As we entered May, the S&P 500 was at an all-time high. However sentiment has been tested by the escalation of the US-China trade deal situation. President Trump followed through on his threat to raise the tariff rate on \$200 billion of Chinese imports from 10% to 25%. US officials accused China of reneging on its trade commitments. China retaliated against the US move with tariffs raised on \$60 billion in US goods, while the US threatened to block telecom companies from accessing US markets. Talks, while still reportedly ongoing, were said to have reached a low-point and reports suggested a trade deal is unlikely this year. A notable silver-lining for Europe in this has been the Trump administration reportedly putting off a decision on whether to impose auto tariffs on foreign cars for about six months, as it turns up the heat on China. The White House announced that it had effectively banned the sale of Huawei equipment to US companies, while also stating Huawei will no longer be able to procure American components and technology. These moves perhaps reveal the true reason behind the trade war positioning. Market hopes improved when President Trump said he expects a "fruitful" meeting with Xi at the G20 in late June.

Bond markets have put in a strong performance over the past six months as the trade tariff conflict between US and China escalated with increasing concerns of the implications for the global economy. The FTSE UK Gilts All Stocks (TR) index has risen 6.86% over the six months to 31 May 2019. By comparison the FTSE UK Gilts Index-Linked (All TR) index is up 11.46%. In the US, the rates market is now pricing in two interest rate cuts by the FOMC before the year-end, with almost four cuts over the next 18 months now implied by markets. Much focus has been on the inverted yield curve in the US which has historically been seen as a useful recession indicator.

Outlook

Concerns surrounding the macro uncertainties that have hung over the market for a number of months remain and keep investor sentiment in check. Significantly, however, the supportive backdrop of central banks globally (and the US Fed in particular) continues to underpin the low inflation, low interest rate, high employment conditions that have characterised developed economies for some time. Interestingly, central banks around the world keep buying record amounts of gold - worldwide 651.5 tons of bullion was bought by Governments in 2018, the second-highest total on record, according to the World Gold Council. Perhaps this reflects concerns more troubled waters ahead. For now at least, we continue to see attractions in equity valuations and look forward to making further progress over the period ahead.

Fund Commentary

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 at attractive valuations, particularly in situations where we perceive short-term market sentiment to be overly pessimistic.

The six-month period to the end of May 2019 was positive for markets. The Distribution portfolio benefitted from the tailwinds of a rising equity market and even stronger gilt and index-linked gilt markets. Performance statistics for the portfolio are shown in the report.

Within the equity sleeve of the portfolio individual holdings of note included Rightmove which continues to dominate the online property search sector. 3i Group, the UK's largest private equity firm, enjoyed considerable share price momentum as their investment portfolio generated strong returns for shareholders. WorldPay, a leading player in online payments, was acquired by Fidelity National Information Services and JD Sports rose substantially as investors recognised the success of their brand and strategy to expand further into the US retail market. The portfolio remains well-diversified and positioned in high quality companies with strong balance sheets and capable management teams.

All performance data source: AXA Investment Managers and Morningstar

Past performance is not a guide for future performance.

Major Purchases

- Standard Chartered
- Hill & Smith
- BCA Marketplace
- Whitbread
- John Wood

Major Sales

- Royal Dutch Shell
- HSBC
- UK Treasury 2.5% IL 16/04/20
- Shire
- UK Treasury 0.125% IL 22/11/19

Jamie Forbes-Wilson, Matthew Huddart

AXA Investment Managers UK Limited

31 May 2019

AXA Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| EQUITIES 57.32% (31/05/18: 57.77%) | | | |
| BASIC MATERIALS 3.98% (31/05/18: 4.36%) | | | |
| Chemicals 0.39% (31/05/18: 1.15%) | | | |
| Elementis | 2,000,000 | 2,906 | 0.39 |
| Mining 3.59% (31/05/18: 3.21%) | | | |
| Barrick Gold | 612,800 | 5,694 | 0.77 |
| Central Asia Metals | 1,300,000 | 2,828 | 0.38 |
| Rio Tinto | 400,000 | 18,054 | 2.44 |
| TOTAL BASIC MATERIALS | | 29,482 | 3.98 |
| CONSUMER GOODS 5.69% (31/05/18: 7.28%) | | | |
| Automobiles & Parts 0.25% (31/05/18: 0.00%) | | | |
| TI Fluid Systems | 1,000,000 | 1,824 | 0.25 |
| Beverages 1.23% (31/05/18: 0.67%) | | | |
| Diageo | 275,000 | 9,131 | 1.23 |
| Food Producers 0.41% (31/05/18: 0.92%) | | | |
| Cranswick | 110,000 | 3,012 | 0.41 |
| Household Goods & Home Construction 1.18% (31/05/18: 0.96%) | | | |
| Bellway | 150,000 | 4,119 | 0.56 |
| Countryside Properties | 1,500,000 | 4,566 | 0.62 |
| Personal Goods 0.65% (31/05/18: 0.72%) | | | |
| Unilever | 100,000 | 4,838 | 0.65 |
| Tobacco 1.97% (31/05/18: 4.01%) | | | |
| British American Tobacco | 350,000 | 9,758 | 1.32 |
| Imperial Brands | 250,000 | 4,821 | 0.65 |
| TOTAL CONSUMER GOODS | | 42,069 | 5.69 |
| CONSUMER SERVICES 5.77% (31/05/18: 4.49%) | | | |
| Food & Drug Retailers 0.91% (31/05/18: 0.82%) | | | |
| Tesco | 3,000,000 | 6,759 | 0.91 |
| General Retailers 1.30% (31/05/18: 0.94%) | | | |
| Dunelm | 500,000 | 4,420 | 0.60 |
| JD Sports Fashion | 850,000 | 5,222 | 0.70 |
| Media 2.58% (31/05/18: 2.31%) | | | |
| Ascential | 1,425,000 | 5,600 | 0.76 |
| ITV | 2,850,000 | 3,030 | 0.41 |
| Rightmove | 1,800,000 | 10,415 | 1.41 |
| Travel & Leisure 0.98% (31/05/18: 0.42%) | | | |
| Loungers | 1,187,395 | 2,589 | 0.35 |
| Whitbread | 100,000 | 4,643 | 0.63 |
| TOTAL CONSUMER SERVICES | | 42,678 | 5.77 |

AXA Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|-----------|-----------------------|--------------------------|
| FINANCIALS 12.82% (31/05/18: 12.79%) | | | |
| Banks 3.13% (31/05/18: 4.81%) | | | |
| HSBC | 1,500,000 | 9,697 | 1.31 |
| Lloyds Banking | 8,000,000 | 4,584 | 0.62 |
| Standard Chartered | 1,300,000 | 8,874 | 1.20 |
| Financial Services 2.70% (31/05/18: 1.84%) | | | |
| 3i | 1,000,000 | 10,515 | 1.42 |
| London Stock Exchange | 100,000 | 5,214 | 0.71 |
| Polar Capital | 21,250 | 119 | 0.02 |
| TP ICAP | 1,500,000 | 4,100 | 0.55 |
| Life Insurance 5.04% (31/05/18: 4.47%) | | | |
| Just | 6,000,000 | 2,910 | 0.39 |
| Legal & General | 4,500,000 | 11,610 | 1.57 |
| Phoenix | 800,000 | 5,362 | 0.73 |
| Prudential | 1,100,000 | 17,402 | 2.35 |
| Nonlife Insurance 0.76% (31/05/18: 0.88%) | | | |
| Beazley | 76,055 | 422 | 0.06 |
| Sabre Insurance | 2,000,000 | 5,200 | 0.70 |
| Real Estate Investment Trusts 1.19% (31/05/18: 0.79%) | | | |
| Great Portland Estates | 750,000 | 5,319 | 0.72 |
| PRS | 3,549,349 | 3,485 | 0.47 |
| TOTAL FINANCIALS | | 94,813 | 12.82 |
| HEALTH CARE 6.71% (31/05/18: 6.12%) | | | |
| Health Care Equipment & Services 1.68% (31/05/18: 0.83%) | | | |
| Advanced Medical Solutions | 1,200,000 | 4,068 | 0.55 |
| Smith & Nephew | 500,000 | 8,360 | 1.13 |
| Pharmaceuticals & Biotechnology 5.03% (31/05/18: 5.29%) | | | |
| AstraZeneca | 115,000 | 6,695 | 0.91 |
| Genus | 175,000 | 4,620 | 0.62 |
| GlaxoSmithKline | 1,700,000 | 25,891 | 3.50 |
| TOTAL HEALTH CARE | | 49,634 | 6.71 |
| INDUSTRIALS 8.87% (31/05/18: 6.98%) | | | |
| Aerospace & Defense 0.66% (31/05/18: 0.59%) | | | |
| BAE Systems | 1,100,000 | 4,876 | 0.66 |
| Construction & Materials 1.30% (31/05/18: 1.09%) | | | |
| Ibstock | 2,000,000 | 4,760 | 0.64 |
| Melrose Industries | 3,000,000 | 4,881 | 0.66 |
| General Industrials 1.44% (31/05/18: 1.34%) | | | |
| Coats | 7,000,000 | 5,509 | 0.74 |
| DS Smith | 1,650,000 | 5,166 | 0.70 |
| Industrial Engineering 1.41% (31/05/18: 0.66%) | | | |
| Hill & Smith | 500,000 | 5,995 | 0.81 |
| Weir | 300,000 | 4,406 | 0.60 |

AXA Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|-----------|-----------------------|--------------------------|
| Industrial Transportation 0.70% (31/05/18: 0.68%) | | | |
| BBA Aviation | 2,000,000 | 5,160 | 0.70 |
| Support Services 3.36% (31/05/18: 2.62%) | | | |
| Ashtead | 275,000 | 5,162 | 0.70 |
| BCA Marketplace | 3,750,000 | 6,862 | 0.93 |
| Experian | 300,000 | 7,110 | 0.96 |
| Worldpay | 60,000 | 5,670 | 0.77 |
| TOTAL INDUSTRIALS | | 65,557 | 8.87 |
| OIL & GAS 8.99% (31/05/18: 10.41%) | | | |
| Oil & Gas Producers 8.26% (31/05/18: 10.41%) | | | |
| BP | 4,750,000 | 25,522 | 3.45 |
| Diversified Gas & Oil | 2,701,507 | 3,431 | 0.46 |
| Royal Dutch Shell | 1,000,000 | 24,595 | 3.32 |
| Serica Energy | 2,004,000 | 2,629 | 0.36 |
| Tullow Oil | 2,500,000 | 4,925 | 0.67 |
| Oil Equipment, Services & Distribution 0.73% (31/05/18: 0.00%) | | | |
| Hunting | 600,000 | 3,009 | 0.41 |
| John Wood | 600,000 | 2,384 | 0.32 |
| TOTAL OIL & GAS | | 66,495 | 8.99 |
| TECHNOLOGY 0.74% (31/05/18: 0.52%) | | | |
| Software & Computer Services 0.74% (31/05/18: 0.52%) | | | |
| AVEVA | 150,000 | 5,490 | 0.74 |
| TOTAL TECHNOLOGY | | 5,490 | 0.74 |
| TELECOMMUNICATIONS 1.84% (31/05/18: 2.08%) | | | |
| Fixed Line Telecommunications 0.59% (31/05/18: 0.50%) | | | |
| BT | 2,250,000 | 4,386 | 0.59 |
| Mobile Telecommunications 1.25% (31/05/18: 1.58%) | | | |
| Inmarsat | 131,820 | 722 | 0.10 |
| Vodafone | 6,500,000 | 8,494 | 1.15 |
| TOTAL TELECOMMUNICATIONS | | 13,602 | 1.84 |
| UTILITIES 1.91% (31/05/18: 2.74%) | | | |
| Gas, Water & Multiutilities 1.91% (31/05/18: 2.74%) | | | |
| National Grid | 1,164,166 | 9,155 | 1.24 |
| Severn Trent | 250,000 | 4,940 | 0.67 |
| TOTAL UTILITIES | | 14,095 | 1.91 |

AXA Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|------------|-----------------------|--------------------------|
| GOVERNMENT BONDS 39.54% (31/05/18: 38.81%) | | | |
| Index Linked Government Bonds 37.45% (31/05/18: 36.43%) | | | |
| UK Treasury 0.125% IL 22/11/19 | 37,085,200 | 43,101 | 5.83 |
| UK Treasury 0.125% IL 22/03/24 | 12,635,500 | 17,020 | 2.30 |
| UK Treasury 0.125% IL 22/03/26 | 3,550,000 | 4,719 | 0.64 |
| UK Treasury 0.125% IL 22/03/44 | 2,642,800 | 5,282 | 0.71 |
| UK Treasury 0.125% IL 22/03/46 | 1,300,000 | 2,523 | 0.34 |
| UK Treasury 0.125% IL 22/11/56 | 1,200,000 | 2,772 | 0.37 |
| UK Treasury 0.125% IL 22/03/58 | 4,060,129 | 9,902 | 1.34 |
| UK Treasury 0.125% IL 22/11/65 | 2,880,000 | 8,062 | 1.09 |
| UK Treasury 0.125% IL 22/03/68 | 2,366,600 | 7,330 | 0.99 |
| UK Treasury 0.25% IL 22/03/52 | 2,282,917 | 5,454 | 0.74 |
| UK Treasury 0.375% IL 22/03/62 | 1,293,253 | 3,955 | 0.54 |
| UK Treasury 0.5% IL 22/03/50 | 2,965,548 | 8,159 | 1.10 |
| UK Treasury 0.625% IL 22/03/40 | 1,262,496 | 2,874 | 0.39 |
| UK Treasury 0.625% IL 22/11/42 | 3,690,000 | 9,066 | 1.23 |
| UK Treasury 0.75% IL 22/03/34 | 3,867,300 | 7,326 | 0.99 |
| UK Treasury 0.75% IL 22/11/47 | 3,149,000 | 8,890 | 1.20 |
| UK Treasury 1.125% IL 22/11/37 | 3,737,000 | 9,335 | 1.26 |
| UK Treasury 1.25% IL 22/11/27 | 3,684,400 | 7,399 | 1.00 |
| UK Treasury 1.25% IL 22/11/32 | 3,589,000 | 7,461 | 1.01 |
| UK Treasury 1.25% IL 22/11/55 | 1,858,230 | 7,467 | 1.01 |
| UK Treasury 1.875% IL 22/11/22 | 3,478,400 | 5,660 | 0.77 |
| UK Treasury 2% IL 26/01/35 | 2,614,000 | 7,628 | 1.03 |
| UK Treasury 2.5% IL 16/04/20 | 20,814,000 | 74,181 | 10.03 |
| UK Treasury 2.5% IL 17/07/24 | 1,373,000 | 5,067 | 0.69 |
| UK Treasury 4.125% IL 22/07/30 | 1,646,000 | 6,312 | 0.85 |
| Traditional Government Bonds 2.09% (31/05/18: 2.38%) | | | |
| UK Treasury 0% 07/06/21 | 1,000,000 | 988 | 0.13 |
| UK Treasury 1.75% 22/07/19 | 1,000,000 | 1,001 | 0.14 |
| UK Treasury 2% 07/09/25 | 273,000 | 296 | 0.04 |
| UK Treasury 2.5% 22/07/65 | 74,000 | 103 | 0.02 |
| UK Treasury 3.25% 22/01/44 | 600,000 | 820 | 0.11 |
| UK Treasury 3.5% 22/01/45 | 350,000 | 502 | 0.07 |
| UK Treasury 3.5% 22/07/68 | 125,000 | 220 | 0.03 |
| UK Treasury 3.75% 07/09/19 | 1,090,000 | 1,099 | 0.15 |
| UK Treasury 3.75% 07/09/21 | 3,271,000 | 3,504 | 0.47 |
| UK Treasury 3.75% 22/07/52 | 282,000 | 456 | 0.06 |
| UK Treasury 4% 22/01/60 | 217,000 | 394 | 0.05 |
| UK Treasury 4.25% 07/12/27 | 27,500 | 36 | 0.01 |
| UK Treasury 4.25% 07/06/32 | 225,000 | 311 | 0.04 |
| UK Treasury 4.25% 07/03/36 | 121,000 | 175 | 0.02 |
| UK Treasury 4.25% 07/09/39 | 252,000 | 380 | 0.05 |
| UK Treasury 4.25% 07/12/40 | 90,000 | 138 | 0.02 |
| UK Treasury 4.25% 07/12/46 | 271,000 | 442 | 0.06 |
| UK Treasury 4.25% 07/12/49 | 100,000 | 169 | 0.02 |
| UK Treasury 4.25% 07/12/55 | 200,000 | 363 | 0.05 |
| UK Treasury 4.5% 07/09/34 | 331,120 | 483 | 0.07 |
| UK Treasury 4.5% 07/12/42 | 150,000 | 242 | 0.03 |
| UK Treasury 4.75% 07/03/20 | 2,034,000 | 2,097 | 0.28 |
| UK Treasury 4.75% 07/12/30 | 300,000 | 424 | 0.06 |

AXA Distribution Fund

Portfolio Statement As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|-------------------------------|---------|-----------------------|--------------------------|
| UK Treasury 4.75% 07/12/38 | 277,000 | 440 | 0.06 |
| UK Treasury 5% 07/03/25 | 190,000 | 237 | 0.03 |
| UK Treasury 6% 07/12/28 | 87,000 | 128 | 0.02 |
| TOTAL GOVERNMENT BONDS | | 292,393 | 39.54 |
| Portfolio of investments | | 716,308 | 96.86 |
| Net other assets | | 23,237 | 3.14 |
| Total net assets | | 739,545 | 100.00 |

All investments are ordinary shares unless otherwise stated.

All bonds are denominated in Sterling unless otherwise indicated.

AXA Distribution Fund

Comparative Tables

As at 31 May 2019

| | A Accumulation | | | A Income | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 121.69 | 119.13 | 101.82 | 113.89 | 114.21 | 100.29 |
| Return before operating charges ^ | 1.35 | 3.16 | 17.88 | 1.21 | 2.92 | 17.42 |
| Operating charges ^ | (0.62) | (0.60) | (0.57) | (0.58) | (0.57) | (0.56) |
| Return after operating charges ^ | 0.73 | 2.56 | 17.31 | 0.63 | 2.35 | 16.86 |
| Distributions | (3.53) | (2.81) | (3.00) | (3.27) | (2.67) | (2.94) |
| Retained distributions on accumulation shares | 3.53 | 2.81 | 3.00 | - | - | - |
| Closing net asset value per share † | 122.42 | 121.69 | 119.13 | 111.25 | 113.89 | 114.21 |
| *^ after direct transaction costs of: | 0.08 | 0.06 | 0.06 | 0.07 | 0.06 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | 0.60% | 2.15% | 17.00% | 0.55% | 2.06% | 16.81% |
| Other information | | | | | | |
| Closing net asset value (£) † | 6,127,728 | 5,491,515 | 5,323,098 | 357,889 | 163,185 | 115,115 |
| Closing number of shares | 5,005,519 | 4,512,879 | 4,468,444 | 321,712 | 143,284 | 100,788 |
| Operating charges ^ | 0.52% | 0.51% | 0.51% | 0.52% | 0.51% | 0.51% |
| Direct transaction costs * | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 124.00 | 122.60 | 119.20 | 114.70 | 115.80 | 115.10 |
| Lowest share price # | 112.10 | 113.70 | 99.30 | 103.60 | 107.40 | 97.77 |

| | B Accumulation | | | B Income | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 141.01 | 137.95 | 117.75 | 121.81 | 122.03 | 107.00 |
| Return before operating charges ^ | 1.57 | 3.62 | 20.73 | 1.29 | 3.13 | 18.64 |
| Operating charges ^ | (0.58) | (0.56) | (0.53) | (0.50) | (0.49) | (0.47) |
| Return after operating charges ^ | 0.99 | 3.06 | 20.20 | 0.79 | 2.64 | 18.17 |
| Distributions | (4.09) | (3.26) | (3.48) | (3.50) | (2.86) | (3.14) |
| Retained distributions on accumulation shares | 4.09 | 3.26 | 3.48 | - | - | - |
| Closing net asset value per share † | 142.00 | 141.01 | 137.95 | 119.10 | 121.81 | 122.03 |
| *^ after direct transaction costs of: | 0.09 | 0.07 | 0.07 | 0.08 | 0.06 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | 0.70% | 2.22% | 17.15% | 0.65% | 2.16% | 16.98% |
| Other information | | | | | | |
| Closing net asset value (£) † | 387,428,167 | 434,392,799 | 464,077,610 | 2,702,378 | 3,124,215 | 3,443,516 |
| Closing number of shares | 272,838,324 | 308,065,909 | 336,420,741 | 2,269,015 | 2,564,876 | 2,821,887 |
| Operating charges ^ | 0.42% | 0.41% | 0.41% | 0.42% | 0.41% | 0.41% |
| Direct transaction costs * | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 143.90 | 142.00 | 138.10 | 122.60 | 123.80 | 123.00 |
| Lowest share price # | 130.00 | 131.80 | 114.80 | 110.90 | 114.90 | 104.30 |

AXA Distribution Fund

Comparative Tables

As at 31 May 2019

| | R Accumulation | | | R Income | | |
|---|----------------|-------------|-------------|------------|------------|------------|
| | 31/05/2019 | 31/05/2018 | 31/05/2017 | 31/05/2019 | 31/05/2018 | 31/05/2017 |
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 217.22 | 214.86 | 185.44 | 121.96 | 123.53 | 109.52 |
| Return before operating charges ^ | 2.36 | 5.56 | 32.46 | 1.25 | 3.13 | 18.98 |
| Operating charges ^ | (3.22) | (3.20) | (3.04) | (1.79) | (1.82) | (1.78) |
| Return after operating charges ^ | (0.86) | 2.36 | 29.42 | (0.54) | 1.31 | 17.20 |
| Distributions | (6.26) | (5.04) | (5.45) | (3.48) | (2.88) | (3.19) |
| Retained distributions on accumulation shares | 6.26 | 5.04 | 5.45 | - | - | - |
| Closing net asset value per share † | 216.36 | 217.22 | 214.86 | 117.94 | 121.96 | 123.53 |
| *^ after direct transaction costs of: | 0.14 | 0.11 | 0.11 | 0.08 | 0.06 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | -0.40% | 1.10% | 15.86% | -0.44% | 1.06% | 15.71% |
| Other information | | | | | | |
| Closing net asset value (£) † | 177,988,890 | 203,520,698 | 240,167,015 | 8,711,409 | 11,812,238 | 12,807,183 |
| Closing number of shares | 82,266,228 | 93,692,873 | 111,780,180 | 7,386,350 | 9,685,332 | 10,367,532 |
| Operating charges ^ | 1.52% | 1.51% | 1.51% | 1.52% | 1.51% | 1.51% |
| Direct transaction costs * | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 219.40 | 218.90 | 215.10 | 122.60 | 124.40 | 124.50 |
| Lowest share price # | 199.00 | 203.40 | 180.70 | 110.30 | 115.20 | 106.70 |
| | Z Accumulation | | | Z Income | | |
| | 31/05/2019 | 31/05/2018 | 31/05/2017 | 31/05/2019 | 31/05/2018 | 31/05/2017 |
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 239.91 | 235.54 | 201.77 | 134.20 | 134.92 | 118.71 |
| Return before operating charges ^ | 2.66 | 6.14 | 35.44 | 1.41 | 3.44 | 20.65 |
| Operating charges ^ | (1.81) | (1.77) | (1.67) | (1.00) | (1.01) | (0.97) |
| Return after operating charges ^ | 0.85 | 4.37 | 33.77 | 0.41 | 2.43 | 19.68 |
| Distributions | (6.95) | (5.55) | (5.96) | (3.85) | (3.15) | (3.47) |
| Retained distributions on accumulation shares | 6.95 | 5.55 | 5.96 | - | - | - |
| Closing net asset value per share † | 240.76 | 239.91 | 235.54 | 130.76 | 134.20 | 134.92 |
| *^ after direct transaction costs of: | 0.15 | 0.12 | 0.12 | 0.08 | 0.07 | 0.07 |
| Performance | | | | | | |
| Return after operating charges | 0.35% | 1.86% | 16.74% | 0.31% | 1.80% | 16.58% |
| Other information | | | | | | |
| Closing net asset value (£) † | 127,257,886 | 136,969,393 | 140,743,524 | 28,971,099 | 32,136,103 | 36,904,491 |
| Closing number of shares | 52,857,305 | 57,091,240 | 59,753,366 | 22,156,087 | 23,945,894 | 27,353,658 |
| Operating charges ^ | 0.77% | 0.76% | 0.76% | 0.77% | 0.76% | 0.76% |
| Direct transaction costs * | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 244.00 | 241.70 | 235.70 | 135.00 | 136.40 | 136.00 |
| Lowest share price # | 220.70 | 224.40 | 196.70 | 121.90 | 126.60 | 115.70 |

† Valued at bid-market prices.

High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

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

* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

AXA Distribution Fund

Statement of Total Return

For the year ended 31 May 2019

| | Note | 01/06/18 to 31/05/19 £'000 | £'000 | 01/06/17 to 31/05/18 £'000 | £'000 |
|---|------|----------------------------------|-----------------|----------------------------------|----------------|
| Income: | | | | | |
| Net capital (losses)/gains | 2 | | (16,131) | | 326 |
| Revenue | 3 | 22,615 | | 20,186 | |
| Expenses | 4 | (5,916) | | (6,623) | |
| Interest payable and similar charges | | - | | - | |
| Net revenue before taxation | | 16,699 | | 13,563 | |
| Taxation | 5 | (31) | | (19) | |
| Net revenue after taxation | | | 16,668 | | 13,544 |
| Total return before distributions | | | 537 | | 13,870 |
| Distributions | 6 | | (22,465) | | (20,048) |
| Change in net assets attributable to Shareholders from investment activities | | | (21,928) | | (6,178) |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2019

| | 01/06/18 to 31/05/19 £'000 | £'000 | 01/06/17 to 31/05/18 £'000 | £'000 |
|--|----------------------------------|----------------|----------------------------------|----------------|
| Opening net assets attributable to Shareholders | | 827,610 | | 903,581 |
| Amounts receivable on issue of shares | 17,413 | | 11,783 | |
| Amounts payable on cancellation of shares | (104,503) | | (100,235) | |
| | | (87,090) | | (88,452) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (21,928) | | (6,178) |
| Retained distributions on accumulation shares | | 20,951 | | 18,656 |
| Unclaimed distributions | | 2 | | 3 |
| Closing net assets attributable to Shareholders | | 739,545 | | 827,610 |

AXA Distribution Fund

Balance Sheet

As at

| | | 31/05/19 | 31/05/18 |
|--|------|----------------|----------------|
| | Note | £'000 | £'000 |
| Assets: | | | |
| Fixed assets: | | | |
| Investments | | 716,308 | 799,345 |
| Current assets: | | | |
| Debtors | 7 | 3,782 | 4,542 |
| Cash and bank balances | 8 | 21,810 | 25,924 |
| Total assets | | 741,900 | 829,811 |
| Liabilities: | | | |
| Creditors: | | | |
| Distribution payable | | (465) | (422) |
| Other creditors | 9 | (1,890) | (1,779) |
| Total liabilities | | (2,355) | (2,201) |
| Net assets attributable to Shareholders | | 739,545 | 827,610 |

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital (losses)/gains

The net capital (losses)/gains comprise:

Non-derivative securities

Currency gains/(losses)

Transaction charges

Net capital (losses)/gains

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| (16,130) | 329 |
| - | (1) |
| (1) | (2) |
| (16,131) | 326 |

3. Revenue

Bank interest

Interest on debt securities

Overseas dividends

UK dividends

Property Revenue from REITs

Other revenue

Total revenue

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 41 | 10 |
| 2,705 | (1,043) |
| 736 | 843 |
| 18,846 | 19,757 |
| 287 | 618 |
| - | 1 |
| 22,615 | 20,186 |

4. Expenses

Payable to the ACD, associates of the ACD, and agents of either of them

Annual Management Charge

Registration fees

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees

Safe custody fees

Other expenses

Audit fees

Printing fees

Total expenses

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 5,797 | 6,504 |
| 53 | 57 |
| 5,850 | 6,561 |
| 32 | 32 |
| 21 | 21 |
| 53 | 53 |
| 8 | 8 |
| 5 | 1 |
| 13 | 9 |
| 5,916 | 6,623 |

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

5. Taxation

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| (a) Analysis of the tax charge in the year | | |
| Irrecoverable overseas tax | 31 | 19 |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2018: 20%). The differences are explained below:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| Net revenue before taxation | 16,699 | 13,563 |
| Net revenue for the year multiplied by the standard rate of corporation tax | 3,340 | 2,713 |
| Effects of: | | |
| Movement in excess management expenses | 2,152 | 3,568 |
| Irrecoverable overseas tax | 31 | 19 |
| Relief for indexation on UK Gilts | (1,557) | (2,046) |
| Revenue not subject to corporation tax | (3,935) | (4,235) |
| Current tax charge for the year | 31 | 19 |

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £22,678,508 (2018: £20,526,487) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|--|----------------------------------|----------------------------------|
| First interim | 5,352 | 5,183 |
| Second interim | 4,660 | 4,258 |
| Third interim | 3,848 | 3,038 |
| Final | 8,339 | 7,333 |
| Add: Revenue paid on cancellation of shares | 334 | 287 |
| Deduct: Revenue received on creation of shares | (68) | (51) |
| Net distribution for the year | 22,465 | 20,048 |
| Reconciliation of net revenue after taxation to distributions | | |
| Net revenue after taxation | 16,668 | 13,544 |
| Expenses charged to capital | 5,797 | 6,504 |
| Net distribution for the year | 22,465 | 20,048 |

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

| 7. Debtors | 31/05/19 £'000 | 31/05/18 £'000 |
|---|-------------------|-------------------|
| Amounts receivable for creation of shares | 10 | 350 |
| Accrued revenue | 3,744 | 4,167 |
| Income tax recoverable | 3 | - |
| Overseas tax recoverable | 25 | 25 |
| Total debtors | 3,782 | 4,542 |

| 8. Cash and bank balances | 31/05/19 £'000 | 31/05/18 £'000 |
|-------------------------------------|-------------------|-------------------|
| Cash and bank balances | 21,810 | 25,924 |
| Total cash and bank balances | 21,810 | 25,924 |

| 9. Other creditors | 31/05/19 £'000 | 31/05/18 £'000 |
|--|-------------------|-------------------|
| Amounts payable for cancellation of shares | 1,361 | 857 |
| Purchases awaiting settlement | - | 357 |
| Accrued Annual Management Charge | 477 | 532 |
| Accrued other expenses | 52 | 33 |
| Total other creditors | 1,890 | 1,779 |

10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no Shareholdings in the Company at the year end.

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

| | Annual Management Charge rate (%) | 31/05/18 | Issued | Cancelled | Converted | 31/05/19 |
|----------------|--|-------------|-----------|--------------|-----------|-------------|
| A Accumulation | 0.50% | 4,512,879 | 1,593,054 | (1,100,414) | - | 5,005,519 |
| A Income | 0.50% | 143,284 | 219,119 | (40,691) | - | 321,712 |
| B Accumulation | 0.40% | 308,065,909 | 57,474 | (35,285,059) | - | 272,838,324 |
| B Income | 0.40% | 2,564,876 | 24,750 | (320,611) | - | 2,269,015 |
| R Accumulation | 1.50% | 93,692,873 | 263,467 | (10,906,264) | (783,848) | 82,266,228 |
| R Income | 1.50% | 9,685,332 | 19,915 | (1,428,896) | (890,001) | 7,386,350 |
| Z Accumulation | 0.75% | 57,091,240 | 4,299,973 | (9,238,896) | 704,988 | 52,857,305 |
| Z Income | 0.75% | 23,945,894 | 1,251,452 | (3,844,320) | 803,061 | 22,156,087 |

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2018: nil).

13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2018).

Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £71,630,768 (2018: £82,761,015). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was immaterial direct foreign currency exposure within the Fund at the balance sheet date.

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A 1% increase in interest rates would have the effect of decreasing the return and net assets by £36,395,593 (2018: £38,894,000). A 1% decrease would have an equal and opposite effect.

Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

| | 31/05/19 | | 31/05/18 | |
|-----------------------------|----------------|--------------|----------------|--------------|
| Credit Rating | Market Value | % | Market Value | % |
| | £'000 | | £'000 | |
| Investment grade | 292,393 | 39.54 | 321,217 | 38.81 |
| Total value of bonds | 292,393 | 39.54 | 321,217 | 38.81 |

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

14. Portfolio transaction costs

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of purchases | | | | | | |
| Equities | 98,348 | 43 | 0.04 | 398 | 0.40 | 98,789 |
| Total | 98,348 | 43 | | 398 | | 98,789 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|---|------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of sales | | | | | | |
| Equities | 121,228 | (52) | (0.04) | - | - | 121,176 |
| Bonds | 43,250 | - | - | - | - | 43,250 |
| Total | 164,478 | (52) | | - | | 164,426 |

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| 31/05/2018 | | | | | | |
| Analysis of purchases | | | | | | |
| Equities | 73,907 | 68 | 0.09 | 282 | 0.38 | 74,257 |
| Bonds | 110,713 | - | - | - | - | 110,713 |
| Total | 184,620 | 68 | | 282 | | 184,970 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|---|------------------------------|
| 31/05/2018 | | | | | | |
| Analysis of sales | | | | | | |
| Equities | 114,038 | (93) | (0.08) | - | - | 113,945 |
| Bonds | 122,515 | - | - | - | - | 122,515 |
| Total | 236,553 | (93) | | - | | 236,460 |

| | 01/06/18 to 31/05/19 % | 01/06/17 to 31/05/18 % |
|---|------------------------------|------------------------------|
| Transaction costs as percentage of average net asset value | | |
| Commissions | 0.01% | 0.02% |
| Taxes | 0.05% | 0.03% |

At the balance sheet date the average portfolio dealing spread was 0.09% (2018: 0.06%).

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

16. Fair value disclosure

| Valuation technique | 31/05/19 | | 31/05/18 | |
|---------------------|-----------------|----------------------|-----------------|----------------------|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Level 1 ^ | 716,308 | - | 799,345 | - |
| Level 2 ^^ | - | - | - | - |
| Level 3 ^^ | - | - | - | - |
| | 716,308 | - | 799,345 | - |

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

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

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

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

AXA Distribution Fund

Distribution Tables

As at 31 May 2019

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2018

Group 2 Shares purchased on or after 1 June 2018 to 31 August 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/10/18 (p) | Distribution paid 31/10/17 (p) |
|-----------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.807 | - | 0.807 | 0.705 |
| Group 2 | 0.507 | 0.300 | 0.807 | 0.705 |
| Share Class A Income | | | | |
| Group 1 | 0.756 | - | 0.756 | 0.676 |
| Group 2 | 0.756 | - | 0.756 | 0.676 |
| Share Class B Accumulation | | | | |
| Group 1 | 0.935 | - | 0.935 | 0.816 |
| Group 2 | 0.613 | 0.322 | 0.935 | 0.816 |
| Share Class B Income | | | | |
| Group 1 | 0.808 | - | 0.808 | 0.722 |
| Group 2 | 0.611 | 0.197 | 0.808 | 0.722 |
| Share Class R Accumulation | | | | |
| Group 1 | 1.439 | - | 1.439 | 1.269 |
| Group 2 | 0.934 | 0.505 | 1.439 | 1.269 |
| Share Class R Income | | | | |
| Group 1 | 0.808 | - | 0.808 | 0.730 |
| Group 2 | 0.259 | 0.549 | 0.808 | 0.730 |
| Share Class Z Accumulation | | | | |
| Group 1 | 1.591 | - | 1.591 | 1.393 |
| Group 2 | 1.099 | 0.492 | 1.591 | 1.393 |
| Share Class Z Income | | | | |
| Group 1 | 0.890 | - | 0.890 | 0.798 |
| Group 2 | 0.557 | 0.333 | 0.890 | 0.798 |

AXA Distribution Fund

Distribution Tables

As at 31 May 2019

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2018

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

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/01/19 (p) | Distribution paid 31/01/18 (p) |
|-----------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.725 | - | 0.725 | 0.596 |
| Group 2 | 0.407 | 0.318 | 0.725 | 0.596 |
| Share Class A Income | | | | |
| Group 1 | 0.674 | - | 0.674 | 0.568 |
| Group 2 | 0.539 | 0.135 | 0.674 | 0.568 |
| Share Class B Accumulation | | | | |
| Group 1 | 0.840 | - | 0.840 | 0.690 |
| Group 2 | 0.466 | 0.374 | 0.840 | 0.690 |
| Share Class B Income | | | | |
| Group 1 | 0.721 | - | 0.721 | 0.607 |
| Group 2 | 0.465 | 0.256 | 0.721 | 0.607 |
| Share Class R Accumulation | | | | |
| Group 1 | 1.289 | - | 1.289 | 1.070 |
| Group 2 | 0.779 | 0.510 | 1.289 | 1.070 |
| Share Class R Income | | | | |
| Group 1 | 0.719 | - | 0.719 | 0.612 |
| Group 2 | 0.373 | 0.346 | 0.719 | 0.612 |
| Share Class Z Accumulation | | | | |
| Group 1 | 1.427 | - | 1.427 | 1.176 |
| Group 2 | 0.573 | 0.854 | 1.427 | 1.176 |
| Share Class Z Income | | | | |
| Group 1 | 0.794 | - | 0.794 | 0.670 |
| Group 2 | 0.329 | 0.465 | 0.794 | 0.670 |

AXA Distribution Fund

Distribution Tables

As at 31 May 2019

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2018

Group 2 Shares purchased on or after 1 December 2018 to 28 February 2019

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/04/19 (p) | Distribution paid 30/04/18 (p) |
|-----------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.618 | - | 0.618 | 0.434 |
| Group 2 | 0.375 | 0.243 | 0.618 | 0.434 |
| Share Class A Income | | | | |
| Group 1 | 0.571 | - | 0.571 | 0.412 |
| Group 2 | 0.209 | 0.362 | 0.571 | 0.412 |
| Share Class B Accumulation | | | | |
| Group 1 | 0.717 | - | 0.717 | 0.503 |
| Group 2 | 0.429 | 0.288 | 0.717 | 0.503 |
| Share Class B Income | | | | |
| Group 1 | 0.612 | - | 0.612 | 0.440 |
| Group 2 | 0.373 | 0.239 | 0.612 | 0.440 |
| Share Class R Accumulation | | | | |
| Group 1 | 1.096 | - | 1.096 | 0.778 |
| Group 2 | 0.638 | 0.458 | 1.096 | 0.778 |
| Share Class R Income | | | | |
| Group 1 | 0.608 | - | 0.608 | 0.443 |
| Group 2 | 0.262 | 0.346 | 0.608 | 0.443 |
| Share Class Z Accumulation | | | | |
| Group 1 | 1.217 | - | 1.217 | 0.857 |
| Group 2 | 0.632 | 0.585 | 1.217 | 0.857 |
| Share Class Z Income | | | | |
| Group 1 | 0.672 | - | 0.672 | 0.486 |
| Group 2 | 0.327 | 0.345 | 0.672 | 0.486 |

AXA Distribution Fund

Distribution Tables

As at 31 May 2019

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2019

Group 2 Shares purchased on or after 1 March 2019 to 31 May 2019

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/07/19 (p) | Distribution paid 31/07/18 (p) |
|-----------------------------------|-----------------------|---------------------|--|---|
| Share Class A Accumulation | | | | |
| Group 1 | 1.379 | - | 1.379 | 1.077 |
| Group 2 | 0.962 | 0.417 | 1.379 | 1.077 |
| Share Class A Income | | | | |
| Group 1 | 1.268 | - | 1.268 | 1.018 |
| Group 2 | 0.456 | 0.812 | 1.268 | 1.018 |
| Share Class B Accumulation | | | | |
| Group 1 | 1.600 | - | 1.600 | 1.248 |
| Group 2 | 1.102 | 0.498 | 1.600 | 1.248 |
| Share Class B Income | | | | |
| Group 1 | 1.357 | - | 1.357 | 1.088 |
| Group 2 | 1.186 | 0.171 | 1.357 | 1.088 |
| Share Class R Accumulation | | | | |
| Group 1 | 2.440 | - | 2.440 | 1.925 |
| Group 2 | 1.622 | 0.818 | 2.440 | 1.925 |
| Share Class R Income | | | | |
| Group 1 | 1.346 | - | 1.346 | 1.091 |
| Group 2 | 0.536 | 0.810 | 1.346 | 1.091 |
| Share Class Z Accumulation | | | | |
| Group 1 | 2.713 | - | 2.713 | 2.125 |
| Group 2 | 1.585 | 1.128 | 2.713 | 2.125 |
| Share Class Z Income | | | | |
| Group 1 | 1.491 | - | 1.491 | 1.200 |
| Group 2 | 0.859 | 0.632 | 1.491 | 1.200 |

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

Investment Objective

The aim of this Fund is to provide income with some prospect for long-term capital growth.

Investment Policy

The Fund invests in a mix of shares in UK listed companies, UK Government Bonds, the majority of which are linked to the rate of inflation, and cash. The Fund's typical asset mix would range between 50-60% investment in shares and 40-50% in UK Government bonds and cash.

In accordance with the fund manager's ethical screening criteria, the Fund invests in companies identified in relation to their approach to: environmental issues (including biodiversity, ozone depleting substances, climate change, fossil fuels, energy intensive industries, mining and quarrying, nuclear power, pollution and sustainable timber); human rights violations; and, other corporate responsibility issues (including animal testing, gambling, intensive farming, military sales, pornography and adult entertainment services, activities deemed detrimental to developing economies and tobacco sale and production). The latest ethical policy for the Fund can be found on www.axa-im.com. Eligible shares in companies for investment are then selected based upon their prospects for future growth in dividend payments following an in depth analysis of their financial status, quality of business model and corporate governance arrangements. Investments in UK Government bonds are diversified across a range of maturities (i.e., the length of time for full repayment of the bond by the Government).

Risk and Reward Profile

As at 31 May 2019

Due to the ethical constraints placed on this Fund, which exclude over half of the FTSE All-Share Index, the value of the Fund may fluctuate more than a Fund which is invested in a more diversified portfolio of UK equities. The value of investments and the income from them is not guaranteed and can go down as well as up.



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:

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

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

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

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

- **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.

- **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.

- **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, the 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 the Fund's investment objectives and investment policy.

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

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such 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.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

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.

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

Market Overview

Following two years of double-digit returns, the FTSE All-Share Index fell -9.47% (in total returns) in 2018 – its worst annual performance since the financial crisis. For the first time since the stock market crash of 2000, cash outperformed both bonds and equities over the calendar year. The new year brought a reversal of the negative investor sentiment and markets have resumed their positive, albeit volatile, progress.

The first quarter of 2019 heralded a renewed wave of investor optimism and a strong rally across asset classes. This was driven by the US Federal Reserve (Fed) reacting to the market's weakness in Q4 2018, and the potential for a weaker global growth outlook, by becoming more patient. Having been on a tightening path, the Fed is not now expected to raise interest rates in the US at any point in the next few years. In fact, the next move expected by the bond market is a cut. In addition, the Fed's policy to reduce the size of its balance sheet ('quantitative tightening') has been wound back and is set to end in September 2019. Another market worry has been the impact of the US-China trade negotiations on the global economy. Some progress seems to have been made since the beginning of the year over their trade dispute, although there is still much uncertainty around how the negotiations will evolve. In the meantime, US GDP remains robust. In China the authorities are now stimulating domestic demand with a package of tax cuts, infrastructure investment and measures designed to support bank credit growth. At worst, this should have the effect of stabilising GDP growth.

UK politics remain an important and constantly evolving factor for UK equities, principally reflected through movements of sterling's value. As none of the Brexit options put to parliament managed to attract majority support, PM Theresa May invited opposition leader Jeremy Corbyn for talks to help find a solution. The EU 27 leaders also granted the UK a flexible extension for Article 50 to 31 October 2019. As a result, the UK took part in the European Parliamentary elections on 23 May and the result made it clear that the UK general public is beyond dissatisfied with the lack of Brexit progress made by the two main UK political parties. Despite the political uncertainties the UK economy generated positive surprises helped by the robust labour market and modest wage inflation.

After six weeks, cross-party Brexit talks between the government and the Labour Party broke down. PM May resigned after a backlash over her new Brexit offer via the Withdrawal Agreement Bill, which offered several concessions in a bid to appeal to various factions across parliament. The market has interpreted the farcical developments within the Conservative party as increasing the likelihood of either a hardline Conservative Brexiter leading the UK towards a 'no-deal' Brexit, or a general election that could pave the way for a potentially less market-friendly Labour government. Former Foreign Secretary Boris Johnson is the favorite to win the leadership contest, but Conservatives towards the center of the party are opposed to a pro-Brexit leader. Johnson said after Theresa May's resignation that the UK will leave the EU on 31 October with a deal or no deal, adding he will go back to the EU to discuss the Irish backstop and the UK should not revoke. However, the EU said there will be no new Brexit deal.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

As we entered May, the S&P 500 was at an all-time high. However sentiment has been tested by the escalation of the US-China trade deal situation. President Trump followed through on his threat to raise the tariff rate on \$200 billion of Chinese imports from 10% to 25%. US officials accused China of reneging on its trade commitments. China retaliated against the US move with tariffs raised on \$60 billion in US goods, while the US threatened to block telecom companies from accessing US markets. Talks, while still reportedly ongoing, were said to have reached a low-point and reports suggested a trade deal is unlikely this year. A notable silver-lining for Europe in this has been the Trump administration reportedly putting off a decision on whether to impose auto tariffs on foreign cars for about six months, as it turns up the heat on China. The White House announced that it had effectively banned the sale of Huawei equipment to US companies, while also stating Huawei will no longer be able to procure American components and technology. These moves perhaps reveal the true reason behind the trade war positioning. Market hopes improved when President Trump said he expects a "fruitful" meeting with Xi at the G20 in late June.

Bond markets have put in a strong performance over the past six months as the trade tariff conflict between US and China escalated with increasing concerns of the implications for the global economy. The FTSE UK Gilts All Stocks (TR) index has risen 6.86% over the six months to 31 May 2019. By comparison the FTSE UK Gilts Index-Linked (All TR) index is up 11.46%. In the US, the rates market is now pricing in two interest rate cuts by the FOMC before the year-end, with almost four cuts over the next 18 months now implied by markets. Much focus has been on the inverted yield curve in the US which has historically been seen as a useful recession indicator.

Outlook

Concerns surrounding the macro uncertainties that have hung over the market for a number of months remain and keep investor sentiment in check. Significantly, however, the supportive backdrop of central banks globally (and the US Fed in particular) continues to underpin the low inflation, low interest rate, high employment conditions that have characterised developed economies for some time. Interestingly, central banks around the world keep buying record amounts of gold - worldwide 651.5 tons of bullion was bought by Governments in 2018, the second-highest total on record, according to the World Gold Council. Perhaps this reflects concerns more troubled waters ahead. For now at least, we continue to see attractions in equity valuations and look forward to making further progress over the period ahead.

Fund Commentary

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.

The six-month period to the end of May 2019 was positive for markets. The Ethical Distribution portfolio benefitted from the tailwinds of a rising equity market and an even stronger index-linked gilt market. Performance statistics for the portfolio are shown in the report.

Within the equity sleeve of the portfolio individual holdings of note included Tarsus Group, the international media company with interests in exhibitions, conferences, education, publishing and online media. The company was acquired by Charterhouse Capital in an all cash offer, the transaction was announced near the end of the period. Dairy Crest, the manufacturer of a range of food products and ingredients, including Cathedral City cheddar was acquired by Canadian dairy group Saputo in an all cash offer. 3i Group, the UK's largest private equity firm, enjoyed considerable share price momentum as their investment portfolio generated strong returns for shareholders. The portfolio remains well-diversified with a bias toward the more dynamic Mid Cap part of the market.

*All performance data source: AXA Investment Managers and Morningstar
Past performance is not a guide for future performance.*

Major Purchases

- 3i
- Telecom Plus
- Hill & Smith
- Games Workshop
- BCA Marketplace

Major Sales

- UK Treasury 2.5% IL 16/04/20
- UK Treasury 0.125% IL 22/11/19
- Standard Chartered
- Fidessa
- Jardine Lloyd Thompson

Matthew Huddart, Jamie Forbes-Wilson

AXA Investment Managers UK Limited

31 May 2019

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| EQUITIES 57.00% (31/05/18: 57.38%) | | | |
| CONSUMER GOODS 6.48% (31/05/18: 5.92%) | | | |
| Beverages 4.12% (31/05/18: 3.10%) | | | |
| Diageo | 259,000 | 8,600 | 4.12 |
| Food Producers 0.00% (31/05/18: 0.73%) | | | |
| Household Goods & Home Construction 1.29% (31/05/18: 1.41%) | | | |
| Berkeley | 40,000 | 1,399 | 0.67 |
| Redrow | 238,095 | 1,300 | 0.62 |
| Leisure Goods 1.07% (31/05/18: 0.19%) | | | |
| Games Workshop | 50,000 | 2,231 | 1.07 |
| Personal Goods 0.00% (31/05/18: 0.49%) | | | |
| TOTAL CONSUMER GOODS | | 13,530 | 6.48 |
| CONSUMER SERVICES 15.06% (31/05/18: 15.03%) | | | |
| Food & Drug Retailers 0.97% (31/05/18: 0.97%) | | | |
| Tesco | 900,000 | 2,028 | 0.97 |
| General Retailers 1.39% (31/05/18: 1.87%) | | | |
| B&M European Value Retail | 450,000 | 1,588 | 0.76 |
| Dunelm | 150,000 | 1,326 | 0.63 |
| Media 5.96% (31/05/18: 6.11%) | | | |
| Ascential | 500,000 | 1,965 | 0.94 |
| Bloomsbury Publishing | 533,028 | 1,210 | 0.58 |
| Informa | 250,000 | 1,937 | 0.93 |
| ITV | 825,000 | 877 | 0.42 |
| Reach | 1,069,230 | 845 | 0.41 |
| RELX | 150,000 | 2,763 | 1.32 |
| Tarsus | 550,000 | 2,365 | 1.13 |
| WPP | 52,000 | 490 | 0.23 |
| Travel & Leisure 6.74% (31/05/18: 6.08%) | | | |
| Carnival | 59,000 | 2,308 | 1.11 |
| Cineworld | 608,000 | 1,801 | 0.86 |
| Domino's Pizza | 290,000 | 676 | 0.32 |
| Gym | 890,000 | 2,056 | 0.99 |
| Hollywood Bowl | 1,000,000 | 2,300 | 1.10 |
| Hostelworld | 500,000 | 1,045 | 0.50 |
| National Express | 225,000 | 893 | 0.43 |
| On the Beach | 450,000 | 2,034 | 0.97 |
| SSP | 142,857 | 961 | 0.46 |
| TOTAL CONSUMER SERVICES | | 31,468 | 15.06 |
| FINANCIALS 16.01% (31/05/18: 17.79%) | | | |
| Banks 3.91% (31/05/18: 5.47%) | | | |
| Barclays | 1,750,000 | 2,620 | 1.26 |
| HSBC | 857,135 | 5,541 | 2.65 |
| Financial Services 3.18% (31/05/18: 2.53%) | | | |
| 3i | 195,000 | 2,050 | 0.98 |
| London Stock Exchange | 49,000 | 2,555 | 1.22 |

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| OneSavings Bank | 220,000 | 880 | 0.42 |
| Standard Life Aberdeen | 437,500 | 1,170 | 0.56 |
| Life Insurance 4.79% (31/05/18: 5.31%) | | | |
| Just | 1,600,000 | 776 | 0.37 |
| Legal & General | 600,000 | 1,548 | 0.74 |
| Prudential | 375,000 | 5,932 | 2.84 |
| St James's Place | 170,000 | 1,764 | 0.84 |
| Nonlife Insurance 0.40% (31/05/18: 1.46%) | | | |
| RSA Insurance | 150,000 | 828 | 0.40 |
| Real Estate Investment & Services 1.23% (31/05/18: 0.93%) | | | |
| Grainger | 1,026,666 | 2,563 | 1.23 |
| Real Estate Investment Trusts 2.50% (31/05/18: 2.09%) | | | |
| Derwent London | 70,000 | 2,227 | 1.06 |
| Segro | 120,000 | 830 | 0.40 |
| UNITE | 230,000 | 2,170 | 1.04 |
| TOTAL FINANCIALS | | 33,454 | 16.01 |
| HEALTH CARE 0.57% (31/05/18: 0.66%) | | | |
| Health Care Equipment & Services 0.57% (31/05/18: 0.66%) | | | |
| Consort Medical | 130,000 | 1,183 | 0.57 |
| TOTAL HEALTH CARE | | 1,183 | 0.57 |
| INDUSTRIALS 14.58% (31/05/18: 13.59%) | | | |
| Construction & Materials 1.03% (31/05/18: 0.84%) | | | |
| Polypipe | 500,000 | 2,147 | 1.03 |
| Electronic & Electrical Equipment 4.34% (31/05/18: 3.66%) | | | |
| Dialight | 349,050 | 1,815 | 0.87 |
| DiscoverIE | 400,000 | 1,700 | 0.82 |
| Oxford Instruments | 170,000 | 1,992 | 0.95 |
| TT Electronics | 1,200,000 | 3,048 | 1.46 |
| Xaar | 600,000 | 504 | 0.24 |
| General Industrials 2.05% (31/05/18: 2.09%) | | | |
| Coats | 1,500,000 | 1,180 | 0.57 |
| DS Smith | 509,090 | 1,594 | 0.76 |
| RPC | 192,000 | 1,515 | 0.72 |
| Industrial Engineering 2.28% (31/05/18: 1.41%) | | | |
| Hill & Smith | 144,928 | 1,738 | 0.83 |
| Porvair | 300,000 | 1,608 | 0.77 |
| Rotork | 500,000 | 1,412 | 0.68 |
| Support Services 4.88% (31/05/18: 5.59%) | | | |
| Ashtead | 175,000 | 3,285 | 1.57 |
| BCA Marketplace | 550,000 | 1,007 | 0.48 |
| De La Rue | 225,000 | 700 | 0.34 |
| Electrocomponents | 465,000 | 2,848 | 1.36 |
| Experian | 100,000 | 2,370 | 1.13 |
| TOTAL INDUSTRIALS | | 30,463 | 14.58 |

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|-----------|-----------------------|--------------------------|
| TECHNOLOGY 2.80% (31/05/18: 3.62%) | | | |
| Software & Computer Services 2.80% (31/05/18: 3.62%) | | | |
| Computacenter | 80,000 | 990 | 0.47 |
| FDM | 130,000 | 1,252 | 0.60 |
| Micro Focus International | 81,299 | 1,546 | 0.74 |
| SDL | 380,000 | 2,060 | 0.99 |
| TOTAL TECHNOLOGY | | 5,848 | 2.80 |
| TELECOMMUNICATIONS 1.50% (31/05/18: 0.77%) | | | |
| Fixed Line Telecommunications 1.50% (31/05/18: 0.45%) | | | |
| KCOM | 1,071,420 | 1,037 | 0.49 |
| Telecom Plus | 140,000 | 2,108 | 1.01 |
| Mobile Telecommunications 0.00% (31/05/18: 0.32%) | | | |
| TOTAL TELECOMMUNICATIONS | | 3,145 | 1.50 |
| GOVERNMENT BONDS 39.75% (31/05/18: 40.34%) | | | |
| Index Linked Government Bonds 35.97% (31/05/18: 36.60%) | | | |
| UK Treasury 0.125% IL 22/11/19 | 5,939,000 | 6,902 | 3.30 |
| UK Treasury 0.125% IL 22/03/24 | 5,155,000 | 6,944 | 3.32 |
| UK Treasury 0.125% IL 22/03/26 | 2,200,000 | 2,924 | 1.40 |
| UK Treasury 0.125% IL 22/11/36 | 873,000 | 1,444 | 0.69 |
| UK Treasury 0.125% IL 22/03/44 | 940,000 | 1,879 | 0.90 |
| UK Treasury 0.125% IL 22/03/46 | 1,777,000 | 3,449 | 1.65 |
| UK Treasury 0.125% IL 22/11/56 | 336,000 | 776 | 0.37 |
| UK Treasury 0.125% IL 22/03/58 | 799,844 | 1,950 | 0.93 |
| UK Treasury 0.125% IL 22/11/65 | 615,000 | 1,722 | 0.82 |
| UK Treasury 0.125% IL 22/03/68 | 700,400 | 2,169 | 1.04 |
| UK Treasury 0.25% IL 22/03/52 | 605,000 | 1,445 | 0.69 |
| UK Treasury 0.375% IL 22/03/62 | 587,904 | 1,798 | 0.86 |
| UK Treasury 0.5% IL 22/03/50 | 823,500 | 2,266 | 1.09 |
| UK Treasury 0.625% IL 22/03/40 | 415,000 | 945 | 0.45 |
| UK Treasury 0.625% IL 22/11/42 | 599,000 | 1,472 | 0.71 |
| UK Treasury 0.75% IL 22/03/34 | 730,000 | 1,383 | 0.66 |
| UK Treasury 0.75% IL 22/11/47 | 603,300 | 1,703 | 0.82 |
| UK Treasury 1.125% IL 22/11/37 | 650,000 | 1,624 | 0.78 |
| UK Treasury 1.25% IL 22/11/27 | 942,000 | 1,892 | 0.91 |
| UK Treasury 1.25% IL 22/11/32 | 1,429,000 | 2,971 | 1.42 |
| UK Treasury 1.25% IL 22/11/55 | 304,565 | 1,224 | 0.59 |
| UK Treasury 1.875% IL 22/11/22 | 2,199,500 | 3,579 | 1.71 |
| UK Treasury 2% IL 26/01/35 | 216,000 | 630 | 0.30 |
| UK Treasury 2.5% IL 16/04/20 | 5,549,000 | 19,777 | 9.46 |
| UK Treasury 2.5% IL 17/07/24 | 376,000 | 1,388 | 0.66 |
| UK Treasury 4.125% IL 22/07/30 | 240,000 | 920 | 0.44 |
| Traditional Government Bonds 3.78% (31/05/18: 3.74%) | | | |
| UK Treasury 0% 07/06/21 | 1,775,000 | 1,753 | 0.84 |
| UK Treasury 1.25% 22/07/27 | 210,000 | 218 | 0.10 |
| UK Treasury 1.75% 22/07/19 | 357,000 | 357 | 0.17 |
| UK Treasury 2% 07/09/25 | 1,087,000 | 1,178 | 0.56 |
| UK Treasury 2.5% 22/07/65 | 12,000 | 17 | 0.01 |
| UK Treasury 3.25% 22/01/44 | 28,000 | 38 | 0.02 |
| UK Treasury 3.5% 22/01/45 | 70,000 | 100 | 0.05 |
| UK Treasury 3.5% 22/07/68 | 80,000 | 141 | 0.07 |

AXA Ethical Distribution Fund

Portfolio Statement As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|-------------------------------|-----------|-----------------------|--------------------------|
| UK Treasury 3.75% 07/09/20 | 2,173,000 | 2,258 | 1.08 |
| UK Treasury 3.75% 22/07/52 | 59,000 | 95 | 0.04 |
| UK Treasury 4% 22/01/60 | 76,000 | 138 | 0.07 |
| UK Treasury 4.25% 07/06/32 | 60,000 | 83 | 0.04 |
| UK Treasury 4.25% 07/03/36 | 155,000 | 224 | 0.11 |
| UK Treasury 4.25% 07/12/40 | 74,000 | 113 | 0.05 |
| UK Treasury 4.25% 07/12/46 | 143,000 | 233 | 0.11 |
| UK Treasury 4.25% 07/12/49 | 38,000 | 64 | 0.03 |
| UK Treasury 4.25% 07/12/55 | 89,000 | 162 | 0.08 |
| UK Treasury 4.5% 07/12/42 | 50,000 | 81 | 0.04 |
| UK Treasury 4.75% 07/03/20 | 256,000 | 264 | 0.13 |
| UK Treasury 4.75% 07/12/30 | 184,000 | 260 | 0.12 |
| UK Treasury 4.75% 07/12/38 | 50,000 | 79 | 0.04 |
| UK Treasury 5% 07/03/25 | 41,000 | 51 | 0.02 |
| TOTAL GOVERNMENT BONDS | | 83,083 | 39.75 |
| Portfolio of investments | | 202,174 | 96.75 |
| Net other assets | | 6,795 | 3.25 |
| Total net assets | | 208,969 | 100.00 |

All investments are ordinary shares unless otherwise stated.

All bonds are denominated in Sterling unless otherwise indicated.

AXA Ethical Distribution Fund

Comparative Tables

As at 31 May 2019

| | B Accumulation | | | B Income | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 124.15 | 122.24 | 103.29 | 118.14 | 118.09 | 101.94 |
| Return before operating charges ^ | 1.44 | 2.55 | 19.55 | 1.31 | 2.45 | 19.12 |
| Operating charges ^ | (0.63) | (0.64) | (0.60) | (0.60) | (0.61) | (0.58) |
| Return after operating charges ^ | 0.81 | 1.91 | 18.95 | 0.71 | 1.84 | 18.54 |
| Distributions | (3.39) | (1.86) | (2.43) | (3.21) | (1.79) | (2.39) |
| Retained distributions on accumulation shares | 3.39 | 1.86 | 2.43 | - | - | - |
| Closing net asset value per share † | 124.96 | 124.15 | 122.24 | 115.64 | 118.14 | 118.09 |
| *^ after direct transaction costs of: | 0.05 | 0.16 | 0.10 | 0.05 | 0.16 | 0.10 |
| Performance | | | | | | |
| Return after operating charges | 0.65% | 1.56% | 18.35% | 0.60% | 1.56% | 18.18% |
| Other information | | | | | | |
| Closing net asset value (£) † | 10,063,879 | 11,091,735 | 11,621,889 | 24,290 | 24,876 | 24,988 |
| Closing number of shares | 8,053,794 | 8,934,462 | 9,507,714 | 21,005 | 21,057 | 21,159 |
| Operating charges ^ | 0.53% | 0.52% | 0.53% | 0.53% | 0.52% | 0.53% |
| Direct transaction costs * | 0.04% | 0.13% | 0.09% | 0.04% | 0.13% | 0.09% |
| Prices | | | | | | |
| Highest share price # | 125.50 | 125.00 | 122.30 | 118.90 | 120.00 | 119.20 |
| Lowest share price # | 112.40 | 118.30 | 98.16 | 106.10 | 113.60 | 96.79 |

| | R Accumulation | | | R Income | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 158.27 | 157.40 | 134.34 | 185.78 | 187.59 | 163.57 |
| Return before operating charges ^ | 1.78 | 3.25 | 25.29 | 1.98 | 3.85 | 30.52 |
| Operating charges ^ | (2.33) | (2.38) | (2.23) | (2.72) | (2.83) | (2.69) |
| Return after operating charges ^ | (0.55) | 0.87 | 23.06 | (0.74) | 1.02 | 27.83 |
| Distributions | (4.29) | (2.38) | (3.35) | (5.01) | (2.83) | (3.81) |
| Retained distributions on accumulation shares | 4.29 | 2.38 | 3.35 | - | - | - |
| Closing net asset value per share † | 157.72 | 158.27 | 157.40 | 180.03 | 185.78 | 187.59 |
| *^ after direct transaction costs of: | 0.06 | 0.21 | 0.13 | 0.07 | 0.25 | 0.16 |
| Performance | | | | | | |
| Return after operating charges | -0.35% | 0.55% | 17.17% | -0.40% | 0.54% | 17.02% |
| Other information | | | | | | |
| Closing net asset value (£) † | 85,095,836 | 92,414,291 | 96,715,275 | 864,935 | 828,092 | 1,399,429 |
| Closing number of shares | 53,954,327 | 58,390,018 | 61,445,672 | 480,436 | 445,732 | 746,008 |
| Operating charges ^ | 1.53% | 1.52% | 1.53% | 1.53% | 1.52% | 1.53% |
| Direct transaction costs * | 0.04% | 0.13% | 0.09% | 0.04% | 0.13% | 0.09% |
| Prices | | | | | | |
| Highest share price # | 159.20 | 159.80 | 157.50 | 186.90 | 189.60 | 189.40 |
| Lowest share price # | 142.40 | 151.10 | 127.50 | 165.90 | 178.90 | 155.10 |

AXA Ethical Distribution Fund

Comparative Tables

As at 31 May 2019

| | Z Accumulation | | | Z Income | | |
|---|----------------|------------|------------|------------|------------|------------|
| | 31/05/2019 | 31/05/2018 | 31/05/2017 | 31/05/2019 | 31/05/2018 | 31/05/2017 |
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 177.29 | 174.98 | 148.23 | 197.30 | 197.72 | 171.12 |
| Return before operating charges ^ | 2.04 | 3.66 | 28.01 | 2.17 | 4.09 | 32.04 |
| Operating charges ^ | (1.33) | (1.35) | (1.26) | (1.48) | (1.52) | (1.44) |
| Return after operating charges ^ | 0.71 | 2.31 | 26.75 | 0.69 | 2.57 | 30.60 |
| Distributions | (4.83) | (2.66) | (3.49) | (5.35) | (2.99) | (4.00) |
| Retained distributions on accumulation shares | 4.83 | 2.66 | 3.49 | - | - | - |
| Closing net asset value per share † | 178.00 | 177.29 | 174.98 | 192.64 | 197.30 | 197.72 |
| *^ after direct transaction costs of: | 0.07 | 0.24 | 0.14 | 0.08 | 0.26 | 0.16 |
| Performance | | | | | | |
| Return after operating charges | 0.40% | 1.32% | 18.05% | 0.35% | 1.30% | 17.88% |
| Other information | | | | | | |
| Closing net asset value (£) † | 86,955,404 | 97,111,601 | 81,454,450 | 25,964,221 | 28,960,211 | 28,173,707 |
| Closing number of shares | 48,852,233 | 54,776,961 | 46,549,505 | 13,478,235 | 14,678,477 | 14,249,217 |
| Operating charges ^ | 0.78% | 0.77% | 0.78% | 0.78% | 0.77% | 0.78% |
| Direct transaction costs * | 0.04% | 0.13% | 0.09% | 0.04% | 0.13% | 0.09% |
| Prices | | | | | | |
| Highest share price # | 178.80 | 178.50 | 175.10 | 198.50 | 200.50 | 199.60 |
| Lowest share price # | 160.20 | 169.00 | 140.80 | 176.90 | 189.70 | 140.80 |

† Valued at bid-market prices.

High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

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

* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year. The figures used within the table have been calculated against the average net asset value for the accounting year.

AXA Ethical Distribution Fund

Statement of Total Return

For the year ended 31 May 2019

| | | 01/06/18 to 31/05/19 | 01/06/17 to 31/05/18 | |
|---|------|-------------------------|-------------------------|-------|
| | Note | £'000 | £'000 | £'000 |
| Income: | | | | |
| Net capital (losses)/gains | 2 | | (4,346) | 1,237 |
| Revenue | 3 | 6,033 | 3,491 | |
| Expenses | 4 | (2,301) | (2,419) | |
| Interest payable and similar charges | | - | - | |
| Net revenue before taxation | | 3,732 | 1,072 | |
| Taxation | 5 | (18) | (16) | |
| Net revenue after taxation | | 3,714 | 1,056 | |
| Total return before distributions | | (632) | 2,293 | |
| Distributions | 6 | (5,962) | (3,424) | |
| Change in net assets attributable to Shareholders from investment activities | | (6,594) | (1,131) | |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2019

| | | 01/06/18 to 31/05/19 | 01/06/17 to 31/05/18 | |
|--|--|-------------------------|-------------------------|-------|
| | | £'000 | £'000 | £'000 |
| Opening net assets attributable to Shareholders | | 230,431 | 219,390 | |
| Amounts receivable on issue of shares | | 10,424 | 26,618 | |
| Amounts payable on cancellation of shares | | (30,342) | (17,447) | |
| | | (19,918) | 9,171 | |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (6,594) | (1,131) | |
| Retained distributions on accumulation shares | | 5,050 | 3,001 | |
| Closing net assets attributable to Shareholders | | 208,969 | 230,431 | |

AXA Ethical Distribution Fund

Balance Sheet

As at

| | | 31/05/19 | 31/05/18 |
|--|------|----------------|----------------|
| | Note | £'000 | £'000 |
| Assets: | | | |
| Fixed assets: | | | |
| Investments | | 202,174 | 225,177 |
| Current assets: | | | |
| Debtors | 7 | 813 | 933 |
| Cash and bank balances | 8 | 7,201 | 5,049 |
| Total assets | | <u>210,188</u> | <u>231,159</u> |
| Liabilities: | | | |
| Creditors: | | | |
| Distribution payable | | (546) | (257) |
| Other creditors | 9 | (673) | (471) |
| Total liabilities | | <u>(1,219)</u> | <u>(728)</u> |
| Net assets attributable to Shareholders | | <u>208,969</u> | <u>230,431</u> |

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital (losses)/gains

The net capital (losses)/gains comprise:

Non-derivative securities

Transaction charges

Net capital (losses)/gains

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| (4,344) | 1,239 |
| (2) | (2) |
| (4,346) | 1,237 |

3. Revenue

Bank interest

Interest on debt securities

Overseas dividends

UK dividends

Property Revenue from REITs

Total revenue

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 12 | 3 |
| 2,252 | (278) |
| 192 | 151 |
| 3,442 | 3,447 |
| 135 | 168 |
| 6,033 | 3,491 |

4. Expenses

Payable to the ACD, associates of the ACD, and agents of either of them

Annual Management Charge

Registration fees

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees

Safe custody fees

Other expenses

Audit fees

Printing fees

Total expenses

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 2,248 | 2,368 |
| 5 | 6 |
| 2,253 | 2,374 |
| 32 | 32 |
| 6 | 5 |
| 38 | 37 |
| 7 | 7 |
| 3 | 1 |
| 10 | 8 |
| 2,301 | 2,419 |

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

5. Taxation

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| (a) Analysis of the tax charge in the year | | |
| Irrecoverable overseas tax | 18 | 16 |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2018: 20%) is applied to the net revenue before taxation. The differences are explained below:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| Net revenue before taxation | 3,732 | 1,072 |
| Net revenue for the year multiplied by the standard rate of corporation tax | 746 | 214 |
| Effects of: | | |
| Movement in excess management expenses | 418 | 1,062 |
| Irrecoverable overseas tax | 18 | 16 |
| Relief for indexation on UK Gilts | (431) | (544) |
| Revenue not subject to corporation tax | (733) | (732) |
| Current tax charge for the year | 18 | 16 |

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,168,275 (2018: £3,750,589) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|--|----------------------------------|----------------------------------|
| Interim | 1,631 | 1,484 |
| Final | 4,173 | 1,974 |
| Add: Revenue paid on cancellation of shares | 208 | 65 |
| Deduct: Revenue received on creation of shares | (50) | (99) |
| Net distribution for the year | 5,962 | 3,424 |
| Reconciliation of net revenue after taxation to distributions | | |
| Net revenue after taxation | 3,714 | 1,056 |
| Expenses charged to capital | 2,248 | 2,368 |
| Net distribution for the year | 5,962 | 3,424 |

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

| 7. Debtors | 31/05/19 £'000 | 31/05/18 £'000 |
|---|-------------------|-------------------|
| Amounts receivable for creation of shares | 118 | 145 |
| Sales awaiting settlement | - | 15 |
| Accrued revenue | 695 | 773 |
| Total debtors | 813 | 933 |

| 8. Cash and bank balances | 31/05/19 £'000 | 31/05/18 £'000 |
|-------------------------------------|-------------------|-------------------|
| Cash and bank balances | 7,201 | 5,049 |
| Total cash and bank balances | 7,201 | 5,049 |

| 9. Other creditors | 31/05/19 £'000 | 31/05/18 £'000 |
|--|-------------------|-------------------|
| Amounts payable for cancellation of shares | 461 | 249 |
| Accrued Annual Management Charge | 187 | 204 |
| Accrued other expenses | 25 | 18 |
| Total other creditors | 673 | 471 |

10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no Shareholdings in the Company at the year end.

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

| | Annual Management Charge rate (%) | 31/05/18 | Issued | Cancelled | Converted | 31/05/19 |
|----------------|--|------------|-----------|-------------|-----------|------------|
| B Accumulation | 0.50% | 8,934,462 | 124,104 | (1,004,772) | - | 8,053,794 |
| B Income | 0.50% | 21,057 | 1,682 | (1,734) | - | 21,005 |
| R Accumulation | 1.50% | 58,390,018 | 2,232,499 | (6,477,833) | (190,357) | 53,954,327 |
| R Income | 1.50% | 445,732 | 73,994 | (30,534) | (8,756) | 480,436 |
| Z Accumulation | 0.75% | 54,776,961 | 3,061,217 | (9,155,060) | 169,115 | 48,852,233 |
| Z Income | 0.75% | 14,678,477 | 1,104,394 | (2,312,828) | 8,192 | 13,478,235 |

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2018: nil).

13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2018).

Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £20,217,424 (2018: £22,517,652). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was immaterial direct foreign currency exposure within the Fund at the balance sheet date.

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A 1% increase in interest rates would have the effect of decreasing the return and net assets by £10,233,462 (2018: £11,020,000). A 1% decrease would have an equal and opposite effect.

Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

| Credit Rating | 31/05/19 | | 31/05/18 | |
|-----------------------------|---------------|--------------|---------------|--------------|
| | Market Value | % | Market Value | % |
| | £'000 | | £'000 | |
| Investment grade | 83,083 | 39.75 | 92,975 | 40.34 |
| Total value of bonds | 83,083 | 39.75 | 92,975 | 40.34 |

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

14. Portfolio transaction costs

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of purchases | | | | | | |
| Equities | 16,887 | 8 | 0.05 | 76 | 0.45 | 16,970 |
| Total | 16,887 | 8 | | 76 | | 16,970 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|---|------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of sales | | | | | | |
| Equities | 22,493 | (6) | (0.03) | - | - | 22,487 |
| Bonds | 13,897 | - | - | - | - | 13,897 |
| Total | 36,390 | (6) | | - | | 36,384 |

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| 31/05/2018 | | | | | | |
| Analysis of purchases | | | | | | |
| Equities | 45,431 | 51 | 0.11 | 212 | 0.47 | 45,694.00 |
| Bonds | 31,756 | - | - | - | - | 31,756 |
| Total | 77,187 | 51 | | 212 | | 77,450 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|---|------------------------------|
| 31/05/2018 | | | | | | |
| Analysis of sales | | | | | | |
| Equities | 40,824 | (40) | (0.11) | - | - | 40,784 |
| Bonds | 19,180 | - | - | - | - | 19,180 |
| Total | 60,004 | (40) | | - | | 59,964 |

| | 01/06/18 to 31/05/19 % | 01/06/17 to 31/05/18 % |
|---|------------------------------|------------------------------|
| Transaction costs as percentage of average net asset value | | |
| Commissions | 0.01% | 0.04% |
| Taxes | 0.03% | 0.09% |

At the balance sheet date the average portfolio dealing spread was 0.20% (2018: 0.23%).

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

16. Fair value disclosure

| Valuation technique | 31/05/19 | | 31/05/18 | |
|---------------------|-----------------|----------------------|-----------------|----------------------|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Level 1 ^ | 202,174 | - | 225,177 | - |
| Level 2 ^^ | - | - | - | - |
| Level 3 ^^ | - | - | - | - |
| | 202,174 | - | 225,177 | - |

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

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

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

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

AXA Ethical Distribution Fund

Distribution Tables

As at 31 May 2019

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2018

Group 2 Shares purchased on or after 1 June 2018 to 30 November 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/01/19 (p) | Distribution paid 31/01/18 (p) |
|-----------------------------------|-----------------------|---------------------|---|---|
| Share Class B Accumulation | | | | |
| Group 1 | 0.904 | - | 0.904 | 0.796 |
| Group 2 | 0.702 | 0.202 | 0.904 | 0.796 |
| Share Class B Income | | | | |
| Group 1 | 0.861 | - | 0.861 | 0.771 |
| Group 2 | 0.861 | - | 0.861 | 0.771 |
| Share Class R Accumulation | | | | |
| Group 1 | 1.149 | - | 1.149 | 1.023 |
| Group 2 | 0.556 | 0.593 | 1.149 | 1.023 |
| Share Class R Income | | | | |
| Group 1 | 1.349 | - | 1.349 | 1.219 |
| Group 2 | 1.239 | 0.110 | 1.349 | 1.219 |
| Share Class Z Accumulation | | | | |
| Group 1 | 1.290 | - | 1.290 | 1.139 |
| Group 2 | 0.616 | 0.674 | 1.290 | 1.139 |
| Share Class Z Income | | | | |
| Group 1 | 1.436 | - | 1.436 | 1.139 |
| Group 2 | 0.703 | 0.733 | 1.436 | 1.139 |

AXA Ethical Distribution Fund

Distribution Tables

As at 31 May 2019

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2018

Group 2 Shares purchased on or after 1 December 2018 to 31 May 2019

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/07/19 (p) | Distribution paid 31/07/18 (p) |
|-----------------------------------|-----------------------|---------------------|--|---|
| Share Class B Accumulation | | | | |
| Group 1 | 2.486 | - | 2.486 | 1.061 |
| Group 2 | 1.970 | 0.516 | 2.486 | 1.061 |
| Share Class B Income | | | | |
| Group 1 | 2.350 | - | 2.350 | 1.021 |
| Group 2 | 2.350 | - | 2.350 | 1.021 |
| Share Class R Accumulation | | | | |
| Group 1 | 3.144 | - | 3.144 | 1.356 |
| Group 2 | 2.149 | 0.995 | 3.144 | 1.356 |
| Share Class R Income | | | | |
| Group 1 | 3.663 | - | 3.663 | 1.606 |
| Group 2 | 3.224 | 0.439 | 3.663 | 1.606 |
| Share Class Z Accumulation | | | | |
| Group 1 | 3.543 | - | 3.543 | 1.516 |
| Group 2 | 2.171 | 1.372 | 3.543 | 1.516 |
| Share Class Z Income | | | | |
| Group 1 | 3.914 | - | 3.914 | 1.703 |
| Group 2 | 2.629 | 1.285 | 3.914 | 1.703 |

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

Investment Objective

The aim of this Fund is to provide income with some prospect for long-term capital growth.

Investment Policy

The Fund invests in a mix of shares in listed companies worldwide and bonds issued by governments of major developed countries worldwide (which are linked to the rate of inflation in those countries) and cash. The Fund's typical asset mix would range between 50-60% investment in shares and 40-50% in Government bonds and cash. The fund manager uses a proprietary stock selection model to identify companies that it believes to be attractive, relative to their industry peers, based on the model's analysis of their financial data. In constructing the Fund's portfolio of shares, the fund manager references the MSCI All Country World Index which means that, while the fund manager has discretion to select the investments for the fund, the fund's divergence from the index is controlled.

Where shares or bonds are denominated in a currency other than UK Pound Sterling, the Fund reduces the impact of changes in its value as a result of movements in exchange rates between the currency and Sterling through the use of foreign exchange hedging techniques (which involves the use of derivatives (financial instruments which derive their value from the value of other assets)).

Risk and Reward Profile

As at 31 May 2019

By investing in a fund which can invest up to 60% in equities you are likely to be looking for an investment which has lower risk than a pure equity based fund but you are prepared to accept some risk for potential reward. 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 predominantly in equities. 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.

Lower Risk

Higher Risk

Potentially lower reward

Potentially higher reward

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

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:

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

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

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

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

- **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.

- **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.

- **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, the 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 the Fund's investment objectives and investment policy.

- **Investment model risk** - in seeking to achieve the investment objectives of the AXA Global Distribution Fund, the ACD and the Sub-Investment Managers use stock recommendations generated by proprietary quantitative analytical models owned and operated by the AXA IM Group. Quantitative modelling is a very complex process involving hundreds of thousands of data points and settings encoded in computer software, and the ACD and its affiliates review these codes and the various components to the models with a view to ensuring that they are appropriately adapted and calibrated to reflect the ACD's and the Sub-Investment Managers' views as to the potential implications of evolving external events and factors, including constantly changing economic, financial market and other conditions. This process involves the exercise of judgments and a number of inherent uncertainties. The ACD's and Sub-Investment Managers' views, including those related to the optimal configuration, calibration and adaptation of the models, may change over time depending on evolving circumstances, on information that becomes available to the ACD and its affiliates and on other factors.

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

While the ACD attempts to ensure that the models are appropriately developed, operated and implemented on a continuing basis, sub-optimal calibrations of the models and similar issues may arise from time to time, and neither the ACD nor any of its affiliates can guarantee that the models are in an optimal state of calibration and configuration at all times. Further, inadvertent human errors, trading errors, software development and implementation errors, and other types of errors are an inherent risk in complex quantitative investment management processes of the type that the ACD employs. While the ACD's policy is to promptly address any such errors when identified, there can be no guarantee that the overall investment process will be without error or that it will produce the desired results. There can be no guarantee that the ACD or the Sub-Investment Managers will be able to implement their quantitative strategies on an ongoing basis.

The ACD and the Sub-Investment Managers have established systematic rules, reviews and processes for monitoring client portfolios to assure that they are managed in a manner consistent with their investment objectives.

- **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 stock exchanges 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 Fund referred to above and, as a result, limit investment opportunities for these 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 of the stock markets or foreign exchange markets 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 as diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with the Fund's investment objectives and investment policy.

- **Investment in China A Shares via the Stock Connect program risk** - some funds may invest in China A shares (shares issued by domestic markets in mainland China in Chinese renminbi) through the Stock Connect program. China A shares are generally only available for investment by residents of mainland China or by foreign investors through tightly regulated structures. The Stock Connect program is one structure through which foreign investors can invest in China A shares by providing mutual market access via the Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange. In addition to the risks disclosed under Emerging Markets Risk and Political, Economic, Convertibility and Regulatory Risk, investment by the Funds via the Stock Connect program also involves the following risks.

Some geographical areas in which the Fund may invest (including but not limited to Asia, the Eurozone and the US) may be affected by economic or political events or measures, changes in government policies, laws or tax regulations, currency convertibility, or by currency redenomination, restrictions on foreign investments, and more generally by economic and financial difficulties. In such contexts, volatility, liquidity, credit and currency risks may increase and adversely impact the Net Asset Value of the Fund.

Investment limitations

The Stock Connect program is subject to quota limitations applying across all participants and utilised on a first-come-first-served basis. Once the quota is exceeded, buy orders will be rejected although sell orders would not be impacted. Such quota limitations may restrict a Fund's ability to invest in China A shares through the Stock Connect program on a timely basis, and the Fund may not be able to effectively pursue its investment strategy.

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

In addition a particular stock may be recalled from the scope of eligible stocks for trading via the Stock Connect program and in such a case the Fund would not be able to buy that stock (although it could sell it). This may affect the ability of the Fund to implement its investment strategy.

Each of the stock exchanges participating in the Stock Connect program reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. A suspension could adversely affect the Fund's ability to access the mainland China stock markets.

The Stock Connect program only operates on days when both the Chinese and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. As a result there may be occasions when it is a normal trading day for the mainland China market but the Fund cannot trade China A Shares via the Stock Connect program as that day is not a trading day in Hong Kong. The Fund would be subject to a risk of price fluctuations in China A Shares for the period it cannot trade via the Stock Connect program.

In practice, the Fund mitigates the above risks by the relatively small proportion of the Fund which is invested using the Hong Kong Stock Connect. For making new or increased investments, it is also notable that the portfolio manager has access to a broad range of opportunities elsewhere in the market.

Operational risk

The Stock Connect program is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain operational and risk management requirements. The securities regimes and legal systems of Hong Kong stock exchange and the mainland China stock exchanges differ significantly and market participants may need to address issues arising from the differences on an ongoing basis.

There is no assurance that the system of the stock exchanges and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Fund's ability to access the China A share market and pursue its investment strategy may be adversely affected.

The Manager monitors the normal functioning of trading activity on an ongoing basis.

Execution issues

The Stock Connect program permits trades to be executed through one or multiple brokers that are market participants. Given the custody requirements for the Fund, the ACD may determine that it is in the interest of the Fund that it only executes trades via the Stock Connect program through a market participant that is part of the Depositary's sub-custodian network. In that situation, whilst the ACD will be cognisant of its best execution obligations, it will not have the ability to trade through multiple brokers and any switch to a new broker will not be possible without a commensurate change to the Depositary's sub-custody arrangements.

The Manager performs ongoing transaction cost analysis to ensure that all brokers used continue to provide value for their services.

Ownership of Stock Connect securities

China A shares purchased via the Stock Connect program are held by the sub-custodian in accounts in the clearing system of Hong Kong's central securities depositary. The Hong Kong central securities depositary, in turn, holds the China A shares as nominee through an omnibus securities account in its name registered with the Chinese central securities depositary. This means that there are multiple legal frameworks involved in establishing legal title to the China A shares and there are increased operational risks involved in the servicing of the holding of the shares (e.g. processing dividend payments). The Fund will be exposed to the credit risk of both the Hong Kong and Chinese central securities depositary but neither the ACD nor the Depositary have a legal relationship with such depositaries and therefore have no direct recourse in the event of suffering a loss resulting from their performance or insolvency. While the Stock Connect program recognises the Fund's beneficial ownership of the China A shares, there is a risk that the nominee structure may not be recognised under Chinese law and, in the event of the insolvency of the Hong Kong central securities depositary, there is uncertainty as to whether the Fund's China A shares would be available to creditors of the Hong Kong central securities depositary or regarded as held on behalf of the Fund. Trading via the Stock Connect program is not covered by investor protection/compensation funds in either Hong Kong or mainland China.

Such risks are mitigated by the low proportion of the fund which is typically invested via the Hong Kong Stock Connect.

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

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

- **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.

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such 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.

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

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.

Market Review

Following two years of double-digit returns, the FTSE All-Share Index fell -9.47% (in total returns) in 2018 – its worst annual performance since the financial crisis. For the first time since the stock market crash of 2000, cash outperformed both bonds and equities over the calendar year. The new year brought a reversal of the negative investor sentiment and markets have resumed their positive, albeit volatile, progress.

The first quarter of 2019 heralded a renewed wave of investor optimism and a strong rally across asset classes. This was driven by the US Federal Reserve (Fed) reacting to the market's weakness in Q4 2018, and the potential for a weaker global growth outlook, by becoming more patient. Having been on a tightening path, the Fed is not now expected to raise interest rates in the US at any point in the next few years. In fact, the next move expected by the bond market is a cut. In addition, the Fed's policy to reduce the size of its balance sheet ('quantitative tightening') has been wound back and is set to end in September 2019. Another market worry has been the impact of the US-China trade negotiations on the global economy. Some progress seems to have been made since the beginning of the year over their trade dispute, although there is still much uncertainty around how the negotiations will evolve. In the meantime, US GDP remains robust. In China the authorities are now stimulating domestic demand with a package of tax cuts, infrastructure investment and measures designed to support bank credit growth. At worst, this should have the effect of stabilising GDP growth.

UK politics remain an important and constantly evolving factor for UK equities, principally reflected through movements of sterling's value. As none of the Brexit options put to parliament managed to attract majority support, PM Theresa May invited opposition leader Jeremy Corbyn for talks to help find a solution. The EU 27 leaders also granted the UK a flexible extension for Article 50 to 31 October 2019. As a result, the UK took part in the European Parliamentary elections on 23 May and the result made it clear that the UK general public is beyond dissatisfied with the lack of Brexit progress made by the two main UK political parties. Despite the political uncertainties the UK economy generated positive surprises helped by the robust labour market and modest wage inflation.

After six weeks, cross-party Brexit talks between the government and the Labour Party broke down. PM May resigned after a backlash over her new Brexit offer via the Withdrawal Agreement Bill, which offered several concessions in a bid to appeal to various factions across parliament. The market has interpreted the farcical developments within the Conservative party as increasing the likelihood of either a hardline Conservative Brexiter leading the UK towards a 'no-deal' Brexit, or a general election that could pave the way for a potentially less market-friendly Labour government. Former Foreign Secretary Boris Johnson is the favorite to win the leadership contest, but Conservatives towards the center of the party are opposed to a pro-Brexit leader. Johnson said after Theresa May's resignation that the UK will leave the EU on 31 October with a deal or no deal, adding he will go back to the EU to discuss the Irish backstop and the UK should not revoke. However, the EU said there will be no new Brexit deal.

As we entered May, the S&P 500 was at an all-time high. However sentiment has been tested by the escalation of the US-China trade deal situation. President Trump followed through on his threat to raise the tariff rate on \$200 billion of Chinese imports from 10% to 25%. US officials accused China of reneging on its trade commitments. China retaliated against the US move with tariffs raised on \$60 billion in US goods, while the US threatened to block telecom companies from accessing US markets. Talks, while still reportedly ongoing, were said to have reached a low-point and reports suggested a trade deal is unlikely this year. A notable silver-lining for Europe in this has been the Trump administration reportedly putting off a decision on whether to impose auto tariffs on foreign cars for about six months, as it turns up the heat on China. The White House announced that it had effectively banned the sale of Huawei equipment to US companies, while also stating Huawei will no longer be able to procure American components and technology. These moves perhaps reveal the true reason behind the trade war positioning. Market hopes improved when President Trump said he expects a "fruitful" meeting with Xi at the G20 in late June.

Bond markets have put in a strong performance over the past six months as the trade tariff conflict between US and China escalated with increasing concerns of the implications for the global economy. The FTSE UK Gilts All Stocks (TR) index has risen 6.86% over the six months to 31 May 2019. By comparison the FTSE UK Gilts Index-Linked (All TR) index is up 11.46%. In the US, the rates market is now pricing in two interest rate cuts by the FOMC before the year-end, with almost four cuts over the next 18 months now implied by markets. Much focus has been on the inverted yield curve in the US which has historically been seen as a useful recession indicator.

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

Outlook

Concerns surrounding the macro uncertainties that have hung over the market for a number of months remain and keep investor sentiment in check. Significantly, however, the supportive backdrop of central banks globally (and the US Fed in particular) continues to underpin the low inflation, low interest rate, high employment conditions that have characterised developed economies for some time. Interestingly, central banks around the world keep buying record amounts of gold - worldwide 651.5 tons of bullion was bought by Governments in 2018, the second-highest total on record, according to the World Gold Council. Perhaps this reflects concerns more troubled waters ahead. For now at least, we continue to see attractions in equity valuations and look forward to making further progress over the period ahead.

Fund Commentary

The central asset mix of the fund 55% global equities and 45% global index-linked government bonds. The Global Distribution Fund remains invested to meet its long-term objectives.

The six-month period to the end of May 2019 was positive for markets. The Defensive Distribution portfolio benefitted from the tailwinds of rising equity markets and strong index-linked gilt markets. Performance statistics for the portfolio are shown in the report.

Within the equity sleeve the portfolio benefitted from stock selection within its North American holdings. This included its holding in ServiceNow, the IT company that develops prepacked software, which enjoyed considerable share price momentum in the period. Veeva Systems, the Health care software company, rose substantially following significant positive earnings revisions. The portfolio remains invested to meet its long term objectives.

All performance data source: AXA Investment Managers and Morningstar

Past performance is not a guide for future performance.

Major Purchases

- UK Treasury 1.875% IL 22/11/22
- Intel
- UK Treasury 0.25% IL 22/03/52
- US Treasury 0.625% IL 15/01/26
- Home Depot

Major Sales

- American International
- Netflix
- US Treasury 1.875% IL 15/07/19
- Italy (Republic of) 2.1% IL 15/09/21
- Lowe's

Matthew Huddart, Jamie Forbes-Wilson

AXA Investment Managers UK Limited

31 May 2019

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-------------|-----------------------|--------------------------|
| AUSTRALIA 1.27% (31/05/18: 0.99%) | | | |
| INDEX LINKED GOVERNMENT BONDS 0.23% (31/05/18: 0.30%) | | | |
| Australia (Government of) 1.25% IL 21/02/22 | AUD 482,000 | 314 | 0.13 |
| Australia (Government of) 2.5% IL 20/09/30 | AUD 312,000 | 263 | 0.10 |
| EQUITIES 1.04% (31/05/18: 0.69%) | | | |
| BlueScope Steel | 20,700 | 120 | 0.05 |
| Coca-Cola Amatil | 33,900 | 177 | 0.07 |
| Dexus # | 48,200 | 341 | 0.14 |
| Flight Centre Travel | 5,600 | 134 | 0.05 |
| GPT # | 101,640 | 321 | 0.13 |
| Mirvac # | 174,800 | 290 | 0.12 |
| Scentre # | 252,900 | 526 | 0.21 |
| Stockland # | 115,100 | 279 | 0.11 |
| Vicinity Centres # | 181,700 | 257 | 0.10 |
| Wesfarmers | 7,100 | 144 | 0.06 |
| TOTAL AUSTRALIA | | 3,166 | 1.27 |
| BELGIUM 0.43% (31/05/18: 0.12%) | | | |
| Elia System Operator | 1,800 | 100 | 0.04 |
| Solvay | 2,138 | 158 | 0.06 |
| UCB | 10,800 | 653 | 0.26 |
| Warehouses De Pauw # | 1,300 | 159 | 0.07 |
| TOTAL BELGIUM | | 1,070 | 0.43 |
| BERMUDA 0.00% (31/05/18: 0.17%) | | | |
| BRAZIL 0.74% (31/05/18: 0.61%) | | | |
| Banco Bradesco Preference Shares | 19,800 | 146 | 0.06 |
| Banco do Brasil | 14,600 | 151 | 0.06 |
| Centrais Eletricas Brasileiras | 74,600 | 504 | 0.20 |
| Cia Brasileira de Distribuicao Preference Shares | 200 | 3 | - |
| Cia Siderurgica Nacional | 60,300 | 203 | 0.08 |
| Porto Seguro | 11,100 | 115 | 0.05 |
| Sul America | 115 | 1 | - |
| Telefonica Brasil Preference Shares | 76,700 | 726 | 0.29 |
| TOTAL BRAZIL | | 1,849 | 0.74 |
| CANADA 2.58% (31/05/18: 3.15%) | | | |
| INDEX LINKED GOVERNMENT BONDS 0.80% (31/05/18: 1.02%) | | | |
| Canada (Government of) 1.5% 01/12/44 | CAD 268,000 | 234 | 0.09 |
| Canada (Government of) 2% 01/12/41 | CAD 282,000 | 271 | 0.11 |
| Canada (Government of) 3% 01/12/36 | CAD 169,000 | 188 | 0.08 |
| Canada (Government of) 4% 01/12/31 | CAD 93,000 | 118 | 0.05 |
| Canada (Government of) 4.25% 01/12/21 | CAD 197,000 | 207 | 0.08 |
| Canada (Government of) 4.25% 01/12/26 | CAD 813,000 | 960 | 0.39 |
| EQUITIES 1.78% (31/05/18: 2.13%) | | | |
| Allied Properties Real Estate Investment Trust # | 5,100 | 145 | 0.06 |
| Atco | 5,200 | 140 | 0.06 |
| Canadian Apartment Properties # | 6,300 | 181 | 0.07 |
| Canadian Imperial Bank of Commerce | 6,200 | 373 | 0.15 |
| Empire | 7,100 | 130 | 0.05 |
| George Weston | 8,200 | 486 | 0.19 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|---------------|-----------------------|--------------------------|
| Husky Energy | 13,700 | 102 | 0.04 |
| iA Financial | 4,700 | 141 | 0.06 |
| Manulife Financial | 29,800 | 404 | 0.16 |
| Methanex | 2,900 | 99 | 0.04 |
| Royal Bank of Canada | 15,200 | 913 | 0.37 |
| TC Energy | 8,200 | 314 | 0.13 |
| Teck Resources | 32,400 | 507 | 0.20 |
| Thomson Reuters | 9,800 | 493 | 0.20 |
| TOTAL CANADA | | 6,406 | 2.58 |
| CAYMAN ISLANDS 0.57% (31/05/18: 0.84%*) | | | |
| Alibaba ADR | 3,300 | 392 | 0.16 |
| Baidu ADR | 800 | 70 | 0.03 |
| Tencent | 24,100 | 796 | 0.32 |
| Zhongsheng | 80,000 | 159 | 0.06 |
| TOTAL CAYMAN ISLANDS | | 1,417 | 0.57 |
| CHINA (INCLUDING HONG KONG) 2.45% (31/05/18: 2.27%*) | | | |
| Bank of China | 1,407,000 | 462 | 0.19 |
| Bank of Communications | 1,555,000 | 966 | 0.39 |
| Champion # | 212,000 | 137 | 0.05 |
| China CITIC Bank | 268,000 | 121 | 0.05 |
| China Communications Services | 356,000 | 211 | 0.08 |
| China Construction Bank | 1,833,000 | 1,152 | 0.46 |
| China Minsheng Banking | 1,462,400 | 843 | 0.34 |
| China National Building Material | 150,000 | 92 | 0.04 |
| China Resources Pharmaceutical | 332,000 | 342 | 0.14 |
| China Telecom | 2,480,000 | 988 | 0.40 |
| Dongfang Electric | 312,000 | 162 | 0.07 |
| Guangzhou R&F Properties | 115,000 | 173 | 0.07 |
| People's Insurance | 979,000 | 305 | 0.12 |
| Shandong Weigao Group Medical Polymer | 188,000 | 130 | 0.05 |
| TOTAL CHINA (INCLUDING HONG KONG) | | 6,084 | 2.45 |
| DENMARK 0.50% (31/05/18: 0.16%) | | | |
| Novo Nordisk | 28,800 | 1,078 | 0.44 |
| Pandora | 5,200 | 153 | 0.06 |
| TOTAL DENMARK | | 1,231 | 0.50 |
| FINLAND 0.00% (31/05/18: 0.03%) | | | |
| FRANCE 5.65% (31/05/18: 5.89%) | | | |
| INDEX LINKED GOVERNMENT BONDS 3.95% (31/05/18: 4.43%) | | | |
| France OAT 0.1% IL 01/03/25 | EUR 1,147,000 | 1,121 | 0.45 |
| France OAT 0.1% IL 01/03/28 | EUR 1,945,000 | 1,923 | 0.77 |
| France OAT 0.1% IL 25/07/47 | EUR 1,250,000 | 1,235 | 0.50 |
| France OAT 0.25% IL 25/07/24 | EUR 896,660 | 906 | 0.37 |
| France OAT 0.7% IL 25/07/30 | EUR 1,453,000 | 1,563 | 0.63 |
| France OAT 1.1% IL 25/07/22 | EUR 913,219 | 988 | 0.40 |
| France OAT 1.8% IL 25/07/40 | EUR 615,125 | 949 | 0.38 |
| France OAT 3.15% IL 25/07/32 | EUR 645,546 | 1,119 | 0.45 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------------|-----------------------|--------------------------|
| EQUITIES 1.70% (31/05/18: 1.46%) | | | |
| Atos | 4,950 | 295 | 0.12 |
| AXA~ | 56,500 | 1,100 | 0.44 |
| Carrefour | 32,400 | 480 | 0.19 |
| Casino Guichard Perrachon | 6,300 | 181 | 0.07 |
| Lyxor MSCI India C (EUR) | 89,400 | 1,381 | 0.56 |
| Peugeot | 31,500 | 549 | 0.22 |
| Societe Generale | 12,000 | 238 | 0.10 |
| TOTAL FRANCE | | 14,028 | 5.65 |
| GERMANY 2.14% (31/05/18: 3.16%) | | | |
| INDEX LINKED GOVERNMENT BONDS 1.04% (31/05/18: 0.00%) | | | |
| Deutsche Bundesrepublik 0.1% IL 15/04/23 | EUR 940,000 | 947 | 0.38 |
| Deutsche Bundesrepublik 0.1% IL 15/04/26 | EUR 1,041,000 | 1,064 | 0.43 |
| Deutsche Bundesrepublik 0.5% IL 15/04/30 | EUR 506,000 | 561 | 0.23 |
| EQUITIES 1.10% (31/05/18: 3.16%) | | | |
| Allianz | 900 | 158 | 0.06 |
| Deutsche Lufthansa | 21,300 | 321 | 0.13 |
| Hella | 6,200 | 223 | 0.09 |
| MTU Aero Engines | 3,050 | 517 | 0.21 |
| ProSiebenSat.1 Media | 1,375 | 18 | 0.01 |
| Siemens | 15,700 | 1,410 | 0.57 |
| Siltronic | 1,620 | 87 | 0.03 |
| TOTAL GERMANY | | 5,306 | 2.14 |
| IRELAND 1.27% (31/05/18: 0.49%*) | | | |
| Eaton | 17,600 | 1,049 | 0.42 |
| Medtronic | 21,300 | 1,550 | 0.62 |
| Seagate Technology | 16,200 | 559 | 0.23 |
| TOTAL IRELAND | | 3,158 | 1.27 |
| ITALY 1.92% (31/05/18: 2.66%) | | | |
| INDEX LINKED GOVERNMENT BONDS 1.52% (31/05/18: 2.03%) | | | |
| Italy (Republic of) 2.35% IL 15/09/24 | EUR 919,000 | 891 | 0.36 |
| Italy (Republic of) 2.35% IL 15/09/35 | EUR 331,000 | 377 | 0.15 |
| Italy (Republic of) 2.55% IL 15/09/41 | EUR 2,464,000 | 2,509 | 1.01 |
| EQUITIES 0.40% (31/05/18: 0.63%) | | | |
| Enel | 204,000 | 992 | 0.40 |
| TOTAL ITALY | | 4,769 | 1.92 |
| JAPAN 4.26% (31/05/18: 4.15%) | | | |
| INDEX LINKED GOVERNMENT BONDS 0.57% (31/05/18: 0.19%) | | | |
| Japan Government 0.1% IL 10/03/24 | JPY 13,100,000 | 102 | 0.04 |
| Japan Government 0.1% IL 10/09/24 | JPY 25,000,000 | 189 | 0.08 |
| Japan Government 0.1% IL 10/03/27 | JPY 147,000,000 | 1,128 | 0.45 |
| EQUITIES 3.69% (31/05/18: 3.96%) | | | |
| Advantest | 8,000 | 149 | 0.06 |
| Astellas Pharma | 18,000 | 192 | 0.08 |
| Bridgestone | 12,400 | 368 | 0.15 |
| FUJIFILM | 8,600 | 326 | 0.13 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|---------|-----------------------|--------------------------|
| Fujitsu | 12,000 | 645 | 0.26 |
| Haseko | 12,900 | 102 | 0.04 |
| JXTG | 102,600 | 389 | 0.16 |
| KDDI | 55,000 | 1,119 | 0.45 |
| Komatsu | 8,000 | 141 | 0.06 |
| Konica Minolta | 26,000 | 182 | 0.07 |
| Mitsubishi Chemical | 83,000 | 431 | 0.17 |
| Mitsubishi Electric | 48,000 | 477 | 0.19 |
| Mixi | 2,600 | 44 | 0.02 |
| NEC | 12,000 | 352 | 0.14 |
| Nippon Telegraph & Telephone | 35,800 | 1,273 | 0.51 |
| NTT DOCOMO | 25,100 | 457 | 0.18 |
| ORIX | 5,800 | 65 | 0.03 |
| Panasonic | 53,900 | 340 | 0.14 |
| Showa Denko KK | 9,000 | 196 | 0.08 |
| SoftBank | 3,800 | 284 | 0.12 |
| Sompo | 17,800 | 534 | 0.21 |
| Sumitomo Chemical | 85,000 | 292 | 0.12 |
| Sumitomo Mitsui Financial | 20,000 | 553 | 0.22 |
| Teijin | 8,000 | 103 | 0.04 |
| Tosoh | 14,000 | 141 | 0.06 |
| TOTAL JAPAN | | 10,574 | 4.26 |
| JERSEY 0.33% (31/05/18: 0.17%*) | | | |
| Novocure | 3,600 | 152 | 0.06 |
| WPP | 70,500 | 665 | 0.27 |
| TOTAL JERSEY | | 817 | 0.33 |
| MALAYSIA 0.19% (31/05/18: 0.00%) | | | |
| Genting | 217,000 | 263 | 0.11 |
| RHB Bank | 182,000 | 201 | 0.08 |
| TOTAL MALAYSIA | | 464 | 0.19 |
| MEXICO 0.03% (31/05/18: 0.00%) | | | |
| Organizacion Soriana | 80,000 | 72 | 0.03 |
| TOTAL MEXICO | | 72 | 0.03 |
| NETHERLANDS 1.31% (31/05/18: 1.44%) | | | |
| Altice Europe | 46,575 | 112 | 0.04 |
| Koninklijke Ahold Delhaize | 62,500 | 1,111 | 0.45 |
| Randstad | 8,400 | 342 | 0.14 |
| Royal Dutch Shell 'A' Shares (EUR) | 7,911 | 194 | 0.08 |
| Royal Dutch Shell 'A' Shares (GBP) | 189 | 5 | - |
| Signify | 3,300 | 70 | 0.03 |
| Unilever - Dutch Certificates | 29,800 | 1,423 | 0.57 |
| TOTAL NETHERLANDS | | 3,257 | 1.31 |
| NEW ZEALAND 0.00% (31/05/18: 0.01%) | | | |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-------------|-----------------------|--------------------------|
| NORWAY 0.39% (31/05/18: 0.00%) | | | |
| Equinor | 64,800 | 976 | 0.39 |
| TOTAL NORWAY | | 976 | 0.39 |
| PHILIPPINES 0.12% (31/05/18: 0.14%) | | | |
| Alliance Global | 446,000 | 106 | 0.04 |
| Globe Telecom | 4,000 | 132 | 0.06 |
| PLDT | 2,740 | 56 | 0.02 |
| TOTAL PHILIPPINES | | 294 | 0.12 |
| POLAND 0.06% (31/05/18: 0.09%) | | | |
| Cyfrowy Polsat | 27,000 | 145 | 0.06 |
| PGE Polska Grupa Energetyczna | 6,000 | 11 | - |
| TOTAL POLAND | | 156 | 0.06 |
| PUERTO RICO 0.05% (31/05/18: 0.00%) | | | |
| Popular | 3,100 | 129 | 0.05 |
| TOTAL PUERTO RICO | | 129 | 0.05 |
| RUSSIAN FEDERATION 0.78% (31/05/18: 0.78%) | | | |
| Gazprom ADR | 240,000 | 1,219 | 0.49 |
| Surgutneftegas ADR | 244,000 | 717 | 0.29 |
| TOTAL RUSSIAN FEDERATION | | 1,936 | 0.78 |
| SINGAPORE 0.31% (31/05/18: 0.06%) | | | |
| BOC Aviation | 25,000 | 166 | 0.07 |
| Jardine Cycle & Carriage | 22,000 | 428 | 0.17 |
| Mapletree Commercial Trust # | 159,000 | 175 | 0.07 |
| Olam International | 700 | 1 | - |
| TOTAL SINGAPORE | | 770 | 0.31 |
| SOUTH AFRICA 0.00% (31/05/18: 0.05%) | | | |
| SOUTH KOREA 0.95% (31/05/18: 1.09%) | | | |
| GS | 3,960 | 132 | 0.05 |
| Korea Gas | 4,070 | 112 | 0.05 |
| Samsung Electronics | 26,700 | 757 | 0.30 |
| SK | 2,150 | 331 | 0.13 |
| SK Hynix | 23,700 | 1,033 | 0.42 |
| TOTAL SOUTH KOREA | | 2,365 | 0.95 |
| SPAIN 1.15% (31/05/18: 1.10%) | | | |
| INDEX LINKED GOVERNMENT BONDS 0.20% (31/05/18: 0.25%) | | | |
| Spain 1.8% IL 30/11/24 | EUR 457,000 | 486 | 0.20 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|---------------|-----------------------|--------------------------|
| EQUITIES 0.95% (31/05/18: 0.85%) | | | |
| Iberdrola | 85,000 | 627 | 0.25 |
| Repsol | 80,100 | 1,021 | 0.41 |
| Telefonica | 111,000 | 706 | 0.29 |
| TOTAL SPAIN | | 2,840 | 1.15 |
| SWEDEN 0.64% (31/05/18: 0.95%) | | | |
| INDEX LINKED GOVERNMENT BONDS 0.20% (31/05/18: 0.27%) | | | |
| Sweden (Kingdom of) 0.25% IL 01/06/22 | SEK 940,000 | 90 | 0.04 |
| Sweden (Kingdom of) 3.5% IL 01/12/28 | SEK 1,875,000 | 318 | 0.13 |
| Sweden (Kingdom of) 4% IL 01/12/20 | SEK 705,000 | 87 | 0.03 |
| EQUITIES 0.44% (31/05/18: 0.68%) | | | |
| Boliden | 11,500 | 204 | 0.08 |
| Boliden Redemption Shares 18/06/19 | 11,500 | 4 | - |
| Castellum | 10,000 | 149 | 0.06 |
| Fastighets Balder | 7,700 | 194 | 0.08 |
| Intrum | 6,000 | 110 | 0.05 |
| Securitas | 14,000 | 184 | 0.07 |
| SKF | 20,800 | 252 | 0.10 |
| TOTAL SWEDEN | | 1,592 | 0.64 |
| SWITZERLAND 1.14% (31/05/18: 2.11%) | | | |
| Adecco | 6,800 | 290 | 0.12 |
| Nestle | 5,200 | 406 | 0.16 |
| Roche | 8,000 | 1,663 | 0.67 |
| Zurich Insurance | 1,840 | 471 | 0.19 |
| TOTAL SWITZERLAND | | 2,830 | 1.14 |
| TAIWAN 1.20% (31/05/18: 1.16%) | | | |
| AU Optronics | 353,000 | 82 | 0.03 |
| China Development Financial | 737,000 | 172 | 0.07 |
| China Life Insurance | 154,760 | 95 | 0.04 |
| CTBC Financial | 879,000 | 463 | 0.19 |
| Hon Hai Precision Industry | 633,000 | 1,176 | 0.47 |
| Innolux | 274,000 | 52 | 0.02 |
| Nanya Technology | 118,000 | 182 | 0.07 |
| Pou Chen | 122,000 | 110 | 0.05 |
| United Microelectronics | 379,000 | 122 | 0.05 |
| Walsin Technology | 26,000 | 104 | 0.04 |
| Yageo | 21,000 | 138 | 0.06 |
| Yuanta Financial | 627,000 | 279 | 0.11 |
| TOTAL TAIWAN | | 2,975 | 1.20 |
| THAILAND 0.00% (31/05/18: 0.53%) | | | |
| UNITED KINGDOM 16.49% (31/05/18: 15.87%*) | | | |
| INDEX LINKED GOVERNMENT BONDS 13.97% (31/05/18: 13.80%) | | | |
| UK Treasury 0.125% IL 22/11/19 | 255,400 | 297 | 0.12 |
| UK Treasury 0.125% IL 22/03/24 | 1,285,969 | 1,732 | 0.70 |
| UK Treasury 0.125% IL 22/03/26 | 840,000 | 1,117 | 0.45 |
| UK Treasury 0.125% IL 22/03/29 | 1,039,690 | 1,610 | 0.65 |
| UK Treasury 0.125% IL 22/03/44 | 453,503 | 906 | 0.37 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--------------------------------|-----------|-----------------------|--------------------------|
| UK Treasury 0.125% IL 22/03/46 | 472,711 | 917 | 0.37 |
| UK Treasury 0.125% IL 10/08/48 | 650,000 | 1,239 | 0.50 |
| UK Treasury 0.125% IL 22/03/58 | 352,915 | 861 | 0.35 |
| UK Treasury 0.125% IL 22/11/65 | 472,000 | 1,321 | 0.53 |
| UK Treasury 0.125% IL 22/03/68 | 442,091 | 1,369 | 0.55 |
| UK Treasury 0.25% IL 22/03/52 | 802,455 | 1,917 | 0.77 |
| UK Treasury 0.375% IL 22/03/62 | 244,701 | 748 | 0.30 |
| UK Treasury 0.5% IL 22/03/50 | 816,054 | 2,245 | 0.90 |
| UK Treasury 0.625% IL 22/03/40 | 553,817 | 1,261 | 0.51 |
| UK Treasury 0.625% IL 22/11/42 | 346,479 | 851 | 0.34 |
| UK Treasury 0.75% IL 22/03/34 | 839,917 | 1,591 | 0.64 |
| UK Treasury 0.75% IL 22/11/47 | 637,517 | 1,800 | 0.72 |
| UK Treasury 1.125% IL 22/11/37 | 567,394 | 1,417 | 0.57 |
| UK Treasury 1.25% IL 22/11/27 | 328,331 | 659 | 0.27 |
| UK Treasury 1.25% IL 22/11/32 | 1,209,093 | 2,514 | 1.01 |
| UK Treasury 1.25% IL 22/11/55 | 362,413 | 1,456 | 0.59 |
| UK Treasury 1.875% IL 22/11/22 | 2,125,686 | 3,459 | 1.39 |
| UK Treasury 2% IL 26/01/35 | 619,411 | 1,808 | 0.73 |
| UK Treasury 2.5% IL 16/04/20 | 78,000 | 278 | 0.11 |
| UK Treasury 2.5% IL 17/07/24 | 231,194 | 853 | 0.34 |
| UK Treasury 4.125% IL 22/07/30 | 125,000 | 479 | 0.19 |

EQUITIES 2.52% (31/05/18: 2.07%*)

| | | | |
|--------------------------------|---------|-------|------|
| 3i | 43,800 | 461 | 0.19 |
| Babcock International | 15,200 | 68 | 0.03 |
| Bellway | 3,000 | 82 | 0.03 |
| BT | 428,000 | 834 | 0.34 |
| Centrica | 100,000 | 94 | 0.04 |
| Coca-Cola European Partners | 27,800 | 1,213 | 0.49 |
| Dixons Carphone | 51,000 | 59 | 0.02 |
| GlaxoSmithKline | 18,600 | 283 | 0.11 |
| Inchcape | 20,800 | 123 | 0.05 |
| Kazakhmys | 24,000 | 122 | 0.05 |
| Kingfisher | 124,000 | 267 | 0.11 |
| Marks & Spencer | 90,000 | 206 | 0.08 |
| Marks & Spencer Right 12/06/19 | 18,000 | 8 | - |
| Micro Focus International | 14,932 | 284 | 0.11 |
| Micro Focus International ADR | 6,606 | 124 | 0.05 |
| National Grid | 16,200 | 127 | 0.05 |
| Reckitt Benckiser | 10,530 | 665 | 0.27 |
| Royal Dutch Shell 'B' Shares | 2,300 | 57 | 0.02 |
| Royal Mail | 41,000 | 84 | 0.03 |
| Segro # | 59,200 | 410 | 0.17 |
| Unilever | 14,400 | 697 | 0.28 |

TOTAL UNITED KINGDOM

40,973 16.49

UNITED STATES 48.95% (31/05/18: 49.17%*)

INDEX LINKED GOVERNMENT BONDS 20.21% (31/05/18: 18.61%)

| | | | |
|--------------------------------|---------------|-------|------|
| US Treasury 0.125% IL 15/04/20 | USD 3,711,000 | 3,175 | 1.28 |
| US Treasury 0.125% IL 15/01/22 | USD 2,583,700 | 2,288 | 0.92 |
| US Treasury 0.125% IL 15/07/22 | USD 1,584,000 | 1,384 | 0.56 |
| US Treasury 0.125% IL 15/01/23 | USD 3,717,900 | 3,222 | 1.30 |
| US Treasury 0.125% IL 15/07/26 | USD 5,121,000 | 4,249 | 1.71 |
| US Treasury 0.25% IL 15/01/25 | USD 2,649,000 | 2,243 | 0.90 |
| US Treasury 0.375% IL 15/01/27 | USD 3,055,000 | 2,551 | 1.03 |
| US Treasury 0.375% IL 15/07/27 | USD 3,100,000 | 2,561 | 1.03 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|---------------|-----------------------|--------------------------|
| US Treasury 0.625% IL 15/07/21 | USD 798,000 | 719 | 0.29 |
| US Treasury 0.625% IL 15/01/26 | USD 5,077,000 | 4,384 | 1.77 |
| US Treasury 0.625% IL 15/02/43 | USD 3,126,300 | 2,664 | 1.07 |
| US Treasury 0.75% IL 15/02/42 | USD 1,522,300 | 1,364 | 0.55 |
| US Treasury 0.75% IL 15/02/45 | USD 2,710,000 | 2,306 | 0.93 |
| US Treasury 0.875% IL 15/02/47 | USD 1,894,000 | 1,622 | 0.65 |
| US Treasury 1.125% IL 15/01/21 | USD 670,200 | 624 | 0.25 |
| US Treasury 1.25% IL 15/07/20 | USD 4,956,800 | 4,630 | 1.86 |
| US Treasury 1.375% IL 15/01/20 | USD 1,889,600 | 1,769 | 0.71 |
| US Treasury 1.375% IL 15/02/44 | USD 1,456,100 | 1,435 | 0.58 |
| US Treasury 2% IL 15/01/26 | USD 1,013,100 | 1,140 | 0.46 |
| US Treasury 2.125% IL 15/02/41 | USD 1,136,800 | 1,349 | 0.54 |
| US Treasury 2.5% IL 15/01/29 | USD 2,575,600 | 2,893 | 1.16 |
| US Treasury 3.625% IL 15/04/28 | USD 1,025,600 | 1,634 | 0.66 |
| EQUITIES 28.74% (31/05/18: 30.56%*) | | | |
| AbbVie | 11,900 | 726 | 0.29 |
| Adobe | 4,600 | 992 | 0.40 |
| Advanced Micro Devices | 59,700 | 1,315 | 0.53 |
| Albemarle | 6,300 | 325 | 0.13 |
| Alphabet | 1,770 | 1,560 | 0.63 |
| Amazon.com | 2,050 | 2,926 | 1.18 |
| Amedisys | 1,300 | 115 | 0.05 |
| American Eagle Outfitters | 8,500 | 118 | 0.05 |
| Ameriprise Financial | 8,300 | 935 | 0.38 |
| Apple | 15,300 | 2,144 | 0.86 |
| Arconic | 14,200 | 246 | 0.10 |
| AT&T | 6,300 | 158 | 0.06 |
| Baker Hughes | 29,900 | 497 | 0.20 |
| Bank of America | 12,200 | 260 | 0.10 |
| Berkshire Hathaway | 1,600 | 251 | 0.10 |
| Best Buy | 14,000 | 715 | 0.29 |
| Boeing | 5,100 | 1,403 | 0.56 |
| Bristol-Myers Squibb | 31,100 | 1,122 | 0.45 |
| Brixmor Property # | 10,600 | 143 | 0.06 |
| Cardinal Health | 17,300 | 584 | 0.24 |
| Caterpillar | 1,300 | 125 | 0.05 |
| CBS | 21,200 | 803 | 0.32 |
| CH Robinson Worldwide | 8,100 | 502 | 0.20 |
| Chevron | 1,200 | 109 | 0.04 |
| Cinemark | 4,200 | 125 | 0.05 |
| Cisco Systems | 22,700 | 956 | 0.38 |
| Citrix Systems | 7,800 | 581 | 0.23 |
| Clorox | 7,300 | 859 | 0.35 |
| Colgate-Palmolive | 23,100 | 1,287 | 0.52 |
| Comcast | 50,500 | 1,657 | 0.67 |
| ConocoPhillips | 17,100 | 792 | 0.32 |
| CoreCivic # | 3,600 | 62 | 0.03 |
| Cracker Barrel Old Country Store | 600 | 74 | 0.03 |
| Crane | 2,100 | 129 | 0.05 |
| Darden Restaurants | 7,400 | 684 | 0.28 |
| Eastman Chemical | 6,600 | 350 | 0.14 |
| eBay | 47,000 | 1,344 | 0.54 |
| Ecolab | 9,100 | 1,312 | 0.53 |
| Emerson Electric | 23,600 | 1,136 | 0.46 |
| Etsy | 5,300 | 262 | 0.11 |
| Exxon Mobil | 8,000 | 453 | 0.18 |

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|---------|-----------------------|--------------------------|
| Facebook | 8,400 | 1,208 | 0.49 |
| Fidelity National Information Services | 5,800 | 545 | 0.22 |
| Ford Motor | 147,200 | 1,126 | 0.45 |
| Fortinet | 9,500 | 568 | 0.23 |
| GameStop | 4,700 | 28 | 0.01 |
| Gap | 17,700 | 287 | 0.12 |
| General Mills | 24,000 | 921 | 0.37 |
| General Motors | 44,200 | 1,210 | 0.49 |
| Gilead Sciences | 25,700 | 1,280 | 0.52 |
| Hanesbrands | 20,700 | 247 | 0.10 |
| Hewlett Packard Enterprise | 80,600 | 900 | 0.36 |
| Home Depot | 11,100 | 1,667 | 0.67 |
| HP | 16,000 | 241 | 0.10 |
| Huntsman | 11,400 | 163 | 0.07 |
| Ingredion | 2,600 | 160 | 0.06 |
| Insperity | 1,500 | 136 | 0.05 |
| Intel | 47,900 | 1,685 | 0.68 |
| International Business Machines | 11,800 | 1,202 | 0.48 |
| Iron Mountain # | 15,700 | 380 | 0.15 |
| JM Smucker | 2,200 | 210 | 0.08 |
| Johnson & Johnson | 5,400 | 561 | 0.23 |
| JPMorgan Chase | 6,900 | 581 | 0.23 |
| Kellogg | 19,700 | 807 | 0.32 |
| Kennametal | 3,500 | 87 | 0.05 |
| Kimberly-Clark | 9,100 | 932 | 0.38 |
| Lululemon Athletica | 1,757 | 226 | 0.09 |
| Mastercard | 900 | 180 | 0.07 |
| Merck & Co. | 1,900 | 119 | 0.05 |
| Micron Technology | 8,700 | 228 | 0.09 |
| Microsoft | 23,100 | 2,283 | 0.92 |
| Moog | 1,900 | 126 | 0.05 |
| NCR | 5,600 | 137 | 0.06 |
| Nexstar Media | 2,500 | 206 | 0.08 |
| Office Depot | 21,400 | 33 | 0.01 |
| Oracle | 37,700 | 1,533 | 0.62 |
| Outfront Media # | 7,700 | 151 | 0.06 |
| Packaging Corp of America | 5,500 | 386 | 0.16 |
| Paramount # | 12,600 | 141 | 0.06 |
| Patterson | 3,400 | 57 | 0.02 |
| Paycom Software | 3,100 | 510 | 0.21 |
| Penumbra | 1,300 | 150 | 0.06 |
| Pfizer | 7,300 | 240 | 0.10 |
| PPL | 5,700 | 134 | 0.05 |
| Procter & Gamble | 2,100 | 174 | 0.07 |
| Quest Diagnostics | 7,700 | 581 | 0.23 |
| Ralph Lauren | 2,200 | 182 | 0.07 |
| Range Resources | 8,300 | 51 | 0.02 |
| Raytheon | 8,500 | 1,179 | 0.47 |
| Regal Beloit | 2,400 | 141 | 0.06 |
| RingCentral | 4,400 | 417 | 0.17 |
| RLJ Lodging Trust # | 7,800 | 107 | 0.04 |
| Roku | 5,000 | 367 | 0.15 |
| Sabre | 9,400 | 151 | 0.06 |
| salesforce.com | 11,400 | 1,395 | 0.56 |
| Senior Housing Properties Trust # | 7,900 | 48 | 0.02 |
| ServiceNow | 8,000 | 1,651 | 0.66 |
| Southwestern Energy | 16,200 | 45 | 0.02 |

AXA Global Distribution Fund

Portfolio Statement As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|---------|-----------------------|--------------------------|
| Square | 7,700 | 385 | 0.15 |
| Symantec | 37,200 | 552 | 0.22 |
| Target Corp | 20,000 | 1,264 | 0.51 |
| TEGNA | 9,100 | 110 | 0.04 |
| Timken | 3,500 | 121 | 0.05 |
| Tupperware Brands | 1,700 | 26 | 0.01 |
| Ubiquiti Networks | 3,800 | 370 | 0.15 |
| UnitedHealth | 1,300 | 249 | 0.10 |
| Veeva Systems | 8,300 | 1,007 | 0.41 |
| Verizon Communications | 28,900 | 1,291 | 0.52 |
| Vertex Pharmaceuticals | 8,100 | 1,083 | 0.44 |
| Viacom | 18,700 | 422 | 0.17 |
| VICI Properties # | 22,000 | 387 | 0.16 |
| Visa | 2,800 | 358 | 0.14 |
| Vistra Energy | 13,400 | 247 | 0.10 |
| Walt Disney | 1,700 | 177 | 0.07 |
| Western Union | 24,900 | 378 | 0.15 |
| Weyerhaeuser # | 25,900 | 458 | 0.18 |
| Williams-Sonoma | 3,800 | 154 | 0.06 |
| WW Grainger | 1,200 | 250 | 0.10 |
| Wyndham Destinations | 3,300 | 106 | 0.04 |
| Xerox | 13,500 | 335 | 0.13 |
| Zimmer Biomet | 12,100 | 1,074 | 0.43 |
| TOTAL UNITED STATES | | 121,608 | 48.95 |
| FORWARD FX (0.67%) (31/05/18: (0.56%)) | | | |
| Sold USD57,400,000 for GBP43,952,476 Settlement 06/06/2019 | | (1,669) | (0.67) |
| TOTAL FORWARD FX | | (1,669) | (0.67) |
| Portfolio of investments | | 241,443 | 97.20 |
| Net other assets | | 6,967 | 2.80 |
| Total net assets | | 248,410 | 100.00 |

All investments are ordinary shares unless otherwise stated.

All bonds are denominated in Sterling unless otherwise indicated.

Stocks shown as ADR's represent American Depositary Receipts.

Real Estate Investment Trust.

~The Fund invests in AXA which is related party to the Fund.

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

| | 31/05/19 Market Value £'000 | % | 31/05/18 Market Value £'000 | % |
|---------------------------------|-----------------------------------|--------------|-----------------------------------|--------------|
| Portfolio breakdown | | | | |
| Bonds | 106,019 | 42.69 | 77,323 | 40.90 |
| Equities | 137,093 | 55.18 | 110,662 | 58.51 |
| Forwards | (1,669) | (0.67) | (1,063) | (0.56) |
| Portfolio of Investments | 241,443 | 97.20 | 186,922 | 98.85 |

AXA Global Distribution Fund

Comparative Tables

As at 31 May 2019

| | B Accumulation | | | B Income | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 137.53 | 130.99 | 106.65 | 133.27 | 128.43 | 106.00 |
| Return before operating charges ^ | 5.26 | 7.26 | 25.01 | 5.06 | 7.12 | 24.75 |
| Operating charges ^ | (0.75) | (0.72) | (0.67) | (0.72) | (0.71) | (0.67) |
| Return after operating charges ^ | 4.51 | 6.54 | 24.34 | 4.34 | 6.41 | 24.08 |
| Distributions | (2.32) | (1.60) | (1.67) | (2.24) | (1.57) | (1.65) |
| Retained distributions on accumulation shares | 2.32 | 1.60 | 1.67 | - | - | - |
| Closing net asset value per share † | 142.04 | 137.53 | 130.99 | 135.37 | 133.27 | 128.43 |
| *^ after direct transaction costs of: | 0.07 | 0.08 | 0.06 | 0.07 | 0.08 | 0.06 |
| Performance | | | | | | |
| Return after operating charges | 3.28% | 4.99% | 22.82% | 3.26% | 4.99% | 22.71% |
| Other information | | | | | | |
| Closing net asset value (£) † | 34,245,388 | 36,373,104 | 37,114,511 | 185,847 | 235,815 | 249,571 |
| Closing number of shares | 24,110,329 | 26,446,922 | 28,334,191 | 137,289 | 176,940 | 194,317 |
| Operating charges ^ | 0.54% | 0.54% | 0.54% | 0.54% | 0.54% | 0.54% |
| Direct transaction costs * | 0.05% | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 143.50 | 138.90 | 131.20 | 139.10 | 135.70 | 129.40 |
| Lowest share price # | 130.40 | 129.50 | 106.40 | 125.50 | 127.00 | 105.50 |
| | R Accumulation | | | R Income | | |
| | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) | 31/05/2019 (p) | 31/05/2018 (p) | 31/05/2017 (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 267.80 | 257.62 | 211.86 | 179.87 | 175.09 | 145.95 |
| Return before operating charges ^ | 10.15 | 14.21 | 49.54 | 6.78 | 9.64 | 33.97 |
| Operating charges ^ | (4.13) | (4.03) | (3.78) | (2.77) | (2.74) | (2.59) |
| Return after operating charges ^ | 6.02 | 10.18 | 45.76 | 4.01 | 6.90 | 31.38 |
| Distributions | (4.50) | (3.13) | (3.28) | (3.01) | (2.12) | (2.24) |
| Retained distributions on accumulation shares | 4.50 | 3.13 | 3.28 | - | - | - |
| Closing net asset value per share † | 273.82 | 267.80 | 257.62 | 180.87 | 179.87 | 175.09 |
| *^ after direct transaction costs of: | 0.14 | 0.16 | 0.11 | 0.09 | 0.11 | 0.08 |
| Performance | | | | | | |
| Return after operating charges | 2.25% | 3.95% | 21.60% | 2.23% | 3.94% | 21.50% |
| Other information | | | | | | |
| Closing net asset value (£) † | 22,657,597 | 23,149,001 | 32,194,245 | 1,384,986 | 1,374,214 | 1,396,993 |
| Closing number of shares | 8,274,724 | 8,644,176 | 12,496,871 | 765,717 | 763,995 | 797,853 |
| Operating charges ^ | 1.54% | 1.54% | 1.54% | 1.54% | 1.54% | 1.54% |
| Direct transaction costs * | 0.05% | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 278.70 | 271.50 | 258.50 | 187.20 | 183.80 | 176.70 |
| Lowest share price # | 252.50 | 254.50 | 211.20 | 168.40 | 172.40 | 145.20 |

AXA Global Distribution Fund

Comparative Tables

As at 31 May 2019

| | Z Accumulation | | | Z Income | | |
|---|----------------|-------------|------------|------------|------------|------------|
| | 31/05/2019 | 31/05/2018 | 31/05/2017 | 31/05/2019 | 31/05/2018 | 31/05/2017 |
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 294.86 | 281.54 | 229.83 | 198.89 | 192.15 | 159.01 |
| Return before operating charges ^ | 11.24 | 15.60 | 53.86 | 7.54 | 10.63 | 37.05 |
| Operating charges ^ | (2.35) | (2.28) | (2.15) | (1.58) | (1.55) | (1.47) |
| Return after operating charges ^ | 8.89 | 13.32 | 51.71 | 5.96 | 9.08 | 35.58 |
| Distributions | (4.97) | (3.44) | (3.52) | (3.34) | (2.34) | (2.44) |
| Retained distributions on accumulation shares | 4.97 | 3.44 | 3.52 | - | - | - |
| Closing net asset value per share † | 303.75 | 294.86 | 281.54 | 201.51 | 198.89 | 192.15 |
| *^ after direct transaction costs of: | 0.15 | 0.17 | 0.12 | 0.10 | 0.12 | 0.08 |
| Performance | | | | | | |
| Return after operating charges | 3.01% | 4.73% | 22.50% | 3.00% | 4.73% | 22.37% |
| Other information | | | | | | |
| Closing net asset value (£) † | 159,083,425 | 104,113,310 | 75,956,927 | 30,852,578 | 23,857,643 | 19,618,486 |
| Closing number of shares | 52,372,828 | 35,309,818 | 26,979,055 | 15,310,798 | 11,995,495 | 10,209,858 |
| Operating charges ^ | 0.79% | 0.79% | 0.80% | 0.79% | 0.79% | 0.80% |
| Direct transaction costs * | 0.05% | 0.06% | 0.05% | 0.05% | 0.06% | 0.05% |
| Prices | | | | | | |
| Highest share price # | 307.50 | 298.10 | 282.20 | 207.40 | 202.70 | 193.60 |
| Lowest share price # | 279.20 | 278.30 | 229.20 | 187.00 | 190.00 | 158.20 |

† Valued at bid-market prices.

High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

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

* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

AXA Global Distribution Fund

Statement of Total Return

For the year ended 31 May 2019

| | Note | 01/06/18 to 31/05/19 £'000 | £'000 | 01/06/17 to 31/05/18 £'000 | £'000 |
|---|------|----------------------------------|---------------------|----------------------------------|---------------------|
| Income: | | | | | |
| Net capital gains | 2 | | 3,940 | | 7,428 |
| Revenue | 3 | 4,289 | | 2,553 | |
| Expenses | 4 | (1,852) | | (1,528) | |
| Interest payable and similar charges | | <u>(6)</u> | | <u>(11)</u> | |
| Net revenue before taxation | | 2,431 | | 1,014 | |
| Taxation | 5 | <u>(400)</u> | | <u>(341)</u> | |
| Net revenue after taxation | | | <u>2,031</u> | | <u>673</u> |
| Total return before distributions | | | 5,971 | | 8,101 |
| Distributions | 6 | | (3,808) | | (2,139) |
| Change in net assets attributable to Shareholders from investment activities | | | <u>2,163</u> | | <u>5,962</u> |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2019

| | 01/06/18 to 31/05/19 £'000 | £'000 | 01/06/17 to 31/05/18 £'000 | £'000 |
|--|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Opening net assets attributable to Shareholders | | 189,103 | | 166,531 |
| Amounts receivable on issue of shares | 85,469 | | 28,797 | |
| Amounts payable on cancellation of shares | <u>(31,873)</u> | | <u>(14,069)</u> | |
| | | 53,596 | | 14,728 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | 2,163 | | 5,962 |
| Retained distributions on accumulation shares | | <u>3,548</u> | | <u>1,882</u> |
| Closing net assets attributable to Shareholders | | <u>248,410</u> | | <u>189,103</u> |

AXA Global Distribution Fund

Balance Sheet

As at

| | | 31/05/19 | 31/05/18 |
|--|------|----------------|----------------|
| | Note | £'000 | £'000 |
| Assets: | | | |
| Fixed assets: | | | |
| Investments | | 243,112 | 187,985 |
| Current assets: | | | |
| Debtors | 7 | 3,801 | 1,182 |
| Cash and bank balances | 8 | 7,273 | 1,783 |
| Total assets | | 254,186 | 190,950 |
| Liabilities: | | | |
| Investment liabilities | | | |
| | | (1,669) | (1,063) |
| Creditors: | | | |
| Distribution payable | | (315) | (202) |
| Other creditors | 9 | (3,792) | (582) |
| Total liabilities | | (5,776) | (1,847) |
| Net assets attributable to Shareholders | | 248,410 | 189,103 |

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------|----------------------------------|----------------------------------|
| Non-derivative securities | 7,170 | 6,924 |
| Currency gains | 1,277 | 565 |
| Forward currency contracts | (4,487) | (45) |
| Transaction charges | (20) | (16) |
| Net capital gains | 3,940 | 7,428 |

3. Revenue

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|-----------------------------|----------------------------------|----------------------------------|
| Bank interest | 9 | 2 |
| Interest on debt securities | 970 | (126) |
| Offshore funds dividends | 13 | 10 |
| Overseas dividends | 3,084 | 2,459 |
| Scrip dividends | 21 | 26 |
| UK dividends | 184 | 179 |
| Property Revenue from REITs | 8 | 3 |
| Total revenue | 4,289 | 2,553 |

4. Expenses

Payable to the ACD, associates of the ACD, and agents of either of them

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|--------------------------|----------------------------------|----------------------------------|
| Annual Management Charge | 1,777 | 1,466 |
| Registration fees | 8 | 8 |
| | 1,785 | 1,474 |

Payable to the Depositary, associates of the Depositary and agents of either of them

| | | |
|-------------------|-----------|-----------|
| Depositary's fees | 32 | 30 |
| Safe custody fees | 15 | 14 |
| | 47 | 44 |

Other expenses

| | | |
|---------------|-----------|-----------|
| Audit fees | 9 | 9 |
| Printing fees | 3 | 1 |
| Issuance fee | 8 | - |
| | 20 | 10 |

Total expenses

| | |
|--------------|--------------|
| 1,852 | 1,528 |
|--------------|--------------|

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

5. Taxation

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| (a) Analysis of the tax charge in the year | | |
| Irrecoverable overseas tax | 400 | 341 |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax for an open ended investment company of 20% (2018: 20%). The differences are explained below:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| Net revenue before taxation | 2,431 | 1,014 |
| Net revenue for the year multiplied by the standard rate of corporation tax | 486 | 203 |
| Effects of: | | |
| Irrecoverable overseas tax | 400 | 341 |
| Movement in excess management expenses | 279 | 459 |
| Relief for indexation on UK Gilts | (149) | (154) |
| Revenue not subject to corporation tax | (609) | (504) |
| Overseas tax expensed | (7) | (4) |
| Current tax charge for the year | 400 | 341 |

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,654,297 (2018: £1,375,671) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|--|----------------------------------|----------------------------------|
| Interim | 1,671 | 689 |
| Final | 2,391 | 1,486 |
| Add: Revenue paid on cancellation of shares | 87 | 64 |
| Deduct: Revenue received on creation of shares | (341) | (100) |
| Net distribution for the year | 3,808 | 2,139 |
| Reconciliation of net revenue after taxation to distributions | | |
| Net revenue after taxation | 2,031 | 673 |
| Expenses charged to capital | 1,777 | 1,466 |
| Net distribution for the year | 3,808 | 2,139 |

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

| 7. Debtors | 31/05/19 £'000 | 31/05/18 £'000 |
|---|-------------------|-------------------|
| Amounts receivable for creation of shares | 1,249 | 572 |
| Sales awaiting settlement | 1,794 | - |
| Accrued revenue | 700 | 576 |
| Overseas tax recoverable | 58 | 34 |
| Total debtors | 3,801 | 1,182 |

| 8. Cash and bank balances | 31/05/19 £'000 | 31/05/18 £'000 |
|-------------------------------------|-------------------|-------------------|
| Cash and bank balances | 7,273 | 1,783 |
| Total cash and bank balances | 7,273 | 1,783 |

| 9. Other creditors | 31/05/19 £'000 | 31/05/18 £'000 |
|--|-------------------|-------------------|
| Amounts payable for cancellation of shares | 106 | 417 |
| Purchases awaiting settlement | 3,467 | 6 |
| Accrued Annual Management Charge | 164 | 127 |
| Accrued other expenses | 55 | 32 |
| Total other creditors | 3,792 | 582 |

10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no Shareholdings in the Company at the year end.

During the current year AXA Global Distribution Fund held AXA. As at 31/05/19 total revenue earned amounts to £1,100,364 (31/05/18: £877,872).

The Sub-fund holds 56,500 shares (30/06/18: 46,500 shares) in AXA as detailed in the portfolio statement, the total purchase cost of these investments during the year was £197,413 (30/06/18: £1,017,354), the total sales proceeds were nil (30/06/18: nil).

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

| | Annual Management Charge rate (%) | 31/05/18 | Issued | Cancelled | Converted | 31/05/19 |
|----------------|--|------------|------------|-------------|-----------|------------|
| B Accumulation | 0.50% | 26,446,922 | 80,466 | (2,417,059) | - | 24,110,329 |
| B Income | 0.50% | 176,940 | 1,717 | (41,368) | - | 137,289 |
| R Accumulation | 1.50% | 8,644,176 | 721,463 | (1,221,704) | 130,789 | 8,274,724 |
| R Income | 1.50% | 763,995 | 75,444 | (86,533) | 12,811 | 765,717 |
| Z Accumulation | 0.75% | 35,309,818 | 25,045,428 | (7,837,584) | (144,834) | 52,372,828 |
| Z Income | 0.75% | 11,995,495 | 4,434,544 | (1,104,990) | (14,251) | 15,310,798 |

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2018: nil).

13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2018).

Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £24,311,230 (2018: £18,798,562). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

| Currency | Net foreign currency exposure | |
|--------------------|-------------------------------|-------------------|
| | 31/05/19 £'000 | 31/05/18 £'000 |
| Australian dollar | 3,170 | 1,867 |
| Brazilian real | 1,925 | 1,192 |
| Canadian dollar | 6,438 | 5,865 |
| Chinese yuan | 3 | - |
| Danish krone | 668 | 309 |
| Euro | 32,181 | 27,748 |
| Hong Kong dollar | 7,236 | 5,382 |
| Hungarian forint | 1 | 1 |
| Indonesian rupiah | 72 | - |
| Japanese yen | 11,002 | 7,964 |
| Malaysian ringgit | 464 | - |
| Mexican peso | 73 | 5 |
| New Taiwan dollar | 2,981 | 2,211 |
| New Zealand dollar | 2 | 27 |
| Norwegian krone | 977 | - |
| Philippine peso | 295 | 270 |
| Polish zloty | 157 | 181 |
| Singapore dollar | 606 | - |
| South African rand | 1 | 98 |
| South Korean won | 2,365 | 2,061 |
| Swedish krona | 1,813 | 1,816 |
| Swiss franc | 2,693 | 4,030 |
| Thailand baht | - | 1,003 |
| US dollar | 82,079 | 62,857 |
| Total | 157,202 | 124,887 |

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

Foreign exchange risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 10% the resulting change in the net assets attributable to shareholders of the Fund would be a decrease of approximately £15,720,200 (2018: £12,487,700). A 10% weakening in GBP would have an equal but opposite effect.

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A 1% increase in interest rates would have the effect of decreasing the return and net assets by £13,453,489 (2018: £9,329,000). A 1% decrease would have an equal and opposite effect.

Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

| | 31/05/19 | | 31/05/18 | |
|-----------------------------|----------------|--------------|---------------|--------------|
| Credit Rating | Market Value | % | Market Value | % |
| | £'000 | | £'000 | |
| Investment grade | 106,019 | 42.69 | 77,323 | 40.90 |
| Total value of bonds | 106,019 | 42.69 | 77,323 | 40.90 |

Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties as at 31 May 2019 was as follows:

| | 31/05/19 | 31/05/18 |
|-----------------------------------|---------------|---------------|
| (a) Forwards | Exposure | Exposure |
| | £'000 | £'000 |
| State Street Bank | 45,622 | 34,066 |
| Total value of derivatives | 45,622 | 34,066 |

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

14. Portfolio transaction costs

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|-------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of purchases | | | | | | |
| Bonds | 36,086 | - | - | - | - | 36,086 |
| Collective Investment Schemes | 301 | - | - | - | - | 301 |
| Equities | 157,840 | 31 | 0.02 | 47 | 0.03 | 157,918 |
| Total | 194,227 | 31 | | 47 | | 194,305 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|--------|------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of sales | | | | | | |
| Bonds | 14,948 | - | - | - | - | 14,948 |
| Equities | 131,514 | (26) | (0.02) | (10) | (0.01) | 131,478 |
| Total | 146,462 | (26) | | (10) | | 146,426 |

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|-------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| 31/05/2018 | | | | | | |
| Analysis of purchases | | | | | | |
| Bonds | 20,355 | - | - | - | - | 20,355 |
| Collective Investment Schemes | 143 | - | - | - | - | 143 |
| Equities | 122,249 | 27 | 0.02 | 34 | 0.03 | 122,310 |
| Total | 142,747 | 27 | | 34 | | 142,808 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|--------|------------------------------|
| 31/05/2018 | | | | | | |
| Analysis of sales | | | | | | |
| Bonds | 10,192 | - | - | - | - | 10,192 |
| Equities | 112,028 | (25) | (0.02) | (21) | (0.02) | 111,982 |
| Total | 122,220 | (25) | | (21) | | 122,174 |

| | 01/06/18 to 31/05/19 % | 01/06/17 to 31/05/18 % |
|---|------------------------------|------------------------------|
| Transaction costs as percentage of average net asset value | | |
| Commissions | 0.02% | 0.03% |
| Taxes | 0.03% | 0.03% |

At the balance sheet date the average portfolio dealing spread was 0.10% (2018: 0.09%).

15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

16. Fair value disclosure

| Valuation technique | 31/05/19 | | 31/05/18 | |
|---------------------|-----------------|----------------------|-----------------|----------------------|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Level 1 ^ | 241,554 | - | 186,139 | - |
| Level 2 ^^ | 1,558 | (1,669) | 1,840 | (1,063) |
| Level 3 ^^ | - | - | 6 | - |
| | 243,112 | (1,669) | 187,985 | (1,063) |

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

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

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

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

AXA Global Distribution Fund

Distribution Tables

As at 31 May 2019

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2018

Group 2 Shares purchased on or after 1 June 2018 to 30 November 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/01/19 (p) | Distribution paid 31/01/18 (p) |
|-----------------------------------|-----------------------|---------------------|---|---|
| Share Class B Accumulation | | | | |
| Group 1 | 0.958 | - | 0.958 | 0.522 |
| Group 2 | 0.519 | 0.439 | 0.958 | 0.522 |
| Share Class B Income | | | | |
| Group 1 | 0.929 | - | 0.929 | 0.513 |
| Group 2 | 0.929 | - | 0.929 | 0.513 |
| Share Class R Accumulation | | | | |
| Group 1 | 1.860 | - | 1.860 | 1.025 |
| Group 2 | 0.623 | 1.237 | 1.860 | 1.025 |
| Share Class R Income | | | | |
| Group 1 | 1.250 | - | 1.250 | 0.697 |
| Group 2 | 0.304 | 0.946 | 1.250 | 0.697 |
| Share Class Z Accumulation | | | | |
| Group 1 | 2.051 | - | 2.051 | 1.122 |
| Group 2 | 0.809 | 1.242 | 2.051 | 1.122 |
| Share Class Z Income | | | | |
| Group 1 | 1.384 | - | 1.384 | 0.766 |
| Group 2 | 0.547 | 0.837 | 1.384 | 0.766 |

AXA Global Distribution Fund

Distribution Tables

As at 31 May 2019

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2018

Group 2 Shares purchased on or after 1 December 2018 to 31 May 2019

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/07/19 (p) | Distribution paid 31/07/18 (p) |
|-----------------------------------|-----------------------|---------------------|--|---|
| Share Class B Accumulation | | | | |
| Group 1 | 1.365 | - | 1.365 | 1.079 |
| Group 2 | 0.894 | 0.471 | 1.365 | 1.079 |
| Share Class B Income | | | | |
| Group 1 | 1.314 | - | 1.314 | 1.054 |
| Group 2 | 1.314 | - | 1.314 | 1.054 |
| Share Class R Accumulation | | | | |
| Group 1 | 2.636 | - | 2.636 | 2.105 |
| Group 2 | 1.671 | 0.965 | 2.636 | 2.105 |
| Share Class R Income | | | | |
| Group 1 | 1.760 | - | 1.760 | 1.425 |
| Group 2 | 1.304 | 0.456 | 1.760 | 1.425 |
| Share Class Z Accumulation | | | | |
| Group 1 | 2.920 | - | 2.920 | 2.314 |
| Group 2 | 1.883 | 1.037 | 2.920 | 2.314 |
| Share Class Z Income | | | | |
| Group 1 | 1.957 | - | 1.957 | 1.573 |
| Group 2 | 1.272 | 0.685 | 1.957 | 1.573 |

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

Investment Objective

The aim of this Fund is to provide income with some prospect for long-term capital growth.

Investment Policy

The Fund invests in a mix of shares in UK listed companies, UK Government bonds (the majority of which are linked to the rate of inflation), and cash. The Fund's typical asset mix would range between 50-60% investment in shares and 40-50% in UK Government bonds and cash. The fund manager selects shares in companies based upon their prospects for future growth in dividend payments following an in depth analysis of their financial status, quality of business model and corporate governance arrangements. Investments in UK Government bonds are diversified across a range of maturities (i.e., the length of time for full repayment of the bond by the Government), with a bias towards bonds with longer maturities.

Risk and Reward Profile

As at 31 May 2019

By investing in a fund which can invest up to 60% in equities you are likely to be looking for an investment which has lower risk than a pure equity based fund but you are prepared to accept some risk for potential reward. 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 predominantly in equities or overseas.

Lower Risk

Higher Risk

Potentially lower reward

Potentially higher reward

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

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:

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

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

Internal investment guidelines are set, if necessary, to ensure equity risk is maintained within a range deemed suitable based on the 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.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

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** - 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.

- **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, the 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 the Fund's investment objectives and investment policy.

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

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such 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 Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

• 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.

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

Market Review

Following two years of double-digit returns, the FTSE All-Share Index fell -9.47% (in total returns) in 2018 – its worst annual performance since the financial crisis. For the first time since the stock market crash of 2000, cash outperformed both bonds and equities over the calendar year. The new year brought a reversal of the negative investor sentiment and markets have resumed their positive, albeit volatile, progress.

The first quarter of 2019 heralded a renewed wave of investor optimism and a strong rally across asset classes. This was driven by the US Federal Reserve (Fed) reacting to the market's weakness in Q4 2018, and the potential for a weaker global growth outlook, by becoming more patient. Having been on a tightening path, the Fed is not now expected to raise interest rates in the US at any point in the next few years. In fact, the next move expected by the bond market is a cut. In addition, the Fed's policy to reduce the size of its balance sheet ('quantitative tightening') has been wound back and is set to end in September 2019. Another market worry has been the impact of the US-China trade negotiations on the global economy. Some progress seems to have been made since the beginning of the year over their trade dispute, although there is still much uncertainty around how the negotiations will evolve. In the meantime, US GDP remains robust. In China the authorities are now stimulating domestic demand with a package of tax cuts, infrastructure investment and measures designed to support bank credit growth. At worst, this should have the effect of stabilising GDP growth.

UK politics remain an important and constantly evolving factor for UK equities, principally reflected through movements of sterling's value. As none of the Brexit options put to parliament managed to attract majority support, PM Theresa May invited opposition leader Jeremy Corbyn for talks to help find a solution. The EU 27 leaders also granted the UK a flexible extension for Article 50 to 31 October 2019. As a result, the UK took part in the European Parliamentary elections on 23 May and the result made it clear that the UK general public is beyond dissatisfied with the lack of Brexit progress made by the two main UK political parties. Despite the political uncertainties the UK economy generated positive surprises helped by the robust labour market and modest wage inflation.

After six weeks, cross-party Brexit talks between the government and the Labour Party broke down. PM May resigned after a backlash over her new Brexit offer via the Withdrawal Agreement Bill, which offered several concessions in a bid to appeal to various factions across parliament. The market has interpreted the farcical developments within the Conservative party as increasing the likelihood of either a hardline Conservative Brexiter leading the UK towards a 'no-deal' Brexit, or a general election that could pave the way for a potentially less market-friendly Labour government. Former Foreign Secretary Boris Johnson is the favorite to win the leadership contest, but Conservatives towards the center of the party are opposed to a pro-Brexit leader. Johnson said after Theresa May's resignation that the UK will leave the EU on 31 October with a deal or no deal, adding he will go back to the EU to discuss the Irish backstop and the UK should not revoke. However, the EU said there will be no new Brexit deal.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2019

As we entered May, the S&P 500 was at an all-time high. However sentiment has been tested by the escalation of the US-China trade deal situation. President Trump followed through on his threat to raise the tariff rate on \$200 billion of Chinese imports from 10% to 25%. US officials accused China of reneging on its trade commitments. China retaliated against the US move with tariffs raised on \$60 billion in US goods, while the US threatened to block telecom companies from accessing US markets. Talks, while still reportedly ongoing, were said to have reached a low-point and reports suggested a trade deal is unlikely this year. A notable silver-lining for Europe in this has been the Trump administration reportedly putting off a decision on whether to impose auto tariffs on foreign cars for about six months, as it turns up the heat on China. The White House announced that it had effectively banned the sale of Huawei equipment to US companies, while also stating Huawei will no longer be able to procure American components and technology. These moves perhaps reveal the true reason behind the trade war positioning. Market hopes improved when President Trump said he expects a "fruitful" meeting with Xi at the G20 in late June.

Bond markets have put in a strong performance over the past six months as the trade tariff conflict between US and China escalated with increasing concerns of the implications for the global economy. The FTSE UK Gilts All Stocks (TR) index has risen 6.86% over the six months to 31 May 2019. By comparison the FTSE UK Gilts Index-Linked (All TR) index is up 11.46%. In the US, the rates market is now pricing in two interest rate cuts by the FOMC before the year-end, with almost four cuts over the next 18 months now implied by markets. Much focus has been on the inverted yield curve in the US which has historically been seen as a useful recession indicator.

Outlook

Concerns surrounding the macro uncertainties that have hung over the market for a number of months remain and keep investor sentiment in check. Significantly, however, the supportive backdrop of central banks globally (and the US Fed in particular) continues to underpin the low inflation, low interest rate, high employment conditions that have characterised developed economies for some time. Interestingly, central banks around the world keep buying record amounts of gold - worldwide 651.5 tons of bullion was bought by Governments in 2018, the second-highest total on record, according to the World Gold Council. Perhaps this reflects concerns more troubled waters ahead. For now at least, we continue to see attractions in equity valuations and look forward to making further progress over the period ahead.

Fund Commentary

The central asset mix of the Fund is 55% UK equities and 45% index-linked gilts. Within the equity portfolio, our approach remains to look for opportunities to buy into strong companies at attractive valuations, particularly in situations where we perceive short-term market sentiment to be overly pessimistic.

The six-month period to the end of May 2019 was positive for markets. The Lifetime Distribution portfolio benefitted from the tailwinds of a rising equity market and an even stronger index-linked gilt market. Performance statistics for the portfolio are shown in the report.

Within the equity sleeve of the portfolio individual holdings of note included Dairy Crest, the manufacturer of a range of food products and ingredients, including Cathedral City cheddar. The company was acquired by Canadian dairy group Saputo in an all cash offer. 3i Group, the UK's largest private equity firm, enjoyed considerable share price momentum as their investment portfolio generated strong returns for shareholders. JD Sports rose substantially as investors recognised the success of their brand and strategy to expand further into the US retail market. The portfolio remains well-diversified and positioned in high quality companies with strong balance sheets and capable management teams.

All performance data source: AXA Investment Managers and Morningstar

Past performance is not a guide for future performance.

Major Purchases

- Standard Chartered
- Hill & Smith
- Bellway
- JD Sports Fashion
- Severn Trent

Major Sales

- Royal Dutch Shell
- HSBC
- Shire
- Barclays
- British American Tobacco

Jamie Forbes-Wilson, Matthew Huddart

AXA Investment Managers UK Limited

31 May 2019

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|-----------|-----------------------|--------------------------|
| EQUITIES 55.11% (31/05/18: 57.80%) | | | |
| BASIC MATERIALS 3.89% (31/05/18: 4.29%) | | | |
| Chemicals 0.38% (31/05/18: 1.03%) | | | |
| Elementis | 2,500,000 | 3,633 | 0.38 |
| Mining 3.51% (31/05/18: 3.26%) | | | |
| Barrick Gold | 766,000 | 7,118 | 0.75 |
| Central Asia Metals | 1,600,000 | 3,480 | 0.37 |
| Rio Tinto | 500,000 | 22,567 | 2.39 |
| TOTAL BASIC MATERIALS | | 36,798 | 3.89 |
| CONSUMER GOODS 6.00% (31/05/18: 8.08%) | | | |
| Automobiles & Parts 0.19% (31/05/18: 0.00%) | | | |
| TI Fluid Systems | 1,000,000 | 1,824 | 0.19 |
| Beverages 1.76% (31/05/18: 1.50%) | | | |
| Diageo | 500,000 | 16,602 | 1.76 |
| Food Producers 0.41% (31/05/18: 1.00%) | | | |
| Cranswick | 140,000 | 3,833 | 0.41 |
| Household Goods & Home Construction 1.19% (31/05/18: 1.13%) | | | |
| Bellway | 200,000 | 5,492 | 0.58 |
| Countryside Properties | 1,900,000 | 5,784 | 0.61 |
| Personal Goods 0.61% (31/05/18: 0.62%) | | | |
| Unilever | 120,000 | 5,806 | 0.61 |
| Tobacco 1.84% (31/05/18: 3.83%) | | | |
| British American Tobacco | 400,000 | 11,152 | 1.18 |
| Imperial Brands | 325,000 | 6,267 | 0.66 |
| TOTAL CONSUMER GOODS | | 56,760 | 6.00 |
| CONSUMER SERVICES 4.04% (31/05/18: 3.39%) | | | |
| Food & Drug Retailers 0.95% (31/05/18: 0.85%) | | | |
| Tesco | 4,000,000 | 9,012 | 0.95 |
| General Retailers 0.91% (31/05/18: 0.13%) | | | |
| JD Sports Fashion | 1,400,000 | 8,602 | 0.91 |
| Teachers Media * | 670,000 | - | - |
| Media 1.24% (31/05/18: 1.78%) | | | |
| Ascential | 1,900,000 | 7,467 | 0.79 |
| ITV | 4,000,000 | 4,252 | 0.45 |
| Travel & Leisure 0.94% (31/05/18: 0.63%) | | | |
| Loungers | 1,583,193 | 3,451 | 0.37 |
| Whitbread | 115,000 | 5,339 | 0.57 |
| TOTAL CONSUMER SERVICES | | 38,123 | 4.04 |

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|------------|-----------------------|--------------------------|
| FINANCIALS 12.63% (31/05/18: 12.80%) | | | |
| Banks 3.25% (31/05/18: 5.72%) | | | |
| HSBC | 1,750,000 | 11,314 | 1.20 |
| Lloyds Banking | 10,000,000 | 5,730 | 0.61 |
| Standard Chartered | 2,000,000 | 13,652 | 1.44 |
| Financial Services 2.98% (31/05/18: 2.00%) | | | |
| 3i | 1,400,000 | 14,721 | 1.56 |
| London Stock Exchange | 150,000 | 7,821 | 0.83 |
| Polar Capital | 21,250 | 119 | 0.01 |
| TP ICAP | 2,000,000 | 5,466 | 0.58 |
| Life Insurance 4.25% (31/05/18: 3.09%) | | | |
| Just | 8,000,000 | 3,880 | 0.41 |
| Legal & General | 5,000,000 | 12,900 | 1.37 |
| Phoenix | 1,000,000 | 6,702 | 0.71 |
| Prudential | 1,050,000 | 16,611 | 1.76 |
| Nonlife Insurance 0.80% (31/05/18: 0.97%) | | | |
| Beazley | 126,759 | 704 | 0.08 |
| Sabre Insurance | 2,622,000 | 6,817 | 0.72 |
| Real Estate Investment Trusts 1.35% (31/05/18: 1.02%) | | | |
| Great Portland Estates | 1,200,000 | 8,510 | 0.90 |
| PRS | 4,305,135 | 4,228 | 0.45 |
| TOTAL FINANCIALS | | 119,175 | 12.63 |
| HEALTH CARE 6.49% (31/05/18: 6.11%) | | | |
| Health Care Equipment & Services 1.87% (31/05/18: 0.88%) | | | |
| Advanced Medical Solutions | 2,000,000 | 6,780 | 0.72 |
| Inspiration Healthcare | 50,000 | 33 | - |
| Smith & Nephew | 650,000 | 10,868 | 1.15 |
| Pharmaceuticals & Biotechnology 4.62% (31/05/18: 5.23%) | | | |
| AstraZeneca | 125,000 | 7,277 | 0.77 |
| Genus | 223,443 | 5,899 | 0.62 |
| GlaxoSmithKline | 2,000,000 | 30,460 | 3.23 |
| TOTAL HEALTH CARE | | 61,317 | 6.49 |

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|------------|-----------------------|--------------------------|
| INDUSTRIALS 9.57% (31/05/18: 9.26%) | | | |
| Aerospace & Defense 0.70% (31/05/18: 0.80%) | | | |
| BAE Systems | 1,500,000 | 6,649 | 0.70 |
| Construction & Materials 2.31% (31/05/18: 1.76%) | | | |
| Forterra | 3,250,000 | 9,425 | 1.00 |
| Marshalls | 1,000,000 | 6,465 | 0.68 |
| Melrose Industries | 3,650,000 | 5,939 | 0.63 |
| Electronic & Electrical Equipment 0.07% (31/05/18: 0.22%) | | | |
| Xaar | 750,000 | 630 | 0.07 |
| General Industrials 1.58% (31/05/18: 1.67%) | | | |
| Coats | 10,000,000 | 7,870 | 0.83 |
| DS Smith | 2,250,000 | 7,045 | 0.75 |
| Industrial Engineering 1.54% (31/05/18: 1.08%) | | | |
| Hill & Smith | 600,000 | 7,194 | 0.76 |
| Weir | 500,000 | 7,342 | 0.78 |
| Industrial Transportation 0.68% (31/05/18: 0.70%) | | | |
| BBA Aviation | 2,500,000 | 6,450 | 0.68 |
| Support Services 2.69% (31/05/18: 3.03%) | | | |
| Ashtead | 350,000 | 6,569 | 0.70 |
| BCA Marketplace | 5,000,000 | 9,150 | 0.97 |
| Experian | 350,000 | 8,295 | 0.88 |
| RPS | 744,196 | 1,334 | 0.14 |
| TOTAL INDUSTRIALS | | 90,357 | 9.57 |
| OIL & GAS 8.60% (31/05/18: 9.57%) | | | |
| Oil & Gas Producers 7.76% (31/05/18: 9.16%) | | | |
| BP | 5,000,000 | 26,865 | 2.84 |
| Diversified Gas & Oil | 3,602,010 | 4,575 | 0.48 |
| Royal Dutch Shell | 1,300,000 | 31,974 | 3.39 |
| Serica Energy | 3,008,000 | 3,946 | 0.42 |
| Tullow Oil | 3,000,000 | 5,910 | 0.63 |
| Oil Equipment, Services & Distribution 0.84% (31/05/18: 0.41%) | | | |
| Hunting | 900,000 | 4,513 | 0.48 |
| John Wood | 850,000 | 3,378 | 0.36 |
| TOTAL OIL & GAS | | 81,161 | 8.60 |
| TECHNOLOGY 0.58% (31/05/18: 0.37%) | | | |
| Software & Computer Services 0.58% (31/05/18: 0.37%) | | | |
| AVEVA | 150,000 | 5,490 | 0.58 |
| TOTAL TECHNOLOGY | | 5,490 | 0.58 |

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2019

| | Holding | Market Value £'000 | % of Total Net Assets |
|--|------------|-----------------------|--------------------------|
| TELECOMMUNICATIONS 1.52% (31/05/18: 1.80%) | | | |
| Fixed Line Telecommunications 0.55% (31/05/18: 0.46%) | | | |
| BT | 2,665,532 | 5,196 | 0.55 |
| Mobile Telecommunications 0.97% (31/05/18: 1.34%) | | | |
| Vodafone | 7,000,000 | 9,148 | 0.97 |
| TOTAL TELECOMMUNICATIONS | | 14,344 | 1.52 |
| UTILITIES 1.79% (31/05/18: 2.13%) | | | |
| Gas, Water & Multiutilities 1.79% (31/05/18: 2.13%) | | | |
| National Grid | 1,400,000 | 11,010 | 1.16 |
| Severn Trent | 300,000 | 5,928 | 0.63 |
| TOTAL UTILITIES | | 16,938 | 1.79 |
| GOVERNMENT BONDS 41.68% (31/05/18: 40.08%) | | | |
| Index Linked Government Bonds 41.68% (31/05/18: 40.08%) | | | |
| UK Treasury 0.125% IL 22/11/19 | 13,337,000 | 15,501 | 1.64 |
| UK Treasury 0.125% IL 22/03/24 | 14,583,000 | 19,643 | 2.08 |
| UK Treasury 0.125% IL 22/03/26 | 14,726,000 | 19,575 | 2.07 |
| UK Treasury 0.125% IL 22/03/29 | 12,315,490 | 19,069 | 2.02 |
| UK Treasury 0.125% IL 22/11/36 | 11,964,000 | 19,794 | 2.10 |
| UK Treasury 0.125% IL 22/03/44 | 10,017,170 | 20,021 | 2.12 |
| UK Treasury 0.125% IL 22/03/46 | 10,492,000 | 20,361 | 2.16 |
| UK Treasury 0.125% IL 22/11/56 | 8,806,000 | 20,339 | 2.15 |
| UK Treasury 0.25% IL 22/03/52 | 8,155,000 | 19,484 | 2.06 |
| UK Treasury 0.5% IL 22/03/50 | 6,962,000 | 19,154 | 2.03 |
| UK Treasury 0.625% IL 22/03/40 | 8,728,000 | 19,869 | 2.10 |
| UK Treasury 0.625% IL 22/11/42 | 7,977,080 | 19,598 | 2.08 |
| UK Treasury 0.75% IL 22/03/34 | 10,273,000 | 19,461 | 2.06 |
| UK Treasury 0.75% IL 22/11/47 | 6,330,000 | 17,871 | 1.89 |
| UK Treasury 1.125% IL 22/11/37 | 7,477,140 | 18,678 | 1.98 |
| UK Treasury 1.25% IL 22/11/27 | 9,643,240 | 19,365 | 2.05 |
| UK Treasury 1.25% IL 22/11/32 | 9,240,570 | 19,211 | 2.04 |
| UK Treasury 1.25% IL 22/11/55 | 5,103,000 | 20,505 | 2.17 |
| UK Treasury 1.875% IL 22/11/22 | 10,946,000 | 17,811 | 1.89 |
| UK Treasury 2% IL 26/01/35 | 2,615,000 | 7,631 | 0.81 |
| UK Treasury 2.5% IL 16/04/20 | 1,837,000 | 6,547 | 0.69 |
| UK Treasury 2.5% IL 17/07/24 | 1,868,000 | 6,894 | 0.73 |
| UK Treasury 4.125% IL 22/07/30 | 1,874,000 | 7,186 | 0.76 |
| TOTAL GOVERNMENT BONDS | | 393,568 | 41.68 |
| Portfolio of investments | | 914,031 | 96.79 |
| Net other assets | | 30,295 | 3.21 |
| Total net assets | | 944,326 | 100.00 |

All investments are ordinary shares unless otherwise stated.

All bonds are denominated in Sterling unless otherwise indicated.

* These stocks have either been suspended, delisted or are in liquidation. They are included at the Manager's valuation.

AXA Lifetime Distribution Fund

Comparative Tables

As at 31 May 2019

A Accumulation

| | 31/05/2019 | 31/05/2018 | 31/05/2017 | 31/05/2019 | 31/05/2018 | 31/05/2017 |
|---|------------|------------|------------|------------|------------|------------|
| | (p) | (p) | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | | | |
| Opening net asset value per share † | 126.40 | 123.81 | 100.47 | 117.81 | 117.77 | 97.82 |
| Return before operating charges ^ | 2.84 | 2.97 | 23.70 | 2.57 | 2.76 | 22.90 |
| Operating charges ^ | (0.39) | (0.38) | (0.36) | (0.36) | (0.36) | (0.34) |
| Return after operating charges ^ | 2.45 | 2.59 | 23.34 | 2.21 | 2.40 | 22.56 |
| Distributions | (2.72) | (2.51) | (2.70) | (2.52) | (2.36) | (2.61) |
| Retained distributions on accumulation shares | 2.72 | 2.51 | 2.70 | - | - | - |
| Closing net asset value per share † | 128.85 | 126.40 | 123.81 | 117.50 | 117.81 | 117.77 |
| *^ after direct transaction costs of: | 0.09 | 0.08 | 0.08 | 0.09 | 0.07 | 0.08 |
| Performance | | | | | | |
| Return after operating charges | 1.94% | 2.09% | 23.23% | 1.88% | 2.04% | 23.07% |
| Other information | | | | | | |
| Closing net asset value (£) † | 3,046,166 | 4,494,673 | 4,176,402 | 42,845 | 51,924 | 52,992 |
| Closing number of shares | 2,364,058 | 3,555,867 | 3,373,128 | 36,463 | 44,076 | 44,995 |
| Operating charges ^ | 0.31% | 0.31% | 0.31% | 0.31% | 0.31% | 0.31% |
| Direct transaction costs * | 0.08% | 0.06% | 0.07% | 0.08% | 0.06% | 0.07% |
| Prices | | | | | | |
| Highest share price # | 129.70 | 126.90 | 123.90 | 118.80 | 119.50 | 118.10 |
| Lowest share price # | 117.60 | 118.40 | 99.45 | 108.30 | 111.20 | 96.75 |

I Accumulation

| | 31/05/2019 | 31/05/2018 | 31/05/2017 |
|---|-------------|---------------|---------------|
| | (p) | (p) | (p) |
| Change in net assets per share | | | |
| Opening net asset value per share † | 122.67 | 119.96 | 97.18 |
| Return before operating charges ^ | 2.76 | 2.89 | 22.95 |
| Operating charges ^ | (0.17) | (0.18) | (0.17) |
| Return after operating charges ^ | 2.59 | 2.71 | 22.78 |
| Distributions | (2.64) | (2.43) | (2.62) |
| Retained distributions on accumulation shares | 2.64 | 2.43 | 2.62 |
| Closing net asset value per share † | 125.26 | 122.67 | 119.96 |
| *^ after direct transaction costs of: | 0.09 | 0.07 | 0.08 |
| Performance | | | |
| Return after operating charges | 2.11% | 2.26% | 23.44% |
| Other information | | | |
| Closing net asset value (£) † | 941,226,697 | 1,008,329,442 | 1,076,676,696 |
| Closing number of shares | 751,441,838 | 822,013,158 | 897,493,460 |
| Operating charges ^ | 0.14%+ | 0.15% | 0.15% |
| Direct transaction costs * | 0.08% | 0.06% | 0.07% |
| Prices | | | |
| Highest share price # | 126.10 | 123.10 | 120.00 |
| Lowest share price # | 114.20 | 114.80 | 96.19 |

AXA Lifetime Distribution Fund

Comparative Tables

As at 31 May 2019

| | Z Accumulation~ | | Z Income~ | |
|---|-----------------|------------|------------|------------|
| | 31/05/2019 | 31/05/2018 | 31/05/2019 | 31/05/2018 |
| | (p) | (p) | (p) | (p) |
| Change in net assets per share | | | | |
| Opening net asset value per share † | 100.31 | 100.00 | 99.23 | 100.00 |
| Return before operating charges ^ | 2.26 | 0.47 | 2.12 | 0.44 |
| Operating charges ^ | (0.45) | (0.16) | (0.44) | (0.16) |
| Return after operating charges ^ | 1.81 | 0.31 | 1.68 | 0.28 |
| Distributions | (2.17) | (1.07) | (2.07) | (1.05) |
| Retained distributions on accumulation shares | 2.17 | 1.07 | - | - |
| Closing net asset value per share † | 102.12 | 100.31 | 98.84 | 99.23 |
| *^ after direct transaction costs of: | 0.07 | 0.06 | 0.07 | 0.06 |
| Performance | | | | |
| Return after operating charges | 1.80% | 0.31% | 1.69% | 0.28% |
| Other information | | | | |
| Closing net asset value (£) † | 4,996 | 5,000 | 4,984 | 4,966 |
| Closing number of shares | 4,892 | 4,985 | 5,042 | 5,005 |
| Operating charges ^ | 0.46% | 0.46% | 0.46% | 0.46% |
| Direct transaction costs * | 0.08% | 0.06% | 0.08% | 0.06% |
| Prices | | | | |
| Highest share price # | 102.80 | 100.70 | 99.97 | 100.30 |
| Lowest share price # | 93.23 | 93.94 | 91.15 | 93.95 |

† Valued at bid-market prices.

High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

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

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

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

~ Z share class launched on 17 January 2018.

+ The ACD fee changed on 1 April 2019 from 0.14% to 0.09%, the estimated ongoing charge taking into account the ACD % change would be 0.10%.

AXA Lifetime Distribution Fund

Statement of Total Return

For the year ended 31 May 2019

| | | 01/06/18 to 31/05/19 | 01/06/17 to 31/05/18 | |
|---|------|-------------------------|-------------------------|-------|
| | Note | £'000 | £'000 | £'000 |
| Income: | | | | |
| Net capital (losses)/gains | 2 | | (1,380) | 2,015 |
| Revenue | 3 | 20,969 | 20,918 | |
| Expenses | 4 | (1,334) | (1,510) | |
| Interest payable and similar charges | | - | - | |
| Net revenue before taxation | | 19,635 | 19,408 | |
| Taxation | 5 | (23) | - | |
| Net revenue after taxation | | 19,612 | 19,408 | |
| Total return before distributions | | 18,232 | 21,423 | |
| Distributions | 6 | (20,877) | (20,853) | |
| Change in net assets attributable to Shareholders from investment activities | | (2,645) | 570 | |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2019

| | 01/06/18 to 31/05/19 | 01/06/17 to 31/05/18 | |
|--|-------------------------|-------------------------|-------|
| | £'000 | £'000 | £'000 |
| Opening net assets attributable to Shareholders | 1,012,886 | 1,080,906 | |
| Amounts receivable on issue of shares | 430 | 1,386 | |
| Amounts payable on cancellation of shares | (87,125) | (90,733) | |
| | (86,695) | (89,347) | |
| Change in net assets attributable to Shareholders from investment activities (see above) | (2,645) | 570 | |
| Retained distributions on accumulation shares | 20,780 | 20,757 | |
| Closing net assets attributable to Shareholders | 944,326 | 1,012,886 | |

AXA Lifetime Distribution Fund

Balance Sheet

As at

| | | 31/05/19 | 31/05/18 |
|--|------|----------------|------------------|
| | Note | £'000 | £'000 |
| Assets: | | | |
| Fixed assets: | | | |
| Investments | | 914,031 | 991,369 |
| Current assets: | | | |
| Debtors | 7 | 4,042 | 4,009 |
| Cash and bank balances | 8 | 29,509 | 19,730 |
| Total assets | | 947,582 | 1,015,108 |
| Liabilities: | | | |
| Creditors: | | | |
| Other creditors | 9 | (3,256) | (2,222) |
| Total liabilities | | (3,256) | (2,222) |
| Net assets attributable to Shareholders | | 944,326 | 1,012,886 |

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital (losses)/gains

The net capital (losses)/gains comprise:

Non-derivative securities

Currency gains/(losses)

Transaction charges

Net capital (losses)/gains

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| (1,381) | 2,017 |
| 2 | (1) |
| (1) | (1) |
| (1,380) | 2,015 |

3. Revenue

Bank interest

Interest on debt securities

Overseas dividends

UK dividends

Property Revenue from REITs

Other revenue

Total revenue

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 44 | 12 |
| (3,091) | (3,669) |
| 819 | 861 |
| 22,814 | 22,534 |
| 383 | 1,179 |
| - | 1 |
| 20,969 | 20,918 |

4. Expenses

Payable to the ACD, associates of the ACD, and agents of either of them

Annual Management Charge

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees

Safe custody fees

Other expenses

Audit fees

Printing fees

Total expenses

| 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|----------------------------------|----------------------------------|
| 1,265 | 1,445 |
| 1,265 | 1,445 |
| 33 | 33 |
| 26 | 25 |
| 59 | 58 |
| 7 | 6 |
| 3 | 1 |
| 10 | 7 |
| 1,334 | 1,510 |

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

5. Taxation

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| (a) Analysis of the tax charge in the year | | |
| Irrecoverable overseas tax | 23 | - |

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2018: 20%). The differences are explained below:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|---|----------------------------------|----------------------------------|
| Net revenue before taxation | 19,635 | 19,408 |
| Net revenue for the year multiplied by the standard rate of corporation tax | 3,927 | 3,882 |
| Effects of: | | |
| Irrecoverable overseas tax | 23 | - |
| Movement in excess management expenses | 2,767 | 3,399 |
| Relief for indexation on UK Gilts | (1,950) | (2,571) |
| Revenue not subject to corporation tax | (4,744) | (4,710) |
| Current tax charge for the year | 23 | - |

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £9,574,627 (2018: £6,807,453) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

| | 01/06/18 to 31/05/19 £'000 | 01/06/17 to 31/05/18 £'000 |
|--|----------------------------------|----------------------------------|
| First interim | 1,537 | 1,711 |
| Second interim | 502 | 185 |
| Third interim | 4,164 | 2,890 |
| Fourth interim | 1,080 | 1,005 |
| Fifth interim | 1,452 | 791 |
| Sixth interim | 2,460 | 2,397 |
| Seventh interim | 956 | 779 |
| Eighth interim | 11 | 208 |
| Ninth interim | 2,501 | 2,334 |
| Tenth interim | 1,159 | 1,826 |
| Eleventh interim | 2,296 | 2,430 |
| Final | 2,663 | 4,202 |
| Add: Revenue paid on cancellation of shares | 97 | 96 |
| Deduct: Revenue received on creation of shares | (1) | (1) |
| Net distribution for the year | 20,877 | 20,853 |

Reconciliation of net revenue after taxation to distributions

| | | |
|--------------------------------------|---------------|---------------|
| Net revenue after taxation | 19,612 | 19,408 |
| Expenses charged to capital | 1,265 | 1,445 |
| Net distribution for the year | 20,877 | 20,853 |

7. Debtors

| | 31/05/19 £'000 | 31/05/18 £'000 |
|---------------------------|-------------------|-------------------|
| Sales awaiting settlement | - | 1 |
| Accrued revenue | 4,038 | 4,008 |
| Income tax recoverable | 4 | - |
| Total debtors | 4,042 | 4,009 |

8. Cash and bank balances

| | 31/05/19 £'000 | 31/05/18 £'000 |
|-------------------------------------|-------------------|-------------------|
| Cash and bank balances | 29,509 | 19,730 |
| Total cash and bank balances | 29,509 | 19,730 |

9. Other creditors

| | 31/05/19 £'000 | 31/05/18 £'000 |
|--|-------------------|-------------------|
| Amounts payable for cancellation of shares | 3,125 | 1,662 |
| Purchases awaiting settlement | - | 408 |
| Accrued Annual Management Charge | 76 | 121 |
| Accrued other expenses | 55 | 31 |
| Total other creditors | 3,256 | 2,222 |

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no Shareholdings in the Company at the year end.

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

| | Annual Management Charge rate (%) | 31/05/18 | Issued | Cancelled | Converted | 31/05/19 |
|----------------|--|-------------|---------|--------------|-----------|-------------|
| A Accumulation | 0.30% | 3,555,867 | 103,617 | (1,295,426) | - | 2,364,058 |
| A Income | 0.30% | 44,076 | 2,017 | (9,630) | - | 36,463 |
| I Accumulation | 0.09%* | 822,013,158 | 240,641 | (70,811,961) | - | 751,441,838 |
| Z Accumulation | 0.45% | 4,985 | 2,292 | (2,385) | - | 4,892 |
| Z Income | 0.45% | 5,005 | 2,409 | (2,372) | - | 5,042 |

* The ACD fee changed on 1 April 2019 from 0.14% to 0.09% on I Accumulation share class.

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2018: nil).

13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2018).

Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £91,403,090 (2018: £99,136,946). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was immaterial direct foreign currency exposure within the Fund at the balance sheet date.

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A 1% increase in interest rates would have the effect of decreasing the return and net assets by £69,518,951 (2018: £73,158,000). A 1% decrease would have an equal and opposite effect.

Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

| Credit Rating | 31/05/19 | | 31/05/18 | |
|-----------------------------|-----------------------|--------------|-----------------------|--------------|
| | Market Value £'000 | % | Market Value £'000 | % |
| Investment grade | 393,568 | 41.68 | 405,996 | 40.09 |
| Total value of bonds | 393,568 | 41.68 | 405,996 | 40.09 |

14. Portfolio transaction costs

| | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|-------------------------------|------------------------------|------|----------------|------|------------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of purchases | | | | | | |
| Equities | 143,954 | 64 | 0.04 | 588 | 0.41 | 144,606 |
| Total | 143,954 | 64 | | 588 | | 144,606 |

| | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|-------------------------------|------------------------------|--------|----------------|---|---------------------------------|
| 31/05/2019 | | | | | | |
| Analysis of sales | | | | | | |
| Equities | 167,181 | (72) | (0.04) | - | - | 167,109 |
| Bonds | 47,517 | - | - | - | - | 47,517 |
| Total | 214,698 | (72) | | - | | 214,626 |

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2019

| 31/05/2018 | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|------------------------------|----------------------------|---------------------------|------|----------------|------|------------------------------|
| Analysis of purchases | | | | | | |
| Equities | 106,864 | 95 | 0.09 | 426 | 0.40 | 107,385 |
| Bonds | 1,002 | - | - | - | - | 1,002 |
| Total | 107,866 | 95 | | 426 | | 108,387 |

| 31/05/2018 | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|--------------------------|----------------------------|---------------------------|--------|----------------|---|------------------------------|
| Analysis of sales | | | | | | |
| Equities | 116,608 | (110) | (0.09) | - | - | 116,498 |
| Bonds | 32,424 | - | - | - | - | 32,424 |
| Total | 149,032 | (110) | | - | | 148,922 |

| | 01/06/18 to 31/05/19 | 01/06/17 to 31/05/18 |
|---|-------------------------|-------------------------|
| Transaction costs as percentage of average net asset value | % | % |
| Commissions | 0.02% | 0.02% |
| Taxes | 0.06% | 0.04% |

At the balance sheet date the average portfolio dealing spread was 0.11% (2018: 0.06%).

15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

16. Fair value disclosure

| Valuation technique | 31/05/19 | | 31/05/18 | |
|---------------------|-----------------|----------------------|-----------------|----------------------|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Level 1 ^ | 914,031 | - | 991,369 | - |
| Level 2 ^^ | - | - | - | - |
| Level 3 ^^ | - | - | - | - |
| | 914,031 | - | 991,369 | - |

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

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

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

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

AXA Lifetime Distribution Fund

Distribution Tables

As at 31 May 2019

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2018

Group 2 Shares purchased on or after 1 June 2018 to 30 June 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/07/18 (p) | Distribution paid 31/07/17 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.193 | - | 0.193 | 0.197 |
| Group 2 | 0.052 | 0.141 | 0.193 | 0.197 |
| Share Class A Income | | | | |
| Group 1 | 0.180 | - | 0.180 | 0.187 |
| Group 2 | 0.180 | - | 0.180 | 0.187 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.187 | - | 0.187 | 0.191 |
| Group 2 | 0.004 | 0.183 | 0.187 | 0.191 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.144 | - | 0.144 | |
| Group 2 | 0.144 | - | 0.144 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.136 | - | 0.136 | |
| Group 2 | 0.136 | - | 0.136 | |

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2018

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

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/08/18 (p) | Distribution paid 31/08/17 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.064 | - | 0.064 | 0.021 |
| Group 2 | 0.064 | - | 0.064 | 0.021 |
| Share Class A Income | | | | |
| Group 1 | 0.060 | - | 0.060 | 0.020 |
| Group 2 | 0.060 | - | 0.060 | 0.020 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.062 | - | 0.062 | 0.021 |
| Group 2 | - | 0.062 | 0.062 | 0.021 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.063 | - | 0.063 | |
| Group 2 | 0.063 | - | 0.063 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.054 | - | 0.054 | |
| Group 2 | 0.054 | - | 0.054 | |

AXA Lifetime Distribution Fund

Distribution Tables

As at 31 May 2019

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 August 2018

Group 2 Shares purchased on or after 1 August 2018 to 31 August 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 28/09/18 (p) | Distribution paid 29/09/17 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.530 | - | 0.530 | 0.337 |
| Group 2 | 0.530 | - | 0.530 | 0.337 |
| Share Class A Income | | | | |
| Group 1 | 0.494 | - | 0.494 | 0.320 |
| Group 2 | 0.494 | - | 0.494 | 0.320 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.515 | - | 0.515 | 0.327 |
| Group 2 | - | 0.515 | 0.515 | 0.327 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.424 | - | 0.424 | |
| Group 2 | 0.424 | - | 0.424 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.412 | - | 0.412 | |
| Group 2 | 0.412 | - | 0.412 | |

Fourth Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2018

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

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/10/18 (p) | Distribution paid 31/10/17 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.138 | - | 0.138 | 0.118 |
| Group 2 | 0.138 | - | 0.138 | 0.118 |
| Share Class A Income | | | | |
| Group 1 | 0.129 | - | 0.129 | 0.111 |
| Group 2 | 0.129 | - | 0.129 | 0.111 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.134 | - | 0.134 | 0.114 |
| Group 2 | - | 0.134 | 0.134 | 0.114 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.110 | - | 0.110 | |
| Group 2 | 0.110 | - | 0.110 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.106 | - | 0.106 | |
| Group 2 | 0.106 | - | 0.106 | |

AXA Lifetime Distribution Fund

Distribution Tables

As at 31 May 2019

Fifth Distribution in pence per share

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

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/11/2018 (p) | Distribution paid 30/11/17 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.187 | - | 0.187 | 0.094 |
| Group 2 | 0.187 | - | 0.187 | 0.094 |
| Share Class A Income | | | | |
| Group 1 | 0.174 | - | 0.174 | 0.088 |
| Group 2 | 0.174 | - | 0.174 | 0.088 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.182 | - | 0.182 | 0.091 |
| Group 2 | 0.143 | 0.039 | 0.182 | 0.091 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.150 | - | 0.150 | |
| Group 2 | 0.150 | - | 0.150 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.143 | - | 0.143 | |
| Group 2 | 0.143 | - | 0.143 | |

Sixth Distribution in pence per share

- Group 1 Shares purchased prior to 1 November 2018
 Group 2 Shares purchased on or after 1 November 2018 to 30 November 2018

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/12/18 (p) | Distribution paid 29/12/17 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.320 | - | 0.320 | 0.286 |
| Group 2 | 0.320 | - | 0.320 | 0.286 |
| Share Class A Income | | | | |
| Group 1 | 0.296 | - | 0.296 | 0.270 |
| Group 2 | 0.296 | - | 0.296 | 0.270 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.310 | - | 0.310 | 0.277 |
| Group 2 | 0.264 | 0.046 | 0.310 | 0.277 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.255 | - | 0.255 | |
| Group 2 | 0.255 | - | 0.255 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.241 | - | 0.241 | |
| Group 2 | 0.241 | - | 0.241 | |

AXA Lifetime Distribution Fund

Distribution Tables

As at 31 May 2019

Seventh Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2018

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

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/01/19 (p) | Distribution paid 31/01/18 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.125 | - | 0.125 | 0.094 |
| Group 2 | 0.125 | - | 0.125 | 0.094 |
| Share Class A Income | | | | |
| Group 1 | 0.116 | - | 0.116 | 0.089 |
| Group 2 | 0.116 | - | 0.116 | 0.089 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.122 | - | 0.122 | 0.091 |
| Group 2 | 0.045 | 0.077 | 0.122 | 0.091 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.100 | - | 0.100 | |
| Group 2 | 0.100 | - | 0.100 | |
| Share Class Z Income~ | | | | |
| Group 1 | 0.092 | - | 0.092 | |
| Group 2 | 0.092 | - | 0.092 | |

Eighth Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2019

Group 2 Shares purchased on or after 1 January 2019 to 31 January 2019

| | Net revenue (p) | Equalisation (p) | Distribution paid 28/02/19 (p) | Distribution paid 28/02/18 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.001 | - | 0.001 | 0.025 |
| Group 2 | 0.001 | - | 0.001 | 0.025 |
| Share Class A Income | | | | |
| Group 1 | 0.002 | - | 0.002 | 0.024 |
| Group 2 | 0.002 | - | 0.002 | 0.024 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.001 | - | 0.001 | 0.024 |
| Group 2 | - | 0.001 | 0.001 | 0.024 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.002 | - | 0.002 | - |
| Group 2 | 0.002 | - | 0.002 | - |
| Share Class Z Income~ | | | | |
| Group 1 | 0.002 | - | 0.002 | - |
| Group 2 | 0.002 | - | 0.002 | - |

AXA Lifetime Distribution Fund

Distribution Tables

As at 31 May 2019

Ninth Distribution in pence per share

Group 1 Shares purchased prior to 1 February 2019

Group 2 Shares purchased on or after 1 February 2019 to 28 February 2019

| | Net revenue (p) | Equalisation (p) | Distribution paid 29/03/19 (p) | Distribution paid 29/03/18 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.332 | - | 0.332 | 0.284 |
| Group 2 | 0.028 | 0.304 | 0.332 | 0.284 |
| Share Class A Income | | | | |
| Group 1 | 0.306 | - | 0.306 | 0.268 |
| Group 2 | 0.306 | - | 0.306 | 0.268 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.323 | - | 0.323 | 0.276 |
| Group 2 | 0.172 | 0.151 | 0.323 | 0.276 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.264 | - | 0.264 | 0.235 |
| Group 2 | 0.264 | - | 0.264 | 0.235 |
| Share Class Z Income~ | | | | |
| Group 1 | 0.255 | - | 0.255 | 0.230 |
| Group 2 | 0.255 | - | 0.255 | 0.230 |

Tenth Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2019

Group 2 Shares purchased on or after 1 March 2019 to 31 March 2019

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/04/19 (p) | Distribution paid 30/04/18 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.156 | - | 0.156 | 0.224 |
| Group 2 | - | 0.156 | 0.156 | 0.224 |
| Share Class A Income | | | | |
| Group 1 | 0.143 | - | 0.143 | 0.211 |
| Group 2 | 0.143 | - | 0.143 | 0.211 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.151 | - | 0.151 | 0.218 |
| Group 2 | 0.012 | 0.139 | 0.151 | 0.218 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.124 | - | 0.124 | 0.179 |
| Group 2 | 0.124 | - | 0.124 | 0.179 |
| Share Class Z Income~ | | | | |
| Group 1 | 0.116 | - | 0.116 | 0.178 |
| Group 2 | 0.116 | - | 0.116 | 0.178 |

AXA Lifetime Distribution Fund

Distribution Tables

As at 31 May 2019

Eleventh Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2019

Group 2 Shares purchased on or after 1 April 2019 to 30 April 2019

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/05/19 (p) | Distribution paid 31/05/18 (p) |
|------------------------------------|-----------------------|---------------------|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.311 | - | 0.311 | 0.301 |
| Group 2 | 0.160 | 0.151 | 0.311 | 0.301 |
| Share Class A Income | | | | |
| Group 1 | 0.285 | - | 0.285 | 0.283 |
| Group 2 | 0.285 | - | 0.285 | 0.283 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.302 | - | 0.302 | 0.292 |
| Group 2 | 0.167 | 0.135 | 0.302 | 0.292 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.246 | - | 0.246 | 0.240 |
| Group 2 | 0.246 | - | 0.246 | 0.240 |
| Share Class Z Income~ | | | | |
| Group 1 | 0.238 | - | 0.238 | 0.233 |
| Group 2 | 0.238 | - | 0.238 | 0.233 |

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 May 2019

Group 2 Shares purchased on or after 1 May 2019 to 31 May 2019

| | Net revenue (p) | Equalisation (p) | Distribution payable 28/06/19 (p) | Distribution paid 29/06/18 (p) |
|------------------------------------|-----------------------|---------------------|--|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.364 | - | 0.364 | 0.524 |
| Group 2 | 0.119 | 0.245 | 0.364 | 0.524 |
| Share Class A Income | | | | |
| Group 1 | 0.333 | - | 0.333 | 0.491 |
| Group 2 | 0.333 | - | 0.333 | 0.491 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.353 | - | 0.353 | 0.509 |
| Group 2 | 0.117 | 0.236 | 0.353 | 0.509 |
| Share Class Z Accumulation~ | | | | |
| Group 1 | 0.290 | - | 0.290 | 0.418 |
| Group 2 | 0.290 | - | 0.290 | 0.418 |
| Share Class Z Income~ | | | | |
| Group 1 | 0.275 | - | 0.275 | 0.408 |
| Group 2 | 0.275 | - | 0.275 | 0.408 |

~ Z share class launched on 17 January 2018.

Accounting Policies

For the year ended 31 May 2019

1. Accounting Basis and Policies

(a) 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").

(b) Recognition of revenue

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend and are recognised net of attributable tax credits.

Dividends received from US Real Estate Investment Trusts ('REITs') are recognised as revenue when the security is quoted ex-dividend. An assessment of capital/income split is performed, based on prior year dividend announcement for each security. The capital element of the dividend is reallocated to the capital of the fund. Subsequently, when the capital/income split is announced for the dividend a final assessment is performed to determine the correct distribution to unitholders.

Revenue on debt securities (including allowance for interest bought and sold) is accounted for on an accruals basis. Where it is considered that a bond has a likelihood of default appropriate provisions are made against any accrued revenue. Revenue from debt securities is accounted for on a basis which takes account of the amortisation of any discount or premium between the purchase price and the expected final maturity price over the remaining life of the security. Accrued interest on purchase and sale contracts is recognised as revenue and transferred to revenue or capital as appropriate.

Interest on bank and other cash deposits is recognised on an accruals basis.

Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

(c) Treatment of stock, scrip and special dividends

The ordinary element of stocks received in lieu of cash dividends credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax treatment follows the treatment of the principal amount.

(d) Treatment of expenses

Expenses of the Funds are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Funds. ACD Fees are transferred to capital for the purpose of calculating the distribution for all Funds.

(e) Allocation of revenue and expenses to multiple share classes and funds

Any revenue or expenses not directly attributable to a particular share class or fund will normally be allocated pro-rata to the net assets of the relevant share classes and funds.

Accounting Policies

For the year ended 31 May 2019

(f) Taxation

Tax is provided for using tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

Corporation tax is provided for on the income liable to corporation tax less deductible expenses.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(g) Distribution policy

The net revenue after taxation, as disclosed in the Financial Statements, after adjustment for items of a capital nature, is distributable to Shareholders as dividend distributions. Any revenue deficit is deducted from capital.

In addition, the portfolio transaction charges will be charged wholly to the capital of all Funds. Accordingly, the imposition of such charges may constrain the capital growth of every Fund.

Where the revenue from investments exceeds the expenses of a Fund half yearly distributions (quarterly for Defensive Distribution Fund and UK Distribution Fund, and monthly for Lifetime Distribution Fund) are paid to all holders of Income shares. Transfers are made to Capital on behalf of all holders of Accumulation shares. In all cases tax vouchers will be issued to Shareholders.

The annual management charge is offset against capital for the purposes of calculating the amount available for distribution.

(h) Basis of valuation of investments

Listed investments are valued at 12 noon bid prices, on the last business day of the accounting year.

Market value is defined by the SORP as fair value which is the bid value of each security.

Collective Investment Schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting year.

Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

The value of derivative contracts is calculated with reference to the price/value of the underlying asset(s) and other relevant factors such as interest rates and volatility.

(i) Exchange rates

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into Sterling at the closing mid market exchange rates ruling on that date.

(j) Equalisation

Equalisation applies only to Shares purchased during the distribution period (Group 2 Shares). It represents the accrued revenue included in the purchase price of the Shares.

After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the Shares for Capital Gains tax purposes.

2. Derivatives and other financial instruments

In pursuing the investment objectives a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Company's holdings of financial instruments are discussed below, the ACD's policy for managing these risks are shown in the individual sub-funds Investment Manager's Report.

Accounting Policies

For the year ended 31 May 2019

(a) Foreign currency risk

A significant portion of the Company's assets may be denominated in a currency other than the base currency of the Company or Class. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which Shares of the relevant Fund are valued and priced. Foreign currency risk is analysed within the financial statements of each individual sub-fund.

(b) Interest rate risk profile of financial assets and liabilities

The interest rate risk is the risk that the value of the Company's investments will fluctuate due to changes in the interest rate. Cashflows from floating rate securities, bank balances, or bank overdrafts will be affected by the changes in interest rates. As the Company's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

The Company did not have any long term financial liabilities at the balance sheet date.

(c) Inflation risk

Inflation Linked Bond Risk: unlike other bonds, an inflation protected security (such as index linked gilts) reduces the negative effect of inflation on its real value. The market value of such securities will be affected both by the market's perception of future movements in interest rates and the future rate of inflation. Therefore the market value of such securities (and the value of the Fund) may not move in line with inflation rates in the short to medium term.

(d) Credit risk

The Company may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

Interest rate risk is analysed within the financial statements of each individual sub-fund.

(e) Liquidity risk

The majority of the Funds financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, sales and purchases of financial assets are managed so that the Funds cash requirement is kept to a minimum. The Funds main financial liability relates to the potential commitment to meet any cancellation of shares. In order to manage this risk the Fund maintains a cash balance to cover any known liabilities, with any cancellation of shares being covered by the sale of investments. Where investments cannot be realised in time to meet a liability the ACD will utilise the company's overdraft facility with HSBC.

All of the Funds' financial liabilities are payable in less than one year (same as at 31 May 2018).

(f) Market price risk

The Company invests principally in equity and fixed income securities. The value of the Funds investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual Fund or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The ACD seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the management of the Company complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Funds investment concentration (same as at 31 May 2018).

(g) Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The ACD minimises this risk by conducting trades through only the most reputable counterparties.

Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

(h) Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

John Stainsby
Director

26th September 2019

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to Shareholders of the AXA Distribution Investment ICVC ("the Company") for the Period Ended 31st May 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

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

HSBC Bank PLC

26th September 2019

Independent Auditors' Report to the Shareholders of AXA Distribution Investment Company ICVC

Report on the audit of the financial statements

Opinion

In our opinion, AXA Distribution Investment Company ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st May 2019 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

AXA Distribution Investment Company ICVC (the 'company') is an Open Ended Investment Company ('OEIC') with five sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Long Report (the 'Annual Report'), which comprises: the statement of total return, the statement of change in net assets attributable to shareholders for the year then ended and balance sheets as at 31st May 2019; the notes to the financial statements; the distribution tables and the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company's or any of the sub fund's business and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditors' Report to the Shareholders of AXA Distribution Investment Company ICVC

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

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 132, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Shareholders of AXA Distribution Investment Company ICVC

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
26th September 2019

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

The valuation point for each Fund is 12 noon on each dealing day (being each day which is a business day in London). Valuations may be made at other times under the terms contained within the Prospectus.

Significant Information

Remuneration policy of the ACD

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

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

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

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

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

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

⁽¹⁾ Excluding social charges

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

⁽³⁾ Variable compensation, includes:

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

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

Further Information

Remuneration to Identified Employee:

| Aggregate amount of compensation paid and / or allocated to risk takers and senior management whose activities have a significant impact on the risk profile of investment vehicles | | | |
|---|-------------|-------------------|---------|
| | Risk Takers | Senior Management | Total |
| Fixed Pay and Variable Remuneration (£'000) | 130,033 | 77,237 | 207,270 |
| Number of employees | 255 | 71 | 326 |

UK Identified Employee Remuneration:

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

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

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 year and the report will be published within two months of each accounting period.

Interim accounts period ended 30 November
Annual accounts year ended 31 May

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 year to 31 May 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 Defensive Distribution Fund and Distribution Fund at the rate of 1.50% per annum for Class R Shares, 0.75% per annum for Class Z Shares, 0.40% per annum for Class B Shares, 0.50% per annum for Class A Shares, for Global Distribution Fund and Ethical Distribution Fund at the rate of 1.50% per annum for Class R Shares, 0.75% per annum for Class Z Shares, 0.50% per annum for Class B Shares and for Lifetime Distribution Fund at the rate of 0.45% per annum for Class Z Shares, 0.09% per annum for Class I Shares, 0.30% per annum for Class A 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 R, Class Z and Class B Shares.

Preliminary Charge

There is currently no initial charge on Class Z Shares, Class R Shares, Class I Shares, Class B Shares or Class A Shares.