

# AXA FRAMLINGTON MONTHLY INCOME FUND



Issued by  
AXA Investment Managers UK Ltd  
authorised and regulated by the  
Financial Services Authority

Long Report and Unaudited Accounts  
For the six months ended 6 September 2012

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More information on any AXA unit trust, copies of the latest Manager's Reports and Prospectus are available free of charge. Telephone 0845 777 5511 or visit our website: [www.axaframlington.com](http://www.axaframlington.com). In order to improve our service, telephone calls may be recorded.

## Fund Objective

To combine a regular income with the potential for long-term capital growth. The Fund will invest mainly in equities and fixed interest securities. The Fund provides monthly income payable direct to a UK bank or building society account.

The AXA Framlington Monthly Income Fund is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000. The Fund is a UCITS scheme and is subject to the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL).

## Results

Unit Class	Unit Type	Price at 06/09/2012 (p)	Price at 06/03/2012 (p)	Unit Class Performance	Comparative Benchmark
R	Acc*	336.3	336.1	+0.06%	+3.25%^
Z#	Acc*	101.7	n/a	n/a	n/a
R	Inc**	179.0	182.8	-2.08%	+0.82%^
Z#	Inc**	100.5	n/a	n/a	n/a

\* Acc units (incl. benchmark) include net income reinvested, total return. \*\* Inc units (incl. benchmark) do not include net income reinvested, capital return dividends excluded. ^ FTSE All-Share Index (Total Return), ^^ FTSE All-Share Index (capital change). # Launched 16 April 2012. Source of all performance data: AXA Investment Managers and Lipper, bid to bid, to 6 September 2012.

### **Retail Distribution Review (RDR) changes**

Please note, with effect from 16 April 2012, the Retail unit class has been renamed as R unit class and there is a newly created unit class named Z.

## Review

During the six months in review, expectations for global growth rates deteriorated. Once again problems in the Eurozone were at the heart of the issue with the long, drawn out saga sapping corporate confidence. This led to a cautious stance being taken with regard to hiring and capital investment plans.

The austerity policies in countries such as Greece, Spain, Italy and France, led to weakening consumer confidence, rising unemployment and the danger that the slowdown in the economy could damage government revenues to such a degree

that it becomes a self-propagating cycle. Spain moved to the forefront of concerns with a growing consensus that they would have to join the list of countries requesting a formal bailout. Meanwhile, the collapse in property prices has caused bad debts for Spanish banks to soar, requiring them to raise more capital to bolster their balance sheets. With a potential liquidity crisis looming within the European banking sector, Eurozone finance ministers agreed in June to provide up to €100 billion in funding to support the banks.

This agreement, however, failed to allay the fears of investors with Spanish sovereign borrowing costs rising once more to dangerous levels. Spain's borrowing requirements were not helped by the fact that a number of the country's autonomous regions sought central government bailouts to address their own budget deficits. To make matters worse, rising unemployment, especially in the under 24 age group where more than half are out of work, has led to some civil unrest.

There was one positive development to emerge from the September European Central Bank (ECB) meeting, with the announcement that the Bank, if requested, would buy unlimited amounts of bonds of any countries in difficulty, a move that positively surprised markets. This marked a change from investors being regularly disappointed by various emergency summit meetings. Elsewhere, another interesting development was the election of Francois Hollande as French President. His policies aimed at generating growth puts him at odds with Germany and promises ongoing friction.

The US economy continued to deliver slow economic growth during the review period, but at a rate that was not sufficiently fast to prompt a big rise in employment, which is one of the targets for the US Federal Reserve (Fed). This meant that investors continued to expect further monetary action from the Fed, in the shape of Quantitative Easing. On a positive note, the rising level of gas and oil production in the US from unconventional sources is improving its long-term competitive position. There is also some evidence of this leading to companies relocating manufacturing capacities to the US, which can only be positive for the economy over time. As the six month period progressed, there was growing concern over the impending 'fiscal cliff', whereby a combination of large tax increases and spending cuts are due to take effect towards the end of 2012 and early 2013. If these are enacted it would almost certainly push the US economy into recession next year. Politicians still have the

<b>Top Ten Holdings as at 6 September 2012</b>	<b>%</b>
<b>Royal Dutch Shell 'B'</b> <i>Oil &amp; Gas Producers</i>	<b>6.18</b>
<b>Vodafone</b> <i>Mobile Telecommunications</i>	<b>4.89</b>
<b>HSBC</b> <i>Banks</i>	<b>4.63</b>
<b>GlaxoSmithKline</b> <i>Pharmaceuticals &amp; Biotechnology</i>	<b>4.05</b>
<b>Premier Farnell</b> <i>Electronic &amp; Electrical Equipment</i>	<b>3.97</b>
<b>BP</b> <i>Oil &amp; Gas Producers</i>	<b>3.89</b>
<b>British American Tobacco</b> <i>Tobacco</i>	<b>3.67</b>
<b>Zytronic</b> <i>Electronic &amp; Electrical Equipment</i>	<b>3.45</b>
<b>Cineworld</b> <i>Travel &amp; Leisure</i>	<b>3.23</b>
<b>Hilton Food</b> <i>Food Producers &amp; Processors</i>	<b>2.68</b>

opportunity to amend legislation, but the timing of the US elections is creating uncertainty about whether this will happen, and uncertainty is bad for confidence.

Most emerging economies saw a slowdown in growth rates as monetary policy tightening over the previous eighteen months took effect. This slowdown, particularly in China, led to a decline in hard commodity prices. In contrast, a disastrous harvest in the US pushed soft commodities prices up.

The UK economy saw weakness during the review period and slipped back into a 'double dip' recession. While the Queen's Silver Jubilee and the London Olympics distorted data somewhat, the UK economy was negatively impacted by the travails within Europe as well as weak conditions in much of the financial sector.

Equity markets had to contend with contrasting forces. On the negative side, poor growth data put pressure on company earnings forecasts. Meanwhile, on the positive side, strong corporate bond prices (and declining yields) increased the appeal of higher yielding equities, while hopes for successful policy action also helped equity markets. Overall, these contrasting influences largely offset each other with the FTSE All-Share Index hardly moving as a result.

The Fund slightly underperformed the comparative benchmark during the six months in review, with a holding in Public Services Properties being the chief culprit. The company specialises in owning property let to care houses. Their major tenant saw declining occupancy as a result of government austerity efforts which caused a deterioration in trading. As a result, there was a financial reconstruction which involved Public Services Properties injecting some of their properties in order to refinance the associated debt. As a result, the company's asset value and cash flow has been hit and it has suspended dividends causing a large fall in the share price.

Economically sensitive share prices, such as Anglo Pacific and Stadium Group also saw weakness. The former's largest asset is the ownership of royalty payments from a large Rio Tinto owned coal mine in Australia and weakness in the coal price reduced expected cash flows. Subsequent to the end of the review period, the Queensland government increased royalty rates, which will benefit the company, and the shares rallied somewhat into the period end. On a brighter note, the shares of some companies with exposure to the UK consumer, such as Cineworld and Topps Tiles, performed well, as did Zytronic on the back of strong results.

Fund income generation was affected by the Public Service Properties dividend decision, but this was partially mitigated by the purchases of Carador Income Fund and Micro Focus. The former is paying a double digit yield on the back of income generated from their holdings of collateralised loan obligations, while the latter has announced a substantial special dividend due to the strength of their balance sheet and cash flows. This is also forecast to be repeated.

Other purchases during the period included BT and Centrica, while the holdings in Euromoney Institutional Investor, A&J Mucklow and Titan Europe were reduced.

Within the Fund's bond holdings, Marylebone Warwick bonds were weak while Skypepharma bonds moved higher following a restructuring, whereby holders receive nearly half the equity capital in return for 2 years deferral of income and improved income and, ultimately, redemption terms.

## **OUTLOOK**

Looking ahead, there will be continuing uncertainty in Europe and ahead of the US presidential election. Company earnings forecasts remain under pressure with dividends likely to be more robust reflecting the overall strength of corporate balance sheets. Meanwhile, further strength in sterling would impact the level of income from some of the largest companies who declare their dividends in foreign currencies.

George Luckraft  
2 October 2012

## Portfolio Changes

For the six months ended 6 September 2012

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Centrica	1,551,612	Real Estate Credit Investments	1,057,136
Real Estate Credit Investments	1,057,136	Royal Dutch Shell 'B'	794,226
Micro Focus	895,806	Vodafone	600,448
BT	889,442	A&J Mucklow	553,664
GlaxoSmithKline	714,978	Euromoney Institutional Investor	511,986
Carador Income Fund	565,448	BP	500,370
Vodafone	415,216	Low & Bonar	438,988
National Grid	222,714	RWS	385,107
Pan European Terminals	200,000	Titan Europe	345,589
HSBC	180,528	HSBC	332,010
Other purchases	120,000	Other sales	1,846,297
<b>Total purchases for the six months</b>	<b>6,812,880</b>	<b>Total sales for the six months</b>	<b>7,365,821</b>

## Managing Risks

Past performance is not a guide to future performance. The price of units and the revenue from them can go down as well as up and investors may not get back the amount originally invested. An initial charge is usually made when you purchase units. Changes in exchange rates will affect the value of Fund investments overseas. Investment in smaller companies and newer markets offers the possibility of higher returns but may also involve a higher degree of risk.

The Fund is managed in accordance with the objective set out on page 3. By investing in financial markets there are associated risks and the following explains the Manager's approach to managing those risks.

### RISK PROFILE

The Fund invests primarily in UK equities and convertible shares. The Fund invests a proportion of its assets in smaller companies which offer the possibility of higher returns but which may also involve a higher degree of risk. The value of investments and the revenue from them is not guaranteed and can go down as well as up. The management fee is charged to capital, and while this will increase the distributable revenue, this may accordingly erode capital growth.

### MARKET RISK

Future prices of investments within the Fund can go down as well as up and will affect the unit price accordingly. The Fund's exposure to stock specific price risk is reduced by diversification. Adherence to investment guidelines and to Investment and Borrowing Powers set out in the Trust Deed, the Prospectus and the rules of the Collective Investment Schemes Sourcebook limits the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Review and Portfolio Statement within this document. No derivatives were used during the year. Derivatives may be used for Efficient Portfolio Management in accordance with the techniques set out in the Collective Investment Schemes Sourcebook and Prospectus.

### FOREIGN CURRENCY RISK

The Fund's assets are primarily UK listed companies and debt issued in sterling. As a result direct foreign currency risk in the fund is considered insignificant. However, companies in which the fund manager invests will potentially be exposed to currency risk as part of their normal business activities and their results maybe impacted by changes in exchange rates between sterling.

### INTEREST RATE RISK

The Fund invests a proportion of its assets in fixed income securities. The value of these investments can be impacted by a change in the level of interest rates.

#### **Credit and fixed interest securities:**

Credit and fixed interest securities are the debts of governments or companies, generally in the form of bonds. These securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the security may fall, and vice versa. Inflation will reduce the real value of the security. However, any changes in value are generally likely to be less than those of investments in shares. The value of these securities will fall if the issuer is unable to repay their debt or have had their credit rating reduced. Generally, the higher the perceived credit risk of the issuer, the higher the rate of interest.

**LIQUIDITY RISK**

The liquidity of the Fund is a function of the liquidity of the underlying investments. The Fund’s assets mainly consist of readily realisable securities. This should enable the payment of the Fund’s liabilities and any investor’s redemption of units.

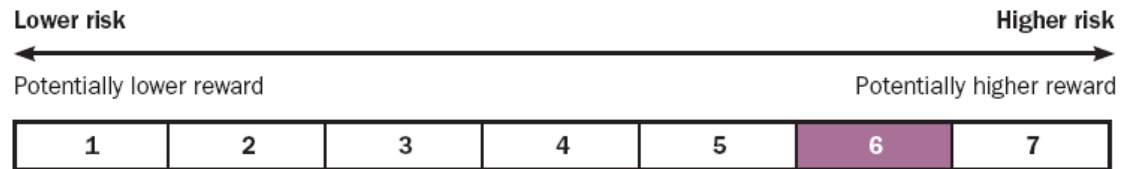
**COUNTERPARTY RISK**

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.

**IMPACT OF ANY TECHNIQUES SUCH AS DERIVATIVES**

Derivatives are not currently used as part of the investment strategy. If derivatives were to be used in the future it would not be for the purpose of leverage but only be used for either efficient portfolio management purposes or to enhance yield through a covered call option strategy.

**RISK AND REWARD PROFILE**



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 may be subject to sudden and significant variation, which may result in substantial gains or losses.



## Fund Information

### FIVE YEAR PERFORMANCE

In the five years to 6 September 2012, the price of R Inc units with no revenue reinvested, fell by -40.43% (bid to bid) from 300.5p to 179.0p. The FTSE All-Share Index (capital change) decreased by -7.8% over the same time period (Source: AXA Investment Managers and Lipper).

### FIVE YEAR DISCRETE PERFORMANCE (DISCRETE YEARS TO LATEST REPORTING DATE)

6 September 07 - 6 September 08 = -31.05%  
 6 September 08 - 6 September 09 = -22.25%  
 6 September 09 - 6 September 10 = +7.44%  
 6 September 10 - 6 September 11 = -0.23%  
 6 September 11 - 6 September 12 = +3.65%

Source: AXA Investment Managers and Lipper. Basis: bid to bid, with no revenue reinvested, net of fees in GBP. Past performance is not a guide to future returns.

### YIELD

R Inc	4.61%
R Acc	4.64%
Z Inc#	5.36%
Z Acc#	5.39%

### CHARGES

Initial charge	R: 5.25%, Z: 0.00%
Annual management fee	R: 1.50%, Z: 0.75%

(All charges are included in the unit price. Maximum charges permitted under the terms of the trust deed are 6% and 2% respectively).

### ONGOING CHARGES

6 September 2012	
R Inc	1.61%
R Acc	1.63%
Z Inc#	0.82%
Z Acc#	0.81%

# Launched 16 April 2012.

### UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS

The AXA Framlington Monthly Income Fund is available as a Stocks and Shares ISA through the AXA Framlington Stocks and Shares ISA.

## Fund Facts

### THREE YEAR RECORD

#### Unit Class (R)

As at	Units in issue		Net asset value of Fund		
	R Inc units	R Acc units	Total (£)	R Inc units(p)	R Acc units(p)
06/03/10	41,907,060	19,289,278	130,790,220	175.7	296.3
06/03/11	33,967,309	15,231,314	115,670,894	190.8	333.9
06/03/12	27,430,060	11,473,918	88,320,180	181.2	335.1
06/09/12	30,019,111	10,238,106	88,078,556	178.5	336.9

#### Unit Class (Z) #

As at	Units in issue		Net asset value of Fund		
	Z Inc units	Z Acc units	Total (£)	Z Inc units(p)	Z Acc units(p)
06/09/12	13,899	4,916	18,917	100.2	101.7

# Launched 16 April 2012

## Portfolio Statement

The AXA Framlington Monthly Income Fund portfolio as at 6 September 2012 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding		Market value (£)	Total net assets (%)
<b>UNITED KINGDOM: 96.19%</b> <b>(06/03/12: 97.68%)</b>			
<b>CORPORATE BONDS: 4.25%</b> <b>(06/03/12: 3.84%)</b>			
£550,000	Alliance Pharmaceuticals 8% 31/12/13	715,000	0.81
£1,250,000	Marylebone Warwick Balfour 9.75% 31/12/16	712,500	0.81
£240,999	Private & Commercial Finance 8% 30/09/13	200,628	0.23
£4,500,000	Skyepharm 6% 04/05/24	2,025,000	2.30
£120,000	Sorbic 10% 26/02/13	90,000	0.10
		<b>3,743,128</b>	<b>4.25</b>
<b>OIL &amp; GAS: 13.13%</b> <b>(06/03/12: 15.87%)</b>			
<b>Oil &amp; Gas Producers: 10.85%</b> <b>(06/03/12: 12.71%)</b>			
810,000	BP	3,431,565	3.89
4,080,605	Pan European Terminals	683,501	0.78
240,000	Royal Dutch Shell 'B'	5,440,800	6.18
		<b>9,555,866</b>	<b>10.85</b>
<b>Oil Equipment, Services &amp; Distribution: 2.28%</b> <b>(06/03/12: 3.16%)</b>			
3,000,000	KBC Advanced Technologies	2,010,000	2.28
		<b>2,010,000</b>	<b>2.28</b>
<b>BASIC MATERIALS: 3.73%</b> <b>(06/03/12: 5.41%)</b>			
<b>Forestry &amp; Paper: 0.96%</b> <b>(06/03/12: 1.35%)</b>			
2,115,000	Cambrian Global Timberland	846,000	0.96
		<b>846,000</b>	<b>0.96</b>
<b>Mining: 2.77%</b> <b>(06/03/12: 4.06%)</b>			
900,000	Anglo Pacific	2,160,000	2.45
2,000,000 <sup>1</sup>	Consolidated General Minerals	280,000	0.32
		<b>2,440,000</b>	<b>2.77</b>

Holding		Market value (£ )	Total net assets (%)
<b>INDUSTRIALS: 21.41%</b> <b>(06/03/12: 21.69%)</b>			
<b>Construction &amp; Materials: 4.25%</b> <b>(06/03/12: 5.10%)</b>			
1,225,000	Alumasc	918,750	1.04
3,723,346	Low & Bonar	2,038,532	2.31
1,800,000	TClarke	792,000	0.90
		<b>3,749,282</b>	<b>4.25</b>
<b>Electronic &amp; Electrical Equipment: 8.63%</b> <b>(06/03/12: 8.38%)</b>			
250,000	Premier Farnell	3,500,000	3.97
1,771,250	Stadium	1,062,750	1.21
950,000	Zytronic	3,040,000	3.45
		<b>7,602,750</b>	<b>8.63</b>
<b>Industrial Engineering: 2.38%</b> <b>(06/03/12: 3.04%)</b>			
375,000	Chamberlin	648,750	0.73
3,500,000	Metalrax	201,250	0.23
1,100,000	Titan Europe	1,248,500	1.42
		<b>2,098,500</b>	<b>2.38</b>
<b>Industrial Transportation: 1.18%</b> <b>(06/03/12: 1.28%)</b>			
285,000	Braemar Shipping Services	1,040,250	1.18
		<b>1,040,250</b>	<b>1.18</b>
<b>Support Services: 4.97%</b> <b>(06/03/12: 3.89%)</b>			
1,250,000	Healthcare Locums	21,250	0.02
889,800	Hydrogen	845,310	0.96
1,050,000	Nationwide Accident Repair Services	630,000	0.72
325,000	RWS	1,659,125	1.88
1,225,000	Vianet	1,225,000	1.39
		<b>4,380,685</b>	<b>4.97</b>
<b>CONSUMER GOODS: 8.30%</b> <b>(06/03/12: 8.50%)</b>			
<b>Food Producers &amp; Processors: 2.68%</b> <b>(06/03/12: 2.55%)</b>			
800,000	Hilton Food	2,360,000	2.68
		<b>2,360,000</b>	<b>2.68</b>
<b>Tobacco: 5.62%</b> <b>(06/03/12: 5.95%)</b>			
100,000	British American Tobacco	3,231,000	3.67
72,500	Imperial Tobacco	1,718,250	1.95
		<b>4,949,250</b>	<b>5.62</b>

Holding		Market value (£)	Total net assets (%)
<b>HEALTH CARE: 4.05%</b> <b>(06/03/12: 3.17%)</b>			
<b>Pharmaceuticals &amp; Biotechnology: 4.05%</b> <b>(06/03/12: 3.17%)</b>			
250,000	GlaxoSmithKline	3,568,750	4.05
		<b>3,568,750</b>	<b>4.05</b>
<b>CONSUMER SERVICES: 8.74%</b> <b>(06/03/12: 8.44%)</b>			
<b>General Retailers: 3.40%</b> <b>(06/03/12: 2.84%)</b>			
10,864,804	Pendragon	1,575,397	1.79
3,000,000	Topps Tiles	1,417,500	1.61
		<b>2,992,897</b>	<b>3.40</b>
<b>Media: 2.11%</b> <b>(06/03/12: 2.66%)</b>			
107,500	Euromoney Institutional Investor	815,925	0.92
550,000	Haynes Publishing	1,045,000	1.19
		<b>1,860,925</b>	<b>2.11</b>
<b>Travel &amp; Leisure: 3.23%</b> <b>(06/03/12: 2.94%)</b>			
1,168,000	Cineworld	2,841,160	3.23
		<b>2,841,160</b>	<b>3.23</b>
<b>TELECOMMUNICATIONS: 5.91%</b> <b>(06/03/12: 4.91%)</b>			
<b>Fixed Line Telecommunications: 1.02%</b> <b>(06/03/12: Nil)</b>			
400,000	BT	896,000	1.02
		<b>896,000</b>	<b>1.02</b>
<b>Mobile Telecommunications: 4.89%</b> <b>(06/03/12: 4.91%)</b>			
2,450,000	Vodafone	4,307,100	4.89
		<b>4,307,100</b>	<b>4.89</b>
<b>UTILITIES: 3.67%</b> <b>(06/03/12: 1.47%)</b>			
<b>Gas, Water &amp; Multiutilities: 3.67%</b> <b>(06/03/12: 1.47%)</b>			
500,000	Centrica	1,666,000	1.89
225,000	National Grid	1,566,000	1.78
		<b>3,232,000</b>	<b>3.67</b>

Holding		Market value (£)	Total net assets (%)
<b>FINANCIALS: 16.90%</b> <b>(06/03/12: 18.29%)</b>			
<b>Banks: 4.63%</b> <b>(06/03/12: 4.81%)</b>			
750,000	HSBC	4,079,250	4.63
		<b>4,079,250</b>	<b>4.63</b>
<b>Equity Investment Instruments: 5.57%</b> <b>(06/03/12: 5.02%)</b>			
927,500	<sup>1</sup> Caliber Global Investment	-	-
1,000,000	Carador Income Fund	597,146	0.68
900,000	Ecofin Water & Power Opportunities	1,044,000	1.18
3,500,000	Greenwich Loan Income Fund	1,653,750	1.88
1,700,000	Japan Residential Investment	884,000	1.00
2,250,000	<sup>1</sup> Platinum Investment Trust	-	-
2,000,000	Tamar European Industrial Fund	730,000	0.83
		<b>4,908,896</b>	<b>5.57</b>
<b>General Financials: 1.21%</b> <b>(06/03/12: 1.33%)</b>			
4,000,000	Charlemagne Capital	350,000	0.40
10,000,000	<sup>1</sup> Develica Deutschland	79,307	0.09
308,414	Real Estate Credit Investments	265,236	0.30
385,517	Real Estate Credit Investments (preferred)	368,169	0.42
		<b>1,062,712</b>	<b>1.21</b>
<b>Real Estate: 1.81%</b> <b>(06/03/12: 3.11%)</b>			
2,568,319	<sup>1</sup> Battersea Power Station Shareholder Vehicle 'B'	-	-
1,927,666	<sup>1</sup> Battersea Power Station Shareholder Warrants	-	-
104,226	<sup>1</sup> Claremont Partners	-	-
3,443,933	<sup>1</sup> Colliers International	-	-
2,000,000	Picton Property Income	785,000	0.89
1,900,000	Public Service Properties Investments	256,500	0.29
857,621	<sup>1</sup> Real Estate Opportunities	-	-
1,741,184	Redefine International	552,826	0.63
		<b>1,594,326</b>	<b>1.81</b>
<b>Real Estate Investment Trusts: 3.68%</b> <b>(06/03/12: 4.02%)</b>			
425,000	A&J Mucklow	1,473,687	1.67
515,000	Primary Health Properties	1,770,313	2.01
		<b>3,244,000</b>	<b>3.68</b>

Holding		Market value (£)	Total net assets (%)
<b>TECHNOLOGY: 6.10%</b> <b>(06/03/12: 6.09%)</b>			
<b>Software &amp; Computer Services: 6.10%</b> <b>(06/03/12: 4.61%)</b>			
175,000	Micro Focus	952,000	1.08
285,000	Playtech	1,122,188	1.27
3,296,303	Sanderson	1,153,706	1.31
2,150,000	Statpro	2,150,000	2.44
		<b>5,377,894</b>	<b>6.10</b>
<b>Technology Hardware &amp; Equipment: Nil</b> <b>(06/03/12: 1.48%)</b>			
<b>NORTH AMERICA: 0.15%</b> <b>(06/03/12: 0.31%)</b>			
<b>Canada: 0.15%</b> <b>(06/03/12: 0.31%)</b>			
2,100,000	Caza Oil & Gas	131,250	0.15
603,598 <sup>1</sup>	Thistle Mining	-	-
		<b>131,250</b>	<b>0.15</b>
<b>ASIA/PACIFIC: 0.66%</b> <b>(06/03/12: 1.23%)</b>			
<b>New Zealand: 0.66%</b> <b>(06/03/12: 1.23%)</b>			
185,000	Endace	582,750	0.66
		<b>582,750</b>	<b>0.66</b>
Investments as shown in the balance sheet		85,455,621	97.00
Net current assets		2,641,852	3.00
<b>Total net assets</b>		<b>88,097,473</b>	<b>100.00</b>

**SUMMARY OF FUND ASSETS**

The following type of securities were held by the Fund at the period end:

		Total net assets (%)
Listed	- eligible markets	96.59
	- ineligible markets	-
Unquoted	<sup>1</sup>	0.41
Suspended	<sup>2</sup>	-
Liquid assets	<sup>3</sup>	3.00
<b>Total net assets</b>		<b>100.00</b>

<b>Credit Ratings</b>	Market value (£)	Total net assets (%)
Total bonds BBB- credit rating and above	-	-
Total bonds below BBB- credit rating	-	-
Total bonds non-rated	3,743,128	4.25
<b>Total value of bonds</b>	<b>3,743,128</b>	<b>4.25</b>



## Statement of Total Return

For the six months ended 6 September

	£	2012 £	£	2011 £
Income				
Net capital losses on investments during the period		(1,593,566)		(9,828,310)
Revenue	2,438,303		2,912,259	
Expenses	(711,742)		(904,061)	
Finance costs: interest	(28)		(27)	
Net revenue before taxation	1,726,533		2,008,171	
Taxation	-		-	
Net revenue after taxation		1,726,533		2,008,171
Total return for the period		132,967		(7,820,139)
Finance costs: Distribution		(1,874,543)		(2,204,307)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(1,741,576)</b>		<b>(10,024,446)</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the six months ended 6 September

	£	2012 £	£	2011 £
Net assets at start of the period		88,320,180		115,670,894
Movement due to sales and repurchases of units:				
Cash or value received on creation of units	8,153,214		3,730,411	
Cash or value given on cancellation of units	(7,428,107)		(16,571,906)	
Total movement		725,107		(12,841,495)
Change in net assets attributable to unitholders from investment activities		(1,741,576)		(10,024,446)
Stamp duty reserve tax		(12,519)		(12,384)
Retained distribution on accumulation units		805,371		947,943
Unclaimed distribution monies		910		1,474
<b>Net assets at end of the period</b>		<b>88,097,473</b>		<b>93,741,986</b>

## Balance Sheet

As at

	6 September 2012		6 March 2012	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		85,455,621		87,632,665
Debtors	1,911,289		838,453	
Cash and bank balances	1,233,565		464,913	
Total current assets	3,144,854		1,303,366	
<b>Total assets</b>		<b>88,600,475</b>		<b>88,936,031</b>
<b>LIABILITIES</b>				
Creditors		277,810		339,855
Distribution payable on income units		225,192		275,996
Total current liabilities		503,002		615,851
<b>Net assets attributable to unitholders</b>		<b>88,097,473</b>		<b>88,320,180</b>

## Notes to the Accounts

### Accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010, and in accordance with UK GAAP.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 6 March 2012 and are described in those annual financial statements with the exception of the policies noted below which have been updated for the change from close of business to noon valuation for all assets and liabilities at the accounting date:

a) All investments are valued at their fair value price as at noon on 6 September 2012, (prior year as at close of business) being the last business day of the accounting period. Investments in underlying funds have been valued as at the bid price at noon on the last business day of the accounting period. The fair value for non-derivative securities is bid price. Other investments have been stated at the Manager's valuation and this has been indicated in the portfolio statement.

b) Any transactions in overseas currencies are translated to Sterling at the rates of exchange ruling on the day of any such transaction. Foreign currency balances and investments priced in overseas currencies at the end of the period are converted into Sterling at the exchange rates ruling as at noon on 6 September 2012, (prior year as at close of business) on the last business day of the accounting period.

### European Savings Directive

The AXA Framlington Monthly Income Fund has been reviewed against the requirements of the directive 2003/48/EC on taxation of savings in the form of interest payments (ESD), in line with the HM Revenue & Customs debt investment reporting guidance notes.

Under the Directive, information is collected about the payment of savings income to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with tax authorities in those countries. The AXA Framlington Monthly Income Fund does not meet the HM Revenue & Customs debt investment reporting thresholds. This means that no details of income distributions will be reported to HM Revenue & Customs.

### AXA Unit Trust Prices in Financial Times

Please note that our fund prices are no longer available in the Financial Times newspaper. You can, however, still find our fund prices on FT.com ([www.ft.com](http://www.ft.com)).

Historically it was expected that prices were published in the FT newspaper but as times have moved on, and with the advent of the internet, it is now increasingly popular for investors to find fund prices online. Acknowledging this development the decision was taken to remove the price publication from the FT newspaper and retain them online, in line with current industry practice.

You can also visit our website at <http://retail.axa-im.co.uk/prices>. Alternatively, you can find our fund prices on financial websites, such as Morningstar ([www.morningstar.co.uk](http://www.morningstar.co.uk)), and you can also request a fund price by telephoning our Call Centre on 0845 777 5511.

## Distribution Statement

For the six months ended 6 September 2012

		Gross revenue	Income tax	Net revenue	Equalisation	Distribution payable/paid	
						Current year	Prior year
<b>R Inc</b>							
1st Interim	Group 1	0.667	0.067	0.600	-	0.600	0.600
	Group 2	-	-	-	0.600	0.600	0.600
2nd Interim	Group 1	0.667	0.067	0.600	-	0.600	0.600
	Group 2	0.047	0.005	0.042	0.558	0.600	0.600
3rd Interim	Group 1	0.667	0.067	0.600	-	0.600	0.600
	Group 2	-	-	-	0.600	0.600	0.600
4th Interim	Group 1	0.667	0.067	0.600	-	0.600	0.600
	Group 2	-	-	-	0.600	0.600	0.600
5th Interim	Group 1	0.667	0.067	0.600	-	0.600	0.600
	Group 2	-	-	-	0.600	0.600	0.600
6th Interim	Group 1	0.833	0.083	0.750	-	0.750	0.750
	Group 2	-	-	-	0.750	0.750	0.750
<b>R Acc</b>							
1st Interim	Group 1	1.333	0.133	1.200	-	1.200	1.058
	Group 2	-	-	-	1.200	1.200	1.058
2nd Interim	Group 1	1.356	0.136	1.220	-	1.220	1.061
	Group 2	0.417	0.042	0.375	0.845	1.220	1.061
3rd Interim	Group 1	1.356	0.136	1.220	-	1.220	1.064
	Group 2	-	-	-	1.220	1.220	1.064
4th Interim	Group 1	1.378	0.138	1.240	-	1.240	1.068
	Group 2	-	-	-	1.240	1.240	1.068
5th Interim	Group 1	1.378	0.138	1.240	-	1.240	1.068
	Group 2	-	-	-	1.240	1.240	1.068
6th Interim	Group 1	1.556	0.156	1.400	-	1.400	1.350
	Group 2	-	-	-	1.400	1.400	1.350
<b>Z Inc #</b>							
1st Interim	Group 1	n/a	n/a	n/a	n/a	n/a	n/a
	Group 2	n/a	n/a	n/a	n/a	n/a	n/a
2nd Interim	Group 1	0.333	0.033	0.300	-	0.300	n/a
	Group 2	0.117	0.012	0.105	0.195	0.300	n/a
3rd Interim	Group 1	0.333	0.033	0.300	-	0.300	n/a
	Group 2	0.333	0.033	0.300	-	0.300	n/a
4th Interim	Group 1	0.333	0.033	0.300	-	0.300	n/a
	Group 2	0.333	0.033	0.300	-	0.300	n/a
5th Interim	Group 1	0.333	0.033	0.300	-	0.300	n/a
	Group 2	0.333	0.033	0.300	-	0.300	n/a
6th Interim	Group 1	0.389	0.039	0.350	-	0.350	n/a
	Group 2	0.389	0.039	0.350	-	0.350	n/a

# Launched 16 April 2012

		Gross revenue	Income tax	Net revenue	Equalisation	Distribution payable/paid	
						Current year	Prior year
<b>Z Acc #</b>							
1st Interim	Group 1	n/a	n/a	n/a	n/a	n/a	n/a
	Group 2	n/a	n/a	n/a	n/a	n/a	n/a
2nd Interim	Group 1	0.333	0.033	0.300	-	0.300	n/a
	Group 2	0.333	0.033	0.300	-	0.300	n/a
3rd Interim	Group 1	0.333	0.033	0.300	-	0.300	n/a
	Group 2	0.333	0.033	0.300	-	0.300	n/a
4th Interim	Group 1	0.356	0.036	0.320	-	0.320	n/a
	Group 2	0.356	0.036	0.320	-	0.320	n/a
5th Interim	Group 1	0.356	0.036	0.320	-	0.320	n/a
	Group 2	0.356	0.036	0.320	-	0.320	n/a
6th Interim	Group 1	0.411	0.041	0.370	-	0.370	n/a
	Group 2	0.411	0.041	0.370	-	0.370	n/a

# Launched 16 April 2012

(All figures shown in pence per unit)

Units are classified as Group 2 during the period in which they were acquired; thereafter they rank as Group 1 units.

Equalisation is the average amount of income included in the purchase price of Group 2 units and is refundable to holders of these units as a return of capital. Being a capital item it is not liable to income tax, but must be deducted from the cost of units for capital gains tax purposes.

The relevant periods for Group 2 units and the payment/transfer dates are shown below:

	Group 2 units From	To	Group 1 & 2 units Paid/transferred
1st Interim	07.03.12	06.04.12	04.05.12
2nd Interim	07.04.12	06.05.12	06.06.12
3rd Interim	07.05.12	06.06.12	06.07.12
4th Interim	07.06.12	06.07.12	06.08.12
5th Interim	07.07.12	06.08.12	06.09.12
6th Interim	07.08.12	06.09.12	05.10.12

## DIRECTORS' APPROVAL

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



Simon Lopez  
Director  
23 October 2012



Mark Beveridge  
Director  
23 October 2012

## Directory

### **Authorised Fund Manager**

AXA Investment Managers UK Limited  
7 Newgate Street  
London EC1A 7NX

Authorised and regulated by the Financial Services Authority  
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 Management Association.

### **Trustee**

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Trustee and Depositary Services  
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### **Registrar**

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