

**Annual Long Report and Audited Financial Statements
Year ended
31 May 2022**

AXA Distribution Investment ICVC



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

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

More detailed information about AXA Investment Managers' UK funds is available on the Fund Centre of our website where you can find the Prospectus, Key Investor Information Document (KIID), annual reports and monthly fund factsheets at:

<https://retail.axa-im.co.uk/fund-centre>

Directory

The Company and Head Office

AXA Distribution Investment ICVC
22 Bishopsgate
London EC2N 4BQ

Authorised Corporate Director ("ACD")

AXA Investment Managers UK Limited
22 Bishopsgate
London EC2N 4BQ
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

SS&C Financial Services International Limited and SS&C Financial Services Europe Limited
SS&C House
St Nicholas Lane
Basildon
Essex, SS15 5FS
Authorised and regulated by the Financial Conduct Authority.

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
Suite 100
15-02 Keck Seng Tower
Singapore 069535

Legal Advisers

Eversheds Sutherland (International) 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.

Directory

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

Ernst & Young 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

AXA Global Distribution Fund changed its name to AXA Global Sustainable Distribution Fund on 01 February 2022.

The Russian invasion of Ukraine launched on 24 February 2022 has been negative for the global economy primarily as a result of the disruption it has caused in the supply of energy and other commodities. Inflation had already arisen as a concern following supply issues related to COVID and energy price hikes resulting from the conflict have worsened the situation. This, and the continuing geopolitical uncertainties raised by the war have led to high levels of market volatility. Bond yields have risen in anticipation of interest rate hikes, credit spreads have increased and there have been pronounced swings in equity prices as investors digest how the unpredictable news flow affects company earnings and countries’ projected growth rates.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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 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).

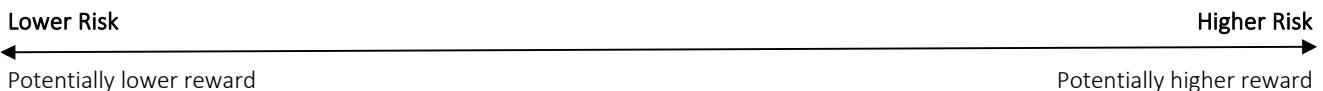
The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration a composite benchmark made up of the following indices in the stated proportions: 29% FTSE All Share Index; 27.5% FTSE Index Linked all Stocks; 27.5% FTSE Index Linked < 5 Years; 3.5% FTSE Gilts All Stocks; 3.5% FTSE Gilts < 5 years; 9% SONIA Compounded Index (the "Benchmark"). This Benchmark best represents the types of bonds and companies in which the Fund predominantly invests.

This Fund is actively managed in reference to the Benchmark, which may be used by investors to compare the Fund's performance.

Risk and Reward Profile

As at 31 May 2022

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.



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

Why is this Fund in this category?

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

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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.

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.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- 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.

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 securities 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 Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

- 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.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Market Review

Equity markets around the world rose over the final months of 2021 and completed a third consecutive year of positive returns. While the first half of 2021 had seen equities perform well, as most global economies continued their recovery from the pandemic, in the final quarter stocks started strongly but sold off as a new strain of the COVID-19 virus – named Omicron – emerged. It was initially feared that the new variant might be resistant to existing vaccines and concerns escalated quickly. However, these concerns became overblown and markets recovered by the year end with most global equity stock markets managing the traditional 'Santa rally' through December. Sentiment turned sharply negative in early February as Russia launched a full-scale invasion of Ukraine. Financial markets plunged as Russian leader Vladimir Putin ordered a large-scale military offensive across the country that has left terrible numbers of civilian casualties, prompted Russia to set its nuclear deterrent to 'high alert' and seen the West enforce a range of far-reaching sanctions in a bid to cut the country off from financial markets and knobble Russia's economy. Oil prices spiked above \$100 per barrel and natural gas followed suit, taking the cost of oil to multi-year highs.

It has been the spectre of persistently high inflation that caused most unease amongst investors. After many years of highly accommodative monetary policy, major central banks have understandably become increasingly hawkish as inflation has climbed. Global equity markets have generally fallen as supply chain disruption and sharply rising commodity prices have contributed to Retail and Consumer Price Inflation rising to levels not seen in over 40 years. Bond markets have also faced a very challenging period as central banks have followed through on their hawkish rhetoric and raised rates aggressively to combat the very elevated levels of inflation seen across the globe. In March, the Federal Open Market Committee ('FOMC') raised rates for the first time since 2018 when they increased the Fed funds rate by 25bp and followed this up with a 50bp hike at their May meeting. In the UK, the Bank of England followed up their hikes in December and February by raising base rates another 25bps at both their March and May meetings. These central banks have also embarked on the start of their quantitative tightening programmes aiming to reduce their bloated balance sheets.

The changing monetary backdrop has led to a de-rating of growth equities that had already been a headwind to performance during 2021. This has been a global phenomenon and has particularly impacted international stock markets which have seen significant negative returns during the year to date. The UK equity market has performed relatively well with the FTSE All Share remaining the only positive equity market year-to-date, with returns of c1.5% at the end of May 2022. The FTSE All Share index's positive return over the period hides the stark difference in performance between large companies and the rest of the market. The large cap FTSE 100 index rose 4.83% by the end of May, outperforming the Mid Cap FTSE 250 index (ex-investment companies) which has fallen 12.07% over the same period, benefitting from its significant exposure to the four main 'mega cap' areas of Mining (+25.0% return), Oil and Gas (+43.7%), Pharmaceuticals (+16.0%) and Banks (+12.4%). Other sectors of the market, by contrast, have seen a dramatic fall in value, with Consumer Discretionary (-9.9%), Industrials (-16.8%) and Technology (-22.5%). The difference in return between energy and technology is over 60%!

Portfolio Review

Within the equity portfolio, our style tilt towards quality growth companies has proved to be a drag on performance over the reporting period. Companies such as Dunelm, Experian and Spirent have reported earnings at the top end or ahead of market expectations, yet in each case have fallen significantly in value since the start of 2022. Many growth stocks have compressed from a multiple perspective, but we believe that their prospects continue to improve, even if the short-term returns are volatile.

There have been no changes to the equity investment process, however we have made some changes to the balance of the market cap exposure. The overweight position in medium and smaller cap companies has been reduced whilst the exposure to larger cap companies increased. We have introduced new positions in FTSE 100 names such as Reckitt Benckiser, Smith & Nephew, Ashtead and Rightmove. We also added to the existing positions in both BP and Shell. Over the period we reduced our overweight to the Consumer Discretionary sector, exiting positions in Everyman Media, Ten Entertainment Group and On The Beach.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Bond markets have continued to significantly reprice, anticipating Central Banks removing their extraordinary stimulus measures and begin an aggressive path of policy tightening to combat the risks of a prolonged period of high inflation. Markets continue to anticipate this aggressive tightening path with a further 2% of hikes priced for the Federal reserve, forecasting the end of year policy rates at almost 3% in the US. For the UK, 6 more hikes are forecasted leaving base rates priced at close to 2.5% by the end of 2022, while in Europe the market is anticipating an aggressive normalisation of ECB policy with 1.2% of policy tightening by year end. However, there does remain some substantial uncertainties not only around the near-term geopolitical developments but also on the economic outlook as markets assess the impact of higher energy prices and inflation on the consumer. In addition, economists forecast that headline inflation pressures should appear to moderate as we move past the peak in inflation prints in the months ahead and supply bottlenecks ease. Central Bank communication will continue to require close attention as the year progresses.

Outlook

Market direction continues to be shaped by inflation, interest rates and commodity prices. The increasing hawkishness of central banks (especially the US Federal Reserve) has led to the increasing concern and risk that we experience a recession in developed markets within the next twelve months. However, although we are currently reassured by our company management meetings and by the generally strong results that we are seeing, we remain acutely aware that the economic outlook is rapidly evolving and have been positioning accordingly. Inflationary pressures remain, with headwind inflation at multi-decade highs; however, there are signs that inflation is possibly peaking within commodity markets, anecdotal evidence suggests that wage inflation, in particular, is easing, and peak rate expectations have fallen back in the short term. However central banks have been caught unaware as to the strength and persistence of inflation over the last 18 months and thus may not be willingly to acknowledge an improving outlook until it is very apparent in the data.

At times of heightened risk and uncertainty, it is easy to focus exclusively on the macro and geopolitical news flow and lose focus on the fundamental drivers of profitability and cashflow at the corporate level. Our investable universe offers access to numerous growing businesses that generate cash, are well managed, have strong balance sheets and are operating in end markets that should expand over the long-term. Earnings forecasts are set modestly, and valuations look attractive, in many instances trading at multi year lows. Market sentiment is also currently low and any good news is likely to see the market react positively, whether it be a resolution to the Ukraine conflict, inflation rolling over or Central Banks reining in proposed interest rate hikes. In the meantime, our approach remains centred on owning good quality businesses that can reinvest and compound their returns over time.

All performance data source: AXA Investment Managers and Morningstar.

Past performance is not a guide for future performance.

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 0.125% IL 22/03/26	29,459	● UK Treasury 0.125% IL 22/03/26	17,270
● UK Treasury 4.25% 07/06/32	11,858	● UK Treasury 4.25% 07/06/32	15,899
● UK Treasury 0.25% 31/01/25	11,836	● UK Treasury 0.125% IL 22/03/24	13,983
● UK Treasury 0.125% 31/01/24	8,466	● UK Treasury 0.25% 31/01/25	9,640
● UK Treasury 0.125% IL 22/03/29	4,342	● UK Treasury 0.125% 31/01/24	8,302

Jamie Forbes-Wilson, David Shaw

AXA Investment Managers UK Limited

31 May 2022

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
BONDS 61.97% (31/05/21: 61.14%)			
Corporate Bonds 0.00% (31/05/21: 0.00%)			
Lambay Capital Securities FRN Perpetual **	337,000	-	-
Index Linked Government Bonds 55.13% (31/05/21: 53.83%)			
UK Treasury 0.125% IL 22/03/24	16,000,000	23,455	10.99
UK Treasury 0.125% IL 22/03/26	19,000,000	27,158	12.73
UK Treasury 0.125% IL 10/08/28	1,280,000	1,768	0.83
UK Treasury 0.125% IL 22/03/29	4,250,000	6,946	3.26
UK Treasury 0.125% IL 10/08/31	1,200,000	1,660	0.78
UK Treasury 0.125% IL 22/03/44	1,500,000	2,800	1.31
UK Treasury 0.125% IL 22/03/46	733,580	1,306	0.61
UK Treasury 0.125% IL 22/11/56	700,000	1,323	0.62
UK Treasury 0.125% IL 22/03/58	1,000,455	1,985	0.93
UK Treasury 0.125% IL 22/11/65	1,400,000	2,990	1.40
UK Treasury 0.125% IL 22/03/68	1,500,143	3,501	1.64
UK Treasury 0.25% IL 22/03/52	1,000,395	2,054	0.96
UK Treasury 0.375% IL 22/03/62	1,000,000	2,405	1.13
UK Treasury 0.5% IL 22/03/50	807,083	1,950	0.91
UK Treasury 0.625% IL 22/03/40	678,056	1,483	0.70
UK Treasury 0.625% IL 22/11/42	800,000	1,852	0.87
UK Treasury 0.75% IL 22/03/34	1,500,000	2,852	1.34
UK Treasury 0.75% IL 22/11/47	1,000,791	2,543	1.19
UK Treasury 1.125% IL 22/11/37	1,274,343	3,096	1.45
UK Treasury 1.25% IL 22/11/27	692,873	1,440	0.67
UK Treasury 1.25% IL 22/11/32	1,400,000	2,932	1.37
UK Treasury 1.25% IL 22/11/55	271,685	919	0.43
UK Treasury 1.875% IL 22/11/22	1,500,000	2,508	1.18
UK Treasury 2% IL 26/01/35	881,745	2,523	1.18
UK Treasury 2.5% IL 17/07/24	2,648,119	9,985	4.68
UK Treasury 4.125% IL 22/07/30	1,118,053	4,209	1.97
Traditional Government Bonds 6.84% (31/05/21: 7.31%)			
UK Treasury 0.25% 31/01/25	2,000,000	1,928	0.90
UK Treasury 0.875% 31/07/33	3,000,000	2,640	1.24
UK Treasury 3.25% 22/01/44	1,151,427	1,334	0.63
UK Treasury 3.75% 22/07/52	183,548	244	0.11
UK Treasury 4.25% 07/12/27	2,000,000	2,271	1.06
UK Treasury 4.25% 07/06/32	2,000,913	2,406	1.13
UK Treasury 4.25% 07/03/36	400,000	496	0.23
UK Treasury 4.25% 07/12/40	2,105,913	2,725	1.28
UK Treasury 4.5% 07/12/42	239,224	324	0.15
UK Treasury 4.75% 07/12/38	173,575	233	0.11
TOTAL BONDS		132,244	61.97
BASIC MATERIALS 1.88% (31/05/21: 1.93%)			
Chemicals 0.52% (31/05/21: 0.00%)			
Croda International	10,000	690	0.32
Treatt	47,000	419	0.20

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
Industrial Metals & Mining 1.36% (31/05/21: 1.93%)			
Hill & Smith	76,516	1,090	0.51
Rio Tinto	31,060	1,806	0.85
TOTAL BASIC MATERIALS		4,005	1.88
CONSUMER DISCRETIONARY 6.29% (31/05/21: 10.42%*)			
Household Goods & Home Construction 1.13% (31/05/21: 1.83%)			
Redrow	223,609	1,191	0.56
Watkin Jones	525,000	1,210	0.57
Leisure Goods 0.87% (31/05/21: 0.55%)			
Frontier Developments	40,000	489	0.23
Games Workshop	11,181	817	0.38
Tinybuild	324,880	552	0.26
Media 0.44% (31/05/21: 1.05%*)			
Future	47,187	940	0.44
Retailers 2.45% (31/05/21: 3.39%)			
Dunelm	78,944	693	0.32
Howden Joinery	171,549	1,177	0.55
JD Sports Fashion	225,000	278	0.13
Moonpig	320,015	826	0.39
Pets at Home	319,000	1,095	0.51
Virgin Wines UK	443,781	453	0.21
Wickes	350,000	715	0.34
Travel & Leisure 1.40% (31/05/21: 3.60%)			
Domino's Pizza	250,000	845	0.40
Gym	300,000	622	0.29
Loungers	444,000	866	0.41
Trainline	200,000	647	0.30
TOTAL CONSUMER DISCRETIONARY		13,416	6.29
CONSUMER STAPLES 1.98% (31/05/21: 0.45%)			
Beverages 0.98% (31/05/21: 0.45%)			
Diageo	57,000	2,095	0.98
Personal Care, Drug And Grocery 1.00% (31/05/21: 0.00%)			
Reckitt Benckiser	35,000	2,129	1.00
TOTAL CONSUMER STAPLES		4,224	1.98
ENERGY 1.86% (31/05/21: 0.83%)			
Alternative Energy 0.00% (31/05/21: 0.00%)			
Invinity Energy Systems Warrants I	66,688	-	-
Invinity Energy Systems Warrants II	66,688	-	-

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
Oil, Gas & Coal 1.86% (31/05/21: 0.83%)			
BP	326,000	1,431	0.67
Shell	106,000	2,548	1.19
TOTAL ENERGY		3,979	1.86
FINANCIALS 5.75% (31/05/21: 7.16%)			
Banks 0.58% (31/05/21: 0.52%)			
Barclays	725,000	1,230	0.58
Closed End Investments 0.38% (31/05/21: 0.35%)			
Syncona	402,324	801	0.38
Investment Banking & Brokerage 2.78% (31/05/21: 2.90%)			
3i	158,532	2,040	0.96
AJ Bell	171,025	491	0.23
IntegraFin	119,325	353	0.17
Intermediate Capital	71,766	1,138	0.53
MJ Hudson	1,900,000	760	0.36
St James's Place	87,555	1,131	0.53
Life Insurance 1.49% (31/05/21: 2.27%)			
Just	1,177,000	954	0.45
Legal & General	520,000	1,363	0.64
Prudential	82,500	861	0.40
Nonlife Insurance 0.52% (31/05/21: 1.12%)			
Admiral	24,250	535	0.25
Sabre Insurance	276,304	576	0.27
TOTAL FINANCIALS		12,233	5.75
HEALTH CARE 3.19% (31/05/21: 1.57%)			
Medical Equipment & Services 0.23% (31/05/21: 0.00%)			
Smith & Nephew	38,000	499	0.23
Pharmaceuticals & Biotechnology 2.96% (31/05/21: 1.57%)			
AstraZeneca	33,203	3,458	1.62
Genus	27,500	762	0.36
GlaxoSmithKline	120,000	2,079	0.98
TOTAL HEALTH CARE		6,798	3.19
INDUSTRIALS 4.85% (31/05/21: 5.76%)			
Aerospace & Defense 0.28% (31/05/21: 0.61%)			
Avon Protection	49,401	591	0.28
Construction & Materials 0.67% (31/05/21: 1.75%)			
Breedon	972,623	700	0.33
Nexus Infrastructure	400,000	720	0.34

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
Electronic & Electrical Equipment 0.96% (31/05/21: 2.00%)			
Invinity Energy Systems	856,523	574	0.27
Luceco	500,000	675	0.32
Rotork	287,067	798	0.37
Industrial Support Services 1.88% (31/05/21: 1.40%)			
Boku	701,898	730	0.34
Experian	50,000	1,343	0.63
Rentokil Initial	200,000	1,023	0.48
RWS	227,786	917	0.43
Industrial Transportation 0.49% (31/05/21: 0.00%)			
Ashtead	25,000	1,050	0.49
Industrial Engineering 0.57% (31/05/21: 0.00%)			
Spirax-Sarco Engineering	4,000	428	0.20
Weir	50,000	790	0.37
TOTAL INDUSTRIALS		10,339	4.85
REAL ESTATE 0.84% (31/05/21: 0.37%)			
Real Estate Investment & Services 0.84% (31/05/21: 0.37%)			
Grainger	310,697	956	0.45
Rightmove	140,000	839	0.39
TOTAL REAL ESTATE		1,795	0.84
TECHNOLOGY 1.45% (31/05/21: 3.55%*)			
Software & Computer Services 1.45% (31/05/21: 2.12%*)			
Auction Technology	60,000	623	0.29
AVEVA	41,500	963	0.45
Bytes Technology	185,000	860	0.40
GB	117,500	656	0.31
Technology Hardware & Equipment 0.00% (31/05/21: 1.43%)			
TOTAL TECHNOLOGY		3,102	1.45
TELECOMMUNICATIONS 0.80% (31/05/21: 0.67%)			
Telecommunications Equipment 0.31% (31/05/21: 0.29%)			
Spirent Communications	281,270	652	0.31
Telecommunications Service Providers 0.49% (31/05/21: 0.38%)			
Telecom Plus	63,000	1,051	0.49
TOTAL TELECOMMUNICATIONS		1,703	0.80

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2022

	Market Value £'000	% of Total Net Assets
UTILITIES 0.74% (31/05/21: 0.58%)		
Electricity 0.74% (31/05/21: 0.58%)		
SSE	89,710	1,581
		0.74
Portfolio of investments	195,419	91.60
Net other assets	17,925	8.40
Total net assets	213,344	100.00

All investments are ordinary shares unless otherwise stated.

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

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

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

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2022

	A Gross Accumulation			A Gross Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	131.94	120.90	121.74	122.73	112.87	115.24
Return before operating charges ^	(8.04)	11.70	(0.20)	(7.44)	10.90	(0.16)
Operating charges ^	(0.69)	(0.66)	(0.64)	(0.64)	(0.61)	(0.60)
Return after operating charges ^	(8.73)	11.04	(0.84)	(8.08)	10.29	(0.76)
Distributions	(1.07)	(0.46)	(1.74)	(1.00)	(0.43)	(1.61)
Retained distributions on accumulation shares	1.07	0.46	1.74	-	-	-
Closing net asset value per share †	123.21	131.94	120.90	113.65	122.73	112.87
*^ after direct transaction costs of:	0.05	0.03	0.07	0.04	0.02	0.07
Performance						
Return after operating charges	-6.62%	9.13%	-0.69%	-6.58%	9.12%	-0.66%
Other information						
Closing net asset value (£) †	2,396,264	2,805,273	2,884,889	67,574	63,508	58,808
Closing number of shares	1,944,922	2,126,157	2,386,080	59,456	51,748	52,103
Operating charges ^	0.52%	0.53%	0.53%	0.52%	0.53%	0.53%
Direct transaction costs *	0.04%	0.02%	0.06%	0.04%	0.02%	0.06%
Prices						
Highest share price #	139.10	132.30	126.40	129.10	123.20	118.50
Lowest share price #	120.90	120.60	102.90	112.00	112.60	96.17

	B Gross Accumulation			B Gross Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	148.58	136.01	136.81	128.96	118.48	120.85
Return before operating charges ^	(9.07)	13.17	(0.22)	(7.82)	11.45	(0.17)
Operating charges ^	(0.63)	(0.60)	(0.58)	(0.54)	(0.52)	(0.51)
Return after operating charges ^	(9.70)	12.57	(0.80)	(8.36)	10.93	(0.68)
Distributions	(1.21)	(0.52)	(1.92)	(1.05)	(0.45)	(1.69)
Retained distributions on accumulation shares	1.21	0.52	1.92	-	-	-
Closing net asset value per share †	138.88	148.58	136.01	119.55	128.96	118.48
*^ after direct transaction costs of:	0.05	0.03	0.08	0.05	0.02	0.07
Performance						
Return after operating charges	-6.53%	9.24%	-0.58%	-6.48%	9.23%	-0.56%
Other information						
Closing net asset value (£) †	162,761,340	186,394,636	184,315,754	1,632,575	1,838,369	1,987,641
Closing number of shares	117,195,463	125,454,251	135,513,040	1,365,637	1,425,541	1,677,577
Operating charges ^	0.42%	0.43%	0.43%	0.42%	0.43%	0.43%
Direct transaction costs *	0.04%	0.02%	0.06%	0.04%	0.02%	0.06%
Prices						
Highest share price #	156.70	148.90	142.10	135.70	129.50	124.40
Lowest share price #	136.30	135.70	115.70	117.80	118.20	100.90

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2022

	D Gross Accumulation [~]		D Gross Income [~]	
	31/05/2022		31/05/2022	
Change in net assets per share	(p)		(p)	
Opening net asset value per share †	141.80		90.74	
Return before operating charges ^	0.09		0.06	
Operating charges ^	(0.03)		(0.02)	
Return after operating charges ^	0.06		0.04	
Distributions	(0.53)		(0.34)	
Retained distributions on accumulation shares	0.53		-	
Closing net asset value per share †	141.86		90.44	
*^ after direct transaction costs of:	0.08		0.05	
Performance				
Return after operating charges	0.04%		0.04%	
Other information				
Percentage change				
Closing net asset value (£) †	587,554		125,895	
Closing number of shares	414,179		139,205	
Operating charges ^	1.12%		1.12%	
Direct transaction costs *	0.04%		0.04%	
Prices				
Highest share price #	142.20		91.01	
Lowest share price #	141.80		90.74	

	R Gross Accumulation			R Gross Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
Change in net assets per share	(p)	(p)	(p)	(p)	(p)	(p)
Opening net asset value per share †	153.45	142.03	144.43	98.65	91.63	94.50
Return before operating charges ^	(9.24)	13.65	(0.22)	(5.90)	8.81	(0.14)
Operating charges ^	(2.35)	(2.23)	(2.18)	(1.51)	(1.44)	(1.42)
Return after operating charges ^	(11.59)	11.42	(2.40)	(7.41)	7.37	(1.56)
Distributions	(1.24)	(0.54)	(1.99)	(0.80)	(0.35)	(1.31)
Retained distributions on accumulation shares	1.24	0.54	1.99	-	-	-
Closing net asset value per share †	141.86	153.45	142.03	90.44	98.65	91.63
*^ after direct transaction costs of:	0.05	0.03	0.08	0.03	0.02	0.05
Performance						
Return after operating charges	-7.55%	8.04%	-1.66%	-7.51%	8.04%	-1.65%
Other information						
Closing net asset value (£) †	11,880,311	15,523,760	15,385,742	2,370,741	2,978,359	2,910,924
Closing number of shares	8,374,835	10,116,221	10,832,913	2,621,407	3,019,167	3,176,686
Operating charges ^	1.52%	1.53%	1.53%	1.52%	1.53%	1.53%
Direct transaction costs *	0.04%	0.02%	0.06%	0.04%	0.02%	0.06%
Prices						
Highest share price #	160.90	153.80	148.90	112.40	99.06	96.54
Lowest share price #	139.30	141.60	121.10	89.17	91.24	78.23

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2022

	Z Gross Accumulation			Z Gross Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	225.67	207.31	209.25	107.00	98.65	100.98
Return before operating charges ^	(13.72)	20.03	(0.33)	(6.46)	9.51	(0.15)
Operating charges ^	(1.75)	(1.67)	(1.61)	(0.83)	(0.79)	(0.77)
Return after operating charges ^	(15.47)	18.36	(1.94)	(7.29)	8.72	(0.92)
Distributions	(1.83)	(0.79)	(2.92)	(0.87)	(0.37)	(1.41)
Retained distributions on accumulation shares	1.83	0.79	2.92	-	-	-
Closing net asset value per share †	210.20	225.67	207.31	98.84	107.00	98.65
*^ after direct transaction costs of:	0.08	0.04	0.12	0.04	0.02	0.06
Performance						
Return after operating charges	-6.86%	8.86%	-0.93%	-6.81%	8.84%	-0.91%
Other information						
Closing net asset value (£) †	29,633,333	30,059,776	29,354,017	1,888,644	2,143,845	2,383,737
Closing number of shares	14,097,994	13,320,531	14,159,732	1,910,789	2,003,571	2,416,306
Operating charges ^	0.77%	0.78%	0.78%	0.77%	0.78%	0.78%
Direct transaction costs *	0.04%	0.02%	0.06%	0.04%	0.02%	0.06%
Prices						
Highest share price #	237.60	226.20	216.80	112.40	107.40	103.70
Lowest share price #	206.40	206.80	176.40	97.41	98.41	84.10

† 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 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.

~ D share class launched on 25 May 2022.

AXA Defensive Distribution Fund

Statement of Total Return

For the year ended 31 May 2022

	Note	31/05/22 £'000	31/05/21 £'000
Income:			
Net capital (losses)/gains	2	(15,924)	20,992
Revenue	3	1,960	941
Expenses	4	(1,309)	(1,317)
Interest payable and similar charges		-	-
Net revenue/(expense) before taxation		651	(376)
Taxation	5	(11)	(12)
Net revenue/(expense) after taxation		640	(388)
Total return before distributions		(15,284)	20,604
Distributions	6	(1,916)	(864)
Change in net assets attributable to Shareholders from investment activities		(17,200)	19,740

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2022

	31/05/22 £'000	31/05/21 £'000
Opening net assets attributable to Shareholders	241,808	239,282
Amounts receivable on issue of shares	6,347	3,623
Amounts payable on cancellation of shares	(19,453)	(21,671)
	(13,106)	(18,048)
Change in net assets attributable to Shareholders from investment activities (see above)	(17,200)	19,740
Retained distributions on accumulation shares	1,842	834
Closing net assets attributable to Shareholders	213,344	241,808

AXA Defensive Distribution Fund

Balance Sheet

As at 31 May

	Note	31/05/22 £'000	31/05/21 £'000
Assets:			
Fixed assets:			
Investments		195,419	228,350
Current assets:			
Debtors	7	1,563	2,149
Cash and bank balances	8	17,952	12,017
Total assets		<u>214,934</u>	<u>242,516</u>
Liabilities:			
Creditors:			
Distribution payable		(23)	(12)
Other creditors	9	(1,567)	(696)
Total liabilities		<u>(1,590)</u>	<u>(708)</u>
Net assets attributable to Shareholders		<u>213,344</u>	<u>241,808</u>

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 141 - 144.

2. Net capital (losses)/gains

	31/05/22 £'000	31/05/21 £'000
The net capital (losses)/gains comprise:		
Non-derivative securities	(15,923)	20,995
Transaction charges	(1)	(3)
Net capital (losses)/gains	(15,924)	20,992

3. Revenue

	31/05/22 £'000	31/05/21 £'000
Bank interest	4	-
Interest on debt securities	140	(823)
Overseas dividends	53	69
UK dividends	1,763	1,695
Total revenue	1,960	941

4. Expenses

	31/05/22 £'000	31/05/21 £'000
Payable to the ACD, associates of the ACD, and agents of either of them		
Annual management charge	1,276	1,252
Registration fees	10	11
	1,286	1,263
Other expenses		
Audit fees	5	17
Depositary's fees	17	29
Printing fees	(2)	3
Safe custody fees	3	5
	23	54
Total expenses	1,309	1,317

Expenses include irrecoverable VAT where applicable.

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

5. Taxation

	31/05/22 £'000	31/05/21 £'000
(a) Analysis of the tax charge in the year		
Irrecoverable overseas tax	11	12

(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% (2021: 20%) is applied to the net revenue/(expense) before taxation. The differences are explained below:

	31/05/22 £'000	31/05/21 £'000
Net revenue/(expense) before taxation	651	(376)
Net revenue/(expense) for the year multiplied by the standard rate of corporation tax	130	(75)
Effects of:		
Irrecoverable overseas tax	11	12
Movement in excess management expenses	2,745	1,135
Relief for indexation on UK Gilts	(2,512)	(707)
Revenue not subject to corporation tax	(363)	(353)
Tax charge for the year	11	12

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 £22,731,320 (2021: £19,986,703) 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 Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

6. Distributions

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

	31/05/22	31/05/21
	£'000	£'000
First interim	368	311
Second interim	257	11
Third interim	472	130
Final	799	407
Add: Revenue paid on cancellation of shares	28	8
Deduct: Revenue received on creation of shares	(8)	(3)
Net distribution for the year	1,916	864

Reconciliation of net revenue/(expense) after taxation to distributions

Net revenue/(expense) after taxation	640	(388)
Expenses charged to capital	1,276	1,252
Net distribution for the year	1,916	864

7. Debtors

	31/05/22	31/05/21
	£'000	£'000
Amounts receivable for creation of shares	12	412
Sales awaiting settlement	982	1,245
Accrued revenue	557	472
Overseas tax recoverable	12	20
Total debtors	1,563	2,149

8. Cash and bank balances

	31/05/22	31/05/21
	£'000	£'000
Cash and bank balances	17,952	12,017
Total cash and bank balances	17,952	12,017

9. Other creditors

	31/05/22	31/05/21
	£'000	£'000
Amounts payable for cancellation of shares	417	467
Purchases awaiting settlement	937	-
Accrued annual management charge	194	202
Accrued other expenses	19	27
Total other creditors	1,567	696

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 2022

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 (%)	31/05/21	Issued	Cancelled	Converted	31/05/22
A Gross Accumulation	0.50	2,126,157	243,385	(347,255)	(77,365)	1,944,922
A Gross Income	0.50	51,748	9,130	(1,422)	-	59,456
B Gross Accumulation	0.40	125,454,251	80,417	(8,324,517)	(14,688)	117,195,463
B Gross Income	0.40	1,425,541	3,082	(62,986)	-	1,365,637
D Gross Accumulation~	1.10	-	1,418	(10)	412,771	414,179
D Gross Income~	1.10	-	2,216	(16)	137,005	139,205
R Gross Accumulation	1.50	10,116,221	451,396	(1,766,329)	(426,453)	8,374,835
R Gross Income	1.50	3,019,167	44	(260,799)	(137,005)	2,621,407
Z Gross Accumulation	0.75	13,320,531	2,177,584	(1,464,410)	64,289	14,097,994
Z Gross Income	0.75	2,003,571	206,593	(299,375)	-	1,910,789

~ D share class launched on 25 May 2022.

12. 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 2021).

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 £19,541,889 (2021: £22,835,008). 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 £13,461,202 (2021: £18,171,590). A 1% decrease would have an equal and opposite effect.

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

Interest rate risk profile of financial assets and liabilities

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				
31/05/22				
Pound sterling	17,952	132,244	64,692	214,888
Euro	-	-	12	12
US dollar	-	-	34	34
Total	17,952	132,244	64,738	214,934
31/05/21				
Pound sterling	12,017	147,851	82,603	242,471
Euro	-	-	20	20
US dollar	-	-	25	25
Total	12,017	147,851	82,648	242,516
Currency Liabilities				
31/05/22				
Pound sterling	-	-	(1,590)	(1,590)
Total	-	-	(1,590)	(1,590)
31/05/21				
Pound sterling	-	-	(708)	(708)
Total	-	-	(708)	(708)

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 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.

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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

Credit Rating	31/05/22		31/05/21	
	Market Value £'000	%	Market Value £'000	%
Investment grade (BBB- credit rating and above)	132,244	61.97	147,851	61.14
Total value of bonds	132,244	61.97	147,851	61.14

13. Portfolio transaction costs

31/05/2022	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	79,131	-	-	-	-	79,131
Equities	17,270	7	0.04	66	0.38	17,343
Total	96,401	7		66		96,474

31/05/2022	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	92,444	-	-	-	-	92,444
Equities	20,053	(11)	(0.06)	-	-	20,042
Total	112,497	(11)		-		112,486

31/05/2021	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	22,921	-	-	-	-	22,921
Equities	12,682	4	0.03	28	0.22	12,714
Total	35,603	4		28		35,635

31/05/2021	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	15,429	-	-	-	-	15,429
Collective Investment Schemes	309	-	-	-	-	309
Equities	36,615	(15)	(0.04)	-	-	36,600
Total	52,353	(15)		-		52,338

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

	31/05/22	31/05/21
Transaction costs as percentage of average net asset value	%	%
Commissions	0.01	0.01
Taxes	0.03	0.01

At the balance sheet date the average portfolio dealing spread was 0.27% (2021: 0.36%).

14. Post balance sheet events

Subsequent to the year end, on 20th September 2022 the Net Asset Value ("NAV") per share has decreased below -10% on a single share class when compared to the year end date. The movements for each share class are shown below:

Share class	Price per share as at	Price per share as at	Movement (%)
	31.05.22*	20.09.22	
A Gross Accumulation	210.40	191.40	-9.03
A Gross Income	99.32	89.57	-9.82
B Gross Accumulation	142.00	128.90	-9.23
B Gross Income	90.88	81.76	-10.04
D Gross Accumulation	120.10	108.40	-9.74
D Gross Income	139.00	126.60	-8.92
R Gross Accumulation	123.30	112.30	-8.92
R Gross Income	114.20	103.10	-9.72
Z Gross Accumulation	90.88	81.86	-9.93
Z Gross Income	142.00	129.00	-9.15

*Prices disclosed are based on quoted share prices and will therefore differ to net asset value per share shown in the comparative tables which are valued at bid-market prices.

15. Fair value disclosure

Valuation technique	31/05/22		31/05/21	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	195,419	-	228,350	-
Level 2 ^^	-	-	-	-
Level 3 ^^	-	-	-	-
	195,419	-	228,350	-

^ 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 Table

As at 31 May 2022

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2021

Group 2 Shares purchased on or after 1 June 2021 to 31 August 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 29/10/21 (p)	Distribution paid 30/10/20 (p)
Share Class A Gross Accumulation				
Group 1	0.203	-	0.203	0.162
Group 2	0.119	0.084	0.203	0.162
Share Class A Gross Income				
Group 1	0.189	-	0.189	0.152
Group 2	0.189	-	0.189	0.152
Share Class B Gross Accumulation				
Group 1	0.228	-	0.228	0.182
Group 2	0.143	0.085	0.228	0.182
Share Class B Gross Income				
Group 1	0.198	-	0.198	0.158
Group 2	0.121	0.077	0.198	0.158
Share Class R Gross Accumulation				
Group 1	0.235	-	0.235	0.190
Group 2	0.133	0.102	0.235	0.190
Share Class R Gross Income				
Group 1	0.151	-	0.151	0.122
Group 2	0.004	0.147	0.151	0.122
Share Class Z Gross Accumulation				
Group 1	0.347	-	0.347	0.277
Group 2	0.218	0.129	0.347	0.277
Share Class Z Gross Income				
Group 1	0.164	-	0.164	0.132
Group 2	0.078	0.086	0.164	0.132

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2022

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 30 November 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/22 (p)	Distribution paid 29/01/21 (p)
Share Class A Gross Accumulation				
Group 1	0.143	-	0.143	0.006
Group 2	0.014	0.129	0.143	0.006
Share Class A Gross Income				
Group 1	0.134	-	0.134	0.006
Group 2	0.134	-	0.134	0.006
Share Class B Gross Accumulation				
Group 1	0.161	-	0.161	0.006
Group 2	0.037	0.124	0.161	0.006
Share Class B Gross Income				
Group 1	0.139	-	0.139	0.006
Group 2	0.040	0.099	0.139	0.006
Share Class R Gross Accumulation				
Group 1	0.166	-	0.166	0.007
Group 2	0.039	0.127	0.166	0.007
Share Class R Gross Income				
Group 1	0.106	-	0.106	0.004
Group 2	-	0.106	0.106	0.004
Share Class Z Gross Accumulation				
Group 1	0.244	-	0.244	0.010
Group 2	0.069	0.175	0.244	0.010
Share Class Z Gross Income				
Group 1	0.116	-	0.116	0.005
Group 2	0.037	0.079	0.116	0.005

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2022

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2021

Group 2 Shares purchased on or after 1 December 2021 to 28 February 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 29/04/22 (p)	Distribution paid 30/04/21 (p)
Share Class A Gross Accumulation				
Group 1	0.267	-	0.267	0.070
Group 2	0.147	0.120	0.267	0.070
Share Class A Gross Income				
Group 1	0.248	-	0.248	0.066
Group 2	0.248	-	0.248	0.066
Share Class B Gross Accumulation				
Group 1	0.301	-	0.301	0.079
Group 2	0.121	0.180	0.301	0.079
Share Class B Gross Income				
Group 1	0.260	-	0.260	0.069
Group 2	0.136	0.124	0.260	0.069
Share Class R Gross Accumulation				
Group 1	0.308	-	0.308	0.082
Group 2	0.131	0.177	0.308	0.082
Share Class R Gross Income				
Group 1	0.198	-	0.198	0.053
Group 2	0.198	-	0.198	0.053
Share Class Z Gross Accumulation				
Group 1	0.456	-	0.456	0.120
Group 2	0.231	0.225	0.456	0.120
Share Class Z Gross Income				
Group 1	0.215	-	0.215	0.057
Group 2	0.126	0.089	0.215	0.057

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2022

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 May 2022

	Net revenue (p)	Equalisation (p)	Distribution payable 29/07/22 (p)	Distribution paid 30/07/21 (p)
Share Class A Gross Accumulation				
Group 1	0.462	-	0.462	0.222
Group 2	0.221	0.241	0.462	0.222
Share Class A Gross Income				
Group 1	0.427	-	0.427	0.207
Group 2	0.220	0.207	0.427	0.207
Share Class B Gross Accumulation				
Group 1	0.520	-	0.520	0.250
Group 2	0.209	0.311	0.520	0.250
Share Class B Gross Income				
Group 1	0.449	-	0.449	0.217
Group 2	0.232	0.217	0.449	0.217
Share Class D Gross Accumulation~				
Group 1	0.532	-	0.532	
Group 2	0.532	-	0.532	
Share Class D Gross Income~				
Group 1	0.341	-	0.341	
Group 2	0.341	-	0.341	
Share Class R Gross Accumulation				
Group 1	0.532	-	0.532	0.258
Group 2	0.341	0.191	0.532	0.258
Share Class R Gross Income				
Group 1	0.341	-	0.341	0.166
Group 2	0.034	0.307	0.341	0.166
Share Class Z Gross Accumulation				
Group 1	0.788	-	0.788	0.380
Group 2	0.318	0.470	0.788	0.380
Share Class Z Gross Income				
Group 1	0.372	-	0.372	0.180
Group 2	0.227	0.145	0.372	0.180

~ D share class launched on 25 May 2022.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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 of capital and 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).

The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration a composite benchmark made up of the following indices in the stated proportions: 55% FTSE All-Share Index; 17.5% FTSE Index Linked All Stocks; 17.5% FTSE Index Linked < 5 Years; 3.5% FTSE Gilts All Stocks; 3.5% FTSE Gilts < 5 Years; 3% SONIA Compounded Index (the "Benchmark"). This Benchmark best represents the types of bonds and companies in which the Fund predominantly invests.

This Fund is actively managed in reference to the Benchmark, which may be used by investors to compare the Fund's performance.

Risk and Reward Profile

As at 31 May 2022

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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 5 to a category 4.

Why is this Fund in this category?

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

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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.

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.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

- 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 each 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 securities 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 Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

- 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

Equity markets around the world rose over the final months of 2021 and completed a third consecutive year of positive returns. While the first half of 2021 had seen equities perform well, as most global economies continued their recovery from the pandemic, in the final quarter stocks started strongly but sold off as a new strain of the COVID-19 virus – named Omicron – emerged. It was initially feared that the new variant might be resistant to existing vaccines and concerns escalated quickly. However, these concerns became overblown and markets recovered by the year end with most global equity stock markets managing the traditional 'Santa rally' through December. Sentiment turned sharply negative in early February as Russia launched a full-scale invasion of Ukraine. Financial markets plunged as Russian leader Vladimir Putin ordered a large-scale military offensive across the country that has left terrible numbers of civilian casualties, prompted Russia to set its nuclear deterrent to 'high alert' and seen the West enforce a range of far-reaching sanctions in a bid to cut the country off from financial markets and knobble Russia's economy. Oil prices spiked above \$100 per barrel and natural gas followed suit, taking the cost of oil to multi-year highs.

It has been the spectre of persistently high inflation that caused most unease amongst investors. After many years of highly accommodative monetary policy, major central banks have understandably become increasingly hawkish as inflation has climbed. Global equity markets have generally fallen as supply chain disruption and sharply rising commodity prices have contributed to Retail and Consumer Price Inflation rising to levels not seen in over 40 years. Bond markets have also faced a very challenging period as central banks have followed through on their hawkish rhetoric and raised rates aggressively to combat the very elevated levels of inflation seen across the globe. In March, the Federal Open Market Committee ('FOMC') raised rates for the first time since 2018 when they increased the Fed funds rate by 25bp and followed this up with a 50bp hike at their May meeting. In the UK, the Bank of England followed up their hikes in December and February by raising base rates another 25bps at both their March and May meetings. These central banks have also embarked on the start of their quantitative tightening programmes aiming to reduce their bloated balance sheets.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

The changing monetary backdrop has led to a de-rating of growth equities that had already been a headwind to performance during 2021. This has been a global phenomenon and has particularly impacted international stock markets which have seen significant negative returns during the year to date. The UK equity market has performed relatively well with the FTSE All Share remaining the only positive equity market year-to-date, with returns of c1.5% at the end of May 2022. The FTSE All Share index's positive return over the period hides the stark difference in performance between large companies and the rest of the market. The large cap FTSE 100 index rose 4.83% by the end of May, outperforming the Mid Cap FTSE 250 index (ex-investment companies) which has fallen 12.07% over the same period, benefitting from its significant exposure to the four main 'mega cap' areas of Mining (+25.0% return), Oil and Gas (+43.7%), Pharmaceuticals (+16.0%) and Banks (+12.4%). Other sectors of the market, by contrast, have seen a dramatic fall in value, with Consumer Discretionary (-9.9%), Industrials (-16.8%) and Technology (-22.5%). The difference in return between energy and technology is over 60%!

Portfolio Review

Within the equity portion of the Fund, we have made some changes to the balance of the market cap exposure. The overweight position in medium and smaller cap companies has been reduced whilst the exposure to larger cap companies increased. Input cost inflation and the ability to pass on prices will become more of a potential issue the longer prices remain elevated. With this in mind, we sold holdings in meat producer Cranswick and corrugated box manufacturer DS Smith.

As is often the case in the short-term, there has been little differentiation within sectors shown by the stock market to long-term winners or to more structurally challenged businesses. An example would be Dunelm, where the shares have fallen more than one third over the last 3 months. The business sells home furnishings at a low average price point. Management estimates that around 85% of its growth over the last 5 years has come from market share gains and any downturn represents an opportunity to further advance share gains. The shares have derated to 12x PE, the lowest in the last 10 years.

Basic Materials and Oil & Gas sectors have, by contrast performed well over the period. Following strong absolute and relative performance, we reduced the fund's overweight position in the Oil and Gas sector through the partial sales of Serica and small cap Longboat Energy. The reduction of Serica was well-timed, as the share price fell in late May as the Chancellor of the Exchequer, Rishi Sunak, put in place a 25% windfall tax on North Sea producers. We retain a c1% holding. We have a small overweight in Oil and Gas and an underweight position in Basic Materials.

New holdings were started in low-cost motor insurer Admiral and fantasy miniature designer, manufacturer and retailer Games Workshop, both of which have derated back to below their long-term average valuation.

Bond markets have continued to significantly reprice, anticipating Central Banks removing their extraordinary stimulus measures and begin an aggressive path of policy tightening to combat the risks of a prolonged period of high inflation. Markets continue to anticipate this aggressive tightening path with a further 2% of hikes priced for the Federal reserve, forecasting the end of year policy rates at almost 3% in the US. For the UK, 6 more hikes are forecasted leaving base rates priced at close to 2.5% by the end of 2022, while in Europe the market is anticipating an aggressive normalisation of ECB policy with 1.2% of policy tightening by year end. However, there does remain some substantial uncertainties not only around the near-term geopolitical developments but also on the economic outlook as markets assess the impact of higher energy prices and inflation on the consumer. In addition, economists forecast that headline inflation pressures should appear to moderate as we move past the peak in inflation prints in the months ahead and supply bottlenecks ease. Central Bank communication will continue to require close attention as the year progresses.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Outlook

Market direction continues to be shaped by inflation, interest rates and commodity prices. The increasing hawkishness of central banks (especially the US Federal Reserve) has led to the increasing concern and risk that we experience a recession in developed markets within the next twelve months. However, although we are currently reassured by our company management meetings and by the generally strong results that we are seeing, we remain acutely aware that the economic outlook is rapidly evolving and have been positioning accordingly. Inflationary pressures remain, with headwind inflation at multi-decade highs; however, there are signs that inflation is possibly peaking within commodity markets, anecdotal evidence suggests that wage inflation, in particular, is easing, and peak rate expectations have fallen back in the short term. However central banks have been caught unaware as to the strength and persistence of inflation over the last 18 months and thus may not be willingly to acknowledge an improving outlook until it is very apparent in the data.

At times of heightened risk and uncertainty, it is easy to focus exclusively on the macro and geopolitical news flow and lose focus on the fundamental drivers of profitability and cashflow at the corporate level. Our investable universe offers access to numerous growing businesses that generate cash, are well managed, have strong balance sheets and are operating in end markets that should expand over the long-term. Earnings forecasts are set modestly, and valuations look attractive, in many instances trading at multi year lows. Market sentiment is also currently low and any good news is likely to see the market react positively, whether it be a resolution to the Ukraine conflict, inflation rolling over or Central Banks reining in proposed interest rate hikes. In the meantime, our approach remains centred on owning good quality businesses that can reinvest and compound their returns over time.

All performance data source: AXA Investment Managers and Morningstar.

Past performance is not a guide for future performance.

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 0.125% IL 22/03/26	40,445	● UK Treasury 0.125% IL 22/03/26	27,338
● UK Treasury 0.25% 31/01/25	20,716	● UK Treasury 4.25% 07/06/32	23,729
● UK Treasury 4.25% 07/06/32	16,904	● UK Treasury 0.125% IL 22/03/24	20,241
● UK Treasury 0.125% 31/01/24	11,944	● UK Treasury 0.25% 31/01/25	14,462
● Shell	8,120	● UK Treasury 0.125% 31/01/24	11,729

Jamie Forbes-Wilson, David Shaw

AXA Investment Managers UK Limited

31 May 2022

AXA Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
EQUITIES 56.77% (31/05/21: 57.67%)			
BASIC MATERIALS 4.30% (31/05/21: 4.29%)			
Industrial Metals & Mining 4.30% (31/05/21: 4.29%)			
Central Asia Metals	1,465,000	3,787	0.64
Hill & Smith	504,832	7,189	1.21
Rio Tinto	250,000	14,532	2.45
TOTAL BASIC MATERIALS		25,508	4.30
CONSUMER DISCRETIONARY 5.93% (31/05/21: 6.41%)			
Automobiles & Parts 0.75% (31/05/21: 0.94%)			
TI Fluid Systems	2,500,000	4,445	0.75
Household Goods & Home Construction 0.98% (31/05/21: 1.13%)			
Bellway	250,000	5,852	0.98
Leisure Goods 0.73% (31/05/21: 0.00%)			
Games Workshop	58,953	4,309	0.73
Retailers 1.75% (31/05/21: 2.93%)			
Dunelm	625,000	5,484	0.92
JD Sports Fashion	4,000,000	4,944	0.83
Travel & Leisure 1.72% (31/05/21: 1.41%)			
Loungers	1,300,000	2,535	0.43
Restaurant	4,000,000	2,194	0.37
Whitbread	200,000	5,458	0.92
TOTAL CONSUMER DISCRETIONARY		35,221	5.93
CONSUMER STAPLES 6.28% (31/05/21: 4.87%)			
Beverages 2.17% (31/05/21: 2.29%)			
Diageo	350,000	12,868	2.17
Food Producers 0.84% (31/05/21: 0.00%)			
Hilton Food	453,966	4,994	0.84
Personal Care, Drug & Grocery 3.27% (31/05/21: 2.58%)			
Reckitt Benckiser	235,000	14,293	2.41
Tesco	2,000,000	5,140	0.86
TOTAL CONSUMER STAPLES		37,295	6.28

AXA Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
ENERGY 6.41% (31/05/21: 3.65%)			
Oil, Gas & Coal 6.41% (31/05/21: 3.65%)			
BP	4,000,000	17,564	2.96
Diversified Energy	3,042,474	3,764	0.63
Longboat Energy	2,281,492	1,278	0.22
Serica Energy	1,303,335	3,460	0.58
Shell	500,000	12,020	2.02
TOTAL ENERGY		38,086	6.41
FINANCIALS 13.28% (31/05/21: 13.75%)			
Banks 3.12% (31/05/21: 2.33%)			
Lloyds Banking	13,500,000	6,048	1.02
Standard Chartered	2,000,000	12,496	2.10
Closed End Investments 0.00% (31/05/21: 0.24%)			
Finance & Credit Services 1.14% (31/05/21: 1.02%)			
London Stock Exchange	90,000	6,781	1.14
Investment Banking & Brokerage 3.27% (31/05/21: 4.20%)			
3i	1,000,000	12,865	2.17
Argentex	1,800,000	1,372	0.23
Hargreaves Lansdown	600,000	5,160	0.87
Life Insurance 3.79% (31/05/21: 4.94%)			
Just	7,292,562	5,914	1.00
Legal & General	4,500,000	11,799	1.99
Phoenix	750,000	4,783	0.80
Non-Life Insurance 1.96% (31/05/21: 1.02%)			
Admiral	282,265	6,227	1.05
Sabre Insurance	2,600,000	5,421	0.91
TOTAL FINANCIALS		78,866	13.28
HEALTH CARE 7.49% (31/05/21: 8.83%)			
Medical Equipment & Services 2.07% (31/05/21: 2.28%)			
ConvaTec	4,000,000	8,688	1.46
Smith & Nephew	275,000	3,613	0.61
Pharmaceuticals & Biotechnology 5.42% (31/05/21: 6.55%)			
AstraZeneca	170,000	17,707	2.98
GlaxoSmithKline	836,251	14,486	2.44
TOTAL HEALTH CARE		44,494	7.49

AXA Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
INDUSTRIALS 5.74% (31/05/21: 7.94%)			
Construction & Materials 0.83% (31/05/21: 1.68%)			
Marshalls	926,490	4,957	0.83
General Industrials 0.97% (31/05/21: 2.88%)			
Melrose Industries	4,275,000	5,752	0.97
Industrial Engineering 0.83% (31/05/21: 0.00%)			
Weir	312,500	4,941	0.83
Industrial Support Services 1.70% (31/05/21: 1.52%)			
Experian	375,000	10,072	1.70
Industrial Transportation 1.41% (31/05/21: 1.86%)			
Ashtead	200,000	8,396	1.41
TOTAL INDUSTRIALS		34,118	5.74
REAL ESTATE 3.05% (31/05/21: 2.91%)			
Real Estate Investment & Services 1.26% (31/05/21: 1.26%)			
Rightmove	1,250,000	7,487	1.26
Real Estate Investment Trusts 1.79% (31/05/21: 1.65%)			
Great Portland Estates	800,000	5,184	0.87
PRS	5,000,000	5,440	0.92
TOTAL REAL ESTATE		18,111	3.05
TECHNOLOGY 0.78% (31/05/21: 0.93%)			
Software & Computer Services 0.78% (31/05/21: 0.93%)			
AVEVA	200,000	4,642	0.78
TOTAL TECHNOLOGY		4,642	0.78
TELECOMMUNICATIONS 0.00% (31/05/21: 1.35%)			
Telecommunications Service Providers 0.00% (31/05/21: 1.35%)			
UTILITIES 3.51% (31/05/21: 2.74%)			
Electricity 1.34% (31/05/21: 1.05%)			
SSE	450,000	7,929	1.34
Gas, Water & Multiutilities 2.17% (31/05/21: 1.69%)			
National Grid	1,100,000	12,887	2.17
TOTAL UTILITIES		20,816	3.51

AXA Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
GOVERNMENT BONDS 39.74% (31/05/21: 37.53%)			
Index Linked Government Bonds 34.23% (31/05/21: 32.80%)			
UK Treasury 0.125% IL 22/03/24	30,000,000	43,979	7.41
UK Treasury 0.125% IL 22/03/26	26,500,000	37,879	6.38
UK Treasury 0.125% IL 22/11/56	1,200,000	2,268	0.38
UK Treasury 0.125% IL 10/08/28	3,000,000	4,143	0.70
UK Treasury 0.125% IL 22/03/29	13,000,000	21,246	3.58
UK Treasury 0.125% IL 10/08/31	2,000,000	2,767	0.47
UK Treasury 0.125% IL 22/03/44	2,000,000	3,733	0.63
UK Treasury 0.125% IL 22/03/46	1,300,000	2,314	0.39
UK Treasury 0.125% IL 22/03/58	1,200,129	2,381	0.40
UK Treasury 0.125% IL 22/11/65	1,500,000	3,204	0.54
UK Treasury 0.125% IL 22/03/68	2,366,600	5,524	0.93
UK Treasury 0.25% IL 22/03/52	1,400,917	2,876	0.48
UK Treasury 0.375% IL 22/03/62	1,293,253	3,110	0.52
UK Treasury 0.5% IL 22/03/50	1,465,548	3,541	0.60
UK Treasury 0.625% IL 22/03/40	982,496	2,149	0.36
UK Treasury 0.625% IL 22/11/42	3,000,000	6,946	1.17
UK Treasury 0.75% IL 22/03/34	1,990,000	3,783	0.64
UK Treasury 0.75% IL 22/11/47	1,300,000	3,303	0.56
UK Treasury 1.125% IL 22/11/37	2,200,000	5,345	0.90
UK Treasury 1.25% IL 22/11/27	1,184,400	2,462	0.41
UK Treasury 1.25% IL 22/11/32	1,500,000	3,141	0.53
UK Treasury 1.25% IL 22/11/55	588,230	1,990	0.33
UK Treasury 1.875% IL 22/11/22	3,000,000	5,017	0.84
UK Treasury 2% IL 26/01/35	2,614,000	7,481	1.26
UK Treasury 2.5% IL 17/07/24	4,373,000	16,489	2.78
UK Treasury 4.125% IL 22/07/30	1,646,000	6,197	1.04
Traditional Government Bonds 5.51% (31/05/21: 4.73%)			
UK Treasury 0.25% 31/01/25	6,000,000	5,785	0.98
UK Treasury 0.875% 22/10/29	2,040,000	1,911	0.32
UK Treasury 0.875% 31/07/33	5,000,000	4,401	0.74
UK Treasury 1.25% 22/07/27	2,000,000	1,965	0.33
UK Treasury 2.5% 22/07/65	74,000	82	0.01
UK Treasury 3.25% 22/01/44	2,600,000	3,011	0.51
UK Treasury 3.5% 22/01/45	350,000	422	0.07
UK Treasury 3.5% 22/07/68	125,000	176	0.03
UK Treasury 3.75% 22/07/52	282,000	374	0.06
UK Treasury 4% 22/01/60	217,000	319	0.05
UK Treasury 4.25% 07/12/27	27,500	31	0.01
UK Treasury 4.25% 07/06/32	4,000,000	4,810	0.81
UK Treasury 4.25% 07/03/36	2,000,000	2,481	0.42
UK Treasury 4.25% 07/09/39	252,000	322	0.06
UK Treasury 4.25% 07/12/40	1,890,000	2,445	0.41
UK Treasury 4.25% 07/12/46	271,000	369	0.06
UK Treasury 4.25% 07/12/49	100,000	140	0.02
UK Treasury 4.25% 07/12/55	200,000	295	0.05

AXA Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
UK Treasury 4.5% 07/09/34	1,850,120	2,318	0.39
UK Treasury 4.5% 07/12/42	150,000	203	0.04
UK Treasury 4.75% 07/12/30	300,000	369	0.06
UK Treasury 4.75% 07/12/38	277,000	372	0.06
UK Treasury 6% 07/12/28	87,000	110	0.02
TOTAL GOVERNMENT BONDS		235,979	39.74
Portfolio of investments		573,136	96.51
Net other assets		20,720	3.49
Total net assets		593,856	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 2022

	A Accumulation			A Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	134.51	120.64	122.42	117.72	107.19	111.25
Return before operating charges ^	(0.96)	14.52	(1.14)	(0.79)	12.79	(0.96)
Operating charges ^	(0.71)	(0.65)	(0.64)	(0.61)	(0.57)	(0.57)
Return after operating charges ^	(1.67)	13.87	(1.78)	(1.40)	12.22	(1.53)
Distributions	(3.00)	(1.92)	(2.81)	(2.60)	(1.69)	(2.53)
Retained distributions on accumulation shares	3.00	1.92	2.81	-	-	-
Closing net asset value per share †	132.84	134.51	120.64	113.72	117.72	107.19
*^ after direct transaction costs of:	0.07	0.05	0.08	0.06	0.04	0.08
Performance						
Return after operating charges	-1.24%	11.50%	-1.45%	-1.19%	11.40%	-1.38%
Other information						
Closing net asset value (£) †	5,203,562	5,697,313	5,850,481	329,302	356,604	308,373
Closing number of shares	3,917,225	4,235,604	4,849,447	289,577	302,929	287,690
Operating charges ^	0.51%	0.52%	0.51%	0.51%	0.52%	0.51%
Direct transaction costs *	0.05%	0.04%	0.07%	0.05%	0.04%	0.07%
Prices						
Highest share price #	141.90	134.60	132.90	122.90	118.40	119.20
Lowest share price #	129.40	116.70	100.80	111.70	103.20	90.07

	B Accumulation			B Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	156.33	140.08	142.00	126.28	114.87	119.10
Return before operating charges ^	(1.12)	16.86	(1.32)	(0.85)	13.72	(1.02)
Operating charges ^	(0.66)	(0.61)	(0.60)	(0.53)	(0.49)	(0.50)
Return after operating charges ^	(1.78)	16.25	(1.92)	(1.38)	13.23	(1.52)
Distributions	(3.48)	(2.23)	(3.26)	(2.79)	(1.82)	(2.71)
Retained distributions on accumulation shares	3.48	2.23	3.26	-	-	-
Closing net asset value per share †	154.55	156.33	140.08	122.11	126.28	114.87
*^ after direct transaction costs of:	0.08	0.06	0.10	0.07	0.05	0.08
Performance						
Return after operating charges	-1.14%	11.60%	-1.35%	-1.09%	11.52%	-1.28%
Other information						
Closing net asset value (£) †	337,607,336	363,719,180	349,973,708	2,090,455	2,273,459	2,285,690
Closing number of shares	218,449,843	232,654,527	249,843,892	1,711,901	1,800,320	1,989,784
Operating charges ^	0.41%	0.42%	0.42%	0.41%	0.42%	0.42%
Direct transaction costs *	0.05%	0.04%	0.07%	0.05%	0.04%	0.07%
Prices						
Highest share price #	165.00	156.50	154.20	131.90	127.10	127.70
Lowest share price #	150.50	135.60	117.00	119.90	110.60	96.51

AXA Distribution Fund

Comparative Tables

As at 31 May 2022

	D Accumulation~		D Income~	
	31/05/2022		31/05/2022	
Change in net assets per share	(p)		(p)	
Opening net asset value per share †	227.70		117.90	
Return before operating charges ^	0.23		0.11	
Operating charges ^	(0.06)		(0.03)	
Return after operating charges ^	0.17		0.08	
Distributions	(1.89)		(0.98)	
Retained distributions on accumulation shares	1.89		-	
Closing net asset value per share †	227.87		117.00	
*^ after direct transaction costs of:	0.19		0.10	
Performance				
Return after operating charges	0.07%		0.07%	
Other information				
Percentage change				
Closing net asset value (£) †	5,532,332		885,279	
Closing number of shares	2,427,834		756,635	
Operating charges ^	1.11%		1.11%	
Direct transaction costs *	0.05%		0.05%	
Prices				
Highest share price #	228.20		118.20	
Lowest share price #	150.50		117.90	

	R Accumulation			R Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
Change in net assets per share	(p)	(p)	(p)	(p)	(p)	(p)
Opening net asset value per share †	233.04	211.10	216.36	122.33	112.51	117.94
Return before operating charges ^	(1.61)	25.24	(1.97)	(0.77)	13.34	(0.98)
Operating charges ^	(3.60)	(3.30)	(3.29)	(1.88)	(1.75)	(1.78)
Return after operating charges ^	(5.21)	21.94	(5.26)	(2.65)	11.59	(2.76)
Distributions	(5.16)	(3.34)	(4.94)	(2.69)	(1.77)	(2.67)
Retained distributions on accumulation shares	5.16	3.34	4.94	-	-	-
Closing net asset value per share †	227.83	233.04	211.10	116.99	122.33	112.51
*^ after direct transaction costs of:	0.12	0.09	0.15	0.06	0.05	0.08
Performance						
Return after operating charges	-2.24%	10.39%	-2.43%	-2.17%	10.30%	-2.34%
Other information						
Closing net asset value (£) †	124,533,512	156,641,717	155,822,968	5,044,215	6,982,256	7,434,929
Closing number of shares	54,660,453	67,217,307	73,813,070	4,311,736	5,707,490	6,608,198
Operating charges ^	1.51%	1.52%	1.51%	1.51%	1.52%	1.51%
Direct transaction costs *	0.05%	0.04%	0.07%	0.05%	0.04%	0.07%
Prices						
Highest share price #	244.50	233.20	233.30	127.10	123.10	125.50
Lowest share price #	222.00	203.40	176.70	115.00	107.90	94.72

AXA Distribution Fund

Comparative Tables

As at 31 May 2022

	Z Accumulation			Z Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	263.22	236.67	240.76	137.68	125.68	130.76
Return before operating charges ^	(1.87)	28.42	(2.23)	(0.91)	14.97	(1.11)
Operating charges ^	(2.06)	(1.87)	(1.86)	(1.07)	(0.99)	(1.00)
Return after operating charges ^	(3.93)	26.55	(4.09)	(1.98)	13.98	(2.11)
Distributions	(5.85)	(3.76)	(5.51)	(3.04)	(1.98)	(2.97)
Retained distributions on accumulation shares	5.85	3.76	5.51	-	-	-
Closing net asset value per share †	259.29	263.22	236.67	132.66	137.68	125.68
*^ after direct transaction costs of:	0.14	0.10	0.17	0.07	0.05	0.09
Performance						
Return after operating charges	-1.49%	11.22%	-1.70%	-1.44%	11.12%	-1.61%
Other information						
Closing net asset value (£) †	93,698,118	109,014,845	116,254,447	18,932,080	21,933,719	23,456,230
Closing number of shares	36,135,755	41,415,616	49,120,368	14,270,705	15,931,110	18,663,831
Operating charges ^	0.76%	0.77%	0.76%	0.76%	0.77%	0.76%
Direct transaction costs *	0.05%	0.04%	0.07%	0.05%	0.04%	0.07%
Prices						
Highest share price #	277.20	263.40	260.90	143.60	138.50	139.90
Lowest share price #	252.60	228.70	197.80	130.30	120.90	105.70

† 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 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.

~ D share class launched on 25 May 2022.

AXA Distribution Fund

Statement of Total Return

For the year ended 31 May 2022

	Note	31/05/22 £'000	£'000	31/05/21 £'000	£'000
Income:					
Net capital (losses)/gains	2		(17,173)		64,549
Revenue	3	14,160		10,140	
Expenses	4	(4,793)		(4,967)	
Interest payable and similar charges		-		-	
Net revenue before taxation		9,367		5,173	
Taxation	5	(39)		(54)	
Net revenue after taxation			9,328		5,119
Total return before distributions			(7,845)		69,668
Distributions	6		(14,049)		(9,974)
Change in net assets attributable to Shareholders from investment activities			(21,894)		59,694

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2022

	31/05/22 £'000	£'000	31/05/21 £'000	£'000
Opening net assets attributable to Shareholders		666,619		661,387
Amounts receivable on issue of shares	8,763		4,971	
Amounts payable on cancellation of shares	(72,830)		(68,812)	
		(64,067)		(63,841)
Change in net assets attributable to Shareholders from investment activities (see above)		(21,894)		59,694
Retained distributions on accumulation shares		13,198		9,378
Unclaimed distributions		-		1
Closing net assets attributable to Shareholders		593,856		666,619

AXA Distribution Fund

Balance Sheet

As at 31 May

	Note	31/05/22 £'000	31/05/21 £'000
Assets:			
Fixed assets:			
Investments		573,136	634,632
Current assets:			
Debtors	7	3,073	2,905
Cash and bank balances	8	19,738	31,426
Total assets		<u>595,947</u>	<u>668,963</u>
Liabilities:			
Creditors:			
Distribution payable		(229)	(169)
Other creditors	9	(1,862)	(2,175)
Total liabilities		<u>(2,091)</u>	<u>(2,344)</u>
Net assets attributable to Shareholders		<u>593,856</u>	<u>666,619</u>

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 141 - 144.

2. Net capital (losses)/gains

	31/05/22 £'000	31/05/21 £'000
The net capital (losses)/gains comprise:		
Non-derivative securities	(16,991)	64,545
Currency (losses)/gains	(181)	6
Transaction charges	(1)	(2)
Net capital (losses)/gains	(17,173)	64,549

3. Revenue

	31/05/22 £'000	31/05/21 £'000
Bank interest	5	-
Interest on debt securities	607	(902)
Overseas dividends	527	510
UK dividends	12,718	10,175
Property revenue from REITs	303	357
Total revenue	14,160	10,140

4. Expenses

	31/05/22 £'000	31/05/21 £'000
Payable to the ACD, associates of the ACD, and agents of either of them		
Annual management charge	4,721	4,855
Registration fees	44	47
	4,765	4,902
Other expenses		
Audit fees	5	16
Depositary's fees	17	29
Printing fees	(2)	3
Safe custody fees	8	17
	28	65
Total expenses	4,793	4,967

Expenses include irrecoverable VAT where applicable.

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

5. Taxation

	31/05/22 £'000	31/05/21 £'000
(a) Analysis of the tax charge in the year		
Irrecoverable overseas tax	39	54

(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% (2021: 20%) is applied to the net revenue before taxation. The differences are explained below:

	31/05/22 £'000	31/05/21 £'000
Net revenue before taxation	9,367	5,173
Net revenue for the year multiplied by the standard rate of corporation tax	1,873	1,035
Effects of:		
Irrecoverable overseas tax	39	54
Movement in excess management expenses	5,085	2,398
Excess management expenses adjustment in respect of prior years	18	-
Relief for indexation on UK Gilts	(4,328)	(1,251)
Revenue not subject to corporation tax	(2,648)	(2,182)
Tax charge for the year	39	54

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 £31,525,106 (2021: £26,421,986) 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 Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

6. Distributions

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

	31/05/22	31/05/21
	£'000	£'000
First interim	4,241	3,077
Second interim	2,272	1,434
Third interim	2,406	1,803
Final	4,933	3,550
Add: Revenue paid on cancellation of shares	272	118
Deduct: Revenue received on creation of shares	(75)	(8)
Net distribution for the year	14,049	9,974

Reconciliation of net revenue after taxation to distributions

Net revenue after taxation	9,328	5,119
Expenses charged to capital	4,721	4,855
Net distribution for the year	14,049	9,974

7. Debtors

	31/05/22	31/05/21
	£'000	£'000
Amounts receivable for creation of shares	11	119
Sales awaiting settlement	398	1,216
Accrued revenue	2,664	1,570
Total debtors	3,073	2,905

8. Cash and bank balances

	31/05/22	31/05/21
	£'000	£'000
Cash and bank balances	19,738	31,426
Total cash and bank balances	19,738	31,426

9. Other creditors

	31/05/22	31/05/21
	£'000	£'000
Amounts payable for cancellation of shares	1,102	1,360
Accrued annual management charge	728	777
Accrued other expenses	32	38
Total other creditors	1,862	2,175

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 Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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 (%)	31/05/21	Issued	Cancelled	Converted	31/05/22
A Accumulation	0.50	4,235,604	616,348	(884,368)	(50,359)	3,917,225
A Income	0.50	302,929	6,923	(20,275)	-	289,577
B Accumulation	0.40	232,654,527	89,945	(14,040,231)	(254,398)	218,449,843
B Income	0.40	1,800,320	2,082	(90,501)	-	1,711,901
D Accumulation~	1.10	-	883	(6)	2,426,957	2,427,834
D Income~	1.10	-	1,707	(13)	754,941	756,635
R Accumulation	1.50	67,217,307	287,522	(10,277,187)	(2,567,189)	54,660,453
R Income	1.50	5,707,490	30,174	(593,062)	(832,866)	4,311,736
Z Accumulation	0.75	41,415,616	2,411,515	(7,992,176)	300,800	36,135,755
Z Income	0.75	15,931,110	399,356	(2,128,706)	68,945	14,270,705

~ D share class launched on 25 May 2022.

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2021: 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 2021).

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 £57,313,582 (2021: £63,463,164). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. All assets and liabilities of the Fund are denominated in Pound sterling. There was no 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.

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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 £23,489,841 (2021: £30,612,918) . 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				
31/05/22				
Pound sterling	19,738	235,979	340,230	595,947
Total	19,738	235,979	340,230	595,947
31/05/21				
Pound sterling	31,426	250,157	387,105	668,688
US dollar	-	-	275	275
Total	31,426	250,157	387,380	668,963
Currency Liabilities				
31/05/22				
Pound sterling	-	-	(2,091)	(2,091)
Total	-	-	(2,091)	(2,091)
31/05/21				
Pound sterling	-	-	(2,344)	(2,344)
Total	-	-	(2,344)	(2,344)

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 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.

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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

Credit Rating	31/05/22		31/05/21	
	Market Value £'000	%	Market Value £'000	%
Investment grade (BBB- credit rating and above)	225,793	38.02	250,157	37.53
Total value of bonds	225,793	38.02	250,157	37.53

14. Portfolio transaction costs

31/05/2022	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	111,768	-	-	-	-	111,768
Equities	57,946	25	0.04	261	0.45	58,232
Total	169,714	25		261		170,000

31/05/2022	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	121,231	-	-	-	-	121,231
Collective Investment Schemes	1,598	(1)	(0.05)	-	-	1,597
Equities	89,308	(45)	(0.05)	-	-	89,263
Total	212,137	(46)		-		212,091

31/05/2021	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	53,783	-	-	-	-	53,783
Equities	48,106	20	0.04	179	0.37	48,305
Total	101,889	20		179		102,088

31/05/2021	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	46,560	-	-	-	-	46,560
Collective Investment Schemes	1,331	(1)	(0.05)	-	-	1,330
Equities	114,377	(56)	(0.05)	-	-	114,321
Total	162,268	(57)		-		162,211

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

	31/05/22	31/05/21
Transaction costs as percentage of average net asset value	%	%
Commissions	0.01	0.01
Taxes	0.04	0.03

At the balance sheet date the average portfolio dealing spread was 0.16% (2021: 0.16%).

15. Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end.

16. Fair value disclosure

Valuation technique	31/05/22		31/05/21	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 [^]	573,136	-	634,632	-
Level 2 ^{^^}	-	-	-	-
Level 3 ^{^^^}	-	-	-	-
	573,136	-	634,632	-

[^] 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 Table

As at 31 May 2022

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2021

Group 2 Shares purchased on or after 1 June 2021 to 31 August 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 29/10/21 (p)	Distribution paid 31/10/20 (p)
Share Class A Accumulation				
Group 1	0.885	-	0.885	0.573
Group 2	0.482	0.403	0.885	0.573
Share Class A Income				
Group 1	0.775	-	0.775	0.510
Group 2	0.775	-	0.775	0.510
Share Class B Accumulation				
Group 1	1.029	-	1.029	0.666
Group 2	0.570	0.459	1.029	0.666
Share Class B Income				
Group 1	0.831	-	0.831	0.546
Group 2	0.831	-	0.831	0.546
Share Class R Accumulation				
Group 1	1.531	-	1.531	1.002
Group 2	0.849	0.682	1.531	1.002
Share Class R Income				
Group 1	0.804	-	0.804	0.534
Group 2	0.472	0.332	0.804	0.534
Share Class Z Accumulation				
Group 1	1.731	-	1.731	1.125
Group 2	0.825	0.906	1.731	1.125
Share Class Z Income				
Group 1	0.906	-	0.906	0.597
Group 2	0.387	0.519	0.906	0.597

AXA Distribution Fund

Distribution Table

As at 31 May 2022

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 30 November 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/22 (p)	Distribution paid 29/01/21 (p)
Share Class A Accumulation				
Group 1	0.483	-	0.483	0.274
Group 2	0.158	0.325	0.483	0.274
Share Class A Income				
Group 1	0.420	-	0.420	0.242
Group 2	0.139	0.281	0.420	0.242
Share Class B Accumulation				
Group 1	0.561	-	0.561	0.318
Group 2	0.173	0.388	0.561	0.318
Share Class B Income				
Group 1	0.451	-	0.451	0.260
Group 2	0.451	-	0.451	0.260
Share Class R Accumulation				
Group 1	0.833	-	0.833	0.477
Group 2	0.349	0.484	0.833	0.477
Share Class R Income				
Group 1	0.435	-	0.435	0.253
Group 2	0.119	0.316	0.435	0.253
Share Class Z Accumulation				
Group 1	0.944	-	0.944	0.537
Group 2	0.421	0.523	0.944	0.537
Share Class Z Income				
Group 1	0.491	-	0.491	0.284
Group 2	0.181	0.310	0.491	0.284

AXA Distribution Fund

Distribution Table

As at 31 May 2022

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2021

Group 2 Shares purchased on or after 1 December 2021 to 28 February 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 29/04/22 (p)	Distribution paid 30/04/21 (p)
Share Class A Accumulation				
Group 1	0.525	-	0.525	0.354
Group 2	0.276	0.249	0.525	0.354
Share Class A Income				
Group 1	0.455	-	0.455	0.312
Group 2	0.455	-	0.455	0.312
Share Class B Accumulation				
Group 1	0.611	-	0.611	0.411
Group 2	0.320	0.291	0.611	0.411
Share Class B Income				
Group 1	0.489	-	0.489	0.335
Group 2	0.489	-	0.489	0.335
Share Class R Accumulation				
Group 1	0.904	-	0.904	0.615
Group 2	0.411	0.493	0.904	0.615
Share Class R Income				
Group 1	0.470	-	0.470	0.326
Group 2	0.261	0.209	0.470	0.326
Share Class Z Accumulation				
Group 1	1.026	-	1.026	0.693
Group 2	0.519	0.507	1.026	0.693
Share Class Z Income				
Group 1	0.532	-	0.532	0.365
Group 2	0.239	0.293	0.532	0.365

AXA Distribution Fund

Distribution Table

As at 31 May 2022

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 May 2022

	Net revenue (p)	Equalisation (p)	Distribution payable 29/07/22 (p)	Distribution paid 31/07/21 (p)
Share Class A Accumulation				
Group 1	1.103	-	1.103	0.716
Group 2	0.520	0.583	1.103	0.716
Share Class A Income				
Group 1	0.952	-	0.952	0.630
Group 2	0.952	-	0.952	0.630
Share Class B Accumulation				
Group 1	1.283	-	1.283	0.832
Group 2	0.699	0.584	1.283	0.832
Share Class B Income				
Group 1	1.022	-	1.022	0.676
Group 2	1.022	-	1.022	0.676
Share Class D Accumulation~				
Group 1	1.894	-	1.894	
Group 2	0.006	1.888	1.894	
Share Class D Income~				
Group 1	0.981	-	0.981	
Group 2	0.981	-	0.981	
Share Class R Accumulation				
Group 1	1.894	-	1.894	1.242
Group 2	1.006	0.888	1.894	1.242
Share Class R Income				
Group 1	0.981	-	0.981	0.656
Group 2	0.185	0.796	0.981	0.656
Share Class Z Accumulation				
Group 1	2.153	-	2.153	1.401
Group 2	1.286	0.867	2.153	1.401
Share Class Z Income				
Group 1	1.111	-	1.111	0.737
Group 2	0.422	0.689	1.111	0.737

~ D share class launched on 25 May 2022.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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:

<https://retail.axa-im.co.uk/fund-centre/-/funds-center/axa-ethical-distribution-fund-r-gbp-inc-25389#/literature>

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).

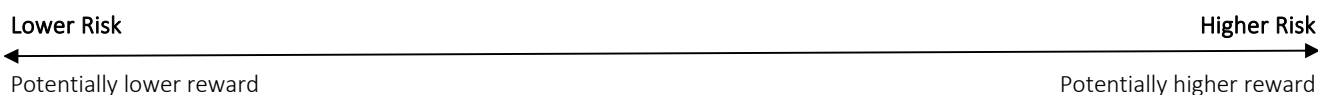
The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration a composite benchmark made up of the following indices in the stated proportions: 55% FTSE All Share Index; 17.5% FTSE Index Linked All Stocks; 17.5% FTSE Index Linked < 5 Years 3.5% FTSE Gilts All Stocks; 3.5% FTSE Gilts < 5 Years; 3% SONIA Compounded Index (the "Benchmark"). This Benchmark best represents the types of bonds and companies in which the Fund predominantly invests.

This Fund is actively managed in reference to the Benchmark, which may be used by investors to compare the Fund's performance.

Risk and Reward Profile

As at 31 May 2022

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.



1	2	3	4	5	6	7
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The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

Why is this Fund in this category?

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

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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.

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.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

- 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 each 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 securities 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 Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

- 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

Equity markets around the world rose over the final months of 2021 and completed a third consecutive year of positive returns. While the first half of 2021 had seen equities perform well, as most global economies continued their recovery from the pandemic, in the final quarter stocks started strongly but sold off as a new strain of the COVID-19 virus – named Omicron – emerged. It was initially feared that the new variant might be resistant to existing vaccines and concerns escalated quickly. However, these concerns became overblown and markets recovered by the year end with most global equity stock markets managing the traditional 'Santa rally' through December. Sentiment turned sharply negative in early February as Russia launched a full-scale invasion of Ukraine. Financial markets plunged as Russian leader Vladimir Putin ordered a large-scale military offensive across the country that has left terrible numbers of civilian casualties, prompted Russia to set its nuclear deterrent to 'high alert' and seen the West enforce a range of far reaching sanctions in a bid to cut the country off from financial markets and to hinder Russia's economy. Oil prices spiked above \$100 per barrel and natural gas followed suit, taking the cost of oil to multi-year highs.

It has been the spectre of persistently high inflation that caused most unease amongst investors. After many years of highly accommodative monetary policy, major central banks have understandably become increasingly hawkish as inflation has climbed. Global equity markets have generally fallen as supply chain disruption and sharply rising commodity prices have contributed to Retail and Consumer Price Inflation rising to levels not seen in over 40 years. Bond markets have also faced a very challenging period as central banks have followed through on their hawkish rhetoric and raised rates aggressively to combat the very elevated levels of inflation seen across the globe. In March, the Federal Open Market Committee ('FOMC') raised rates for the first time since 2018 when they increased the Fed funds rate by 25bp and followed this up with a 50bp hike at their May meeting. In the UK, the Bank of England followed up their hikes in December and February by raising base rates another 25bps at both their March and May meetings. These central banks have also embarked on the start of their quantitative tightening programmes aiming to reduce their bloated balance sheets after years of quantitative easing (QE).

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

The changing monetary backdrop has led to a de-rating of growth equities that had already been a headwind to performance during 2021. This has been a global phenomenon and has particularly impacted international stock markets which have seen significant negative returns during the year to date. The UK equity market has performed relatively well with the FTSE All Share remaining the only positive equity market year-to-date, with returns of c1.5% at the end of May 2022. The FTSE All Share index's positive return over the period hides the stark difference in performance between large companies and the rest of the market. The large cap FTSE 100 index rose 4.83% by the end of May, outperforming the Mid Cap FTSE 250 index (ex-investment companies) which has fallen 12.07% over the same period, benefitting from its significant exposure to the four main 'mega cap' areas of Mining (+25.0% return), Oil and Gas (+43.7%), Pharmaceuticals (+16.0%) and Banks (+12.4%). Other sectors of the market, by contrast, have seen a dramatic fall in value, with Consumer Discretionary (-9.9%), Industrials (-16.8%) and Technology (-22.5%). The difference in return between energy and technology is over 60%!

Portfolio Review

Although the equity element of the Fund was performing well in the first half of the year the highlighted market challenges have impacted it during the second half. The fund's ethical philosophy prohibits it almost entirely from investing in the four main 'mega cap' areas of Mining, Oil & Gas, Pharmaceuticals & Banks which have been the market safe haven in this aggressive sell off. It therefore, by nature, has an overweight position to the Consumer Discretionary, Industrial and Technology sectors and to Small and Mid cap companies which have borne the brunt of the market sell off.

Bloomsbury Publishing has been a very strong performer during the period on account of its strong earnings momentum helped in part by the success of its author Sarah J. Maas. The relatively defensive holdings of London Stock Exchange, RELX Plc, 3I & Diageo have also performed well as have Grainger, Natwest & Oxford Instruments following its aborted take over approach. New holdings NCC, Bytes & Rightmove have also added to performance.

The Fund also received a takeover approach for Homeserve at a significant premium to its recent trading price which had fallen out of market favour despite continuing to report solid operational progress. There have been a number of takeover approaches in the UK market during this period as the market is focussed short term on the effects of inflation and a slowdown and is ignoring the attractive future prospects of many businesses.

We have viewed the market sell off as an opportunity to add to high quality holdings to the portfolio where the long term structural drivers and business fundamentals are simply not being reflected in current valuations such as in Bytes, Autotrader, Kainos, Genus, Kin & Carta & Spirax Sarco. More recently we have also added SSE, the renewable energy company, following uncertainty around a potential windfall tax which caused the shares to weaken and provide an attractive entry opportunity.

Bond markets have continued to significantly reprice, anticipating Central Banks removing their extraordinary stimulus measures and begin an aggressive path of policy tightening to combat the risks of a prolonged period of high inflation. Markets continue to anticipate this aggressive tightening path with a further 2% of hikes priced for the Federal reserve, forecasting the end of year policy rates at almost 3% in the US. For the UK, 6 more hikes are forecasted leaving base rates priced at close to 2.5% by the end of 2022, while in Europe the market is anticipating an aggressive normalisation of ECB policy with 1.2% of policy tightening by year end. However, there does remain some substantial uncertainties not only around the near-term geopolitical developments but also on the economic outlook as markets assess the impact of higher energy prices and inflation on the consumer. In addition, economists forecast that headline inflation pressures should appear to moderate as we move past the peak in inflation prints in the months ahead and supply bottlenecks ease. Central Bank communication will continue to require close attention as the year progresses.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Outlook

Market direction continues to be shaped by inflation, interest rates and commodity prices. The increasing hawkishness of central banks (especially the US Federal Reserve) has led to the increasing concern and risk that we experience a recession in developed markets within the next twelve months. However, although we are currently reassured by our company management meetings and by the generally strong results that we are seeing, we remain acutely aware that the economic outlook is rapidly evolving and have been positioning accordingly. Inflationary pressures remain, with headwind inflation at multi-decade highs; however, there are signs that inflation is possibly peaking within commodity markets, anecdotal evidence suggests that wage inflation, in particular, is easing, and peak rate expectations have fallen back in the short term. However central banks have been caught unaware as to the strength and persistence of inflation over the last 18 months and thus may not be willingly to acknowledge an improving outlook until it is very apparent in the data.

At times of heightened risk and uncertainty, it is easy to focus exclusively on the macro and geopolitical news flow and lose focus on the fundamental drivers of profitability and cashflow at the corporate level. Our investable universe offers access to numerous growing businesses that generate cash, are well managed, have strong balance sheets and are operating in end markets that should expand over the long-term. Earnings forecasts are set modestly, and valuations look attractive, in many instances trading at multi year lows. Market sentiment is also currently low and any good news is likely to see the market react positively, whether it be a resolution to the Ukraine conflict, inflation rolling over or Central Banks reining in proposed interest rate hikes. In the meantime, our approach remains centred on owning good quality businesses that can reinvest and compound their returns over time.

All performance data source: AXA Investment Managers and Morningstar.

Past performance is not a guide for future performance.

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 0.125% IL 22/03/26	12,999	● UK Treasury 0.125% IL 22/03/26	8,646
● UK Treasury 0.875% 31/07/33	10,100	● UK Treasury 0.25% 31/01/25	6,748
● UK Treasury 0.25% 31/01/25	8,859	● UK Treasury 0.875% 31/07/33	6,132
● UK Treasury 0.125% 31/01/24	5,472	● UK Treasury 0.125% 31/01/24	5,373
● Ashtead	4,072	● UK Treasury 0.125% IL 22/03/24	4,911

Jamie Forbes-Wilson, David Shaw

AXA Investment Managers UK Limited

31 May 2022

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
EQUITIES 55.21% (31/05/21: 66.26%)			
BASIC MATERIALS 0.93% (31/05/21: 1.46%)			
Industrial Metals & Mining 0.93% (31/05/21: 1.46%)			
Hill & Smith	129,239	1,840	0.93
TOTAL BASIC MATERIALS		1,840	0.93
CONSUMER DISCRETIONARY 13.47% (31/05/21: 21.03%*)			
Consumer Services 0.00% (31/05/21: 0.00%*)			
Household Goods & Home Construction 0.84% (31/05/21: 2.30%)			
Redrow	312,111	1,662	0.84
Leisure Goods 1.26% (31/05/21: 2.08%)			
Games Workshop	34,001	2,485	1.26
Media 3.56% (31/05/21: 3.58%*)			
Bloomsbury Publishing	461,051	1,874	0.95
Future	104,188	2,075	1.06
RELX	133,762	3,046	1.55
Retailers 3.77% (31/05/21: 5.95%)			
Dunelm	178,349	1,565	0.80
Howden Joinery	267,524	1,835	0.93
JD Sports Fashion	1,337,620	1,653	0.84
Pets at Home	686,645	2,357	1.20
Travel & Leisure 4.04% (31/05/21: 7.12%)			
Domino's Pizza	642,057	2,170	1.10
Gym	953,592	1,979	1.01
Hollywood Bowl	768,156	1,894	0.96
On the Beach	441,067	898	0.46
SSP	369,323	1,007	0.51
TOTAL CONSUMER DISCRETIONARY		26,500	13.47
CONSUMER STAPLES 2.99% (31/05/21: 3.07%)			
Beverages 2.99% (31/05/21: 3.07%)			
Diageo	159,969	5,881	2.99
TOTAL CONSUMER STAPLES		5,881	2.99
FINANCIALS 13.34% (31/05/21: 14.79%*)			
Banks 0.72% (31/05/21: 0.60%)			
Natwest	624,223	1,419	0.72
Finance & Credit Services 1.81% (31/05/21: 1.52%)			
London Stock Exchange	47,195	3,556	1.81

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
Investment Banking & Brokerage 5.17% (31/05/21: 4.55%)			
3i	280,900	3,614	1.84
Hargreaves Lansdown	148,795	1,280	0.65
Intermediate Capital	151,597	2,404	1.22
St James's Place	222,937	2,879	1.46
Life Insurance 4.08% (31/05/21: 4.88%)			
Just	2,318,542	1,880	0.96
Legal & General	1,046,747	2,745	1.40
Prudential	325,000	3,393	1.72
Non-Life Insurance 1.56% (31/05/21: 3.24%*)			
Admiral	62,422	1,377	0.70
HomeServe	145,262	1,691	0.86
TOTAL FINANCIALS		26,238	13.34
HEALTH CARE 0.64% (31/05/21: 0.00%)			
Pharmaceuticals & Biotechnology 0.64% (31/05/21: 0.00%)			
Genus	45,500	1,260	0.64
TOTAL HEALTH CARE		1,260	0.64
INDUSTRIALS 11.26% (31/05/21: 9.80%)			
Construction & Materials 1.89% (31/05/21: 1.61%)			
Genuit	463,987	2,146	1.09
Marshalls	292,990	1,567	0.80
Electronic & Electrical Equipment 3.68% (31/05/21: 3.89%)			
Luceco	400,000	540	0.27
Oxford Instruments	115,351	2,670	1.36
Porvair	189,361	1,098	0.56
Rotork	624,223	1,735	0.88
XP Power	36,500	1,192	0.61
Industrial Engineering 0.64% (31/05/21: 0.00%)			
Spirax-Sarco Engineering	11,775	1,261	0.64
Industrial Support Services 3.58% (31/05/21: 4.30%)			
Experian	122,785	3,298	1.68
RS	191,725	1,854	0.94
RWS	470,320	1,893	0.96
Industrial Transportation 1.47% (31/05/21: 0.00%)			
Ashtead	68,925	2,893	1.47
TOTAL INDUSTRIALS		22,147	11.26

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
REAL ESTATE 4.62% (31/05/21: 2.94%)			
Real Estate Investment & Services 2.34% (31/05/21: 1.22%)			
Grainger	915,526	2,818	1.43
Rightmove	298,089	1,786	0.91
Real Estate Investment Trusts 2.28% (31/05/21: 1.72%)			
Segro	188,762	2,102	1.07
UNITE	205,101	2,379	1.21
TOTAL REAL ESTATE		9,085	4.62
TECHNOLOGY 7.96% (31/05/21: 4.63%*)			
Software & Computer Services 6.73% (31/05/21: 1.54%*)			
Aptitude Software	320,617	1,084	0.55
Auto Trader	322,271	1,890	0.96
AVEVA	68,344	1,586	0.81
Bytes Technology	325,256	1,512	0.77
GB	426,983	2,383	1.21
Kainos	130,238	1,679	0.85
Kin & Carta	700,000	1,554	0.79
NCC	725,000	1,552	0.79
Technology Hardware & Equipment 1.23% (31/05/21: 3.09%)			
DiscoverIE	321,017	2,411	1.23
TOTAL TECHNOLOGY		15,651	7.96
TELECOMMUNICATIONS 0.00% (31/05/21: 0.70%)			
Telecommunications Service Providers 0.00% (31/05/21: 0.70%)			
GOVERNMENT BONDS 41.97% (31/05/21: 37.65%)			
Index Linked Government Bonds 36.60% (31/05/21: 31.92%)			
UK Treasury 0.125% IL 22/03/24	9,000,000	13,194	6.71
UK Treasury 0.125% IL 22/03/26	10,900,000	15,580	7.92
UK Treasury 0.125% IL 10/08/28	1,510,000	2,085	1.06
UK Treasury 0.125% IL 22/03/29	2,785,000	4,552	2.31
UK Treasury 0.125% IL 10/08/31	3,250,000	4,496	2.29
UK Treasury 0.125% IL 22/11/36	873,000	1,436	0.73
UK Treasury 0.125% IL 22/03/44	940,000	1,755	0.89
UK Treasury 0.125% IL 22/03/46	777,000	1,383	0.70
UK Treasury 0.125% IL 22/11/56	486,000	919	0.47
UK Treasury 0.125% IL 22/03/58	524,844	1,041	0.53
UK Treasury 0.125% IL 22/11/65	615,000	1,314	0.67
UK Treasury 0.125% IL 22/03/68	900,400	2,102	1.07
UK Treasury 0.25% IL 22/03/52	605,000	1,242	0.63
UK Treasury 0.375% IL 22/03/62	500,000	1,202	0.61
UK Treasury 0.5% IL 22/03/50	323,500	782	0.40
UK Treasury 0.625% IL 22/03/40	115,000	252	0.13
UK Treasury 0.625% IL 22/11/42	599,000	1,387	0.71
UK Treasury 0.75% IL 22/03/34	430,000	817	0.42
UK Treasury 0.75% IL 22/11/47	400,300	1,017	0.52

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
UK Treasury 1.125% IL 22/11/37	650,000	1,579	0.80
UK Treasury 1.25% IL 22/11/27	692,000	1,438	0.73
UK Treasury 1.25% IL 22/11/32	1,429,000	2,992	1.52
UK Treasury 1.25% IL 22/11/55	200,565	678	0.34
UK Treasury 1.875% IL 22/11/22	1,149,500	1,922	0.98
UK Treasury 2% IL 26/01/35	216,000	618	0.31
UK Treasury 2.5% IL 17/07/24	1,406,000	5,301	2.69
UK Treasury 4.125% IL 22/07/30	240,000	904	0.46
Traditional Government Bonds 5.37% (31/05/21: 5.73%)			
UK Treasury 0.25% 31/01/25	2,000,000	1,928	0.98
UK Treasury 0.875% 22/10/29	900,000	843	0.43
UK Treasury 0.875% 31/07/33	4,000,000	3,521	1.79
UK Treasury 1.5% 31/07/53	800,000	669	0.34
UK Treasury 2.5% 22/07/65	12,000	13	0.01
UK Treasury 3.25% 22/01/44	28,000	32	0.01
UK Treasury 3.5% 22/01/45	70,000	85	0.04
UK Treasury 3.5% 22/07/68	80,000	113	0.06
UK Treasury 3.75% 22/07/52	59,000	78	0.04
UK Treasury 4% 22/01/60	76,000	112	0.06
UK Treasury 4.25% 07/12/27	1,000,000	1,135	0.58
UK Treasury 4.25% 07/06/32	100,000	120	0.06
UK Treasury 4.25% 07/03/36	155,000	192	0.10
UK Treasury 4.25% 07/12/40	74,000	96	0.05
UK Treasury 4.25% 07/12/46	800,000	1,091	0.55
UK Treasury 4.25% 07/12/49	38,000	53	0.03
UK Treasury 4.25% 07/12/55	89,000	131	0.07
UK Treasury 4.5% 07/12/42	50,000	68	0.03
UK Treasury 4.75% 07/12/30	184,000	226	0.11
UK Treasury 4.75% 07/12/38	50,000	67	0.03
TOTAL GOVERNMENT BONDS		82,561	41.97
Portfolio of investments		191,163	97.18
Net other assets		5,539	2.82
Total net assets		196,702	100.00

All investments are ordinary shares unless otherwise stated.

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

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

AXA Ethical Distribution Fund

Comparative Tables

As at 31 May 2022

	B Accumulation			B Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	143.71	122.14	124.96	129.93	111.41	115.64
Return before operating charges ^	(12.81)	22.26	(2.16)	(11.49)	20.28	(1.94)
Operating charges ^	(0.76)	(0.69)	(0.66)	(0.68)	(0.63)	(0.61)
Return after operating charges ^	(13.57)	21.57	(2.82)	(12.17)	19.65	(2.55)
Distributions	(1.75)	(1.23)	(1.82)	(1.58)	(1.13)	(1.68)
Retained distributions on accumulation shares	1.75	1.23	1.82	-	-	-
Closing net asset value per share †	130.14	143.71	122.14	116.18	129.93	111.41
*^ after direct transaction costs of:	0.10	0.02	0.14	0.09	0.02	0.13
Performance						
Return after operating charges	-9.44%	17.66%	-2.26%	-9.37%	17.64%	-2.21%
Other information						
Closing net asset value (£) †	8,864,911	10,204,940	9,242,214	25,008	26,493	23,524
Closing number of shares	6,811,891	7,101,044	7,566,964	21,526	20,389	21,115
Operating charges ^	0.52%	0.53%	0.53%	0.52%	0.53%	0.53%
Direct transaction costs *	0.07%	0.02%	0.11%	0.07%	0.02%	0.11%
Prices						
Highest share price #	153.80	143.90	137.00	139.00	130.80	125.70
Lowest share price #	124.80	121.50	98.75	112.30	110.80	90.61

	D Accumulation~		D Income~	
	31/05/2022		31/05/2022	
	(p)		(p)	
Change in net assets per share				
Opening net asset value per share †	158.90		176.40	
Return before operating charges ^	0.51		0.55	
Operating charges ^	(0.04)		(0.04)	
Return after operating charges ^	0.47		0.51	
Distributions	(1.25)		(1.39)	
Retained distributions on accumulation shares	1.25		-	
Closing net asset value per share †	159.37		175.52	
*^ after direct transaction costs of:	0.18		0.20	
Performance				
Return after operating charges	0.30%		0.29%	
Other information				
Percentage change				
Closing net asset value (£) †	269,456		84,045	
Closing number of shares	169,071		47,882	
Operating charges ^	1.12%		1.12%	
Direct transaction costs *	0.07%		0.07%	
Prices				
Highest share price #	159.80		177.40	
Lowest share price #	158.90		176.40	

AXA Ethical Distribution Fund

Comparative Tables

As at 31 May 2022

	R Accumulation			R Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	177.81	152.63	157.72	198.28	171.72	180.03
Return before operating charges ^	(15.69)	27.66	(2.68)	(17.35)	31.06	(2.99)
Operating charges ^	(2.72)	(2.48)	(2.41)	(3.03)	(2.78)	(2.74)
Return after operating charges ^	(18.41)	25.18	(5.09)	(20.38)	28.28	(5.73)
Distributions	(2.15)	(1.53)	(2.28)	(2.39)	(1.72)	(2.58)
Retained distributions on accumulation shares	2.15	1.53	2.28	-	-	-
Closing net asset value per share †	159.40	177.81	152.63	175.51	198.28	171.72
*^ after direct transaction costs of:	0.13	0.03	0.18	0.14	0.03	0.20
Performance						
Return after operating charges	-10.35%	16.50%	-3.23%	-10.28%	16.47%	-3.18%
Other information						
Closing net asset value (£) †	79,256,220	86,725,637	79,952,503	557,080	792,036	765,440
Closing number of shares	49,720,895	48,774,190	52,382,040	317,404	399,452	445,747
Operating charges ^	1.52%	1.53%	1.53%	1.52%	1.53%	1.53%
Direct transaction costs *	0.07%	0.02%	0.11%	0.07%	0.02%	0.11%
Prices						
Highest share price #	189.70	178.00	171.70	211.60	199.60	194.30
Lowest share price #	153.00	151.60	123.60	169.80	170.60	139.90

AXA Ethical Distribution Fund

Comparative Tables

As at 31 May 2022

	Z Accumulation			Z Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	203.69	173.55	178.00	215.37	185.13	192.64
Return before operating charges ^	(18.12)	31.58	(3.06)	(19.01)	33.63	(3.23)
Operating charges ^	(1.58)	(1.44)	(1.39)	(1.67)	(1.53)	(1.50)
Return after operating charges ^	(19.70)	30.14	(4.45)	(20.68)	32.10	(4.73)
Distributions	(2.47)	(1.75)	(2.61)	(2.61)	(1.86)	(2.78)
Retained distributions on accumulation shares	2.47	1.75	2.61	-	-	-
Closing net asset value per share †	183.99	203.69	173.55	192.08	215.37	185.13
*^ after direct transaction costs of:	0.15	0.03	0.20	0.16	0.04	0.21
Performance						
Return after operating charges	-9.67%	17.37%	-2.50%	-9.60%	17.34%	-2.46%
Other information						
Closing net asset value (£) †	93,338,397	100,272,168	87,535,940	14,306,664	18,054,471	20,601,373
Closing number of shares	50,730,137	49,227,400	50,438,880	7,448,288	8,383,046	11,128,138
Operating charges ^	0.77%	0.78%	0.78%	0.77%	0.78%	0.78%
Direct transaction costs *	0.07%	0.02%	0.11%	0.07%	0.02%	0.11%
Prices						
Highest share price #	217.80	203.90	194.80	230.30	216.80	209.00
Lowest share price #	176.50	172.60	140.40	185.70	184.10	150.60

† 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 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.

~ D share class launched on 25 May 2022.

AXA Ethical Distribution Fund

Statement of Total Return

For the year ended 31 May 2022

	Note	31/05/22 £'000	£'000	31/05/21 £'000	£'000
Income:					
Net capital (losses)/gains	2		(22,432)		32,326
Revenue	3	2,682		2,014	
Expenses	4	(2,323)		(2,165)	
Interest payable and similar charges		-		-	
Net revenue/(expense) before taxation		359		(151)	
Taxation	5	(8)		(54)	
Net revenue/(expense) after taxation			351		(205)
Total return before distributions			(22,081)		32,121
Distributions	6		(2,646)		(1,902)
Change in net assets attributable to Shareholders from investment activities			(24,727)		30,219

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2022

	31/05/22 £'000	£'000	31/05/21 £'000	£'000
Opening net assets attributable to Shareholders		216,076		198,121
Amounts receivable on issue of shares	24,673		13,821	
Amounts payable on cancellation of shares	(21,757)		(27,795)	
		2,916		(13,974)
Change in net assets attributable to Shareholders from investment activities (see above)		(24,727)		30,219
Retained distributions on accumulation shares		2,437		1,710
Closing net assets attributable to Shareholders		196,702		216,076

AXA Ethical Distribution Fund

Balance Sheet

As at 31 May

	Note	31/05/22 £'000	31/05/21 £'000
Assets:			
Fixed assets:			
Investments		191,163	207,584
Current assets:			
Debtors	7	1,412	887
Cash and bank balances	8	6,106	8,499
Total assets		<u>198,681</u>	<u>216,970</u>
Liabilities:			
Creditors:			
Distribution payable		(118)	(103)
Other creditors	9	(1,861)	(791)
Total liabilities		<u>(1,979)</u>	<u>(894)</u>
Net assets attributable to Shareholders		<u>196,702</u>	<u>216,076</u>

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 141 - 144.

2. Net capital (losses)/gains

	31/05/22 £'000	31/05/21 £'000
The net capital (losses)/gains comprise:		
Non-derivative securities	(22,431)	32,327
Transaction charges	(1)	(1)
Net capital (losses)/gains	(22,432)	32,326

3. Revenue

	31/05/22 £'000	31/05/21 £'000
Bank interest	2	-
Interest on debt securities	86	(408)
Overseas dividends	124	436
UK dividends	2,383	1,929
Property revenue from REITs	87	57
Total revenue	2,682	2,014

4. Expenses

	31/05/22 £'000	31/05/21 £'000
Payable to the ACD, associates of the ACD, and agents of either of them		
Annual management charge	2,295	2,107
Registration fees	5	5
	2,300	2,112
Other expenses		
Audit fees	5	16
Depositary's fees	17	29
Printing fees	(2)	3
Safe custody fees	3	5
	23	53
Total expenses	2,323	2,165

Expenses include irrecoverable VAT where applicable.

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

5. Taxation

	31/05/22 £'000	31/05/21 £'000
(a) Analysis of the tax charge in the year		
Irrecoverable overseas tax	8	54

(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% (2021: 20%) is applied to the net revenue/(expense) before taxation. The differences are explained below:

	31/05/22 £'000	31/05/21 £'000
Net revenue/(expense) before taxation	359	(151)
Net revenue/(expense) for the year multiplied by the standard rate of corporation tax	72	(30)
Effects of:		
Irrecoverable overseas tax	8	54
Movement in excess management expenses	1,841	871
Relief for indexation on UK Gilts	(1,410)	(366)
Revenue not subject to corporation tax	(503)	(475)
Tax charge for the year	8	54

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 £7,424,210 (2021: £5,583,089) 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:

	31/05/22 £'000	31/05/21 £'000
Interim	1,101	707
Final	1,541	1,173
Add: Revenue paid on cancellation of shares	90	59
Deduct: Revenue received on creation of shares	(86)	(37)
Net distribution for the year	2,646	1,902
Reconciliation of net revenue/(expense) after taxation to distributions		
Net revenue/(expense) after taxation	351	(205)
Expenses charged to capital	2,295	2,107
Net distribution for the year	2,646	1,902

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

7. Debtors	31/05/22	31/05/21
	£'000	£'000
Amounts receivable for creation of shares	10	490
Sales awaiting settlement	1,011	-
Accrued revenue	391	887
Total debtors	1,412	887

8. Cash and bank balances	31/05/22	31/05/21
	£'000	£'000
Cash and bank balances	6,106	8,499
Total cash and bank balances	6,106	8,499

9. Other creditors	31/05/22	31/05/21
	£'000	£'000
Amounts payable for cancellation of shares	597	415
Purchases awaiting settlement	897	-
Accrued annual management charge	350	351
Accrued other expenses	17	25
Total other creditors	1,861	791

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 (%)	31/05/21	Issued	Cancelled	Converted	31/05/22
B Accumulation	0.50	7,101,044	60,677	(345,145)	(4,685)	6,811,891
B Income	0.50	20,389	3,132	(1,995)	-	21,526
D Accumulation~	1.10	-	1,278	(24)	167,817	169,071
D Income~	1.10	-	1,151	(22)	46,753	47,882
R Accumulation	1.50	48,774,190	4,965,621	(3,732,193)	(286,723)	49,720,895
R Income	1.50	399,452	32,700	(64,629)	(50,119)	317,404
Z Accumulation	0.75	49,227,400	6,960,816	(5,564,841)	106,762	50,730,137
Z Income	0.75	8,383,046	646,839	(1,584,680)	3,083	7,448,288

~ D share class launched on 25 May 2022.

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2021: nil).

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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 2021).

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 £19,116,306 (2021: £20,758,382). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. All assets and liabilities of the Fund are denominated in Pound sterling. There was no 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 £8,288,501 (2021: £9,714,285). 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				
31/05/22				
Pound sterling	6,106	82,561	110,014	198,681
Total	6,106	82,561	110,014	198,681
31/05/21				
Pound sterling	8,499	81,337	127,134	216,970
Total	8,499	81,337	127,134	216,970

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Currency Liabilities				
31/05/22				
Pound sterling	-	-	(1,979)	(1,979)
Total	-	-	(1,979)	(1,979)
31/05/21				
Pound sterling	-	-	(894)	(894)
Total	-	-	(894)	(894)

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 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.

	31/05/22		31/05/21 *	
	Market Value £'000	%	Market Value £'000	%
Credit Rating				
Investment grade (BBB- credit rating and above)	82,561	41.97	81,337	37.65
Total value of bonds	82,561	41.97	81,337	37.65

* Prior year figures have been restated.

14. Portfolio transaction costs

31/05/2022	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	47,578	-	-	-	-	47,578
Equities	30,640	15	0.05	127	0.41	30,782
Total	78,218	15		127		78,360

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

31/05/2022	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	44,333	-	-	-	-	44,333
Equities	27,350	(16)	(0.06)	-	-	27,334
Total	71,683	(16)		-		71,667

31/05/2021	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	19,944	-	-	-	-	19,944
Equities	7,413	3	0.04	23	0.31	7,439
Total	27,357	3		23		27,383

31/05/2021	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	11,252	-	-	-	-	11,252
Equities	28,402	(12)	(0.04)	-	-	28,390
Total	39,654	(12)		-		39,642

	31/05/22	31/05/21
Transaction costs as percentage of average net asset value	%	%
Commissions	0.01	0.01
Taxes	0.06	0.01

At the balance sheet date the average portfolio dealing spread was 0.23% (2021: 0.22%).

15. Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end.

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

16. Fair value disclosure

Valuation technique	31/05/22		31/05/21	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	191,163	-	207,584	-
Level 2 ^^	-	-	-	-
Level 3 ^^^	-	-	-	-
	191,163	-	207,584	-

^ 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 Table

As at 31 May 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2021

Group 2 Shares purchased on or after 1 June 2021 to 30 November 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/22 (p)	Distribution paid 31/01/21 (p)
Share Class B Accumulation				
Group 1	0.729	-	0.729	0.454
Group 2	0.406	0.323	0.729	0.454
Share Class B Income				
Group 1	0.661	-	0.661	0.417
Group 2	0.661	-	0.661	0.417
Share Class R Accumulation				
Group 1	0.900	-	0.900	0.566
Group 2	0.248	0.652	0.900	0.566
Share Class R Income				
Group 1	1.003	-	1.003	0.637
Group 2	0.416	0.587	1.003	0.637
Share Class Z Accumulation				
Group 1	1.032	-	1.032	0.645
Group 2	0.314	0.718	1.032	0.645
Share Class Z Income				
Group 1	1.091	-	1.091	0.688
Group 2	0.418	0.673	1.091	0.688

AXA Ethical Distribution Fund

Distribution Table

As at 31 May 2022

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2021

Group 2 Shares purchased on or after 1 December 2021 to 31 May 2022

	Net revenue (p)	Equalisation (p)	Distribution payable 29/07/22 (p)	Distribution paid 31/07/21 (p)
Share Class B Accumulation				
Group 1	1.018	-	1.018	0.779
Group 2	0.278	0.740	1.018	0.779
Share Class B Income				
Group 1	0.918	-	0.918	0.713
Group 2	0.918	-	0.918	0.713
Share Class D Accumulation~				
Group 1	1.249	-	1.249	
Group 2	1.249	-	1.249	
Share Class D Income~				
Group 1	1.388	-	1.388	
Group 2	1.388	-	1.388	
Share Class R Accumulation				
Group 1	1.250	-	1.250	0.966
Group 2	0.699	0.551	1.250	0.966
Share Class R Income				
Group 1	1.388	-	1.388	1.083
Group 2	0.671	0.717	1.388	1.083
Share Class Z Accumulation				
Group 1	1.440	-	1.440	1.104
Group 2	0.778	0.662	1.440	1.104
Share Class Z Income				
Group 1	1.515	-	1.515	1.174
Group 2	0.964	0.551	1.515	1.174

~ D share class launched on 25 May 2022.

AXA Global Sustainable Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Investment Objective

The aim of this Fund is to achieve income and capital growth over a period of 5 years or more.

Investment Policy

The Fund invests in a mix of shares in listed companies worldwide and bonds issued by developed market governments 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 with the remainder being invested mostly in index-linked government bonds and cash.

The ACD invests in shares of listed companies which it believes have leading or improving ESG practices. These companies will either demonstrate leadership on sustainability issues (such as promoting better social outcomes, increasing the amount of renewable energy and using the planet's resources more sustainably and increased digitalisation) through strong environmental, social and governance (ESG) practices ("leaders") or will have shown a clear commitment to improve their ESG practices ("companies in transition"). The majority of the Fund's equity investments (50% or more) will be in "leaders". The ACD will actively engage on sustainability issues with a particular focus on "companies in transition". The ACD will also analyse a company's financial status, quality of management, expected profitability and prospects for growth when selecting shares.

In selecting investments (bonds and shares), the ACD will take into account the ESG score of the sovereign issuer or company (as appropriate). ESG scores are produced by our selected external provider(s). In certain circumstances (including unavailability of a score), the ACD will calculate the sovereign issuer's or company's ESG score using its proprietary internal scoring methodology. The ACD believes that companies with a high ESG score will generate sustained growth and returns over time and that sovereign issuers with high ESG scores will benefit in terms of their ongoing ability to issue. The ACD will only consider the lowest scoring companies for the Fund in exceptional circumstances.

In addition, to avoid investing in bonds or shares which present excessive degrees of environmental, social and governance (ESG) risk, the ACD applies AXA IM Group's sector specific investment guidelines relating to responsible investment to the Fund. Such guidelines exclude investment in (or exposure to) certain companies based on their involvement in specific sectors (such as soft commodity derivatives, palm oil (including deforestation and natural ecosystems conversion), controversial weapons and climate risks).

The ACD also applies the AXA Investment Managers' ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; human rights; anti-corruption and other environmental, social and governance (ESG) factors. The AXA Investment Managers' ESG Standards policy and AXA IM Group's sector specific investment guidelines are subject to change and the latest copies are available from the ACD on request.

If the ACD deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving income and long term capital growth or, in the case of a company, becomes unresponsive to the ACD's engagement efforts, the ACD will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.

In constructing the Fund's portfolio, the ACD references a composite benchmark made up of the following indices in the stated proportions: 55% MSCI AC World Total Return Net; 45% ICE BofAML Global Govt Inflation Linked (GBP Hedged) (the "Benchmark"). The ACD has full discretion to select investments for the Fund in line with its investment policy and in doing so may take into consideration the Benchmark. The Benchmark is designed to measure the performance of medium to large-cap stocks from a number of developed and emerging markets as selected by the Benchmark provider and index-linked bonds issued by developed market governments. This Benchmark best represents the types of bonds and companies in which the Fund predominantly invests.

AXA Global Sustainable Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

The Fund may also invest at the ACD's discretion in other transferable securities, cash, deposits, units in collective investment schemes and money market instruments. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules. The Benchmark may be used by investors to compare the Fund's performance.

Risk and Reward Profile

As at 31 May 2022

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.



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

- ESG risk - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the fund manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

- 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.

AXA Global Sustainable Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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.

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.

AXA Global Sustainable Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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 each individual fund's investment objectives and investment policy.

- Emerging Markets risk - investment in emerging markets (countries that are transitioning towards more advanced financial and economic structures) 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 developed 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 Funds referred to above and, as a result, limit investment opportunities for those Funds. Substantial government involvement in, and influence on, the economy, as well as a lack of political or social stability, may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain 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 a diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- 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.

AXA Global Sustainable Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Investment limitations

The Stock Connect program is subject to quota limitations applying across all participants and utilised on a first-come-firstserved 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.

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 a 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 a 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 a 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 on-going 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. A 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 Funds, the ACD may determine that it is in the interest of a 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.

AXA Global Sustainable Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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 Depository. The Hong Kong central securities Depository, in turn, holds the China A shares as nominee through an omnibus securities account in its name registered with the Chinese central securities Depository. This means that there are multiple legal frameworks involved in establishing legal title to the China A shares and there are increased exposed to the credit risk of both the Hong Kong and Chinese central securities Depository but neither the ACD nor the Depository have a legal relationship with such Depository's 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 Depository, there is uncertainty as to whether the Fund's China A shares would be available to creditors of the Hong Kong central securities Depository 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.

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 a 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.

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- 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 securities 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 Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

- 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

Equity markets around the world rose over the final months of 2021 and completed a third consecutive year of positive returns. While the first half of 2021 had seen equities perform well, as most global economies continued their recovery from the pandemic, in the final quarter stocks started strongly but sold off as a new strain of the COVID-19 virus – named Omicron – emerged. It was initially feared that the new variant might be resistant to existing vaccines and concerns escalated quickly. However, these concerns became overblown and markets recovered by the year end with most global equity stock markets managing the traditional 'Santa rally' through December. Sentiment turned sharply negative in early February as Russia launched a full-scale invasion of Ukraine. Financial markets plunged as Russian leader Vladimir Putin ordered a large-scale military offensive across the country that has left terrible numbers of civilian casualties, prompted Russia to set its nuclear deterrent to 'high alert' and seen the West enforce a range of far-reaching sanctions in a bid to cut the country off from financial markets and knobble Russia's economy. Oil prices spiked above \$100 per barrel and natural gas followed suit, taking the cost of oil to multi-year highs.

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It has been the spectre of persistently high inflation that caused most unease amongst investors. After many years of highly accommodative monetary policy, major central banks have understandably become increasingly hawkish as inflation has climbed. Global equity markets have generally fallen as supply chain disruption and sharply rising commodity prices have contributed to Retail and Consumer Price Inflation rising to levels not seen in over 40 years. Bond markets have also faced a very challenging period as central banks have followed through on their hawkish rhetoric and raised rates aggressively to combat the very elevated levels of inflation seen across the globe. In March, the Federal Open Market Committee ('FOMC') raised rates for the first time since 2018 when they increased the Fed funds rate by 25bp and followed this up with a 50bp hike at their May meeting. In the UK, the Bank of England followed up their hikes in December and February by raising base rates another 25bps at both their March and May meetings. These central banks have also embarked on the start of their quantitative tightening programmes aiming to reduce their bloated balance sheets.

The changing monetary backdrop has led to a de-rating of equities in general but especially growth equities, creating a headwind to the Fund's overall performance. This has been a global phenomenon and particularly acute in 2022 – thus international stock markets have seen significant negative returns during the year to date. Over the current year-to-date, global equities are down 6.12% in sterling terms, although performance over the last year remains positive up 5.61%. The UK equity market has performed relatively well with the FTSE All Share remaining the only positive equity market year-to-date, with returns of c1.5% at the end of May 2022. However other markets did not fare anywhere near as well with the S&P 500 down 6.24%, Nasdaq down 16.74% and the MSCI Europe x-UK down 8.55% (all in sterling terms). On a twelve months basis the S&P 500 remains positive (+12.45%) while the Nasdaq and MSCI Europe x-UK are both down (-0.21% and -1.46% respectively, again in sterling terms). Emerging markets and Japan have also been weak on both a 1 year and year-to-date basis. The other standout in regional market terms has been Asia Pacific x-Japan where the FTSE World Asia-Pacific x-Japan is flat year-to-date and up 1.34% over the last year. China/Hong Kong have driven that performance as China has seen covid imposed lockdowns ease while the threats of regulation to the technology sector have also moderated.

Portfolio review

During the year in review, we evolved the equity portfolio to a more focused portfolio as well as strengthening the ESG considerations within the equity investment process.

Within global equity markets, year-to-date and for the last 12 months, the consistent story has been the strength of basic commodities – namely energy and largely industrial materials. The energy sector has been the standout performer in all regions over the last 12 months as well as year-to-date, as energy prices initially rose as increased global demand drove prices higher, only to see a second leg of price appreciation as sanctions on Russian oil started to limit supply from one of the world's largest energy producers. The MSCI World Energy sector is up 57.21% year-to-date and up 81.11% over the last year. The materials sector has also been a consistent out-performer across all regions, although in certain markets, like the US, the materials sector mainly comprises packaging and chemical companies, and thus has not been as strong as regions where the sector comprises traditional mining/mineral extraction companies. The MSCI World Materials Index is up 5.12% year-to-date and up 10.94% over the last year. On the flip side, increased interest rates, higher fuel, natural gas and electricity prices have led to increasing concerns on the outlook for discretionary consumer spending - thus the MSCI World Consumer Discretionary index is down 24.12% year-to-date and down 6.45% over the last year.

The equity portfolio has an underweight exposure to the energy sector and to commodity producers within the materials sector; healthcare and consumer discretionary were the largest contributors to performance, with the fund overweight healthcare but underweight consumer discretionary. Energy is a sector that does not easily meet sustainability requirements. We hold Neste, which is a leader in developing sustainable biodiesel and aviation fuel. Additionally, we hold an industrial name (Chart Industries) that will benefit from the clean energy transition, but these did not offset the strong performance of traditional oil and gas producers. Within the material sector, we are overweight packaging (like beverage can producer Ball), industrial gases as well as chemical companies supplying to the EV battery industry. We have limited exposure to metals/commodity extractors that were strong performers and thus this also hurt performance. By contrast our overweight allocation to healthcare and names like Boston Scientific and Becton Dickinson added to performance.

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Bond markets have continued to significantly reprice, anticipating Central Banks removing their extraordinary stimulus measures and begin an aggressive path of policy tightening to combat the risks of a prolonged period of high inflation. Markets continue to anticipate this aggressive tightening path with a further 2% of hikes priced for the Federal reserve, forecasting the end of year policy rates at almost 3% in the US. For the UK, 6 more hikes are forecasted leaving base rates priced at close to 2.5% by the end of 2022, while in Europe the market is anticipating an aggressive normalisation of ECB policy with 1.2% of policy tightening by year end. However, there does remain some substantial uncertainties not only around the near-term geopolitical developments but also on the economic outlook as markets assess the impact of higher energy prices and inflation on the consumer. In addition, economists forecast that headline inflation pressures should appear to moderate as we move past the peak in inflation prints in the months ahead and supply bottlenecks ease. Central Bank communication will continue to require close attention as the year progresses.

Outlook

Market direction continues to be shaped by inflation, interest rates and commodity prices. The increasing hawkishness of central banks (especially the US Federal Reserve) has led to the increasing concern and risk that we experience a recession in developed markets within the next twelve months. However, although we are currently reassured by our company management meetings and by the generally strong results that we are seeing, we remain acutely aware that the economic outlook is rapidly evolving and have been positioning accordingly. Inflationary pressures remain, with headwind inflation at multi-decade highs; however, there are signs that inflation is possibly peaking within commodity markets, anecdotal evidence suggests that wage inflation in particular is easing, and peak rate expectations have fallen back in the short term. However central banks have been caught unaware as to the strength and persistence of inflation over the last 18 months and thus may not be willingly to acknowledge an improving outlook until it is very apparent in the data.

At times of heightened risk and uncertainty, it is easy to focus exclusively on the macro and geopolitical news flow and lose focus on the fundamental drivers of profitability and cashflow at the corporate level. Our investable universe offers access to numerous growing businesses that generate cash, are well managed, have strong balance sheets and are operating in end markets that should expand over the long-term. Earnings forecasts are set modestly, and valuations look attractive, in many instances trading at multi year lows. Market sentiment is also currently low and any good news is likely to see the market react positively, whether it be a resolution to the Ukraine conflict, inflation rolling over or Central Banks reining in proposed interest rate hikes. In the meantime, our approach remains centred on owning good quality businesses that can reinvest and compound their returns over time.

All performance data source: AXA Investment Managers and Morningstar.

Past performance is not a guide for future performance.

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 0.125% IL 22/03/26	15,980	● UK Treasury 0.125% IL 22/03/26	19,867
● France OAT 0.1% IL 25/07/38	9,876	● UK Treasury 0.125% IL 10/08/31	14,280
● UK Treasury 0.125% IL 10/08/31	7,950	● France OAT 0.1% IL 25/07/36	9,920
● US Treasury 0.125% IL 15/01/31	7,233	● US Treasury 0.125% IL 15/01/23	7,066
● UK Treasury 0.125% IL 22/03/24	6,108	● UK Treasury 0.125% IL 10/08/28	5,680

Jamie Forbes-Wilson, David Shaw

AXA Investment Managers UK Limited

31 May 2022

AXA Global Sustainable Distribution Fund

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	Holding	Market Value £'000	% of Total Net Assets
AUSTRALIA 1.13% (31/05/21: 1.28%)			
INDEX LINKED GOVERNMENT BONDS 0.00% (31/05/21: 0.15%)			
EQUITIES 1.13% (31/05/21: 1.13%)			
Goodman #	186,000	2,179	0.51
Macquarie	25,028	2,657	0.62
TOTAL AUSTRALIA		4,836	1.13
AUSTRIA 0.00% (31/05/21: 0.16%)			
BELGIUM 0.00% (31/05/21: 0.21%)			
BERMUDA 0.00% (31/05/21: 0.08%)			
BRAZIL 0.00% (31/05/21: 0.31%)			
CANADA 0.43% (31/05/21: 3.30%)			
INDEX LINKED GOVERNMENT BONDS 0.43% (31/05/21: 0.50%)			
Canada (Government of) 1.5% IL 01/12/44	CAD 268,000	232	0.05
Canada (Government of) 2% IL 01/12/41	CAD 282,000	273	0.06
Canada (Government of) 3% IL 01/12/36	CAD 169,000	195	0.05
Canada (Government of) 4% IL 01/12/31	CAD 93,000	124	0.03
Canada (Government of) 4.25% IL 01/12/26	CAD 813,000	1,018	0.24
EQUITIES 0.00% (31/05/21: 2.80%)			
TOTAL CANADA		1,842	0.43
CAYMAN ISLANDS 1.29% (31/05/21: 0.99%)			
Alibaba ADR	27,600	2,049	0.47
Xinyi Solar	1,786,000	2,524	0.59
Zai Lab ADR	41,400	982	0.23
TOTAL CAYMAN ISLANDS		5,555	1.29
CHINA (INCLUDING HONG KONG) 0.67% (31/05/21: 1.71%)			
AIA	352,000	2,881	0.67
TOTAL CHINA (INCLUDING HONG KONG)		2,881	0.67
DENMARK 0.48% (31/05/21: 0.49%)			
Orsted	23,065	2,054	0.48
TOTAL DENMARK		2,054	0.48
FINLAND 0.82% (31/05/21: 0.05%)			
Neste	96,088	3,510	0.82
TOTAL FINLAND		3,510	0.82

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	Holding	Market Value £'000	% of Total Net Assets
FRANCE 5.21% (31/05/21: 6.06%)			
INDEX LINKED GOVERNMENT BONDS 3.38% (31/05/21: 4.46%)			
France OAT 0.1% IL 01/03/28	EUR 1,945,000	1,998	0.46
France OAT 0.1% IL 25/07/36	EUR 500,000	515	0.12
France OAT 0.1% IL 25/07/38	EUR 10,000,000	9,836	2.29
France OAT 0.1% IL 25/07/47	EUR 500,000	524	0.12
France OAT 0.175% IL 25/06/39	EUR 2,000,000	1,672	0.39
EQUITIES 1.83% (31/05/21: 1.60%)			
Amundi	45,540	2,106	0.49
L'Oreal	9,378	2,629	0.61
Schneider Electric	28,500	3,164	0.73
TOTAL FRANCE		22,444	5.21
GERMANY 2.92% (31/05/21: 1.71%)			
INDEX LINKED GOVERNMENT BONDS 1.16% (31/05/21: 0.47%)			
Deutsche Bundesrepublik 0.1% IL 15/04/26	EUR 4,700,000	5,011	1.16
EQUITIES 1.76% (31/05/21: 1.24%)			
Infineon Technologies	102,075	2,543	0.59
SAP	26,100	2,084	0.49
Siemens	27,850	2,936	0.68
TOTAL GERMANY		12,574	2.92
GUERNSEY 0.00% (31/05/21: 0.07%)			
INDIA 0.53% (31/05/21: 0.00%)			
HDFC Bank ADR	49,075	2,298	0.53
TOTAL INDIA		2,298	0.53
IRELAND 2.84% (31/05/21: 0.95%)			
Accenture	14,200	3,430	0.80
CRH	87,500	2,867	0.67
Jazz Pharmaceuticals	16,882	2,024	0.47
Linde	15,100	3,892	0.90
TOTAL IRELAND		12,213	2.84
ISRAEL 0.00% (31/05/21: 0.25%)			
ITALY 0.00% (31/05/21: 0.29%)			
JAPAN 3.09% (31/05/21: 3.91%)			
INDEX LINKED GOVERNMENT BONDS 0.00% (31/05/21: 0.25%)			
EQUITIES 3.09% (31/05/21: 3.66%)			
Daikin Industries	22,700	2,913	0.68
FUJIFILM	55,400	2,433	0.56

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	Holding	Market Value £'000	% of Total Net Assets
Omron	49,400	2,275	0.53
Sysmex	42,200	2,199	0.51
Toyota Motor	265,600	3,480	0.81
TOTAL JAPAN		13,300	3.09
JERSEY 0.60% (31/05/21: 0.28%)			
Aptiv	31,300	2,593	0.60
TOTAL JERSEY		2,593	0.60
LUXEMBOURG 0.35% (31/05/21: 0.00%)			
Befesa	28,400	1,515	0.35
TOTAL LUXEMBOURG		1,515	0.35
MALAYSIA 0.00% (31/05/21: 0.04%)			
MEXICO 0.70% (31/05/21: 0.04%)			
Wal-Mart de Mexico	1,043,500	3,025	0.70
TOTAL MEXICO		3,025	0.70
NETHERLANDS 0.00% (31/05/21: 1.49%)			
NEW ZEALAND 0.00% (31/05/21: 0.07%)			
NORWAY 0.00% (31/05/21: 0.17%)			
PANAMA 0.00% (31/05/21: 0.05%)			
PAPUA NEW GUINEA 0.00% (31/05/21: 0.03%)			
PHILIPPINES 0.00% (31/05/21: 0.03%)			
PUERTO RICO 0.00% (31/05/21: 0.04%)			
SINGAPORE 0.00% (31/05/21: 0.13%)			
SOUTH AFRICA 0.33% (31/05/21: 0.16%)			
Capitec Bank	12,367	1,407	0.33
TOTAL SOUTH AFRICA		1,407	0.33
SOUTH KOREA 1.17% (31/05/21: 0.93%)			
LG Chem	5,700	2,137	0.50
Samsung Electronics	67,232	2,905	0.67
TOTAL SOUTH KOREA		5,042	1.17

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	Holding	Market Value £'000	% of Total Net Assets
SPAIN 0.52% (31/05/21: 0.47%)			
Iberdrola	237,325	2,222	0.52
TOTAL SPAIN		2,222	0.52
SWEDEN 0.00% (31/05/21: 0.94%)			
INDEX LINKED GOVERNMENT BONDS 0.00% (31/05/21: 0.09%)			
EQUITIES 0.00% (31/05/21: 0.85%)			
SWITZERLAND 0.00% (31/05/21: 0.68%)			
TAIWAN 1.02% (31/05/21: 1.96%)			
Taiwan Semiconductor Manufacturing	288,000	4,406	1.02
TOTAL TAIWAN		4,406	1.02
THAILAND 0.00% (31/05/21: 0.10%)			
UNITED KINGDOM 21.30% (31/05/21: 22.58%)			
INDEX LINKED GOVERNMENT BONDS 18.77% (31/05/21: 20.58%)			
UK Treasury 0.125% IL 22/03/24	GBP 6,000,000	8,796	2.04
UK Treasury 0.125% IL 22/03/26	GBP 7,000,000	10,006	2.32
UK Treasury 0.125% IL 10/08/28	GBP 3,500,000	4,834	1.12
UK Treasury 0.125% IL 22/03/29	GBP 10,000,000	16,343	3.80
UK Treasury 0.125% IL 10/08/31	GBP 4,000,000	5,534	1.29
UK Treasury 0.125% IL 22/11/36	GBP 1,500,000	2,468	0.57
UK Treasury 0.125% IL 22/03/44	GBP 788,503	1,472	0.34
UK Treasury 0.125% IL 22/03/46	GBP 600,711	1,069	0.25
UK Treasury 0.125% IL 10/08/48	GBP 1,000,000	1,703	0.40
UK Treasury 0.125% IL 22/03/58	GBP 352,915	700	0.16
UK Treasury 0.125% IL 22/11/65	GBP 2,000,000	4,272	0.99
UK Treasury 0.125% IL 22/03/68	GBP 1,000,091	2,334	0.54
UK Treasury 0.25% IL 22/03/52	GBP 802,455	1,647	0.38
UK Treasury 0.375% IL 22/03/62	GBP 1,000,701	2,407	0.56
UK Treasury 0.5% IL 22/03/50	GBP 816,054	1,971	0.46
UK Treasury 0.625% IL 22/03/40	GBP 500,817	1,095	0.25
UK Treasury 0.625% IL 22/11/42	GBP 346,479	802	0.19
UK Treasury 0.75% IL 22/03/34	GBP 2,000,000	3,802	0.88
UK Treasury 0.75% IL 22/11/47	GBP 637,517	1,620	0.38
UK Treasury 0.875% IL 31/07/33	GBP 1,000,000	880	0.21
UK Treasury 1.125% IL 22/11/37	GBP 567,394	1,378	0.32
UK Treasury 1.25% IL 22/11/27	GBP 328,331	682	0.16
UK Treasury 1.25% IL 22/11/32	GBP 309,093	647	0.15
UK Treasury 1.25% IL 22/11/55	GBP 362,413	1,226	0.29
UK Treasury 2% IL 26/01/35	GBP 619,411	1,773	0.41
UK Treasury 2.5% IL 17/07/24	GBP 231,194	872	0.20
UK Treasury 4.125% IL 22/07/30	GBP 125,000	471	0.11

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	Holding	Market Value £'000	% of Total Net Assets
EQUITIES 2.53% (31/05/21: 2.00%)			
AVEVA	87,500	2,031	0.47
Croda International	40,241	2,776	0.65
GlaxoSmithKline	212,075	3,674	0.85
Rentokil Initial	473,000	2,419	0.56
TOTAL UNITED KINGDOM		91,704	21.30
UNITED STATES 52.77% (31/05/21: 46.21%)			
INDEX LINKED GOVERNMENT BONDS 18.65% (31/05/21: 15.74%)			
US Treasury 0.125% IL 15/01/23	5,000,000	5,064	1.18
US Treasury 0.125% IL 15/07/26	10,000,000	9,722	2.26
US Treasury 0.125% IL 15/01/30	17,000,000	15,040	3.49
US Treasury 0.125% IL 15/01/31	12,000,000	10,481	2.44
US Treasury 0.25% IL 15/01/25	11,000,000	10,908	2.53
US Treasury 0.375% IL 15/01/27	3,055,000	2,963	0.69
US Treasury 0.375% IL 15/07/27	3,100,000	2,975	0.69
US Treasury 0.625% IL 15/02/43	4,511,300	4,307	1.00
US Treasury 0.75% IL 15/02/42	5,022,300	5,033	1.17
US Treasury 0.75% IL 15/02/45	2,710,000	2,565	0.60
US Treasury 0.875% IL 15/02/47	5,000,000	4,788	1.11
US Treasury 1.375% IL 15/02/44	1,456,100	1,582	0.37
US Treasury 2.125% IL 15/02/41	1,136,800	1,482	0.34
US Treasury 2.5% IL 15/01/29	2,730,000	3,361	0.78
EQUITIES 34.12% (31/05/21: 30.47%)			
Activision Blizzard	44,700	2,776	0.65
Align Technology	9,500	2,145	0.50
Alphabet	4,500	8,028	1.87
Amazon.com	3,140	5,745	1.33
American Express	23,700	3,193	0.74
American Tower #	16,200	3,357	0.78
Anthem	11,200	4,631	1.08
Apple	65,800	7,821	1.82
Ball	59,100	3,461	0.80
Becton Dickinson	16,784	3,419	0.79
Boston Scientific	97,800	3,199	0.74
Brunswick	37,984	2,283	0.53
Chart Industries	15,400	2,256	0.52
Ciena	66,810	2,777	0.65
Citizens Financial	88,825	2,884	0.67
Comcast	79,108	2,775	0.64
Costco Wholesale	11,000	4,113	0.96
Embecta	3,356	70	0.02
Fidelity National Information Services	37,984	3,173	0.74
Home Depot	13,500	3,307	0.77
Ingersoll Rand	53,884	2,076	0.48
Intercontinental Exchange	32,200	2,626	0.61
McKesson	14,500	3,857	0.90
Merck	55,553	4,107	0.95
Micron Technology	41,000	2,388	0.55

AXA Global Sustainable Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
Microsoft	44,200	9,592	2.23
Mondelez	78,000	3,950	0.92
Morgan Stanley	47,308	3,249	0.75
NextEra Energy	70,300	4,324	1.00
Parker-Hannifin	9,815	2,126	0.49
Planet Fitness	38,867	2,164	0.50
Progressive	37,493	3,585	0.83
Prologis #	31,408	3,177	0.74
PulteGroup	50,700	1,840	0.43
QUALCOMM	25,300	2,809	0.65
S&P Global	9,620	2,756	0.64
Salesforce	19,335	2,535	0.59
Thermo Fisher Scientific	11,000	4,999	1.16
TJX Cos	42,891	2,200	0.51
TransUnion	34,000	2,381	0.55
Union Pacific	14,035	2,480	0.58
Visa	23,900	4,038	0.94
Yum China	65,000	2,232	0.52
TOTAL UNITED STATES		227,175	52.77
FORWARD FX (1.40%) (31/05/21: 0.29%)			
Bought EUR300,000 for GBP251,690 Settlement 01/06/2022		3	-
Bought USD8,800,000 for GBP7,094,167 Settlement 01/06/2022		(104)	(0.02)
Bought USD3,200,000 for GBP2,553,772 Settlement 01/06/2022		(12)	-
Bought USD1,800,000 for GBP1,375,880 Settlement 01/06/2022		54	0.01
Bought USD3,200,000 for GBP2,444,185 Settlement 01/06/2022		98	0.02
Sold CAD3,110,000 for GBP1,820,208 Settlement 01/06/2022		(129)	(0.03)
Sold CAD3,000,000 for GBP1,866,392 Settlement 09/09/2022		(11)	-
Sold EUR23,940,000 for GBP20,096,040 Settlement 01/06/2022		(239)	(0.06)
Sold EUR700,000 for GBP585,748 Settlement 01/06/2022		(9)	-
Sold EUR23,440,000 for GBP20,015,418 Settlement 09/09/2022		13	-
Sold USD114,800,000 for GBP85,683,823 Settlement 01/06/2022		(5,507)	(1.28)
Sold USD3,300,000 for GBP2,478,888 Settlement 01/06/2022		(142)	(0.03)
Sold USD101,720,000 for GBP80,706,542 Settlement 09/09/2022		(35)	(0.01)
TOTAL FORWARD FX		(6,020)	(1.40)
Portfolio of investments		416,576	96.77
Net other assets		13,917	3.23
Total net assets		430,493	100.00

All investments are ordinary shares unless otherwise stated.

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

Stocks shown as ADRs represent American Depositary Receipts.

Real Estate Investment Trust.

AXA Global Sustainable Distribution Fund

Comparative Tables

As at 31 May 2022

	B Accumulation			B Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	168.56	148.56	142.04	156.49	139.48	135.37
Return before operating charges ^	1.51	20.84	7.31	1.47	19.51	6.98
Operating charges ^	(0.91)	(0.84)	(0.79)	(0.84)	(0.78)	(0.75)
Return after operating charges ^	0.60	20.00	6.52	0.63	18.73	6.23
Distributions	(1.98)	(1.84)	(2.23)	(1.83)	(1.72)	(2.12)
Retained distributions on accumulation shares	1.98	1.84	2.23	-	-	-
Closing net asset value per share †	169.16	168.56	148.56	155.29	156.49	139.48
*^ after direct transaction costs of:	0.18	0.09	0.09	0.17	0.08	0.09
Performance						
Return after operating charges	0.36%	13.46%	4.59%	0.40%	13.43%	4.60%
Other information						
Closing net asset value (£) †	33,654,490	35,331,832	33,379,832	198,237	198,260	191,003
Closing number of shares	19,894,967	20,961,077	22,469,643	127,657	126,690	136,940
Operating charges ^	0.51%	0.53%	0.54%	0.51%	0.53%	0.54%
Direct transaction costs *	0.10%	0.06%	0.06%	0.10%	0.06%	0.06%
Prices						
Highest share price #	187.20	169.60	155.40	172.90	158.30	147.00
Lowest share price #	164.90	146.90	128.10	152.40	137.90	121.20

	D Accumulation~		D Income~	
	31/05/2022		31/05/2022	
	(p)		(p)	
Change in net assets per share				
Opening net asset value per share †	312.80		200.20	
Return before operating charges ^	3.79		2.42	
Operating charges ^	(0.08)		(0.05)	
Return after operating charges ^	3.71		2.37	
Distributions	(1.97)		(1.26)	
Retained distributions on accumulation shares	1.97		-	
Closing net asset value per share †	316.51		201.31	
*^ after direct transaction costs of:	0.51		0.33	
Performance				
Return after operating charges	1.19%		1.18%	
Other information				
Percentage change				
Closing net asset value (£) †	606,744		99,717	
Closing number of shares	191,701		49,533	
Operating charges ^	1.11%		1.11%	
Direct transaction costs *	0.10%		0.10%	
Prices				
Highest share price #	317.70		203.30	
Lowest share price #	312.80		200.20	

AXA Global Sustainable Distribution Fund

Comparative Tables

As at 31 May 2022

	R Accumulation			R Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	318.54	283.55	273.82	204.96	184.52	180.87
Return before operating charges ^	2.98	39.59	14.07	2.01	25.69	9.33
Operating charges ^	(5.05)	(4.60)	(4.34)	(3.24)	(2.98)	(2.86)
Return after operating charges ^	(2.07)	34.99	9.73	(1.23)	22.71	6.47
Distributions	(3.72)	(3.50)	(4.28)	(2.39)	(2.27)	(2.82)
Retained distributions on accumulation shares	3.72	3.50	4.28	-	-	-
Closing net asset value per share †	316.47	318.54	283.55	201.34	204.96	184.52
*^ after direct transaction costs of:	0.34	0.17	0.17	0.22	0.11	0.11
Performance						
Return after operating charges	-0.65%	12.34%	3.55%	-0.60%	12.31%	3.58%
Other information						
Closing net asset value (£) †	22,380,732	22,786,266	20,553,645	1,246,614	1,194,954	1,233,299
Closing number of shares	7,071,938	7,153,271	7,248,683	619,162	583,011	668,398
Operating charges ^	1.51%	1.53%	1.54%	1.51%	1.53%	1.54%
Direct transaction costs *	0.10%	0.06%	0.06%	0.10%	0.06%	0.06%
Prices						
Highest share price #	351.90	320.70	297.40	225.30	207.50	195.00
Lowest share price #	308.60	280.20	245.00	197.60	182.30	160.60

AXA Global Sustainable Distribution Fund

Comparative Tables

As at 31 May 2022

	Z Accumulation			Z Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
Change in net assets per share	(p)	(p)	(p)	(p)	(p)	(p)
Opening net asset value per share †	358.70	316.90	303.75	231.79	207.11	201.51
Return before operating charges ^	3.25	44.43	15.63	2.20	28.96	10.40
Operating charges ^	(2.88)	(2.63)	(2.48)	(1.85)	(1.72)	(1.64)
Return after operating charges ^	0.37	41.80	13.15	0.35	27.24	8.76
Distributions	(4.21)	(3.93)	(4.80)	(2.71)	(2.56)	(3.16)
Retained distributions on accumulation shares	4.21	3.93	4.80	-	-	-
Closing net asset value per share †	359.07	358.70	316.90	229.43	231.79	207.11
*^ after direct transaction costs of:	0.38	0.19	0.19	0.25	0.12	0.13
Performance						
Return after operating charges	0.10%	13.19%	4.33%	0.15%	13.15%	4.35%
Other information						
Closing net asset value (£) †	334,467,647	307,673,375	218,209,032	37,838,631	35,529,050	30,592,350
Closing number of shares	93,148,321	85,775,464	68,856,437	16,492,490	15,327,908	14,771,151
Operating charges ^	0.76%	0.78%	0.79%	0.76%	0.78%	0.79%
Direct transaction costs *	0.10%	0.06%	0.06%	0.10%	0.06%	0.06%
Prices						
Highest share price #	397.90	361.00	331.70	255.80	234.60	218.50
Lowest share price #	350.10	313.30	273.40	225.10	204.70	180.00

† 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 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.

~ D share class launched on 25 May 2022.

AXA Global Sustainable Distribution Fund

Statement of Total Return

For the year ended 31 May 2022

	Note	31/05/22 £'000	£'000	31/05/21 £'000	£'000
Income:					
Net capital (losses)/gains	2		(3,064)		41,596
Revenue	3	5,480		4,617	
Expenses	4	(3,447)		(2,775)	
Interest payable and similar charges		<u>(7)</u>		<u>(8)</u>	
Net revenue before taxation		2,026		1,834	
Taxation	5	<u>(512)</u>		<u>(494)</u>	
Net revenue after taxation			<u>1,514</u>		<u>1,340</u>
Total return before distributions			(1,550)		42,936
Distributions	6		(4,921)		(4,034)
Change in net assets attributable to Shareholders from investment activities			<u>(6,471)</u>		<u>38,902</u>

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2022

	31/05/22 £'000	£'000	31/05/21 £'000	£'000
Opening net assets attributable to Shareholders		402,714		304,159
Amounts receivable on issue of shares	110,086		96,502	
Amounts payable on cancellation of shares	<u>(80,300)</u>		<u>(40,659)</u>	
		29,786		55,843
Change in net assets attributable to Shareholders from investment activities (see above)		(6,471)		38,902
Retained distributions on accumulation shares		4,464		3,810
Closing net assets attributable to Shareholders		<u>430,493</u>		<u>402,714</u>

AXA Global Sustainable Distribution Fund

Balance Sheet

As at 31 May

	Note	31/05/22 £'000	31/05/21 £'000
Assets:			
Fixed assets:			
Investments		422,765	396,737
Current assets:			
Debtors	7	6,028	2,520
Cash and bank balances	8	20,924	10,902
Total assets		<u>449,717</u>	<u>410,159</u>
Liabilities:			
Investment liabilities			
		(6,189)	(17)
Creditors:			
Bank overdrafts	10	(9)	-
Distribution payable		(245)	(207)
Other creditors	9	(12,781)	(7,221)
Total liabilities		<u>(19,224)</u>	<u>(7,445)</u>
Net assets attributable to Shareholders		<u>430,493</u>	<u>402,714</u>

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 141 - 144.

2. Net capital (losses)/gains

	31/05/22 £'000	31/05/21 £'000
The net capital (losses)/gains comprise:		
Non-derivative securities	7,544	33,656
Currency losses	(821)	(1,460)
Forward currency contracts	(9,779)	9,419
Transaction charges	(8)	(19)
Net capital (losses)/gains	(3,064)	41,596

3. Revenue

	31/05/22 £'000	31/05/21 £'000
Bank interest	2	1
Interest on debt securities	508	163
Offshore funds dividends	-	8
Overseas dividends	4,630	4,210
Scrip dividends	21	12
UK dividends	319	223
Total revenue	5,480	4,617

4. Expenses

	31/05/22 £'000	31/05/21 £'000
Payable to the ACD, associates of the ACD, and agents of either of them		
Annual management charge	3,407	2,694
Registration fees	8	8
	3,415	2,702
Other expenses		
Audit fees	4	17
Depositary's fees	17	29
Printing fees	(2)	2
Safe custody fees	13	25
	32	73
Total expenses	3,447	2,775

Expenses include irrecoverable VAT where applicable.

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

5. Taxation

	31/05/22 £'000	31/05/21 £'000
(a) Analysis of the tax charge in the year		
Irrecoverable overseas tax	512	494

(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% (2021: 20%) is applied to the net revenue before taxation. The differences are explained below:

	31/05/22 £'000	31/05/21 £'000
Net revenue before taxation	2,026	1,834
Net revenue for the year multiplied by the standard rate of corporation tax	405	367
Effects of:		
Irrecoverable overseas tax	512	494
Movement in excess management expenses	2,332	864
Relief for indexation on UK Gilts	(1,760)	(358)
Revenue not subject to corporation tax	(974)	(870)
Overseas tax expensed	(3)	(3)
Tax charge for the year	512	494

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 £5,207,021 (2021: £2,875,339) 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:

	31/05/22 £'000	31/05/21 £'000
Interim	2,277	1,968
Final	2,666	2,242
Add: Revenue paid on cancellation of shares	280	211
Deduct: Revenue received on creation of shares	(302)	(387)
Net distribution for the year	4,921	4,034
Reconciliation of net revenue after taxation to distributions		
Net revenue after taxation	1,514	1,340
Expenses charged to capital	3,407	2,694
Net distribution for the year	4,921	4,034

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

7. Debtors	31/05/22	31/05/21
	£'000	£'000
Amounts receivable for creation of shares	269	1,807
Sales awaiting settlement	5,152	-
Accrued revenue	526	650
Overseas tax recoverable	81	63
Total debtors	6,028	2,520
8. Cash and bank balances	31/05/22	31/05/21
	£'000	£'000
Cash and bank balances	20,924	10,902
Total cash and bank balances	20,924	10,902
9. Other creditors	31/05/22	31/05/21
	£'000	£'000
Amounts payable for cancellation of shares	1,857	158
Purchases awaiting settlement	10,321	6,535
Accrued annual management charge	560	483
Accrued other expenses	43	45
Total other creditors	12,781	7,221
10. Bank overdrafts	31/05/22	31/05/21
	£'000	£'000
Bank overdrafts	9	-
Total bank overdrafts	9	-

11. 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 Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

12. 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 (%)	31/05/21	Issued	Cancelled	Converted	31/05/22
B Accumulation	0.50	20,961,077	83,062	(1,137,642)	(11,530)	19,894,967
B Income	0.50	126,690	3,136	(2,169)	-	127,657
D Accumulation~	1.10	-	650	(18)	191,069	191,701
D Income~	1.10	-	1,014	(28)	48,547	49,533
R Accumulation	1.50	7,153,271	1,027,093	(902,386)	(206,040)	7,071,938
R Income	1.50	583,011	138,780	(52,564)	(50,065)	619,162
Z Accumulation	0.75	85,775,464	25,372,520	(18,018,353)	18,690	93,148,321
Z Income	0.75	15,327,908	4,594,389	(3,431,146)	1,339	16,492,490

~ D share class launched on 25 May 2022.

13. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2021: nil).

14. 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 2021).

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 £42,259,677 (2021: £39,553,585). A 10% decrease would have an equal and opposite effect.

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

Foreign currency risk

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

Currency	Net foreign currency exposure	
	31/05/22 £'000	31/05/21 £'000
Australian dollar	4,886	5,271
Brazilian real	-	1,250
Canadian dollar	(2)	13,350
Danish krone	2,064	1,978
Euro	3,747	46,105
Hong Kong dollar	5,443	9,300
Hungarian forint	-	1
Japanese yen	13	16,243
Malaysian ringgit	-	166
Mexican peso	3,025	149
New Israeli shekel	2	549
New Taiwan dollar	4,406	7,924
New Zealand dollar	-	276
Norwegian krone	2	668
Philippine peso	-	108
Polish zloty	-	1
Singapore dollar	-	242
South African rand	1,409	631
South Korean won	5,042	3,760
Swedish krona	-	3,885
Swiss franc	-	2,724
Thailand baht	-	406
US dollar	79,280	116,775
Total	109,317	231,762

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 £10,931,891 (2021: £23,176,221). 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 £20,492,081 (2021: £21,038,582). A 1% decrease would have an equal and opposite effect.

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

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency Assets				
31/05/22				
Pound sterling	20,887	80,804	11,263	112,954
Australian dollar	-	-	4,886	4,886
Canadian dollar	-	1,842	38	1,880
Danish krone	-	-	2,064	2,064
Euro	-	19,556	34,735	54,291
Hong Kong dollar	-	-	5,443	5,443
Japanese yen	-	-	13,352	13,352
Mexican peso	-	-	3,025	3,025
New Israeli sheqel	-	-	2	2
New Taiwan dollar	-	-	4,406	4,406
Norwegian krone	-	-	2	2
South African rand	-	-	1,409	1,409
South Korean won	-	-	5,042	5,042
US dollar	-	80,271	160,690	240,961
Total	20,887	182,473	246,357	449,717
31/05/21				
Pound sterling	7,161	82,884	7,968	98,013
Australian dollar	37	581	4,654	5,272
Brazilian real	-	-	1,250	1,250
Canadian dollar	616	2,028	11,320	13,964
Danish krone	2	-	1,976	1,978
Euro	1,327	19,816	25,508	46,651
Hong Kong dollar	15	-	9,285	9,300
Hungarian forint	1	-	-	1
Japanese yen	297	1,034	14,911	16,242
Malaysian ringgit	-	-	166	166
Mexican peso	4	-	145	149
New Israeli shekel	1	-	547	548
New Taiwan dollar	15	-	7,910	7,925
New Zealand dollar	2	-	274	276
Norwegian krone	2	-	666	668
Philippine peso	-	-	108	108
Polish zloty	1	-	-	1
Singapore dollar	3	-	238	241
South African rand	2	-	630	632
South Korean won	-	-	3,760	3,760
Swedish krona	409	385	3,416	4,210
Swiss franc	2	-	2,723	2,725
Thailand baht	-	-	406	406
US dollar	1,007	63,404	131,262	195,673
Total	10,904	170,132	229,123	410,159

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Currency Liabilities				
31/05/22				
Pound sterling	-	-	(2,706)	(2,706)
Canadian dollar	-	-	(140)	(140)
Euro	-	-	(10,099)	(10,099)
US dollar	-	-	(6,279)	(6,279)
Total	-	-	(19,224)	(19,224)
31/05/21				
Pound sterling	-	-	(892)	(892)
Canadian dollar	-	-	(615)	(615)
Euro	-	-	(546)	(546)
Swedish krona	-	-	(325)	(325)
US dollar	-	-	(5,067)	(5,067)
Total	-	-	(7,445)	(7,445)

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 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	31/05/22		31/05/21	
	Market Value £'000	%	Market Value £'000	%
Investment grade (BBB- credit rating and above)	182,473	42.39	170,132	42.24
Total value of bonds	182,473	42.39	170,132	42.24

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	31/05/22 Exposure £'000	31/05/21 Exposure £'000
Forwards		
BNP Paribas	149,022	-
Merrill Lynch	84,049	-
State Street Bank	-	215,127
Total value of derivatives	233,071	215,127

15. Portfolio transaction costs

31/05/2022	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	96,207	-	-	-	-	96,207
Equities	420,161	71	0.02	216	0.05	420,448
Total	516,368	71		216		516,655

31/05/2022	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	88,203	-	-	-	-	88,203
Equities	409,018	(73)	(0.02)	(87)	(0.02)	408,858
Total	497,221	(73)		(87)		497,061

31/05/2021	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	86,704	-	-	-	-	86,704
Equities	250,704	41	0.02	81	0.03	250,826
Total	337,408	41		81		337,530

31/05/2021	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	32,048	-	-	-	-	32,048
Equities	239,356	(38)	(0.02)	(34)	(0.01)	239,284
Total	272,696	(38)		(34)		272,624

AXA Global Sustainable Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

	31/05/22	31/05/21
Transaction costs as percentage of average net asset value	%	%
Commissions	0.03	0.02
Taxes	0.07	0.04

At the balance sheet date the average portfolio dealing spread was 0.12% (2021: 0.10%).

16. Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end.

17. Fair value disclosure

Valuation technique	31/05/22		31/05/21	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 [^]	422,597	-	394,570	-
Level 2 ^{^^}	168	(6,189)	2,167	(17)
Level 3 ^{^^^}	-	-	-	-
	422,765	(6,189)	396,737	(17)

[^] 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 Sustainable Distribution Fund

Distribution Table

As at 31 May 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2021

Group 2 Shares purchased on or after 1 June 2021 to 30 November 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/22 (p)	Distribution paid 31/01/21 (p)
Share Class B Accumulation				
Group 1	0.935	-	0.935	0.904
Group 2	0.369	0.566	0.935	0.904
Share Class B Income				
Group 1	0.867	-	0.867	0.849
Group 2	0.867	-	0.867	0.849
Share Class R Accumulation				
Group 1	1.762	-	1.762	1.722
Group 2	0.966	0.796	1.762	1.722
Share Class R Income				
Group 1	1.134	-	1.134	1.123
Group 2	0.526	0.608	1.134	1.123
Share Class Z Accumulation				
Group 1	1.988	-	1.988	1.937
Group 2	0.812	1.176	1.988	1.937
Share Class Z Income				
Group 1	1.285	-	1.285	1.262
Group 2	0.912	0.373	1.285	1.262

AXA Global Sustainable Distribution Fund

Distribution Table

As at 31 May 2022

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2021

Group 2 Shares purchased on or after 1 December 2021 to 31 May 2022

	Net revenue (p)	Equalisation (p)	Distribution payable 29/07/22 (p)	Distribution paid 30/07/21 (p)
Share Class B Accumulation				
Group 1	1.046	-	1.046	0.937
Group 2	0.469	0.577	1.046	0.937
Share Class B Income				
Group 1	0.967	-	0.967	0.874
Group 2	0.967	-	0.967	0.874
Share Class D Accumulation*				
Group 1	1.967	-	1.967	
Group 2	0.028	1.939	1.967	
Share Class D Income*				
Group 1	1.260	-	1.260	
Group 2	1.260	-	1.260	
Share Class R Accumulation				
Group 1	1.962	-	1.962	1.775
Group 2	0.681	1.281	1.962	1.775
Share Class R Income				
Group 1	1.257	-	1.257	1.150
Group 2	0.563	0.694	1.257	1.150
Share Class Z Accumulation				
Group 1	2.222	-	2.222	1.996
Group 2	1.186	1.036	2.222	1.996
Share Class Z Income				
Group 1	1.430	-	1.430	1.297
Group 2	0.777	0.653	1.430	1.297

* D share class launched on 25 May 2022.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

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 and UK Government bonds (the majority of which are linked to the rate of inflation). The Fund's typical asset mix would range between 50-60% investment in shares and 40-50% in UK Government bonds. The 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.

The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration a composite benchmark made up of the following indices in the stated proportions: 55% FTSE All-Share Index; 45% FTSE Index Linked Govt All Stocks (the "Benchmark"). This Benchmark best represents the types of bonds and companies in which the Fund predominantly invests.

This Fund is actively managed in reference to the Benchmark, which may be used by investors to compare the Fund's performance.

Risk and Reward Profile

As at 31 May 2022



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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 5 to a category 4.

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 Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

- 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.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

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 securities 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 Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

- 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.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Market Review

Equity markets around the world rose over the final months of 2021 and completed a third consecutive year of positive returns. While the first half of 2021 had seen equities perform well, as most global economies continued their recovery from the pandemic, in the final quarter stocks started strongly but sold off as a new strain of the COVID-19 virus – named Omicron – emerged. It was initially feared that the new variant might be resistant to existing vaccines and concerns escalated quickly. However, these concerns became overblown and markets recovered by the year end with most global equity stock markets managing the traditional ‘Santa rally’ through December. Sentiment turned sharply negative in early February as Russia launched a full-scale invasion of Ukraine. Financial markets plunged as Russian leader Vladimir Putin ordered a large-scale military offensive across the country that has left terrible numbers of civilian casualties, prompted Russia to set its nuclear deterrent to ‘high alert’ and seen the West enforce a range of far-reaching sanctions in a bid to cut the country off from financial markets and knobble Russia’s economy. Oil prices spiked above \$100 per barrel and natural gas followed suit, taking the cost of oil to multi-year highs.

It has been the spectre of persistently high inflation that caused most unease amongst investors. After many years of highly accommodative monetary policy, major central banks have understandably become increasingly hawkish as inflation has climbed. Global equity markets have generally fallen as supply chain disruption and sharply rising commodity prices have contributed to Retail and Consumer Price Inflation rising to levels not seen in over 40 years. Bond markets have also faced a very challenging period as central banks have followed through on their hawkish rhetoric and raised rates aggressively to combat the very elevated levels of inflation seen across the globe. In March, the Federal Open Market Committee (‘FOMC’) raised rates for the first time since 2018 when they increased the Fed funds rate by 25bp and followed this up with a 50bp hike at their May meeting. In the UK, the Bank of England followed up their hikes in December and February by raising base rates another 25bps at both their March and May meetings. These central banks have also embarked on the start of their quantitative tightening programmes aiming to reduce their bloated balance sheets.

The changing monetary backdrop has led to a de-rating of growth equities that had already been a headwind to performance during 2021. This has been a global phenomenon and has particularly impacted international stock markets which have seen significant negative returns during the year to date. The UK equity market has performed relatively well with the FTSE All Share remaining the only positive equity market year-to-date, with returns of c1.5% at the end of May 2022. The FTSE All Share index’s positive return over the period hides the stark difference in performance between large companies and the rest of the market. The large cap FTSE 100 index rose 4.83% by the end of May, outperforming the Mid Cap FTSE 250 index (ex-investment companies) which has fallen 12.07% over the same period, benefitting from its significant exposure the four main ‘mega cap’ areas of Mining (+25.0% return), Oil and Gas (+43.7%), Pharmaceuticals (+16.0%) and Banks (+12.4%). Other sectors of the market, by contrast, have seen a dramatic fall in value, with Consumer Discretionary (-9.9%), Industrials (-16.8%) and Technology (-22.5%). The difference in return between energy and technology is over 60%!

Portfolio review

As is often the case in the short-term, there has been little differentiation within sectors shown by the stock market to long-term winners or to more structurally challenged businesses. An example would be Dunelm, where the shares have fallen more than one third over the last 3 months. The business sells home furnishings at a low average price point. Management estimates that around 85% of its growth over the last 5 years has come from market share gains and any downturn represents an opportunity to further advance share gains. The shares have derated to 12x PE, the lowest in the last 10 years.

Basic Materials and Oil & Gas sectors have, by contrast performed well over the period. Following strong absolute and relative performance, we reduced the fund’s overweight position in the Oil and Gas sector through the partial sales of Serica and small cap Longboat Energy. The reduction of Serica was well-timed because the share price fell in late May as the Chancellor of the Exchequer, Rishi Sunak, put in place a 25% windfall tax on North Sea producers. We retain a c1% holding. We have a small overweight in Oil and Gas and an underweight position in Basic Materials.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2022

Companies that were “Covid beneficiaries” have encountered little market appetite for their shares in recent months, given current trading is likely to look weak against strong prior year comparatives. We have used a pullback in low-cost motor insurer Admiral to start a position. Motor insurance prices, whilst rising, have failed to keep up with repair costs, likely squeezing margins for insurers this year. However, we believe the company’s strong underwriting discipline and low cost base means it is well placed to grow its UK policies when motor insurance prices start to rise. Predicting when prices will rise remains difficult. We are of the view that the wider motor insurance industry may potentially make a reasonable loss this year, a thought that always focuses the pricing actuary’s mind! Admiral’s valuation is at the low end of its 15-year range and has an attractive dividend yield.

We sold the Fund’s holding in corrugated packaging manufacturer and supplier DS Smith and meat producer Cranswick on input cost concerns and reduced the fund’s holding in Just Group to generate the cash for the purchase of Admiral. We reinvested the Cranswick proceeds into low-cost protein producer and packager Hilton Foods, which has well established cost pass-through relationships with its food retail customers.

Bond markets have continued to significantly reprice, anticipating Central Banks removing their extraordinary stimulus measures and begin an aggressive path of policy tightening to combat the risks of a prolonged period of high inflation. Markets continue to anticipate this aggressive tightening path with a further 2% of hikes priced for the Federal reserve, forecasting the end of year policy rates at almost 3% in the US. For the UK, 6 more hikes are forecasted leaving base rates priced at close to 2.5% by the end of 2022, while in Europe the market is anticipating an aggressive normalisation of ECB policy with 1.2% of policy tightening by year end. However, there does remain some substantial uncertainties not only around the near-term geopolitical developments but also on the economic outlook as markets assess the impact of higher energy prices and inflation on the consumer. In addition, economists forecast that headline inflation pressures should appear to moderate as we move past the peak in inflation prints in the months ahead and supply bottlenecks ease. Central Bank communication will continue to require close attention as the year progresses.

Outlook

Market direction continues to be shaped by inflation, interest rates and commodity prices. The increasing hawkishness of central banks (especially the US Federal Reserve) has led to the increasing concern and risk that we experience a recession in developed markets within the next twelve months. However, although we are currently reassured by our company management meetings and by the generally strong results that we are seeing, we remain acutely aware that the economic outlook is rapidly evolving and have been positioning accordingly. Inflationary pressures remain, with headwind inflation at multi-decade highs; however, there are signs that inflation is possibly peaking within commodity markets, anecdotal evidence suggests that wage inflation, in particular, is easing, and peak rate expectations have fallen back in the short term. However central banks have been caught unaware as to the strength and persistence of inflation over the last 18 months and thus may not be willingly to acknowledge an improving outlook until it is very apparent in the data.

At times of heightened risk and uncertainty, it is easy to focus exclusively on the macro and geopolitical news flow and lose focus on the fundamental drivers of profitability and cashflow at the corporate level. Our investable universe offers access to numerous growing businesses that generate cash, are well managed, have strong balance sheets and are operating in end markets that should expand over the long-term. Earnings forecasts are set modestly, and valuations look attractive, in many instances trading at multi year lows. Market sentiment is also currently low and any good news is likely to see the market react positively, whether it be a resolution to the Ukraine conflict, inflation rolling over or Central Banks reining in proposed interest rate hikes. In the meantime, our approach remains centred on owning good quality businesses that can reinvest and compound their returns over time.

All performance data source: AXA Investment Managers and Morningstar.

Past performance is not a guide for future performance.

AXA Lifetime Distribution Fund**Investment Manager's Report**

For the year ended 31 May 2022

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 0.375% IL 22/03/62	13,498	● Serica Energy	13,615
● Shell	10,347	● Vodafone	10,448
● UK Treasury 0.125% IL 22/03/39	9,727	● Forterra	8,854
● Admiral	9,421	● UK Treasury 0.125% IL 22/03/26	8,181
● Hilton Food	7,335	● Genus	8,165

Jamie Forbes-Wilson, David Shaw

AXA Investment Managers UK Limited

31 May 2022

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
EQUITIES 57.42% (31/05/21: 57.03%)			
BASIC MATERIALS 4.44% (31/05/21: 4.32%)			
Industrial Metals & Mining 4.44% (31/05/21: 4.32%)			
Central Asia Metals	1,820,000	4,705	0.61
Hill & Smith	659,665	9,394	1.21
Rio Tinto	350,000	20,345	2.62
TOTAL BASIC MATERIALS		34,444	4.44
CONSUMER DISCRETIONARY 5.90% (31/05/21: 6.23%)			
Automobiles & Parts 0.71% (31/05/21: 0.87%)			
TI Fluid Systems	3,100,000	5,512	0.71
Household Goods & Home Construction 0.98% (31/05/21: 1.09%)			
Bellway	325,000	7,608	0.98
Leisure Goods 0.73% (31/05/21: 0.00%)			
Games Workshop	77,738	5,683	0.73
Retailers 1.80% (31/05/21: 2.93%)			
Dunelm	850,000	7,459	0.96
JD Sports Fashion	5,250,000	6,489	0.84
Teachers Media ^	670,000	-	-
Travel & Leisure 1.68% (31/05/21: 1.34%)			
Loungers	1,625,000	3,169	0.41
Restaurant	5,000,000	2,742	0.35
Whitbread	260,000	7,095	0.92
TOTAL CONSUMER DISCRETIONARY		45,757	5.90
CONSUMER STAPLES 6.48% (31/05/21: 5.11%)			
Beverages 2.37% (31/05/21: 2.44%)			
Diageo	500,000	18,382	2.37
Food Producers 0.85% (31/05/21: 0.00%)			
Hilton Food	601,526	6,617	0.85
Personal Care, Drug & Grocery 3.26% (31/05/21: 2.67%)			
Reckitt Benckiser	300,000	18,246	2.35
Tesco	2,750,000	7,067	0.91
TOTAL CONSUMER STAPLES		50,312	6.48

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
ENERGY 6.24% (31/05/21: 3.53%)			
Oil, Gas & Coal 6.24% (31/05/21: 3.53%)			
BP	5,000,000	21,955	2.83
Diversified Energy	4,031,961	4,988	0.64
Longboat Energy	2,191,137	1,227	0.16
Serica Energy	1,722,707	4,574	0.59
Shell	650,000	15,626	2.02
TOTAL ENERGY		48,370	6.24
FINANCIALS 13.83% (31/05/21: 13.72%)			
Banks 3.20% (31/05/21: 2.37%)			
Lloyds Banking	17,000,000	7,616	0.98
Standard Chartered	2,750,000	17,182	2.22
Closed End Investments 0.00% (31/05/21: 0.21%)			
Finance & Credit Services 1.16% (31/05/21: 1.04%)			
London Stock Exchange	120,000	9,041	1.16
Investment Banking & Brokerage 3.68% (31/05/21: 4.20%)			
3i	1,300,000	16,724	2.15
Argentex	2,550,000	1,943	0.25
Hargreaves Lansdown	800,000	6,880	0.89
MJ Hudson	7,500,000	3,000	0.39
Life Insurance 3.84% (31/05/21: 4.91%)			
Just	9,448,572	7,663	0.99
Legal & General	6,000,000	15,732	2.03
Phoenix	1,000,000	6,378	0.82
Non-Life Insurance 1.95% (31/05/21: 0.99%)			
Admiral	372,911	8,226	1.06
Sabre Insurance	3,300,000	6,880	0.89
TOTAL FINANCIALS		107,265	13.83
HEALTH CARE 7.56% (31/05/21: 8.51%)			
Medical Equipment & Services 2.07% (31/05/21: 2.04%)			
ConvaTec	5,250,000	11,403	1.47
Inspiration Healthcare	50,000	49	0.01
Smith & Nephew	350,000	4,599	0.59
Pharmaceuticals & Biotechnology 5.49% (31/05/21: 6.47%)			
AstraZeneca	225,000	23,436	3.02
GlaxoSmithKline	1,105,043	19,142	2.47
TOTAL HEALTH CARE		58,629	7.56

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
INDUSTRIALS 5.84% (31/05/21: 8.14%)			
Construction & Materials 0.90% (31/05/21: 2.01%)			
Marshalls	1,309,725	7,007	0.90
General Industrials 0.94% (31/05/21: 2.80%)			
Melrose Industries	5,400,000	7,266	0.94
Industrial Engineering 0.84% (31/05/21: 0.00%)			
Weir	412,500	6,522	0.84
Industrial Support Services 1.73% (31/05/21: 1.55%)			
Experian	500,000	13,430	1.73
Industrial Transportation 1.43% (31/05/21: 1.78%)			
Ashtead	265,000	11,125	1.43
TOTAL INDUSTRIALS		45,350	5.84
REAL ESTATE 2.68% (31/05/21: 2.56%)			
Real Estate Investment & Services 1.00% (31/05/21: 0.90%)			
Rightmove	1,300,000	7,787	1.00
Real Estate Investment Trusts 1.68% (31/05/21: 1.66%)			
Great Portland Estates	1,000,000	6,480	0.84
PRS	6,000,000	6,528	0.84
TOTAL REAL ESTATE		20,795	2.68
TECHNOLOGY 0.97% (31/05/21: 1.00%)			
Software & Computer Services 0.97% (31/05/21: 1.00%)			
AVEVA	325,000	7,543	0.97
TOTAL TECHNOLOGY		7,543	0.97
TELECOMMUNICATIONS 0.00% (31/05/21: 1.33%)			
Telecommunications Service Providers 0.00% (31/05/21: 1.33%)			
UTILITIES 3.48% (31/05/21: 2.58%)			
Electricity 1.36% (31/05/21: 1.07%)			
SSE	600,000	10,572	1.36
Gas, Water & Multiutilities 2.12% (31/05/21: 1.51%)			
National Grid	1,400,000	16,401	2.12
TOTAL UTILITIES		26,973	3.48
GOVERNMENT BONDS 39.30% (31/05/21: 39.18%)			
Index Linked Government Bonds 39.30% (31/05/21: 39.18%)			
UK Treasury 0.125% IL 22/03/24	9,000,000	13,194	1.70
UK Treasury 0.125% IL 22/03/26	9,000,000	12,864	1.66
UK Treasury 0.125% IL 10/08/28	8,000,000	11,048	1.42

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2022

	Holding	Market Value £'000	% of Total Net Assets
UK Treasury 0.125% IL 22/03/29	9,000,490	14,709	1.90
UK Treasury 0.125% IL 10/08/31	9,000,000	12,450	1.60
UK Treasury 0.125% IL 22/11/36	7,500,000	12,338	1.59
UK Treasury 0.125% IL 22/03/39	6,000,000	8,895	1.15
UK Treasury 0.125% IL 10/08/41	7,000,000	11,210	1.44
UK Treasury 0.125% IL 22/03/44	6,000,000	11,199	1.44
UK Treasury 0.125% IL 22/03/46	6,600,000	11,749	1.51
UK Treasury 0.125% IL 10/08/48	6,500,000	11,070	1.43
UK Treasury 0.125% IL 22/03/51	6,000,000	9,757	1.26
UK Treasury 0.125% IL 22/11/56	5,500,000	10,396	1.34
UK Treasury 0.125% IL 22/03/58	4,800,000	9,525	1.23
UK Treasury 0.25% IL 22/03/52	5,000,000	10,265	1.32
UK Treasury 0.375% IL 22/03/62	4,800,000	11,544	1.49
UK Treasury 0.5% IL 22/03/50	4,500,000	10,871	1.40
UK Treasury 0.625% IL 22/03/40	5,000,000	10,936	1.41
UK Treasury 0.625% IL 22/11/42	5,002,080	11,581	1.49
UK Treasury 0.75% IL 22/03/34	7,000,000	13,307	1.72
UK Treasury 0.75% IL 22/11/47	4,500,000	11,435	1.47
UK Treasury 1.125% IL 22/11/37	4,302,140	10,452	1.35
UK Treasury 1.25% IL 22/11/27	6,000,000	12,471	1.61
UK Treasury 1.25% IL 22/11/32	6,000,000	12,565	1.62
UK Treasury 1.25% IL 22/11/55	3,000,000	10,147	1.31
UK Treasury 1.875% IL 22/11/22	2,000,000	3,344	0.43
UK Treasury 2% IL 26/01/35	1,795,000	5,137	0.66
UK Treasury 2.5% IL 17/07/24	1,413,000	5,328	0.69
UK Treasury 4.125% IL 22/07/30	1,358,000	5,113	0.66
TOTAL GOVERNMENT BONDS		304,900	39.30
Portfolio of investments		750,338	96.72
Net other assets		25,450	3.28
Total net assets		775,788	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 2022

	A Accumulation			A Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	142.39	128.29	128.85	125.11	114.39	117.50
Return before operating charges ^	(2.96)	14.51	(0.16)	(2.48)	12.82	(0.07)
Operating charges ^	(0.44)	(0.41)	(0.40)	(0.39)	(0.36)	(0.37)
Return after operating charges ^	(3.40)	14.10	(0.56)	(2.87)	12.46	(0.44)
Distributions	(2.91)	(1.96)	(2.95)	(2.54)	(1.74)	(2.67)
Retained distributions on accumulation shares	2.91	1.96	2.95	-	-	-
Closing net asset value per share †	138.99	142.39	128.29	119.70	125.11	114.39
*^ after direct transaction costs of:	0.08	0.05	0.10	0.07	0.05	0.09
Performance						
Return after operating charges	-2.39%	10.99%	-0.43%	-2.29%	10.89%	-0.37%
Other information						
Closing net asset value (£) †	990,085	1,411,199	1,248,424	22,267	22,007	31,432
Closing number of shares	712,322	991,053	973,161	18,602	17,589	27,479
Operating charges ^	0.30%	0.31%	0.31%	0.30%	0.31%	0.31%
Direct transaction costs *	0.05%	0.04%	0.07%	0.05%	0.04%	0.07%
Prices						
Highest share price #	153.60	142.50	140.30	133.70	125.40	126.00
Lowest share price #	135.20	124.10	103.70	116.70	110.00	92.98

	I Accumulation		
	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)
Change in net assets per share			
Opening net asset value per share †	139.00	124.96	125.26
Return before operating charges ^	(2.90)	14.17	(0.17)
Operating charges ^	(0.13)	(0.13)	(0.13)
Return after operating charges ^	(3.03)	14.04	(0.30)
Distributions	(2.84)	(1.91)	(2.87)
Retained distributions on accumulation shares	2.84	1.91	2.87
Closing net asset value per share †	135.97	139.00	124.96
*^ after direct transaction costs of:	0.08	0.05	0.09
Performance			
Return after operating charges	-2.18%	11.24%	-0.24%
Other information			
Closing net asset value (£) †	774,765,063	869,784,041	860,315,996
Closing number of shares	569,815,910	625,749,700	688,446,647
Operating charges ^	0.09%	0.10%	0.10%
Direct transaction costs *	0.05%	0.04%	0.07%
Prices			
Highest share price #	150.10	139.10	136.60
Lowest share price #	132.20	121.00	101.00

AXA Lifetime Distribution Fund

Comparative Tables

As at 31 May 2022

	Z Accumulation			Z Income		
	31/05/2022	31/05/2021	31/05/2020	31/05/2022	31/05/2021	31/05/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	112.55	101.53	102.12	104.95	96.08	98.84
Return before operating charges ^	(2.30)	11.50	(0.12)	(2.07)	10.78	(0.12)
Operating charges ^	(0.52)	(0.48)	(0.47)	(0.48)	(0.45)	(0.42)
Return after operating charges ^	(2.82)	11.02	(0.59)	(2.55)	10.33	(0.54)
Distributions	(2.32)	(1.56)	(2.34)	(2.14)	(1.46)	(2.22)
Retained distributions on accumulation shares	2.32	1.56	2.34	-	-	-
Closing net asset value per share †	109.73	112.55	101.53	100.26	104.95	96.08
*^ after direct transaction costs of:	0.06	0.04	0.08	0.06	0.04	0.07
Performance						
Return after operating charges	-2.51%	10.85%	-0.58%	-2.43%	10.75%	-0.55%
Other information						
Closing net asset value (£) †	5,486	4,998	4,997	5,013	4,988	4,980
Closing number of shares	5,000	4,440	4,921	5,000	4,753	5,183
Operating charges ^	0.45%	0.46%	0.46%	0.45%	0.46%	0.46%
Direct transaction costs *	0.05%	0.04%	0.07%	0.05%	0.04%	0.07%
Prices						
Highest share price #	121.40	112.60	111.10	112.10	105.20	105.90
Lowest share price #	106.70	98.14	82.11	97.73	92.37	78.12

† 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 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 Lifetime Distribution Fund

Statement of Total Return

For the year ended 31 May 2022

	Note	31/05/22 £'000	31/05/21 £'000
Income:			
Net capital (losses)/gains	2	(31,264)	79,107
Revenue	3	17,142	12,751
Expenses	4	(809)	(837)
Interest payable and similar charges		-	-
Net revenue before taxation		16,333	11,914
Taxation	5	(126)	(138)
Net revenue after taxation		16,207	11,776
Total return before distributions		(15,057)	90,883
Distributions	6	(16,987)	(12,544)
Change in net assets attributable to Shareholders from investment activities		(32,044)	78,339

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2022

	31/05/22 £'000	31/05/21 £'000
Opening net assets attributable to Shareholders	871,227	861,606
Amounts receivable on issue of shares	294	1,259
Amounts payable on cancellation of shares	(80,600)	(82,446)
	(80,306)	(81,187)
Change in net assets attributable to Shareholders from investment activities (see above)	(32,044)	78,339
Retained distributions on accumulation shares	16,911	12,469
Closing net assets attributable to Shareholders	775,788	871,227

AXA Lifetime Distribution Fund

Balance Sheet

As at 31 May

	Note	31/05/22 £'000	31/05/21 £'000
Assets:			
Fixed assets:			
Investments		750,338	838,220
Current assets:			
Debtors	7	6,372	2,709
Cash and bank balances	8	20,870	31,838
Total assets		<u>777,580</u>	<u>872,767</u>
Liabilities:			
Creditors:			
Other creditors	9	(1,792)	(1,540)
Total liabilities		<u>(1,792)</u>	<u>(1,540)</u>
Net assets attributable to Shareholders		<u>775,788</u>	<u>871,227</u>

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 141 - 144.

2. Net capital (losses)/gains

	31/05/22 £'000	31/05/21 £'000
The net capital (losses)/gains comprise:		
Non-derivative securities	(31,270)	78,989
Currency gains	7	120
Transaction charges	(1)	(2)
Net capital (losses)/gains	(31,264)	79,107

3. Revenue

	31/05/22 £'000	31/05/21 £'000
Bank interest	5	-
Interest on debt securities	(692)	(1,417)
Overseas dividends	696	664
UK dividends	16,762	13,053
Property revenue from REITs	371	451
Total revenue	17,142	12,751

4. Expenses

	31/05/22 £'000	31/05/21 £'000
Payable to the ACD, associates of the ACD, and agents of either of them		
Annual management charge	780	768
Other expenses		
Audit fees	5	17
Depositary's fees	17	29
Printing fees	(3)	1
Safe custody fees	10	22
	29	69
Total expenses	809	837

Expenses include irrecoverable VAT where applicable.

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

5. Taxation

	31/05/22 £'000	31/05/21 £'000
(a) Analysis of the tax charge in the year		
Irrecoverable overseas tax	126	138

(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% (2021: 20%) is applied to the net revenue before taxation. The differences are explained below:

	31/05/22 £'000	31/05/21 £'000
Net revenue before taxation	16,333	11,914
Net revenue for the year multiplied by the standard rate of corporation tax	3,267	2,383
Effects of:		
Irrecoverable overseas tax	126	138
Movement in excess management expenses	7,491	2,190
Relief for indexation on UK Gilts	(7,232)	(1,775)
Revenue not subject to corporation tax	(3,526)	(2,798)
Tax charge for the year	126	138

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 £19,680,254 (2021: £12,189,574) 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 2022

6. Distributions

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

	31/05/22	31/05/21
	£'000	£'000
First interim	1,971	388
Second interim	439	514
Third interim	3,278	3,156
Fourth interim	1,533	398
Fifth interim	473	240
Sixth interim	720	1,234
Seventh interim	837	674
Eighth interim	353	143
Ninth interim	1,508	1,143
Tenth interim	1,944	1,271
Eleventh interim	2,072	1,927
Final	1,784	1,382
Add: Revenue paid on cancellation of shares	76	78
Deduct: Revenue received on creation of shares	(1)	(4)
Net distribution for the year	16,987	12,544

Reconciliation of net revenue after taxation to distributions

Net revenue after taxation	16,207	11,776
Expenses charged to capital	780	768
Net distribution for the year	16,987	12,544

7. Debtors

	31/05/22	31/05/21
	£'000	£'000
Amounts receivable for creation of shares	-	20
Sales awaiting settlement	3,391	1,216
Accrued revenue	2,981	1,473
Total debtors	6,372	2,709

8. Cash and bank balances

	31/05/22	31/05/21
	£'000	£'000
Cash and bank balances	20,870	31,838
Total cash and bank balances	20,870	31,838

9. Other creditors

	31/05/22	31/05/21
	£'000	£'000
Amounts payable for cancellation of shares	1,643	1,383
Accrued annual management charge	120	124
Accrued other expenses	29	33
Total other creditors	1,792	1,540

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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 (%)	31/05/21	Issued	Cancelled	Converted	31/05/22
A Accumulation	0.30	991,053	56,345	(335,076)	-	712,322
A Income	0.30	17,589	2,938	(1,925)	-	18,602
I Accumulation	0.09	625,749,700	142,347	(56,076,137)	-	569,815,910
Z Accumulation	0.45	4,440	2,729	(2,169)	-	5,000
Z Income	0.45	4,753	2,662	(2,415)	-	5,000

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2021: 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 2021).

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 £75,033,780 (2021: £83,822,049). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. All assets and liabilities of the Fund are denominated in Pound sterling. There was no 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 2022

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 £51,533,034 (2021: £64,195,398) . 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				
31/05/22				
Pound sterling	20,870	304,900	451,310	777,080
Euro	-	-	38	38
US dollar	-	-	462	462
Total	20,870	304,900	451,810	777,580
31/05/21				
Pound sterling	31,838	341,345	499,250	872,433
US dollar	-	-	334	334
Total	31,838	341,345	499,584	872,767
Currency Liabilities				
31/05/22				
Pound sterling	-	-	(1,792)	(1,792)
Total	-	-	(1,792)	(1,792)
31/05/21				
Pound sterling	-	-	(1,540)	(1,540)
Total	-	-	(1,540)	(1,540)

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

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 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	31/05/22		31/05/21 *	
	Market Value £'000	%	Market Value £'000	%
Investment grade (BBB- credit rating and above)	304,900	39.30	341,345	39.18
Total value of bonds	304,900	39.30	341,345	39.18

* Prior year figures have been restated.

14. Portfolio transaction costs

31/05/2022	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	39,377	-	-	-	-	39,377
Equities	79,299	36	0.05	356	0.45	79,691
Total	118,676	36		356		119,068

31/05/2022	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	58,755	-	-	-	-	58,755
Collective Investment Schemes	1,811	(1)	(0.05)	-	-	1,810
Equities	112,097	(58)	(0.05)	-	-	112,039
Total	172,663	(59)		-		172,604

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

31/05/2021	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Bonds	32,928	-	-	-	-	32,928
Equities	60,398	26	0.04	236	0.39	60,660
Total	93,326	26		236		93,588

31/05/2021	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Bonds	22,895	-	-	-	-	22,895
Collective Investment Schemes	1,062	(1)	(0.05)	-	-	1,061
Equities	143,150	(73)	(0.05)	-	-	143,077
Total	167,107	(74)		-		167,033

	31/05/22 %	31/05/21 %
Transaction costs as percentage of average net asset value		
Commissions	0.01	0.01
Taxes	0.04	0.03

At the balance sheet date the average portfolio dealing spread was 0.17% (2021: 0.14%).

15. Post balance sheet events

Subsequent to the year end, on 20th September 2022 the Net Asset Value ("NAV") per share has decreased below -10% on all share classes when compared to the year end date. The movements for each share class are shown below:

Share class	Price per share as at 31.05.22*	Price per share as at 20.09.22	Movement (%)
A Accumulation	109.80	98.46	-10.33
A Income	100.60	89.31	-11.22
I Accumulation	139.10	124.80	-10.28
Z Accumulation	136.10	122.10	-10.29
Z Income	120.10	106.70	-11.16

*Prices disclosed are based on quoted share prices and will therefore differ to net asset value per share shown in the comparative tables which are valued at bid-market prices.

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2022

16. Fair value disclosure

Valuation technique	31/05/22		31/05/21	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	750,338	-	838,220	-
Level 2 ^^	-	-	-	-
Level 3 ^^^	-	-	-	-
	750,338	-	838,220	-

^ 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 Table

As at 31 May 2022

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2021

Group 2 Shares purchased on or after 1 June 2021 to 30 June 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 30/07/21 (p)	Distribution paid 31/07/20 (p)
Share Class A Accumulation				
Group 1	0.325	-	0.325	0.058
Group 2	0.325	-	0.325	0.058
Share Class A Income				
Group 1	0.286	-	0.286	0.052
Group 2	0.286	-	0.286	0.052
Share Class I Accumulation				
Group 1	0.317	-	0.317	0.057
Group 2	0.071	0.246	0.317	0.057
Share Class Z Accumulation				
Group 1	0.257	-	0.257	0.046
Group 2	0.257	-	0.257	0.046
Share Class Z Income				
Group 1	0.239	-	0.239	0.044
Group 2	0.239	-	0.239	0.044

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2021

Group 2 Shares purchased on or after 1 July 2021 to 31 July 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/08/21 (p)	Distribution paid 28/08/20 (p)
Share Class A Accumulation				
Group 1	0.073	-	0.073	0.078
Group 2	0.073	-	0.073	0.078
Share Class A Income				
Group 1	0.064	-	0.064	0.070
Group 2	0.064	-	0.064	0.070
Share Class I Accumulation				
Group 1	0.071	-	0.071	0.076
Group 2	0.071	-	0.071	0.076
Share Class Z Accumulation				
Group 1	0.059	-	0.059	0.062
Group 2	0.059	-	0.059	0.062
Share Class Z Income				
Group 1	0.054	-	0.054	0.059
Group 2	0.054	-	0.054	0.059

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2022

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 August 2021

Group 2 Shares purchased on or after 1 August 2021 to 31 August 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 30/09/21 (p)	Distribution paid 30/09/20 (p)
Share Class A Accumulation				
Group 1	0.549	-	0.549	0.479
Group 2	0.105	0.444	0.549	0.479
Share Class A Income				
Group 1	0.482	-	0.482	0.428
Group 2	0.482	-	0.482	0.428
Share Class I Accumulation				
Group 1	0.536	-	0.536	0.467
Group 2	0.171	0.365	0.536	0.467
Share Class Z Accumulation				
Group 1	0.434	-	0.434	0.381
Group 2	0.434	-	0.434	0.381
Share Class Z Income				
Group 1	0.404	-	0.404	0.360
Group 2	0.404	-	0.404	0.360

Fourth Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 30 September 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 29/10/21 (p)	Distribution paid 30/10/20 (p)
Share Class A Accumulation				
Group 1	-	0.259	-	0.259
Group 2	-	0.259	-	0.259
Share Class A Income				
Group 1	0.226	-	0.226	0.055
Group 2	0.226	-	0.226	0.055
Share Class I Accumulation				
Group 1	0.253	-	0.253	0.059
Group 2	0.079	0.174	0.253	0.059
Share Class Z Accumulation				
Group 1	0.208	-	0.208	0.048
Group 2	0.208	-	0.208	0.048
Share Class Z Income				
Group 1	0.192	-	0.192	0.045
Group 2	0.192	-	0.192	0.045

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2022

Fifth Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2021

Group 2 Shares purchased on or after 1 October 2021 to 31 October 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/21 (p)	Distribution paid 30/11/20 (p)
Share Class A Accumulation				
Group 1	0.080	-	0.080	0.037
Group 2	-	0.080	0.080	0.037
Share Class A Income				
Group 1	0.072	-	0.072	0.033
Group 2	0.072	-	0.072	0.033
Share Class I Accumulation				
Group 1	0.079	-	0.079	0.036
Group 2	0.027	0.052	0.079	0.036
Share Class Z Accumulation				
Group 1	0.067	-	0.067	0.030
Group 2	0.067	-	0.067	0.030
Share Class Z Income				
Group 1	0.062	-	0.062	0.029
Group 2	0.062	-	0.062	0.029

Sixth Distribution in pence per share

Group 1 Shares purchased prior to 1 November 2021

Group 2 Shares purchased on or after 1 November 2021 to 30 November 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/12/21 (p)	Distribution paid 31/12/20 (p)
Share Class A Accumulation				
Group 1	0.123	-	0.123	0.192
Group 2	0.123	-	0.123	0.192
Share Class A Income				
Group 1	0.108	-	0.108	0.171
Group 2	0.108	-	0.108	0.171
Share Class I Accumulation				
Group 1	0.120	-	0.120	0.187
Group 2	0.049	0.071	0.120	0.187
Share Class Z Accumulation				
Group 1	0.101	-	0.101	0.152
Group 2	0.101	-	0.101	0.152
Share Class Z Income				
Group 1	0.093	-	0.093	0.143
Group 2	0.093	-	0.093	0.143

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2022

Seventh Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2021

Group 2 Shares purchased on or after 1 December 2021 to 31 December 2021

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/22 (p)	Distribution paid 29/01/21 (p)
Share Class A Accumulation				
Group 1	0.144	-	0.144	0.105
Group 2	0.144	-	0.144	0.105
Share Class A Income				
Group 1	0.126	-	0.126	0.094
Group 2	0.126	-	0.126	0.094
Share Class I Accumulation				
Group 1	0.140	-	0.140	0.103
Group 2	-	0.140	0.140	0.103
Share Class Z Accumulation				
Group 1	0.115	-	0.115	0.085
Group 2	0.115	-	0.115	0.085
Share Class Z Income				
Group 1	0.106	-	0.106	0.079
Group 2	0.106	-	0.106	0.079

Eighth Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2022

Group 2 Shares purchased on or after 1 January 2022 to 31 January 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/22 (p)	Distribution paid 26/02/21 (p)
Share Class A Accumulation				
Group 1	0.061	-	0.061	0.023
Group 2	0.061	-	0.061	0.023
Share Class A Income				
Group 1	0.054	-	0.054	0.021
Group 2	0.054	-	0.054	0.021
Share Class I Accumulation				
Group 1	0.060	-	0.060	0.022
Group 2	0.001	0.059	0.060	0.022
Share Class Z Accumulation				
Group 1	0.051	-	0.051	0.018
Group 2	0.051	-	0.051	0.018
Share Class Z Income				
Group 1	0.047	-	0.047	0.018
Group 2	0.047	-	0.047	0.018

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2022

Ninth Distribution in pence per share

Group 1 Shares purchased prior to 1 February 2022

Group 2 Shares purchased on or after 1 February 2022 to 28 February 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 31/03/22 (p)	Distribution paid 31/03/21 (p)
Share Class A Accumulation				
Group 1	0.263	-	0.263	0.181
Group 2	0.263	-	0.263	0.181
Share Class A Income				
Group 1	0.230	-	0.230	0.161
Group 2	0.230	-	0.230	0.161
Share Class I Accumulation				
Group 1	0.258	-	0.258	0.177
Group 2	0.253	0.005	0.258	0.177
Share Class Z Accumulation				
Group 1	0.210	-	0.210	0.144
Group 2	0.210	-	0.210	0.144
Share Class Z Income				
Group 1	0.193	-	0.193	0.135
Group 2	0.193	-	0.193	0.135

Tenth Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 March 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 29/04/22 (p)	Distribution paid 30/04/21 (p)
Share Class A Accumulation				
Group 1	0.343	-	0.343	0.204
Group 2	0.343	-	0.343	0.204
Share Class A Income				
Group 1	0.298	-	0.298	0.181
Group 2	0.298	-	0.298	0.181
Share Class I Accumulation				
Group 1	0.335	-	0.335	0.199
Group 2	0.043	0.292	0.335	0.199
Share Class Z Accumulation				
Group 1	0.273	-	0.273	0.163
Group 2	0.273	-	0.273	0.163
Share Class Z Income				
Group 1	0.251	-	0.251	0.152
Group 2	0.251	-	0.251	0.152

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2022

Eleventh Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2022

Group 2 Shares purchased on or after 1 April 2022 to 30 April 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/22 (p)	Distribution paid 28/05/21 (p)
Share Class A Accumulation				
Group 1	0.368	-	0.368	0.312
Group 2	0.368	-	0.368	0.312
Share Class A Income				
Group 1	0.320	-	0.320	0.276
Group 2	0.320	-	0.320	0.276
Share Class I Accumulation				
Group 1	0.360	-	0.360	0.305
Group 2	0.360	-	0.360	0.305
Share Class Z Accumulation				
Group 1	0.292	-	0.292	0.247
Group 2	0.292	-	0.292	0.247
Share Class Z Income				
Group 1	0.268	-	0.268	0.231
Group 2	0.268	-	0.268	0.231

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 May 2022

Group 2 Shares purchased on or after 1 May 2022 to 31 May 2022

	Net revenue (p)	Equalisation (p)	Distribution payable 30/06/22 (p)	Distribution paid 30/06/21 (p)
Share Class A Accumulation				
Group 1	0.320	-	0.320	0.226
Group 2	0.320	-	0.320	0.226
Share Class A Income				
Group 1	0.276	-	0.276	0.199
Group 2	0.276	-	0.276	0.199
Share Class I Accumulation				
Group 1	0.313	-	0.313	0.220
Group 2	0.058	0.255	0.313	0.220
Share Class Z Accumulation				
Group 1	0.252	-	0.252	0.179
Group 2	0.252	-	0.252	0.179
Share Class Z Income				
Group 1	0.230	-	0.230	0.167
Group 2	0.230	-	0.230	0.167

Accounting Policies

For the year ended 31 May 2022

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 are prepared in accordance with the Instrument of Incorporation and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

There are no material events that have been identified that may cast significant doubt about the sub-funds' ability to continue as a going concern for the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the sub-funds have adequate resources to continue in operational existence for the foreseeable future and, following consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the financial statements.

(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 from Real Estate Investment Trusts ('REITs') are recognised as distributable income when the securities are quoted ex-dividend.

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 sub-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. Indexation on UK index-linked bonds is accrued monthly to the sub-fund and forms part of the distributable income.

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. Where positions generate total returns, returns are apportioned between capital and revenue to reflect the nature of the transaction.

(c) Treatment of special dividends

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 sub-funds are charged against revenue except for costs associated with the purchase and sale of investments and ACD fees which are allocated to the capital of the sub-funds.

Accounting Policies

For the year ended 31 May 2022

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

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

(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 sub-funds.

Where the revenue from investments exceeds the expenses of a sub-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.

ACD fees are offset against capital for the purposes of calculating the amount available for distribution. Accordingly, the imposition of such charges may constrain the capital growth of every sub-fund.

Funds which predominantly hold Index-Linked securities will disregard the amounts recognised in respect of indexation when determining the amount available for distribution.

(h) Basis of valuation of investments

The listed investments of the sub-funds are valued at bid-market prices ruling at 12 noon on the last business day of the accounting year. Where certain securities are listed on global markets which are closed at the 12 noon valuation point, the last available closing bid-price will be utilised, subject to the application of any fair value pricing adjustment. The fair value of unlisted securities, and unquoted securities where the quotation has been suspended, is estimated by the Manager, using independent sources where available.

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 May 2022, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

(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.

Accounting Policies

For the year ended 31 May 2022

(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 Fund Investment Manager's Report.

(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 sub-funds 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 sub-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.

Accounting Policies

For the year ended 31 May 2022

(e) Liquidity risk

The majority of the sub-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 sub-funds cash requirement is kept to a minimum. The sub-funds main financial liability relates to the potential commitment to meet any cancellation of shares. In order to manage this risk the sub-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 sub-funds' financial liabilities are payable in less than one year.

(f) Market price risk

The Company invests principally in equity and fixed income securities. The value of the sub-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 subfund 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 sub-funds investment concentration.

(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 Investment Manager 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.

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:



Marcello Arona
Director
27th September 2022



Amanda Prince
Director
27th September 2022

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the AXA Distribution Investment ICVC ("the Company") for the year ended 31st May 2022.

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

27th September 2022

Independent Auditor's Report to the members of AXA Distribution Investment ICVC

Opinion

We have audited the financial statements of AXA Distribution Investment ICVC ("the Company") for the year ended 31 May 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to shareholders, the Balance Sheet, the related notes and the Distribution Tables for each of the Company's sub-funds, and the accounting policies and distribution policies of the Company. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 May 2022 and of the net revenue and the net capital gains/losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period assessed by the ACD, being the period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the members of AXA Distribution Investment ICVC

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 145, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines 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 ACD is responsible for assessing the Company's 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 ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report to the members of AXA Distribution Investment ICVC

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice the Investment Management Association's Statement of Recommended Practice ("IMA SORP"), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

Use of our report

This report is made solely to the Company's Shareholders as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
27th September 2022

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 ACD 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 Funds or the Instrument of Incorporation, and does not impair compliance of the ACD's duty to act in the best interests of each of the Funds.

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 ACD) 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 Funds). 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 Funds. 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 <https://www.axa-im.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 ACD free of charge upon request.

Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2021 (¹)	
Fixed Pay (²) (£'000)	197,213
Variable Pay (³) (£'000)	230,700
Number of employees (⁴)	2,537

(¹) Excluding social charges

(²) Fixed Pay amount is based on 2020/21 compensation review final 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 (based on Staff list as of 31/12/2021)

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)	101,432	80,571	182,003
Number of employees	258	79	337

UK Identified Employee Remuneration:

Weighted amount of compensation paid and / or allocated to risk takers and senior management whose activities have a significant impact on the risk profile of all investment vehicles where AXA IM UK act as Authorised Fund Manager or Alternative Investment Fund Manager			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)	2,779	2,207	4,986
Number of employees	57	13	70

Other Information

The Instrument of Incorporation, Prospectus and the most recent and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application. Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

Report

The annual report of the Company will be published within four months of each annual accounting period and the 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.

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 2022 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

Further Information

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, 1.10% per annum for Class D Shares for Global Sustainable 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, 1.10% per annum for Class D 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, Class A Shares or Class D Shares.

Value Assessment

It is our duty as Authorised Corporate Director (“ACD”) to act in the best interests of our investors. As part of fulfilling this duty, we need to consider whether the charges taken from our funds are justified in the context of the overall service and value that we provide to our investors.

The FCA have introduced new rules requiring the Boards of ACDs to consider robustly and in detail whether they are delivering value for money to their investors and to explain the assessment annually in a Value Statement made available to the public.

The Value Statement report is available on the AXA IM website: <https://retail.axa-im.co.uk/fund-centre>