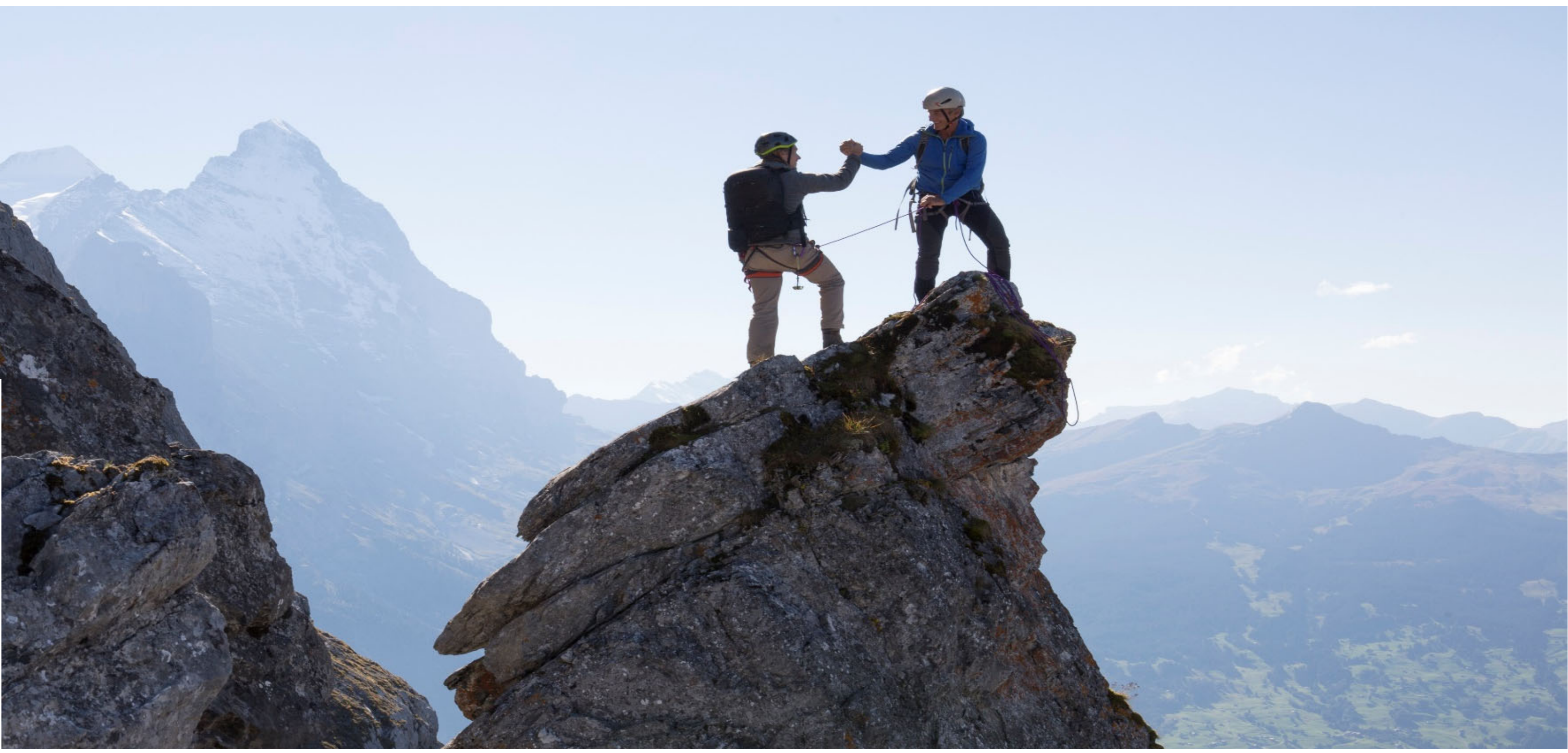
Interim Long Report and Financial Statements
Period ended
30 November 2023

# 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.

Legal Adviser
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.

Depositary
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 six 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 Period

*AXA Global Equity Income Fund*
AXA Global Equity Income Fund was launched on 19 October 2023.

*AXA Ethical Distribution Fund*
The AXA Ethical Distribution Fund uses a 3rd party specialist to provide the screening services for the list of acceptable investee companies for the Fund. During the period the service provider has been changed to 'Sustainalytics', which is also the provider for all other fund's sustainable screening within AXA IM. For further information please see the Ethical Fund's 'Ethical Principles' document which can be found here: AXA Ethical Distribution Fund Z Accumulation GBP - AXA IM UK - Individual (axa-im.co.uk)

*Ethical Policy*
The ethical policy, referred to in the investment policy of the AXA Ethical Distribution Fund, was updated on 7th September 2023 and the latest version is available on our website: https://funds.axa-im.co.uk/en/individual/fund/axa-ethical-distribution-fund-z-accumulation-gbp/#documents

*The Task Force on Climate Related Financial Disclosures (TCFD)*
From June 2023 the FCA has introduced requirements for ACD of UK UCITS to report annually on a broad set of climate related disclosures that can promote more informed investment decisions. The reporting includes data relating to greenhouse gas emissions, carbon emissions, carbon footprint, and weighted carbon intensity. You can find a copy of the latest TCFD report on the Fund Page under 'Documents' for each sub-fund at https://retail.axa-im.co.uk/fund-centre

# AXA Defensive Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### 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 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 30 November 2023 (unaudited)

By investing in a fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which has reduced risk and you are prepared to accept less potential reward than is the case with other funds. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests significantly in equities or overseas.

Lower Risk ← → Higher Risk

Potentially lower reward — Potentially higher reward

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

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund’s future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. The risk category remains unchanged from the Annual Report as at 31 May 2023.

### 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.

## AXA Defensive Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Key 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 - index-linked bonds are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

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

• Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Fund may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

## AXA Defensive Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

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.

• 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.

• Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund’s securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund’s exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund’s credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

# AXA Defensive Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

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

• Liquidity risk - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, 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 Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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.

• 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.

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

### 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 six months ended 30 November 2023 (unaudited)

### Market Review

Global investors have faced another volatile period during the six months to 30 November 2023, with bond markets continuing to set the tone. US 10-year Treasury yields started the period at c.3.5% and peaked during October at almost 5% before easing back into the low 4's by the end of November. The sharp rise in yields over the whole of Q3 and into early Q4 reflected investor concerns about impact of the relentless increase in interest rates and that inflation might prove to be stickier than had previously been expected. However, data points over the period turned meaningfully softer and CPI (Consumer Price Index) prints towards the end of the period indicate that the inflation impulse that has framed the investment narrative for two years are clearly in the descendancy.

In the US, Europe and UK large cap stocks have had a good year while small and mid-cap stocks have struggled under the weight of high inflation and fast rising interest rates. The result is that large caps now trade at distinctly higher multiples than the rest of the market. In the US for example, the valuation gap between the large cap S&P 500 (trading on c.19x FY24 earnings) and the mid-cap S&P 400 (trading on 13.7x FY24 earnings) is at historic extremes. In Europe ex-UK, large caps also trade at a 10% premium to small and mid-caps and in the UK, the FTSE Small Cap now trades on a single digit PE (price- to- earnings) multiple. This has reflected market nervousness around the impact that higher interest rates will have on smaller, perhaps less financially established businesses. It has also reflected the concerns around the impact faced by consumers by acute cost of living pressures. However, towards the end of the period under review, signs that these pressures could be easing have started to emerge. In the UK, for example, borrowers are now able to secure a fixed rate mortgage with an interest rate below 4.5% while average pay growth has risen above inflation for the first time in almost two years.

The period under review has been characterised by investor sentiment oscillating around hopes that we are edging closer to the end of the interest rate hiking cycle. Towards the end of the Q3 period markets dropped markedly as hopes that peak policy rates would be swiftly followed by cuts looked increasingly likely to be disappointed. The surging oil price, a result of further geopolitical crises, cooled some of the optimism about a sharp deceleration in inflation. Following the outbreak of war between Hamas and Israel, the oil price had a decidedly more levelling time in November, pulled between the opposing concerns of production cuts and larger than expected stockpiles combined with a slowdown in Chinese demand. The price of Brent crude hovered around $80 a barrel as the OPEC oil cartel struggled to reach consensus on the level of production cuts. At the end of the month, the OPEC members agreed to voluntarily cut oil production by a total of 2.2mn barrels a day in the first quarter of 2024, with Saudi Arabia extending its cut of 1mn barrels a day – previously extended to the end of December – by another three months. However, oil still fell despite the reduced production pledge as signs of strain begin to show among the cartel. This has laid the potential for some 'good' deflation in 2024 – caused not by weakening economies but by lower oil prices.

In the UK, after reporting stubbornly high numbers it was pleasing to see that in November, UK inflation fell meaningfully to 4.6% which is less than half the level of the October 2022 peak. This is a very different situation from that reported since the pandemic and could hopefully lead to a better environment for equity investing. Another positive development over the period was the revision from the Office for National Statistics (ONS) who increased their estimate for the size of the UK economy. The UK had been the only G7 economy whose Q2 2023 output was below (-0.25%) that of Q4 2019 (i.e. pre-Covid). This has now been revised upwards to +1.6% above the Q4 2019 level. No longer a G7 laggard, the UK economy appears to be recovering faster than Germany, and in line with France and Japan. In this environment, with valuations at recent historic lows and for investors with longer time horizons, a number of companies have received take over approaches during the period.

# AXA Defensive Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Global bonds market yields were driven higher over the period as economic data around the world remained resilient and the expected deterioration, leading to a possible recession, was either pushed back in time into 2024 or at times cancelled. While inflation came off its peak, it remained higher than many expected, growth, particularly in the US, remain strong and the unemployment data was robust. With that came an expectation for higher interest rates for a longer period of time as central banks continued to move official rates higher and talked with a hawkish bias. In that context US government 10-year bond yields reached a peak of 5% in mid-October, from a low of 3.5% earlier in the year. German 10-year yields got close to 3% although outperformed US equivalent as the economic data in Europe underperformed that of US. During the early part of summer UK bond markets underperformed both US and Europe as expectations for significant rate rises in the UK were priced into yields, although these failed to materialise and along with all bond markets, began a material consolidation and rally during mid-October until the time of writing. Bond markets are finishing the year strongly, posting positive returns year to date after a disappointing Q2 and Q3. Bond yields curves are starting to steepen, as short dating bonds outperform long dated bonds. 10-year inflation breakevens in the US have broadly traded sideways during 2023 after the peak in 2022, similar to those in Germany and UK although they have started to underperform more recently in line with the strong rally in nominal bonds.

### Portfolio Review

Relative to the FTSE All Share index, the equity sleeve of the Fund is more biaseds towards mid-cap companies and companies considered to be more growth oriented. The fund has been negatively impacted over the period by elevated inflation and interest rates causing investors to become more short term focussed in nature, which has provided a headwind to the growth style of investing. However, towards the end of the period as inflation, and thus interest rate expectations, started to fall, companies with these kinds of characteristics started to be more favoured once again.

There have been a number of strong performers within the portfolio during this period. The positions which contributed most positively to performance include Hill & Smith, 3i Group and Loungers. Hill & Smith produced good results driven by their exposure to US infrastructure spend. 3i continued to report impressive results thanks to the trading and expansion of its Action discount stores in Europe. Loungers continues to consistently deliver as it rolls out new openings.

Detractors from performance included St James Place who altered their fee structure to simplify and reduce it in order to protect their brand. Rentokil produced a set of results that were in line with expectations but they suffered a severe share price reaction as they appear to be losing market share in the US, an important market for them.

We continued to take profits in some positions, such as 3i Group, while taking advantage of share price weakness to add to existing holdings, such as Treatt. Cranswick was added to the portfolio in the period. The company produces and supplies meat products such as pork, gourmet sausages, dry cured bacon and prepared chicken. The company has a very experienced management team and operate highly efficient production facilities in the UK and follow a farm-to-fork model with sustainability at the forefront of their operations.

The positions in tinyBuild, Syncona and Invinity Energy Systems were sold over the period. tinyBuild disappointed the market by warning that revenue and earnings would be below expectations due in part to higher development costs. The company also announced that its CFO would step down with immediate effect.

Within the fixed income portion of the portfolio, we added duration during periods of market weakness where we saw attractive valuations. This shift in positioning contributed to performance later in the period as bond markets bounced significantly off their yield highs. Throughout the six months we have held an overweight to longer-dated bonds in place of shorter maturities to benefit from the steepening of yield curves. At the start of the period, the sell-off in bond markets detracted from performance. We remain constructive as we look ahead to 2024 with expectation for rate cuts from central banks to move to the fore, in line with a weaker economic outlook as financial conditions have tightened significantly.

# AXA Defensive Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Outlook

With 2024 set to be the biggest election year in history - noting in particular the leadership contests in Taiwan early in the new year, in the UK at some (as yet unconfirmed) point and in the US in November. Fiscal plans will be closely watched by bond and equity markets alike. The potential for a more dovish stance from central banks has made us more optimistic about equity markets in 2024. Set against a backdrop of slowing global growth, analyst forecasts suggest that corporate earnings will be subdued in 2024 however we believe that there is room for equities to re-rate higher. A key risk to our outlook is that earlier rate cuts add to the risk that there is a re-acceleration in inflation in 2025. This would likely weigh on equities and especially those companies with significant floating rate debt.

Our strategy will remain true to our belief in thematic trends and identifying advantaged companies in a targeted, focused and active approach. We believe that short-term macro events cannot be accurately nor consistently predicted. As such, we retain a preference for longer-term structural trends and quality companies that can deliver robust, reliable and consistent growth, supported by a simple and effective government bond hedge.

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

| Major Purchases | Cost (£'000) |
|---|---|
| ● UK Treasury 0.125% IL 10/08/28 | 3,240 |
| ● UK Treasury 0.375% IL 22/03/62 | 1,004 |
| ● UK Treasury 0.625% 22/10/50 | 997 |
| ● UK Treasury 0.75% IL 22/03/34 | 994 |
| ● UK Treasury 1.5% 31/07/53 | 933 |

| Major Sales | Proceeds (£'000) |
|---|---|
| ● UK Treasury 0.125% IL 22/03/24 | 5,172 |
| ● UK Treasury 0.125% IL 22/03/51 | 2,218 |
| ● UK Treasury 0.875% 31/07/33 | 1,499 |
| ● UK Treasury 1.25% IL 22/11/32 | 1,455 |
| ● UK Treasury 0.75% IL 22/11/47 | 1,325 |

Jamie Forbes-Wilson
AXA Investment Managers UK Limited

# AXA Defensive Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| GOVERNMENT BONDS 64.04% (31/05/23: 62.33%) | | | |
| Index Linked Government Bonds 58.50% (31/05/23: 57.33%) | | | |
| UK Treasury 0.125% IL 22/03/24 | 12,615,000 | 19,480 | 12.52 |
| UK Treasury 0.125% IL 22/03/26 | 13,420,000 | 19,312 | 12.41 |
| UK Treasury 0.125% IL 10/08/28 | 4,490,000 | 6,002 | 3.86 |
| UK Treasury 0.125% IL 22/03/29 | 1,470,000 | 2,298 | 1.48 |
| UK Treasury 0.125% IL 10/08/31 | 200,000 | 252 | 0.16 |
| UK Treasury 0.125% IL 22/03/44 | 1,500,000 | 1,875 | 1.21 |
| UK Treasury 0.125% IL 22/03/46 | 1,183,580 | 1,350 | 0.87 |
| UK Treasury 0.125% IL 10/08/48 | 1,000,000 | 1,038 | 0.67 |
| UK Treasury 0.125% IL 22/03/51 | 1,860,646 | 1,751 | 1.13 |
| UK Treasury 0.125% IL 22/11/56 | 700,000 | 700 | 0.45 |
| UK Treasury 0.125% IL 22/03/58 | 1,000,455 | 1,019 | 0.65 |
| UK Treasury 0.125% IL 22/11/65 | 700,000 | 672 | 0.43 |
| UK Treasury 0.125% IL 22/03/68 | 1,560,143 | 1,551 | 1.00 |
| UK Treasury 0.25% IL 22/03/52 | 500,395 | 591 | 0.38 |
| UK Treasury 0.375% IL 22/03/62 | 1,670,000 | 1,994 | 1.28 |
| UK Treasury 0.5% IL 22/03/50 | 757,083 | 1,104 | 0.71 |
| UK Treasury 0.625% IL 22/03/40 | 648,056 | 1,056 | 0.68 |
| UK Treasury 0.625% IL 22/11/42 | 800,000 | 1,297 | 0.83 |
| UK Treasury 0.625% IL 22/03/45 | 1,950,000 | 1,804 | 1.16 |
| UK Treasury 0.75% IL 22/03/34 | 1,565,000 | 2,570 | 1.65 |
| UK Treasury 0.75% IL 22/11/47 | 1,690,791 | 2,741 | 1.76 |
| UK Treasury 1.125% IL 22/11/37 | 1,079,343 | 2,078 | 1.34 |
| UK Treasury 1.25% IL 22/11/27 | 1,200,873 | 2,415 | 1.55 |
| UK Treasury 1.25% IL 22/11/32 | 200,000 | 371 | 0.24 |
| UK Treasury 1.25% IL 22/11/55 | 271,685 | 533 | 0.34 |
| UK Treasury 2% IL 26/01/35 | 881,745 | 2,137 | 1.37 |
| UK Treasury 2.5% IL 17/07/24 | 2,493,119 | 9,502 | 6.11 |
| UK Treasury 4.125% IL 22/07/30 | 1,033,053 | 3,518 | 2.26 |
| | | | |
| Traditional Government Bonds 5.54% (31/05/23: 5.00%) | | | |
| UK Treasury 0.125% 31/01/24 | 100,000 | 99 | 0.06 |
| UK Treasury 0.25% 31/01/25 | 1,875,000 | 1,781 | 1.14 |
| UK Treasury 0.5% 22/10/61 | 1,325,000 | 388 | 0.25 |
| UK Treasury 0.625% 22/10/50 | 2,750,000 | 1,079 | 0.69 |
| UK Treasury 0.875% 31/07/33 | 3,325,000 | 2,462 | 1.58 |
| UK Treasury 1.5% 31/07/53 | 1,800,000 | 903 | 0.58 |
| UK Treasury 3.25% 22/01/44 | 600,000 | 492 | 0.32 |
| UK Treasury 3.5% 22/10/25 | 475,000 | 466 | 0.30 |
| UK Treasury 3.75% 22/07/52 | 183,548 | 158 | 0.10 |

# AXA Defensive Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UK Treasury 4.25% 07/12/40 | 105,913 | 102 | 0.07 |
| UK Treasury 4.25% 07/12/46 | 500,000 | 472 | 0.30 |
| UK Treasury 4.5% 07/12/42 | 239,224 | 236 | 0.15 |
| | | | |
| TOTAL GOVERNMENT BONDS | | 99,649 | 64.04 |
| | | | |
| BASIC MATERIALS 2.20% (31/05/23: 2.10%) | | | |
| Chemicals 0.52% (31/05/23: 0.59%) | | | |
| Croda International | 10,000 | 448 | 0.29 |
| Treatt | 80,000 | 356 | 0.23 |
| | | | |
| Industrial Metals & Mining 1.68% (31/05/23: 1.51%) | | | |
| Hill & Smith | 68,000 | 1,262 | 0.81 |
| Rio Tinto | 25,000 | 1,358 | 0.87 |
| | | | |
| TOTAL BASIC MATERIALS | | 3,424 | 2.20 |
| | | | |
| CONSUMER DISCRETIONARY 4.43% (31/05/23: 4.20%) | | | |
| Household Goods & Home Construction 0.37% (31/05/23: 0.47%) | | | |
| Redrow | 106,000 | 576 | 0.37 |
| | | | |
| Leisure Goods 0.62% (31/05/23: 0.64%) | | | |
| Games Workshop Group | 9,000 | 966 | 0.62 |
| | | | |
| Media 0.27% (31/05/23: 0.21%) | | | |
| Future | 47,187 | 422 | 0.27 |
| | | | |
| Retailers 2.12% (31/05/23: 2.06%) | | | |
| Dunelm Group | 78,944 | 835 | 0.54 |
| Howden Joinery Group | 120,000 | 890 | 0.57 |
| JD Sports Fashion | 480,000 | 758 | 0.49 |
| Pets at Home Group | 260,000 | 813 | 0.52 |
| | | | |
| Travel & Leisure 1.05% (31/05/23: 0.82%) | | | |
| Loungers | 400,000 | 896 | 0.58 |
| Trainline | 250,000 | 729 | 0.47 |
| | | | |
| TOTAL CONSUMER DISCRETIONARY | | 6,885 | 4.43 |
| | | | |
| CONSUMER STAPLES 2.74% (31/05/23: 2.91%) | | | |
| Beverages 0.80% (31/05/23: 1.16%) | | | |
| Diageo | 45,000 | 1,245 | 0.80 |

# AXA Defensive Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Food Producers 0.40% (31/05/23: 0.00%) | | | |
| Cranswick | 16,000 | 624 | 0.40 |
| | | | |
| Personal Care, Drug & Grocery 1.54% (31/05/23: 1.75%) | | | |
| Reckitt Benckiser Group | 21,500 | 1,163 | 0.75 |
| Tesco | 275,000 | 781 | 0.50 |
| Unilever | 12,000 | 450 | 0.29 |
| | | | |
| TOTAL CONSUMER STAPLES | | 4,263 | 2.74 |
| | | | |
| ENERGY 2.62% (31/05/23: 2.40%) | | | |
| Alternative Energy 0.00% (31/05/23: 0.00%) | | | |
| Invinity Energy Systems * | 66,688 | - | - |
| Invinity Energy Systems Warrant 15/09/2023 * | 66,688 | - | - |
| | | | |
| Oil, Gas & Coal 2.62% (31/05/23: 2.40%) | | | |
| BP | 370,000 | 1,794 | 1.15 |
| Shell | 87,906 | 2,279 | 1.47 |
| | | | |
| TOTAL ENERGY | | 4,073 | 2.62 |
| | | | |
| FINANCIALS 5.42% (31/05/23: 5.89%) | | | |
| Banks 0.89% (31/05/23: 0.92%) | | | |
| HSBC | 113,177 | 680 | 0.44 |
| NatWest Group | 332,766 | 694 | 0.45 |
| | | | |
| Closed End Investments 0.00% (31/05/23: 0.37%) | | | |
| | | | |
| Finance & Credit Services 0.63% (31/05/23: 0.56%) | | | |
| London Stock Exchange Group | 11,000 | 980 | 0.63 |
| | | | |
| Investment Banking & Brokerage 2.16% (31/05/23: 2.28%) | | | |
| 3i Group | 70,000 | 1,550 | 1.00 |
| AJ Bell | 171,025 | 443 | 0.28 |
| Intermediate Capital Group | 55,000 | 863 | 0.55 |
| MJ Hudson * | 2,250,000 | - | - |
| St James's Place | 80,000 | 517 | 0.33 |
| | | | |
| Life Insurance 1.74% (31/05/23: 1.76%) | | | |
| Just Group | 1,000,000 | 812 | 0.52 |
| Legal & General Group | 520,000 | 1,190 | 0.77 |
| Prudential | 82,500 | 705 | 0.45 |
| | | | |
| TOTAL FINANCIALS | | 8,434 | 5.42 |

# AXA Defensive Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| HEALTH CARE 3.67% (31/05/23: 3.90%) | | | |
| Medical Equipment & Services 0.87% (31/05/23: 0.79%) | | | |
| ConvaTec Group | 430,000 | 966 | 0.62 |
| Smith & Nephew | 38,000 | 389 | 0.25 |
| Pharmaceuticals & Biotechnology 2.80% (31/05/23: 3.11%) | | | |
| AstraZeneca | 24,000 | 2,400 | 1.54 |
| Genus | 27,500 | 544 | 0.35 |
| GSK | 100,000 | 1,417 | 0.91 |
| TOTAL HEALTH CARE | | 5,716 | 3.67 |
| INDUSTRIALS 3.47% (31/05/23: 3.82%) | | | |
| Electronic & Electrical Equipment 0.00% (31/05/23: 0.20%) | | | |
| Industrual Engineering 0.91% (31/05/23: 0.84%) | | | |
| Spirax-Sarco Engineering | 5,000 | 462 | 0.30 |
| Weir Group | 50,000 | 945 | 0.61 |
| Industrial Support Services 1.79% (31/05/23: 1.96%) | | | |
| Boku | 328,500 | 470 | 0.30 |
| Experian | 57,000 | 1,655 | 1.06 |
| Rentokil Initial | 156,000 | 671 | 0.43 |
| Industrial Transportation 0.77% (31/05/23: 0.82%) | | | |
| Ashtead Group | 25,000 | 1,195 | 0.77 |
| TOTAL INDUSTRIALS | | 5,398 | 3.47 |
| REAL ESTATE 1.04% (31/05/23: 0.92%) | | | |
| Real Estate Investment & Services 1.04% (31/05/23: 0.92%) | | | |
| Grainger | 310,697 | 794 | 0.51 |
| Rightmove | 150,000 | 829 | 0.53 |
| TOTAL REAL ESTATE | | 1,623 | 1.04 |
| TECHNOLOGY 1.23% (31/05/23: 1.29%) | | | |
| Software & Computer Services 1.23% (31/05/23: 1.29%) | | | |
| Ascential | 149,000 | 412 | 0.27 |
| Auction Technology Group | 60,000 | 307 | 0.20 |
| Bytes Technology Group | 140,000 | 769 | 0.49 |
| GB Group | 180,000 | 420 | 0.27 |
| TOTAL TECHNOLOGY | | 1,908 | 1.23 |

# AXA Defensive Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| TELECOMMUNICATIONS 0.87% (31/05/23: 0.82%) | | | |
| Telecommunications Equipment 0.30% (31/05/23: 0.30%) | | | |
| Spirent Communications | 400,000 | 460 | 0.30 |
| Telecommunications Service Providers 0.57% (31/05/23: 0.52%) | | | |
| Telecom Plus | 57,000 | 889 | 0.57 |
| TOTAL TELECOMMUNICATIONS | | **1,349** | **0.87** |
| UTILITIES 1.61% (31/05/23: 1.69%) | | | |
| Electricity 0.76% (31/05/23: 0.84%) | | | |
| SSE | 65,000 | 1,187 | 0.76 |
| Gas, Water & Multiutilities 0.85% (31/05/23: 0.85%) | | | |
| National Grid | 130,000 | 1,330 | 0.85 |
| TOTAL UTILITIES | | **2,517** | **1.61** |
| Portfolio of investments | | 145,239 | 93.34 |
| Net other assets | | 10,360 | 6.66 |
| Total net assets | | 155,599 | 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 Defensive Distribution Fund

## Comparative Tables

As at 30 November 2023 (unaudited)

| | A Gross Accumulation | | | A Gross Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 112.54 | 111.36 | 123.21 | 99.00 | 100.08 | 113.65 |
| Closing net asset value (£) † | 1,749,043 | 2,147,061 | 2,396,264 | 51,665 | 52,227 | 67,574 |
| Closing number of shares | 1,554,219 | 1,928,097 | 1,944,922 | 52,186 | 52,186 | 59,456 |
| Operating charges^ | 0.52% | 0.52% | 0.52% | 0.52% | 0.52% | 0.52% |

| | B Gross Accumulation | | | B Gross Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 127.04 | 125.65 | 138.88 | 104.29 | 105.37 | 119.55 |
| Closing net asset value (£) † | 122,510,673 | 131,193,686 | 162,761,340 | 1,201,272 | 1,286,737 | 1,632,575 |
| Closing number of shares | 96,435,013 | 104,412,922 | 117,195,463 | 1,151,862 | 1,221,126 | 1,365,637 |
| Operating charges^ | 0.42% | 0.42% | 0.42% | 0.42% | 0.42% | 0.42% |

| | D Gross Accumulation~ | | | D Gross Income~ | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 128.45 | 127.45 | 141.86 | 78.08 | 79.16 | 90.44 |
| Closing net asset value (£) † | 3,053,631 | 448,243 | 587,554 | 1,648,243 | 81,142 | 125,895 |
| Closing number of shares | 2,377,218 | 351,704 | 414,179 | 2,111,000 | 102,507 | 139,205 |
| Operating charges^ | 1.12% | 1.12% | 1.12% | 1.12% | 1.12% | 1.12% |

| | R Gross Accumulation | | | R Gross Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 127.68 | 126.94 | 141.86 | 77.62 | 78.84 | 90.44 |
| Closing net asset value (£) † | 5,519,662 | 9,340,438 | 11,880,311 | 183,695 | 1,873,508 | 2,370,741 |
| Closing number of shares | 4,322,929 | 7,358,296 | 8,374,835 | 236,656 | 2,376,361 | 2,621,407 |
| Operating charges^ | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% |

| | Z Gross Accumulation | | | Z Gross Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 191.28 | 189.51 | 210.20 | 85.75 | 86.82 | 98.84 |
| Closing net asset value (£) † | 18,408,643 | 20,326,888 | 29,633,333 | 1,272,312 | 1,355,088 | 1,888,644 |
| Closing number of shares | 9,623,928 | 10,726,307 | 14,097,994 | 1,483,673 | 1,560,864 | 1,910,789 |
| Operating charges^ | 0.77% | 0.77% | 0.77% | 0.77% | 0.77% | 0.77% |

† Valued at bid-market prices.

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

~ D share class launched on 25 May 2022.

## AXA Defensive Distribution Fund

# Statement of Total Return

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Income: | | | | |
| Net capital losses | | (1,602) | | (15,929) |
| Revenue | 3,642 | | 1,944 | |
| Expenses | (432) | | (528) | |
| Interest payable and similar charges | - | | - | |
| Net revenue before taxation | 3,210 | | 1,416 | |
| Taxation | 11 | | 7 | |
| Net revenue after taxation | | 3,221 | | 1,423 |
| Total return before distributions | | 1,619 | | (14,506) |
| Distributions | | (3,458) | | (1,837) |
| **Change in net assets attributable to Shareholders from investment activities** | | **(1,839)** | | **(16,343)** |

# Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to Shareholders | | 168,105 | | 213,344 |
| Amounts receivable on issue of shares | 196 | | 670 | |
| Amounts payable on cancellation of shares | (14,136) | | (13,846) | |
| | | (13,940) | | (13,176) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (1,839) | | (16,343) |
| Retained distributions on accumulation shares | | 3,273 | | 1,750 |
| Closing net assets attributable to Shareholders | | 155,599 | | 185,575 |

The above statement shows the comparative closing net assets at 30 November 2022 whereas the current accounting period commenced 1 June 2023.

# AXA Defensive Distribution Fund

## Balance Sheet

As at 30 November (unaudited)

| | 30/11/23<br>£'000 | 31/05/23<br>£'000 |
|---|---|---|
| Assets: | | |
| Fixed assets: | | |
| Investments | 145,239 | 155,118 |
| Current assets: | | |
| Debtors | 380 | 397 |
| Cash and bank balances | 11,037 | 13,177 |
| Total assets | 156,656 | 168,692 |
| Liabilities: | | |
| Creditors: | | |
| Distribution payable | (45) | (48) |
| Other creditors | (1,012) | (539) |
| Total liabilities | (1,057) | (587) |
| Net assets attributable to Shareholders | 155,599 | 168,105 |

# AXA Defensive Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

First Distribution in pence per share
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased on or after 1 June 2023 to 31 August 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/10/23 (p) | Distribution paid 31/10/22 (p) |
|---|---|---|---|---|
| **Share Class A Gross Accumulation** | | | | |
| Group 1 | 1.218 | - | 1.218 | 0.558 |
| Group 2 | 0.527 | 0.691 | 1.218 | 0.558 |
| **Share Class A Gross Income** | | | | |
| Group 1 | 1.096 | - | 1.096 | 0.514 |
| Group 2 | 1.096 | - | 1.096 | 0.514 |
| **Share Class B Gross Accumulation** | | | | |
| Group 1 | 1.375 | - | 1.375 | 0.629 |
| Group 2 | 0.754 | 0.621 | 1.375 | 0.629 |
| **Share Class B Gross Income** | | | | |
| Group 1 | 1.153 | - | 1.153 | 0.541 |
| Group 2 | 0.676 | 0.477 | 1.153 | 0.541 |
| **Share Class D Gross Accumulation** | | | | |
| Group 1 | 1.393 | - | 1.393 | 0.642 |
| Group 2 | 1.393 | - | 1.393 | 0.642 |
| **Share Class D Gross Income** | | | | |
| Group 1 | 0.866 | - | 0.866 | 0.409 |
| Group 2 | 0.866 | - | 0.866 | 0.409 |
| **Share Class R Gross Accumulation** | | | | |
| Group 1 | 1.387 | - | 1.387 | 0.642 |
| Group 2 | 0.824 | 0.563 | 1.387 | 0.642 |
| **Share Class R Gross Income** | | | | |
| Group 1 | 0.862 | - | 0.862 | 0.409 |
| Group 2 | 0.105 | 0.757 | 0.862 | 0.409 |
| **Share Class Z Gross Accumulation** | | | | |
| Group 1 | 2.072 | - | 2.072 | 0.952 |
| Group 2 | 0.642 | 1.430 | 2.072 | 0.952 |
| **Share Class Z Gross Income** | | | | |
| Group 1 | 0.950 | - | 0.950 | 0.447 |
| Group 2 | 0.447 | 0.503 | 0.950 | 0.447 |

# AXA Defensive Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2023

Group 2 Shares purchased on or after 1 September 2023 to 30 November 2023

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/01/24 (p) | Distribution paid 31/01/23 (p) |
|---|---|---|---|---|
| **Share Class A Gross Accumulation** | | | | |
| Group 1 | 1.161 | - | 1.161 | 0.534 |
| Group 2 | 0.444 | 0.717 | 1.161 | 0.534 |
| **Share Class A Gross Income** | | | | |
| Group 1 | 1.033 | - | 1.033 | 0.491 |
| Group 2 | 1.033 | - | 1.033 | 0.491 |
| **Share Class B Gross Accumulation** | | | | |
| Group 1 | 1.310 | - | 1.310 | 0.602 |
| Group 2 | 0.513 | 0.797 | 1.310 | 0.602 |
| **Share Class B Gross Income** | | | | |
| Group 1 | 1.088 | - | 1.088 | 0.516 |
| Group 2 | 0.564 | 0.524 | 1.088 | 0.516 |
| **Share Class D Gross Accumulation** | | | | |
| Group 1 | 1.326 | - | 1.326 | 0.613 |
| Group 2 | 0.728 | 0.598 | 1.326 | 0.613 |
| **Share Class D Gross Income** | | | | |
| Group 1 | 0.816 | - | 0.816 | 0.390 |
| Group 2 | 0.319 | 0.497 | 0.816 | 0.390 |
| **Share Class R Gross Accumulation** | | | | |
| Group 1 | 1.318 | - | 1.318 | 0.613 |
| Group 2 | 0.993 | 0.325 | 1.318 | 0.613 |
| **Share Class R Gross Income** | | | | |
| Group 1 | 0.811 | - | 0.811 | 0.389 |
| Group 2 | - | 0.811 | 0.811 | 0.389 |
| **Share Class Z Gross Accumulation** | | | | |
| Group 1 | 1.974 | - | 1.974 | 0.910 |
| Group 2 | 0.684 | 1.290 | 1.974 | 0.910 |
| **Share Class Z Gross Income** | | | | |
| Group 1 | 0.895 | - | 0.895 | 0.426 |
| Group 2 | 0.220 | 0.675 | 0.895 | 0.426 |

# AXA Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### 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 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 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 30 November 2023 (unaudited)

By investing in a fund which can invest up to 60% in equities you are likely to be looking for an investment which has lower risk than a pure equity based fund but you are prepared to accept some risk for potential reward. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests predominantly in equities or overseas.

| Lower Risk | | | | | | Higher Risk |
|---|---|---|---|---|---|---|
| Potentially lower reward | | | | | | Potentially higher reward |
| 1 | 2 | 3 | 4 | **5** | 6 | 7 |

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. The risk category remains unchanged from the Annual Report as at 31 May 2023.

### 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.

## AXA Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Key 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 - index-linked bonds are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market’s expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

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

• 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 six months ended 30 November 2023 (unaudited)

• Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Fund may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, 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.

• Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

## AXA Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

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 Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund’s value.

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.

• 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.

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

### 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 Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Market Review

Global investors have faced another volatile period during the six months to 30 November 2023, with bond markets continuing to set the tone. US 10-year Treasury yields started the period at c.3.5% and peaked during October at almost 5% before easing back into the low 4's by the end of November. The sharp rise in yields over the whole of Q3 and into early Q4 reflected investor concerns about impact of the relentless increase in interest rates and that inflation might prove to be stickier than had previously been expected. However, data points over the period turned meaningfully softer and CPI (Consumer Price Index) prints towards the end of the period indicate that the inflation impulse that has framed the investment narrative for two years are clearly in the descendancy.

In the US, Europe and UK large cap stocks have had a good year while small and mid-cap stocks have struggled under the weight of high inflation and fast rising interest rates. The result is that large caps now trade at distinctly higher multiples than the rest of the market. In the US for example, the valuation gap between the large cap S&P 500 (trading on c.19x FY24 earnings) and the mid-cap S&P 400 (trading on 13.7x FY24 earnings) is at historic extremes. In Europe ex-UK, large caps also trade at a 10% premium to small and mid-caps and in the UK, the FTSE Small Cap now trades on a single digit PE (price- to- earnings) multiple. This has reflected market nervousness around the impact that higher interest rates will have on smaller, perhaps less financially established businesses. It has also reflected the concerns around the impact faced by consumers by acute cost of living pressures. However, towards the end of the period under review, signs that these pressures could be easing have started to emerge. In the UK, for example, borrowers are now able to secure a fixed rate mortgage with an interest rate below 4.5% while average pay growth has risen above inflation for the first time in almost two years.

The period under review has been characterised by investor sentiment oscillating around hopes that we are edging closer to the end of the interest rate hiking cycle. Towards the end of the Q3 period markets dropped markedly as hopes that peak policy rates would be swiftly followed by cuts looked increasingly likely to be disappointed. The surging oil price, a result of further geopolitical crises, cooled some of the optimism about a sharp deceleration in inflation. Following the outbreak of war between Hamas and Israel, the oil price had a decidedly more levelling time in November, pulled between the opposing concerns of production cuts and larger than expected stockpiles combined with a slowdown in Chinese demand. The price of Brent crude hovered around $80 a barrel as the OPEC oil cartel struggled to reach consensus on the level of production cuts. At the end of the month, the OPEC members agreed to voluntarily cut oil production by a total of 2.2mn barrels a day in the first quarter of 2024, with Saudi Arabia extending its cut of 1mn barrels a day – previously extended to the end of December – by another three months. However, oil still fell despite the reduced production pledge as signs of strain begin to show among the cartel. This has laid the potential for some 'good' deflation in 2024 – caused not by weakening economies but by lower oil prices.

In the UK, after reporting stubbornly high numbers it was pleasing to see that in November, UK inflation fell meaningfully to 4.6% which is less than half the level of the October 2022 peak. This is a very different situation from that reported since the pandemic and could hopefully lead to a better environment for equity investing. Another positive development over the period was the revision from the Office for National Statistics (ONS) who increased their estimate for the size of the UK economy. The UK had been the only G7 economy whose Q2 2023 output was below (-0.25%) that of Q4 2019 (i.e. pre-Covid). This has now been revised upwards to +1.6% above the Q4 2019 level. No longer a G7 laggard, the UK economy appears to be recovering faster than Germany, and in line with France and Japan. In this environment, with valuations at recent historic lows and for investors with longer time horizons, a number of companies have received take over approaches during the period.

# AXA Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Global bonds market yields were driven higher over the period as economic data around the world remained resilient and the expected deterioration, leading to a possible recession, was either pushed back in time into 2024 or at times cancelled. While inflation came off its peak, it remained higher than many expected, growth, particularly in the US, remain strong and the unemployment data was robust. With that came an expectation for higher interest rates for a longer period of time as central banks continued to move official rates higher and talked with a hawkish bias. In that context US government 10-year bond yields reached a peak of 5% in mid-October, from a low of 3.5% earlier in the year. German 10-year yields got close to 3% although outperformed US equivalent as the economic data in Europe underperformed that of US. During the early part of summer UK bond markets underperformed both US and Europe as expectations for significant rate rises in the UK were priced into yields, although these failed to materialise and along with all bond markets, began a material consolidation and rally during mid-October until the time of writing. Bond markets are finishing the year strongly, posting positive returns year to date after a disappointing Q2 and Q3. Bond yields curves are starting to steepen, as short dating bonds outperform long dated bonds. 10-year inflation breakevens in the US have broadly traded sideways during 2023 after the peak in 2022, similar to those in Germany and UK although they have started to underperform more recently in line with the strong rally in nominal bonds.

### Portfolio Review

The equity portion of the portfolio outperformed its benchmark index, the FTSE All Share index, over the six months to 30 November 2023. Once again, periods of strong performance by the Energy sector impacted market returns during the period under review. During the third quarter of 2023 the sector generated 1.52% of the FTSE All Share index’s 1.88% total return, with the Shell Plc share price rising 11.25% over the three months. Even BP Plc managed to generate a 16% return in Q3 despite losing its chief executive officer who had not behaved ‘in accordance with the company’s values’. We retain exposure to both companies but will be monitoring the oil price closely with a view to reducing exposure.

We also retain a holding in Bellway, a UK housebuilder, whose share price had suffered earlier in the year along with the rest of the sector due to the ongoing impact of higher interest rates. We believe significant value is appearing in the sector and took the opportunity to add to the shareholding. There were a number of particularly strong performers within the portfolio during this period. The positions which contributed most positively to performance include Hill & Smith, 3i Group and Cranswick. Hill & Smith again produced good results driven by their exposure to US infrastructure spend. 3I continued to report impressive results thanks to the trading and expansion of its Action discount stores in Europe. Cranswick was added to the portfolio in the period. The company produces and supplies meat products such as pork, gourmet sausages, dry cured bacon and prepared chicken. The company have a very experienced management team and operate highly efficient production facilities in the UK and follow a farm-to-fork model with sustainability at the forefront of their operations.

The largest detractors to performance in the period were AstraZeneca, Reckitt Benckiser and Diageo. AstraZeneca has been a stellar performer in recent years and the shares have drifted lower over the past six months. We continue to believe that the company has a potentially exciting outlook and are happy to retain exposure. Reckitt Benckiser has been frustrating with further management change in recent times hampering sentiment towards the business. Diageo surprised the market by announcing that it expects to see slower growth in the period ahead as a result of weakness in Latin America and the Caribbean on the back of lower consumption and downtrading. We reduced the holding but retain a position in this high quality company.

# AXA Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

For many businesses, the tailwinds of lower energy and commodity costs are beginning to come through and demand is remaining resilient. Forward economic indicators would appear to suggest that a slowdown is coming, but generally companies and consumers are not overly indebted compared to prior cycles holding out the prospect of a soft landing. On the whole, the companies we invest in are reporting robust underlying earnings, forecasts are prudently set and valuations remain attractive in the context of history and relative to global equity markets. Strong cash generation and robust balance sheet health is resulting in a lengthening list of UK companies buying in their own shares with surplus cashflow. UK companies are likely to continue to be targeted by corporate and financial acquirors.

Within the fixed income portion of the portfolio, we added duration during periods of market weakness where we saw attractive valuations. This shift in positioning contributed to performance later in the period as bond markets bounced significantly off their yield highs. Throughout the six months we have held an overweight to longer-dated bonds in place of shorter maturities to benefit from the steepening of yield curves. At the start of the period, the sell-off in bond markets detracted from performance. We remain constructive as we look ahead to 2024 with expectation for rate cuts from central banks to move to the fore, in line with a weaker economic outlook as financial conditions have tightened significantly.

### Outlook

With 2024 set to be the biggest election year in history - noting in particular the leadership contests in Taiwan early in the new year, in the UK at some (as yet unconfirmed) point and in the US in November. Fiscal plans will be closely watched by bond and equity markets alike. The potential for a more dovish stance from central banks has made us more optimistic about equity markets in 2024. Set against a backdrop of slowing global growth, analyst forecasts suggest that corporate earnings will be subdued in 2024 however we believe that there is room for equities to re-rate higher. A key risk to our outlook is that earlier rate cuts add to the risk that there is a re-acceleration in inflation in 2025. This would likely weigh on equities and especially those companies with significant floating rate debt.

Our strategy will remain true to our belief in thematic trends and identifying advantaged companies in a targeted, focused and active approach. We believe that short-term macro events cannot be accurately nor consistently predicted. As such, we retain a preference for longer-term structural trends and quality companies that can deliver robust, reliable and consistent growth, supported by a simple and effective government bond hedge.

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

| Major Purchases | Cost (£'000) |
|---|---|
| ● UK Treasury 0.125% IL 10/08/28 | 5,160 |
| ● Keywords Studios | 3,224 |
| ● HSBC | 2,469 |
| ● Essentra | 2,286 |
| ● UK Treasury 0.625% 22/03/50 | 2,176 |

| Major Sales | Proceeds (£'000) |
|---|---|
| ● UK Treasury 0.125% IL 22/03/24 | 12,072 |
| ● UK Treasury 0.125% IL 22/03/51 | 3,973 |
| ● BP | 3,487 |
| ● Whitbread | 2,506 |
| ● Reckitt Benckiser Group | 2,322 |

Jamie Forbes-Wilson
AXA Investment Managers UK Limited

# AXA Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| EQUITIES 57.08% (31/05/23: 56.02%) | | | |
| BASIC MATERIALS 4.03% (31/05/23: 3.76%) | | | |
| Industrial Metals & Mining 4.03% (31/05/23: 3.76%) | | | |
| Central Asia Metals | 1,200,000 | 2,014 | 0.43 |
| Hill & Smith | 400,000 | 7,424 | 1.58 |
| Rio Tinto | 175,000 | 9,508 | 2.02 |
| TOTAL BASIC MATERIALS | | 18,946 | 4.03 |
| CONSUMER DISCRETIONARY 6.97% (31/05/23: 6.38%) | | | |
| Automobiles & Parts 0.00% (31/05/23: 0.01%) | | | |
| Household Goods & Home Construction 1.25% (31/05/23: 1.13%) | | | |
| Bellway | 250,000 | 5,870 | 1.25 |
| Leisure Goods 1.56% (31/05/23: 0.95%) | | | |
| Games Workshop Group | 40,000 | 4,292 | 0.91 |
| Keywords Studios | 225,000 | 3,040 | 0.65 |
| Retailers 2.61% (31/05/23: 2.39%) | | | |
| Dunelm Group | 600,000 | 6,348 | 1.35 |
| JD Sports Fashion | 3,750,000 | 5,919 | 1.26 |
| Travel & Leisure 1.55% (31/05/23: 1.90%) | | | |
| Loungers | 1,500,000 | 3,360 | 0.71 |
| Whitbread | 125,000 | 3,938 | 0.84 |
| TOTAL CONSUMER DISCRETIONARY | | 32,767 | 6.97 |
| CONSUMER STAPLES 5.09% (31/05/23: 5.69%) | | | |
| Beverages 1.41% (31/05/23: 1.70%) | | | |
| Diageo | 240,000 | 6,641 | 1.41 |
| Food Producers 1.04% (31/05/23: 0.65%) | | | |
| Cranswick | 125,000 | 4,875 | 1.04 |
| Personal Care, Drug & Grocery 2.64% (31/05/23: 3.34%) | | | |
| Reckitt Benckiser Group | 160,000 | 8,653 | 1.84 |
| Unilever | 100,000 | 3,754 | 0.80 |
| TOTAL CONSUMER STAPLES | | 23,923 | 5.09 |

# AXA Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| ENERGY 5.12% (31/05/23: 5.26%) | | | |
| Oil, Gas & Coal 5.12% (31/05/23: 5.26%) | | | |
| BP | 2,250,000 | 10,911 | 2.32 |
| Longboat Energy | 946,171 | 175 | 0.04 |
| Serica Energy | 1,431,278 | 3,266 | 0.69 |
| Shell | 375,000 | 9,724 | 2.07 |
| TOTAL ENERGY | | 24,076 | 5.12 |
| FINANCIALS 12.74% (31/05/23: 13.01%) | | | |
| Banks 3.48% (31/05/23: 3.57%) | | | |
| HSBC | 900,000 | 5,405 | 1.15 |
| Lloyds Banking Group | 14,000,000 | 6,078 | 1.29 |
| Standard Chartered | 750,000 | 4,866 | 1.04 |
| Finance & Credit Services 1.33% (31/05/23: 1.28%) | | | |
| London Stock Exchange Group | 70,000 | 6,237 | 1.33 |
| Investment Banking & Brokerage 3.40% (31/05/23: 3.42%) | | | |
| 3i Group | 450,000 | 9,963 | 2.12 |
| Argentex Group | 1,800,000 | 1,368 | 0.29 |
| Hargreaves Lansdown | 650,000 | 4,644 | 0.99 |
| Life Insurance 4.07% (31/05/23: 4.31%) | | | |
| Just Group | 8,000,000 | 6,496 | 1.38 |
| Legal & General Group | 4,000,000 | 9,156 | 1.95 |
| Phoenix Group | 750,000 | 3,479 | 0.74 |
| Non-Life Insurance 0.46% (31/05/23: 0.43%) | | | |
| Sabre Insurance Group | 1,500,000 | 2,148 | 0.46 |
| TOTAL FINANCIALS | | 59,840 | 12.74 |
| HEALTH CARE 7.44% (31/05/23: 7.50%) | | | |
| Medical Equipment & Services 1.67% (31/05/23: 1.44%) | | | |
| ConvaTec Group | 3,500,000 | 7,861 | 1.67 |
| Pharmaceuticals & Biotechnology 5.77% (31/05/23: 6.06%) | | | |
| AstraZeneca | 150,000 | 14,997 | 3.19 |
| Genus | 160,000 | 3,166 | 0.67 |
| GSK | 632,902 | 8,968 | 1.91 |
| TOTAL HEALTH CARE | | 34,992 | 7.44 |

# AXA Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| INDUSTRIALS 6.59% (31/05/23: 5.77%) | | | |
| Construction & Materials 0.91% (31/05/23: 0.60%) | | | |
| Forterra | 1,000,000 | 1,530 | 0.33 |
| Marshalls | 1,100,000 | 2,748 | 0.58 |
| Industrial Engineering 1.41% (31/05/23: 1.19%) | | | |
| Weir Group | 350,000 | 6,615 | 1.41 |
| Industrial Support Services 2.34% (31/05/23: 2.01%) | | | |
| Essentra | 1,500,000 | 2,301 | 0.49 |
| Experian | 300,000 | 8,709 | 1.85 |
| Industrial Transportation 1.93% (31/05/23: 1.97%) | | | |
| Ashtead Group | 190,000 | 9,078 | 1.93 |
| TOTAL INDUSTRIALS | | 30,981 | 6.59 |
| REAL ESTATE 3.69% (31/05/23: 3.52%) | | | |
| Real Estate Investment & Services 2.00% (31/05/23: 1.84%) | | | |
| Grainger | 1,500,000 | 3,831 | 0.82 |
| Rightmove | 1,000,000 | 5,528 | 1.18 |
| Real Estate Investment Trusts 1.69% (31/05/23: 1.68%) | | | |
| Great Portland Estates | 1,050,000 | 4,085 | 0.87 |
| PRS | 5,000,000 | 3,875 | 0.82 |
| TOTAL REAL ESTATE | | 17,319 | 3.69 |
| TECHNOLOGY 0.47% (31/05/23: 0.37%) | | | |
| Software & Computer Services 0.47% (31/05/23: 0.37%) | | | |
| Ascential | 800,000 | 2,213 | 0.47 |
| TOTAL TECHNOLOGY | | 2,213 | 0.47 |
| TELECOMMUNICATIONS 0.91% (31/05/23: 0.77%) | | | |
| Telecommunications Service Providers 0.91% (31/05/23: 0.77%) | | | |
| Telecom Plus | 275,000 | 4,290 | 0.91 |
| TOTAL TELECOMMUNICATIONS | | 4,290 | 0.91 |
| UTILITIES 4.03% (31/05/23: 3.99%) | | | |
| Electricity 1.85% (31/05/23: 1.78%) | | | |
| SSE | 475,000 | 8,676 | 1.85 |

## AXA Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Gas, Water & Multiutilities 2.18% (31/05/23: 2.21%) | | | |
| National Grid | 1,000,000 | 10,230 | 2.18 |
| | | | |
| TOTAL UTILITIES | | 18,906 | 4.03 |
| | | | |
| GOVERNMENT BONDS 39.85% (31/05/23: 39.41%) | | | |
| Index Linked Government Bonds 34.74% (31/05/23: 35.39%) | | | |
| UK Treasury 0.125% IL 22/03/24 | 22,075,000 | 34,087 | 7.25 |
| UK Treasury 0.125% IL 22/03/26 | 22,300,000 | 32,091 | 6.83 |
| UK Treasury 0.125% IL 10/08/28 | 8,625,000 | 11,530 | 2.45 |
| UK Treasury 0.125% IL 22/03/29 | 6,525,000 | 10,200 | 2.17 |
| UK Treasury 0.125% IL 10/08/31 | 300,000 | 379 | 0.08 |
| UK Treasury 0.125% IL 22/03/44 | 1,920,000 | 2,399 | 0.51 |
| UK Treasury 0.125% IL 22/03/46 | 1,750,000 | 1,997 | 0.42 |
| UK Treasury 0.125% IL 10/08/48 | 2,000,000 | 2,076 | 0.44 |
| UK Treasury 0.125% IL 22/03/51 | 2,645,000 | 2,489 | 0.53 |
| UK Treasury 0.125% IL 22/11/56 | 1,200,000 | 1,200 | 0.26 |
| UK Treasury 0.125% IL 22/03/58 | 1,200,129 | 1,222 | 0.26 |
| UK Treasury 0.125% IL 22/11/65 | 1,000,000 | 960 | 0.20 |
| UK Treasury 0.125% IL 22/03/68 | 2,800,600 | 2,783 | 0.59 |
| UK Treasury 0.25% IL 22/03/52 | 1,400,917 | 1,654 | 0.35 |
| UK Treasury 0.375% IL 22/03/62 | 3,100,000 | 3,701 | 0.79 |
| UK Treasury 0.5% IL 22/03/50 | 1,465,548 | 2,136 | 0.45 |
| UK Treasury 0.625% IL 22/03/40 | 982,496 | 1,601 | 0.34 |
| UK Treasury 0.625% IL 22/11/42 | 1,675,000 | 2,716 | 0.58 |
| UK Treasury 0.625% IL 22/03/45 | 2,900,000 | 2,683 | 0.57 |
| UK Treasury 0.75% IL 22/03/34 | 1,000,000 | 1,642 | 0.35 |
| UK Treasury 0.75% IL 22/11/47 | 3,400,000 | 5,511 | 1.17 |
| UK Treasury 1.125% IL 22/11/37 | 2,200,000 | 4,236 | 0.90 |
| UK Treasury 1.25% IL 22/11/27 | 2,600,000 | 5,230 | 1.11 |
| UK Treasury 1.25% IL 22/11/32 | 200,000 | 371 | 0.08 |
| UK Treasury 1.25% IL 22/11/55 | 588,230 | 1,153 | 0.25 |
| UK Treasury 2% IL 26/01/35 | 2,574,000 | 6,239 | 1.33 |
| UK Treasury 2.5% IL 17/07/24 | 4,373,000 | 16,666 | 3.55 |
| UK Treasury 4.125% IL 22/07/30 | 1,280,000 | 4,359 | 0.93 |
| | | | |
| Traditional Government Bonds 5.11% (31/05/23: 4.02%) | | | |
| UK Treasury 0.125% 31/01/24 | 500,000 | 496 | 0.11 |
| UK Treasury 0.25% 31/01/25 | 5,000,000 | 4,750 | 1.01 |
| UK Treasury 0.5% 22/10/61 | 3,000,000 | 878 | 0.19 |
| UK Treasury 0.625% 22/03/50 | 5,700,000 | 2,236 | 0.48 |
| UK Treasury 0.875% 22/10/29 | 2,040,000 | 1,711 | 0.36 |
| UK Treasury 0.875% 31/07/33 | 4,600,000 | 3,406 | 0.72 |
| UK Treasury 1.5% 31/07/53 | 2,500,000 | 1,254 | 0.27 |
| UK Treasury 2.5% 22/07/65 | 700,000 | 442 | 0.09 |

## AXA Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UK Treasury 3.25% 22/01/44 | 200,000 | 164 | 0.03 |
| UK Treasury 3.5% 22/10/25 | 2,200,000 | 2,159 | 0.46 |
| UK Treasury 3.5% 22/01/45 | 1,000,000 | 846 | 0.18 |
| UK Treasury 3.5% 22/07/68 | 125,000 | 102 | 0.02 |
| UK Treasury 3.75% 22/07/52 | 282,000 | 243 | 0.05 |
| UK Treasury 4% 22/01/60 | 217,000 | 197 | 0.04 |
| UK Treasury 4.25% 07/09/39 | 252,000 | 245 | 0.05 |
| UK Treasury 4.25% 07/12/40 | 1,000,000 | 964 | 0.21 |
| UK Treasury 4.25% 07/12/46 | 1,300,000 | 1,227 | 0.26 |
| UK Treasury 4.25% 07/12/49 | 100,000 | 94 | 0.02 |
| UK Treasury 4.25% 07/12/55 | 200,000 | 188 | 0.04 |
| UK Treasury 4.5% 07/09/34 | 1,850,120 | 1,893 | 0.40 |
| UK Treasury 4.5% 07/12/42 | 150,000 | 148 | 0.03 |
| UK Treasury 4.75% 07/12/30 | 300,000 | 314 | 0.07 |
| UK Treasury 6% 07/12/28 | 87,000 | 95 | 0.02 |
| TOTAL GOVERNMENT BONDS | | 187,363 | 39.85 |
| Portfolio of investments | | 455,616 | 96.93 |
| Net other assets | | 14,424 | 3.07 |
| Total net assets | | 470,040 | 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 30 November 2023 (unaudited)

| | A Accumulation | | | A Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 128.77 | 126.73 | 132.84 | 104.55 | 105.11 | 113.72 |
| Closing net asset value (£) † | 4,032,457 | 4,396,437 | 5,203,562 | 332,382 | 352,799 | 329,302 |
| Closing number of shares | 3,131,618 | 3,469,157 | 3,917,225 | 317,928 | 335,644 | 289,577 |
| Operating charges^ | 0.51% | 0.51% | 0.51% | 0.51% | 0.51% | 0.51% |

| | B Accumulation | | | B Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 150.03 | 147.59 | 154.55 | 112.43 | 112.98 | 122.11 |
| Closing net asset value (£) † | 278,921,068 | 292,538,762 | 337,607,336 | 1,598,480 | 1,748,308 | 2,090,455 |
| Closing number of shares | 185,908,551 | 198,213,910 | 218,449,843 | 1,421,746 | 1,547,398 | 1,711,901 |
| Operating charges^ | 0.41% | 0.41% | 0.41% | 0.41% | 0.41% | 0.41% |

| | D Accumulation | | | D Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 218.97 | 216.09 | 227.87 | 106.59 | 107.50 | 117.00 |
| Closing net asset value (£) † | 27,985,579 | 4,804,983 | 5,532,332 | 3,280,454 | 713,138 | 885,279 |
| Closing number of shares | 12,780,540 | 2,223,586 | 2,427,834 | 3,077,704 | 663,406 | 756,635 |
| Operating charges^ | 1.11% | 1.11% | 1.11% | 1.11% | 1.11% | 1.11% |

| | R Accumulation | | | R Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 217.61 | 215.19 | 227.83 | 105.83 | 107.05 | 116.99 |
| Closing net asset value (£) † | 73,396,816 | 104,461,408 | 124,533,512 | 630,647 | 3,591,412 | 5,044,215 |
| Closing number of shares | 33,729,203 | 48,543,569 | 54,660,453 | 595,898 | 3,354,818 | 4,311,736 |
| Operating charges^ | 1.51% | 1.51% | 1.51% | 1.51% | 1.51% | 1.51% |

| | Z Accumulation | | | Z Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 250.42 | 246.75 | 259.29 | 121.51 | 122.32 | 132.66 |
| Closing net asset value (£) † | 65,589,187 | 71,350,285 | 93,698,118 | 14,273,425 | 15,503,586 | 18,932,080 |
| Closing number of shares | 26,191,958 | 28,915,654 | 36,135,755 | 11,746,656 | 12,675,130 | 14,270,705 |
| Operating charges^ | 0.76% | 0.76% | 0.76% | 0.76% | 0.76% | 0.76% |

† Valued at bid-market prices.

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

~ D share class launched on 25 May 2022.

## AXA Distribution Fund

# Statement of Total Return

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Income: | | | | |
| Net capital losses | | (2,072) | | (31,757) |
| Revenue | 10,904 | | 7,881 | |
| Expenses | (1,712) | | (1,986) | |
| Interest payable and similar charges | - | | - | |
| Net revenue before taxation | 9,192 | | 5,895 | |
| Taxation | - | | 7 | |
| Net revenue after taxation | | 9,192 | | 5,902 |
| Total return before distributions | | 7,120 | | (25,855) |
| Distributions | | (10,343) | | (7,509) |
| **Change in net assets attributable to Shareholders from investment activities** | | **(3,223)** | | **(33,364)** |

# Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Opening net assets attributable to Shareholders** | | 499,461 | | 593,856 |
| Amounts receivable on issue of shares | 603 | | 1,577 | |
| Amounts payable on cancellation of shares | (36,492) | | (31,957) | |
| | | (35,889) | | (30,380) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (3,223) | | (33,364) |
| Retained distributions on accumulation shares | | 9,691 | | 7,066 |
| Unclaimed distributions | | - | | 1 |
| **Closing net assets attributable to Shareholders** | | **470,040** | | **537,179** |

The above statement shows the comparative closing net assets at 30 November 2022 whereas the current accounting period commenced 1 June 2023.

# AXA Distribution Fund

## Balance Sheet

As at 30 November (unaudited)

| | 30/11/23 £'000 | 31/05/23 £'000 |
|---|---|---|
| Assets: | | |
| Fixed assets: | | |
| Investments | 455,616 | 476,626 |
| Current assets: | | |
| Debtors | 6,904 | 1,871 |
| Cash and bank balances | 10,298 | 24,324 |
| Total assets | 472,818 | 502,821 |
| Liabilities: | | |
| Creditors: | | |
| Distribution payable | (205) | (263) |
| Other creditors | (2,573) | (3,097) |
| Total liabilities | (2,778) | (3,360) |
| Net assets attributable to Shareholders | 470,040 | 499,461 |

## AXA Distribution Fund

# Distribution Table

As at 30 November 2023 (unaudited)

First Distribution in pence per share
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased on or after 1 June 2023 to 31 August 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/10/23 (p) | Distribution paid 31/10/22 (p) |
|---|---|---|---|---|
| **Share Class A Accumulation** | | | | |
| Group 1 | 1.422 | - | 1.422 | 0.988 |
| Group 2 | 0.917 | 0.505 | 1.422 | 0.988 |
| **Share Class A Income** | | | | |
| Group 1 | 1.181 | - | 1.181 | 0.847 |
| Group 2 | 0.877 | 0.304 | 1.181 | 0.847 |
| **Share Class B Accumulation** | | | | |
| Group 1 | 1.656 | - | 1.656 | 1.150 |
| Group 2 | 0.857 | 0.799 | 1.656 | 1.150 |
| **Share Class B Income** | | | | |
| Group 1 | 1.269 | - | 1.269 | 0.909 |
| Group 2 | 1.269 | - | 1.269 | 0.909 |
| **Share Class D Accumulation** | | | | |
| Group 1 | 2.423 | - | 2.423 | 1.693 |
| Group 2 | 1.629 | 0.794 | 2.423 | 1.693 |
| **Share Class D Income** | | | | |
| Group 1 | 1.207 | - | 1.207 | 0.870 |
| Group 2 | 1.207 | - | 1.207 | 0.870 |
| **Share Class R Accumulation** | | | | |
| Group 1 | 2.411 | - | 2.411 | 1.692 |
| Group 2 | 1.465 | 0.946 | 2.411 | 1.692 |
| **Share Class R Income** | | | | |
| Group 1 | 1.201 | - | 1.201 | 0.870 |
| Group 2 | 1.201 | - | 1.201 | 0.870 |
| **Share Class Z Accumulation** | | | | |
| Group 1 | 2.768 | - | 2.768 | 1.928 |
| Group 2 | 1.733 | 1.035 | 2.768 | 1.928 |
| **Share Class Z Income** | | | | |
| Group 1 | 1.374 | - | 1.374 | 0.987 |
| Group 2 | 0.455 | 0.919 | 1.374 | 0.987 |

# AXA Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Second Distribution in pence per share
Group 1 Shares purchased prior to 1 September 2023
Group 2 Shares purchased on or after 1 September 2023 to 30 November 2023

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/01/24 (p) | Distribution paid 31/01/23 (p) |
|---|---|---|---|---|
| **Share Class A Accumulation** | | | | |
| Group 1 | 1.297 | - | 1.297 | 0.732 |
| Group 2 | 0.749 | 0.548 | 1.297 | 0.732 |
| **Share Class A Income** | | | | |
| Group 1 | 1.065 | - | 1.065 | 0.623 |
| Group 2 | 0.661 | 0.404 | 1.065 | 0.623 |
| **Share Class B Accumulation** | | | | |
| Group 1 | 1.511 | - | 1.511 | 0.852 |
| Group 2 | 0.837 | 0.674 | 1.511 | 0.852 |
| **Share Class B Income** | | | | |
| Group 1 | 1.146 | - | 1.146 | 0.669 |
| Group 2 | 1.146 | - | 1.146 | 0.669 |
| **Share Class D Accumulation** | | | | |
| Group 1 | 2.207 | - | 2.207 | 1.253 |
| Group 2 | 1.340 | 0.867 | 2.207 | 1.253 |
| **Share Class D Income** | | | | |
| Group 1 | 1.087 | - | 1.087 | 0.639 |
| Group 2 | 1.087 | - | 1.087 | 0.639 |
| **Share Class R Accumulation** | | | | |
| Group 1 | 2.195 | - | 2.195 | 1.251 |
| Group 2 | 0.703 | 1.492 | 2.195 | 1.251 |
| **Share Class R Income** | | | | |
| Group 1 | 1.080 | - | 1.080 | 0.638 |
| Group 2 | 1.080 | - | 1.080 | 0.638 |
| **Share Class Z Accumulation** | | | | |
| Group 1 | 2.523 | - | 2.523 | 1.427 |
| Group 2 | 0.950 | 1.573 | 2.523 | 1.427 |
| **Share Class Z Income** | | | | |
| Group 1 | 1.239 | - | 1.239 | 0.726 |
| Group 2 | 0.448 | 0.791 | 1.239 | 0.726 |

# AXA Ethical Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### 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 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 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://funds.axa-im.co.uk/en/individual/fund/axa-ethical-distribution-fund-z-accumulation-gbp/#documents

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 30 November 2023 (unaudited)

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.

Lower Risk ← → Higher Risk

Potentially lower reward — Potentially higher reward

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

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. The risk category remains unchanged from the Annual Report as at 31 May 2023.

# AXA Ethical Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### 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.

### Key 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 - index-linked bonds are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

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

# AXA Ethical Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

• Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Fund may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, 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.

• Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

## AXA Ethical Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

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 Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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.

• 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.

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

### 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 Ethical Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Market Review

Global investors have faced another volatile period during the six months to 30 November 2023, with bond markets continuing to set the tone. US 10-year Treasury yields started the period at c.3.5% and peaked during October at almost 5% before easing back into the low 4's by the end of November. The sharp rise in yields over the whole of Q3 and into early Q4 reflected investor concerns about impact of the relentless increase in interest rates and that inflation might prove to be stickier than had previously been expected. However, data points over the period turned meaningfully softer and CPI (Consumer Price Index) prints towards the end of the period indicate that the inflation impulse that has framed the investment narrative for two years are clearly in the descendancy.

In the US, Europe and UK large cap stocks have had a good year while small and mid-cap stocks have struggled under the weight of high inflation and fast rising interest rates. The result is that large caps now trade at distinctly higher multiples than the rest of the market. In the US for example, the valuation gap between the large cap S&P 500 (trading on c.19x FY24 earnings) and the mid-cap S&P 400 (trading on 13.7x FY24 earnings) is at historic extremes. In Europe ex-UK, large caps also trade at a 10% premium to small and mid-caps and in the UK, the FTSE Small Cap now trades on a single digit PE (price to earnings) multiple. This has reflected market nervousness around the impact that higher interest rates will have on smaller, perhaps less financially established businesses. It has also reflected the concerns around the impact faced by consumers by acute cost of living pressures. However, towards the end of the period under review, signs that these pressures could be easing have started to emerge. In the UK, for example, borrowers are now able to secure a fixed rate mortgage with an interest rate below 4.5% while average pay growth has risen above inflation for the first time in almost two years.

The period under review has been characterised by investor sentiment oscillating around hopes that we are edging closer to the end of the interest rate hiking cycle. Towards the end of the Q3 period markets dropped markedly as hopes that peak policy rates would be swiftly followed by cuts looked increasingly likely to be disappointed. The surging oil price, a result of further geopolitical crises, cooled some of the optimism about a sharp deceleration in inflation. Following the outbreak of war between Hamas and Israel, the oil price had a decidedly more levelling time in November pulled between the opposing concerns of production cuts and larger than expected stockpiles combined with a slowdown in Chinese demand. The price of Brent crude hovered around $80 a barrel as the OPEC oil cartel struggled to reach consensus on the level of production cuts. At the end of the month, the OPEC members agreed to voluntarily cut oil production by a total of 2.2mn barrels a day in the first quarter of 2024, with Saudi Arabia extending its cut of 1mn barrels a day – previously extended to the end of December – by another three months. However, oil still fell despite the reduced production pledge as signs of strain begin to show among the cartel. This has laid the potential for some 'good' deflation in 2024 – caused not by weakening economies but by lower oil prices.

In the UK, after reporting stubbornly high numbers it was pleasing to see that in November, UK inflation fell meaningfully to 4.6% which is less than half the level of the October 2022 peak. This is a very different situation from that reported since the pandemic and could hopefully lead to a better environment for equity investing. Another positive development over the period was the revision from the Office for National Statistics (ONS) who increased their estimate for the size of the UK economy. The UK had been the only G7 economy whose Q2 2023 output was below (-0.25%) that of Q4 2019 (i.e. pre-Covid). This has now been revised upwards to +1.6% above the Q4 2019 level. No longer a G7 laggard, the UK economy appears to be recovering faster than Germany, and in line with France and Japan. In this environment, with valuations at recent historic lows and for investors with longer time horizons, a number of companies have received take over approaches during the period.

# AXA Ethical Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Global bonds market yields were driven higher over the period as economic data around the world remained resilient and the expected deterioration, leading to a possible recession, was either pushed back in time into 2024 or at times cancelled. While inflation came off its peak, it remained higher than many expected, growth, particularly in the US, remain strong and the unemployment data was robust. With that came an expectation for higher interest rates for a longer period of time as central banks continued to move official rates higher and talked with a hawkish bias. In that context US government 10-year bond yields reached a peak of 5% in mid-October, from a low of 3.5% earlier in the year. German 10-year yields got close to 3% although outperformed US equivalent as the economic data in Europe underperformed that of US. During the early part of summer UK bond markets underperformed both US and Europe as expectations for significant rate rises in the UK were priced into yields, although these failed to materialise and along with all bond markets, began a material consolidation and rally during mid-October until the time of writing. Bond markets are finishing the year strongly, posting positive returns year to date after a disappointing Q2 and Q3. Bond yields curves are starting to steepen, as short dating bonds outperform long dated bonds. 10-year inflation breakevens in the US have broadly traded sideways during 2023 after the peak in 2022, similar to those in Germany and UK although they have started to underperform more recently in line with the strong rally in nominal bonds.

### Portfolio Review

Over the period, elevated inflation & interest rates have caused investors to become more short term focussed in nature which has provided a headwind to growth investors. Cyclical, resource heavy sectors such as Energy and Basic Materials have continued to do well during this period. This has been both a style and size headwind for the Fund which prioritises ethical growth companies with responsible business practices.  However, towards the end of the period as inflation and thus interest rate expectations started to fall, companies with these kinds of characteristics started to be more favoured once again.

During the period the strategy continued to take advantage of share price weakness in existing holdings that are deemed to be high quality and whose medium-term prospects are still felt to be very attractive. Examples include: Trainline, Segro, NCC Group, SSP Group & GB Group. New holdings to the portfolio included National Grid given its defensive growth opportunity in the UK's transition to Net Zero. A small position in ATG PLC was also added on account of its role as global aggregator of choice for independent auction houses. This is a market where online penetration is still very low, competition is limited and the network effects of bigger audiences and greater convenience should drive significant revenue growth over time for this platform business.

A number of holdings were also sold during the period. The position in On the Beach was sold over fears around its competitive positioning and the departure on its influential founder from the CEO role. The holding in Redrow was also exited over concerns around high mortgage rates and their focus on higher value properties. RS Group was also sold following a change of management team and cyclical concerns over its growth potential.

There have been a number of excellent performers within the portfolio during this period RELX continues to demonstrate that its investment in data, digital & AI capabilities is leading to accelerating organic revenue growth. Hill & Smith again produced good results driven by their exposure to US infrastructure spend. 3I continued to report impressive results thanks to the trading and expansion of its Action discount stores in Europe. Bytes also produced excellent organic growth helped by the demand for Microsoft and cyber security products. Autotrader reported better revenue and profit growth as its digital buying journey gained traction with car dealers ahead of market expectations.  Additionally, Trainline reported strong revenue growth as customers continue to switch from ticket machines to online and in App purchases of train tickets. They also surprised the market with a share buyback that was very well received.

Kin & Carta received a bid at a 40% premium to its share price but given its recent share price weakness and the exciting prospects for this business given its role in software, data and AI, it feels an underwhelming outcome.

# AXA Ethical Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Detractors from performance included XP Power who highlighted that trading in China, in particular their semiconductor market, had deteriorated in September when a pickup was expected. St James Place altered their fee structure to simplify and reduce it in order to protect the brand. Diageo highlighted an inventory correction in their Latin America and Caribbean region and Prudential continues to suffer as a result of negative sentiment to China despite a strong post Covid bounce back in sales.

Within the fixed income portion of the portfolio we added duration during periods of market weakness where we saw attractive valuations. This shift in positioning contributed to performance later in the period as bond markets bounced significantly off their yield highs. Throughout the six months we have held an overweight to longer-dated bonds in place of shorter maturities to benefit from the steepening of yield curves. At the start of the period, the sell-off in bond markets detracted from performance. We remain constructive as we look ahead to 2024 with expectation for rate cuts from central banks to move to the fore, in line with a weaker economic outlook as financial conditions have tightened significantly.

### Outlook

With 2024 set to be the biggest election year in history - noting in particular the leadership contests in Taiwan early in the new year, in the UK at some (as yet unconfirmed) point and in the US in November. Fiscal plans will be closely watched by bond and equity markets alike. The potential for a more dovish stance from central banks has made us more optimistic about equity markets in 2024. Set against a backdrop of slowing global growth, analyst forecasts suggest that corporate earnings will be subdued in 2024 however we believe that there is room for equities to re-rate higher. A key risk to our outlook is that earlier rate cuts add to the risk that there is a re-acceleration in inflation in 2025. This would likely weigh on equities and especially those companies with significant floating rate debt.

Our strategy will remain true to our belief in thematic trends and identifying advantaged companies in a targeted, focused and active approach. We believe that short-term macro events cannot be accurately nor consistently predicted. As such, we retain a preference for longer-term structural trends and quality companies that can deliver robust, reliable and consistent growth, supported by a simple and effective government bond hedge.

*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) |
|---|---|---|---|
| ● National Grid | 2,268 | ● UK Treasury 0.125% IL 22/03/24 | 2,547 |
| ● UK Treasury 0.125% IL 10/08/28 | 2,056 | ● UK Treasury 1.25% IL 22/11/32 | 1,913 |
| ● UK Treasury 0.375% IL 22/03/62 | 764 | ● UK Treasury 0.125% IL 10/08/28 | 1,558 |
| ● UK Treasury 0.625% 22/10/50 | 671 | ● UK Treasury 0.125% IL 22/03/26 | 1,540 |
| ● Auction Technology Group | 607 | ● Redrow | 1,291 |

Nigel Yates
AXA Investment Managers UK Limited

## AXA Ethical Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| EQUITIES 55.42% (31/05/23: 55.71%) | | | |
| BASIC MATERIALS 1.41% (31/05/23: 1.16%) | | | |
| Industrial Metals & Mining 1.41% (31/05/23: 1.16%) | | | |
| Hill & Smith | 100,096 | 1,858 | 1.41 |
| **TOTAL BASIC MATERIALS** | | **1,858** | **1.41** |
| CONSUMER DISCRETIONARY 13.57% (31/05/23: 13.31%) | | | |
| Household Goods & Home Construction 0.00% (31/05/23: 0.88%) | | | |
| Leisure Goods 1.31% (31/05/23: 1.19%) | | | |
| Games Workshop Group | 16,156 | 1,734 | 1.31 |
| Media 4.22% (31/05/23: 3.50%) | | | |
| Bloomsbury Publishing | 292,056 | 1,244 | 0.94 |
| Future | 104,188 | 931 | 0.70 |
| RELX | 111,944 | 3,410 | 2.58 |
| Retailers 4.84% (31/05/23: 4.60%) | | | |
| Dunelm Group | 150,849 | 1,596 | 1.21 |
| Howden Joinery Group | 221,330 | 1,642 | 1.24 |
| JD Sports Fashion | 1,110,730 | 1,753 | 1.33 |
| Pets at Home Group | 447,728 | 1,400 | 1.06 |
| Travel & Leisure 3.20% (31/05/23: 3.14%) | | | |
| Hollywood Bowl Group | 668,156 | 1,811 | 1.37 |
| SSP Group | 419,323 | 884 | 0.67 |
| Trainline | 528,150 | 1,540 | 1.16 |
| **TOTAL CONSUMER DISCRETIONARY** | | **17,945** | **13.57** |
| CONSUMER STAPLES 1.70% (31/05/23: 2.60%) | | | |
| Beverages 1.70% (31/05/23: 2.60%) | | | |
| Diageo | 81,216 | 2,247 | 1.70 |
| **TOTAL CONSUMER STAPLES** | | **2,247** | **1.70** |
| FINANCIALS 12.96% (31/05/23: 14.16%) | | | |
| Banks 1.33% (31/05/23: 1.76%) | | | |
| NatWest Group | 844,233 | 1,760 | 1.33 |
| Finance & Credit Services 2.20% (31/05/23: 2.08%) | | | |
| London Stock Exchange Group | 32,625 | 2,907 | 2.20 |

# AXA Ethical Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Investment Banking & Brokerage 4.75% (31/05/23: 5.42%) | | | |
| 3i Group | 107,021 | 2,369 | 1.79 |
| Hargreaves Lansdown | 165,545 | 1,183 | 0.90 |
| Intermediate Capital Group | 104,647 | 1,641 | 1.24 |
| St James's Place | 166,795 | 1,078 | 0.82 |
| | | | |
| Life Insurance 4.68% (31/05/23: 4.90%) | | | |
| Just Group | 2,242,379 | 1,821 | 1.38 |
| Legal & General Group | 992,358 | 2,272 | 1.72 |
| Prudential | 244,805 | 2,091 | 1.58 |
| | | | |
| TOTAL FINANCIALS | | 17,122 | 12.96 |
| | | | |
| HEALTH CARE 0.00% (31/05/23: 0.76%) | | | |
| Pharmaceuticals & Biotechnology 0.00% (31/05/23: 0.76%) | | | |
| | | | |
| INDUSTRIALS 10.33% (31/05/23: 11.48%) | | | |
| Construction & Materials 1.79% (31/05/23: 1.62%) | | | |
| Genuit Group | 463,987 | 1,527 | 1.15 |
| Marshalls | 337,990 | 844 | 0.64 |
| | | | |
| Electronic & Electrical Equipment 3.39% (31/05/23: 4.38%) | | | |
| DiscoverIE Group | 190,400 | 1,194 | 0.90 |
| Oxford Instruments | 69,375 | 1,488 | 1.13 |
| Rotork | 586,453 | 1,795 | 1.36 |
| | | | |
| Industrial Engineering 0.82% (31/05/23: 0.85%) | | | |
| Spirax-Sarco Engineering | 11,775 | 1,088 | 0.82 |
| | | | |
| Industrial Support Services 2.70% (31/05/23: 2.72%) | | | |
| Experian | 83,292 | 2,418 | 1.83 |
| RWS | 470,320 | 1,149 | 0.87 |
| | | | |
| Industrial Transportation 1.63% (31/05/23: 1.91%) | | | |
| Ashtead Group | 45,108 | 2,155 | 1.63 |
| | | | |
| TOTAL INDUSTRIALS | | 13,658 | 10.33 |
| | | | |
| REAL ESTATE 5.10% (31/05/23: 4.55%) | | | |
| Real Estate Investment & Services 2.69% (31/05/23: 2.34%) | | | |
| Grainger | 744,313 | 1,901 | 1.44 |
| Rightmove | 298,089 | 1,648 | 1.25 |

## AXA Ethical Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Real Estate Investment Trusts 2.41% (31/05/23: 2.21%) | | | |
| Segro | 199,262 | 1,633 | 1.24 |
| UNITE Group | 158,420 | 1,550 | 1.17 |
| | | | |
| TOTAL REAL ESTATE | | 6,732 | 5.10 |
| | | | |
| TECHNOLOGY 6.74% (31/05/23: 5.87%) | | | |
| Software & Computer Services 6.74% (31/05/23: 5.87%) | | | |
| Aptitude Software Group | 320,617 | 853 | 0.65 |
| Auction Technology Group | 82,311 | 421 | 0.32 |
| Auto Trader Group | 262,412 | 1,889 | 1.43 |
| Bytes Technology Group | 258,551 | 1,421 | 1.08 |
| GB Group | 545,483 | 1,274 | 0.96 |
| Kainos Group | 130,238 | 1,261 | 0.95 |
| Kin & Carta | 700,000 | 724 | 0.55 |
| NCC Group | 864,701 | 1,062 | 0.80 |
| | | | |
| TOTAL TECHNOLOGY | | 8,905 | 6.74 |
| | | | |
| UTILITIES 3.61% (31/05/23: 1.82%) | | | |
| Electricity 1.92% (31/05/23: 1.82%) | | | |
| SSE | 138,709 | 2,534 | 1.92 |
| | | | |
| Gas, Water & Multiutilities 1.69% (31/05/23: 0.00%) | | | |
| National Grid | 218,220 | 2,232 | 1.69 |
| | | | |
| TOTAL UTILITIES | | 4,766 | 3.61 |
| | | | |
| GOVERNMENT BONDS 43.49% (31/05/23: 43.35%) | | | |
| Index Linked Government Bonds 39.26% (31/05/23: 40.03%) | | | |
| UK Treasury 0.125% IL 22/03/24 | 6,520,000 | 10,068 | 7.62 |
| UK Treasury 0.125% IL 22/03/26 | 7,900,000 | 11,368 | 8.60 |
| UK Treasury 0.125% IL 10/08/28 | 2,425,000 | 3,242 | 2.45 |
| UK Treasury 0.125% IL 22/03/29 | 1,310,000 | 2,048 | 1.55 |
| UK Treasury 0.125% IL 10/08/31 | 500,000 | 631 | 0.48 |
| UK Treasury 0.125% IL 22/11/36 | 873,000 | 1,162 | 0.88 |
| UK Treasury 0.125% IL 22/03/44 | 590,000 | 737 | 0.56 |
| UK Treasury 0.125% IL 22/03/46 | 832,000 | 949 | 0.72 |
| UK Treasury 0.125% IL 10/08/48 | 950,000 | 986 | 0.75 |
| UK Treasury 0.125% IL 22/03/51 | 650,000 | 612 | 0.46 |
| UK Treasury 0.125% IL 22/11/56 | 386,000 | 386 | 0.29 |

# AXA Ethical Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UK Treasury 0.125% IL 22/03/58 | 524,844 | 535 | 0.40 |
| UK Treasury 0.125% IL 22/11/65 | 500,000 | 480 | 0.36 |
| UK Treasury 0.125% IL 22/03/68 | 775,000 | 770 | 0.58 |
| UK Treasury 0.25% IL 22/03/52 | 520,000 | 614 | 0.46 |
| UK Treasury 0.375% IL 22/03/62 | 800,000 | 955 | 0.72 |
| UK Treasury 0.5% IL 22/03/50 | 323,500 | 472 | 0.36 |
| UK Treasury 0.625% IL 22/03/40 | 345,000 | 562 | 0.43 |
| UK Treasury 0.625% IL 22/11/42 | 340,000 | 551 | 0.42 |
| UK Treasury 0.625% IL 22/03/45 | 500,001 | 463 | 0.35 |
| UK Treasury 0.75% IL 22/03/34 | 580,000 | 952 | 0.72 |
| UK Treasury 0.75% IL 22/11/47 | 720,300 | 1,168 | 0.88 |
| UK Treasury 1.125% IL 22/11/37 | 650,000 | 1,251 | 0.95 |
| UK Treasury 1.25% IL 22/11/27 | 1,550,000 | 3,118 | 2.36 |
| UK Treasury 1.25% IL 22/11/32 | 375,000 | 696 | 0.53 |
| UK Treasury 1.25% IL 22/11/55 | 200,565 | 393 | 0.30 |
| UK Treasury 2% IL 26/01/35 | 216,000 | 524 | 0.40 |
| UK Treasury 2.5% IL 17/07/24 | 1,406,000 | 5,359 | 4.06 |
| UK Treasury 4.125% IL 22/07/30 | 240,000 | 817 | 0.62 |
| | | | |
| Traditional Government Bonds 4.23% (31/05/23: 3.32%) | | | |
| UK Treasure 0.125% 30/01/24 | 100,000 | 99 | 0.07 |
| UK Treasury 0.25% 31/01/25 | 800,000 | 760 | 0.57 |
| UK Treasury 0.5% 22/10/61 | 500,000 | 146 | 0.11 |
| UK Treasury 0.625% 22/10/50 | 1,850,000 | 726 | 0.55 |
| UK Treasury 0.875% 22/10/29 | 400,000 | 336 | 0.25 |
| UK Treasury 0.875% 31/07/33 | 1,070,000 | 792 | 0.60 |
| UK Treasury 1.5% 31/07/53 | 1,175,000 | 590 | 0.45 |
| UK Treasury 2.5% 22/07/65 | 12,000 | 8 | 0.01 |
| UK Treasury 3.25% 22/01/44 | 28,000 | 23 | 0.02 |
| UK Treasury 3.5% 22/10/25 | 450,000 | 442 | 0.33 |
| UK Treasury 3.5% 22/01/45 | 70,000 | 59 | 0.04 |
| UK Treasury 3.5% 22/07/68 | 80,000 | 65 | 0.05 |
| UK Treasury 3.75% 22/07/52 | 59,000 | 51 | 0.04 |
| UK Treasury 4% 22/01/60 | 76,000 | 69 | 0.05 |
| UK Treasury 4.25% 07/06/32 | 100,000 | 101 | 0.08 |
| UK Treasury 4.25% 07/12/40 | 74,000 | 71 | 0.05 |
| UK Treasury 4.25% 07/12/46 | 950,000 | 896 | 0.68 |

## AXA Ethical Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UK Treasury 4.25% 07/12/49 | 38,000 | 36 | 0.03 |
| UK Treasury 4.25% 07/12/55 | 89,000 | 84 | 0.06 |
| UK Treasury 4.5% 07/12/42 | 50,000 | 49 | 0.04 |
| UK Treasury 4.75% 07/12/30 | 184,000 | 192 | 0.15 |
| TOTAL GOVERNMENT BONDS | | 57,464 | 43.49 |
| Portfolio of investments | | 130,697 | 98.91 |
| Net other assets | | 1,446 | 1.09 |
| Total net assets | | 132,143 | 100.00 |

*All investments are ordinary shares unless otherwise stated.*
*All bonds are denominated in Sterling (unless otherwise indicated).*

# AXA Ethical Distribution Fund

## Comparative Tables

As at 30 November 2023 (unaudited)

| | B Accumulation | | | B Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 120.69 | 120.22 | 130.14 | 103.19 | 104.48 | 116.18 |
| Closing net asset value (£) † | 7,385,644 | 7,773,387 | 8,864,911 | 21,493 | 21,763 | 25,008 |
| Closing number of shares | 6,119,699 | 6,465,893 | 6,811,891 | 20,829 | 20,829 | 21,526 |
| Operating charges^ | 0.52% | 0.52% | 0.52% | 0.52% | 0.52% | 0.52% |

| | D Accumulation~ | | | D Income~ | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 146.49 | 146.35 | 159.37 | 154.53 | 156.91 | 175.52 |
| Closing net asset value (£) † | 1,280,551 | 204,012 | 269,456 | 89,814 | 54,408 | 84,045 |
| Closing number of shares | 874,173 | 139,401 | 169,071 | 58,121 | 34,674 | 47,882 |
| Operating charges^ | 1.12% | 1.12% | 1.12% | 1.12% | 1.12% | 1.12% |

| | R Accumulation | | | R Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 145.65 | 145.79 | 159.40 | 153.59 | 156.26 | 175.51 |
| Closing net asset value (£) † | 60,418,787 | 65,126,559 | 79,256,220 | 58,883 | 365,657 | 557,080 |
| Closing number of shares | 41,482,143 | 44,672,057 | 49,720,895 | 38,337 | 234,011 | 317,404 |
| Operating charges^ | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% |

| | Z Accumulation | | | Z Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 170.00 | 169.54 | 183.99 | 169.98 | 172.31 | 192.08 |
| Closing net asset value (£) † | 53,242,695 | 67,036,540 | 93,338,397 | 9,645,335 | 10,902,527 | 14,306,664 |
| Closing number of shares | 31,319,960 | 39,539,168 | 50,730,137 | 5,674,488 | 6,327,108 | 7,448,288 |
| Operating charges^ | 0.77% | 0.77% | 0.77% | 0.77% | 0.77% | 0.77% |

† Valued at bid-market prices.

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

~ D share class launched on 25 May 2022.

## AXA Ethical Distribution Fund

# Statement of Total Return

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 £'000 | £'000 | 30/11/22 £'000 | £'000 |
|---|---|---|---|---|
| Income: | | | | |
| Net capital losses | | (1,877) | | (14,620) |
| Revenue | 2,580 | | 2,105 | |
| Expenses | (765) | | (937) | |
| Interest payable and similar charges | - | | - | |
| Net revenue before taxation | 1,815 | | 1,168 | |
| Taxation | - | | - | |
| Net revenue after taxation | | 1,815 | | 1,168 |
| Total return before distributions | | (62) | | (13,452) |
| Distributions | | (2,328) | | (1,889) |
| **Change in net assets attributable to Shareholders from investment activities** | | **(2,390)** | | **(15,341)** |

# Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 £'000 | £'000 | 30/11/22 £'000 | £'000 |
|---|---|---|---|---|
| **Opening net assets attributable to Shareholders** | | 151,485 | | 196,702 |
| Amounts receivable on issue of shares | 1,907 | | 2,136 | |
| Amounts payable on cancellation of shares | (20,841) | | (16,445) | |
| | | (18,934) | | (14,309) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (2,390) | | (15,341) |
| Retained distributions on accumulation shares | | 1,982 | | 1,664 |
| **Closing net assets attributable to Shareholders** | | **132,143** | | **168,716** |

The above statement shows the comparative closing net assets at 30 November 2022 whereas the current accounting period commenced 1 June 2023.

# AXA Ethical Distribution Fund

## Balance Sheet

As at 30 November (unaudited)

| | 30/11/23 £'000 | 31/05/23 £'000 |
|---|---|---|
| Assets: | | |
| Fixed assets: | | |
| Investments | 130,697 | 150,063 |
| Current assets: | | |
| Debtors | 375 | 360 |
| Cash and bank balances | 1,961 | 2,595 |
| Total assets | 133,033 | 153,018 |
| Liabilities: | | |
| Creditors: | | |
| Distribution payable | (162) | (184) |
| Other creditors | (728) | (1,349) |
| Total liabilities | (890) | (1,533) |
| Net assets attributable to Shareholders | 132,143 | 151,485 |

## AXA Ethical Distribution Fund

# Distribution Table

As at 30 November 2023 (unaudited)

Interim Distribution in pence per share
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased on or after 1 June 2023 to 30 November 2023

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/01/24 (p) | Distribution paid 31/01/23 (p) |
|---|---|---|---|---|
| Share Class B Accumulation | | | | |
| Group 1 | 1.952 | - | 1.952 | 1.294 |
| Group 2 | 1.219 | 0.733 | 1.952 | 1.294 |
| Share Class B Income | | | | |
| Group 1 | 1.699 | - | 1.699 | 1.155 |
| Group 2 | 1.699 | - | 1.699 | 1.155 |
| Share Class D Accumulation | | | | |
| Group 1 | 2.373 | - | 2.373 | 1.582 |
| Group 2 | 1.028 | 1.345 | 2.373 | 1.582 |
| Share Class D Income | | | | |
| Group 1 | 2.547 | - | 2.547 | 1.743 |
| Group 2 | 2.547 | - | 2.547 | 1.743 |
| Share Class R Accumulation | | | | |
| Group 1 | 2.362 | - | 2.362 | 1.581 |
| Group 2 | 0.883 | 1.479 | 2.362 | 1.581 |
| Share Class R Income | | | | |
| Group 1 | 2.533 | - | 2.533 | 1.740 |
| Group 2 | 1.761 | 0.772 | 2.533 | 1.740 |
| Share Class Z Accumulation | | | | |
| Group 1 | 2.752 | - | 2.752 | 1.828 |
| Group 2 | 1.281 | 1.471 | 2.752 | 1.828 |
| Share Class Z Income | | | | |
| Group 1 | 2.798 | - | 2.798 | 1.908 |
| Group 2 | 1.188 | 1.610 | 2.798 | 1.908 |

# AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Investment Objective

The aim of this Fund is to achieve a dividend yield greater than that of the MSCI World High Dividend Yield Index* (the "MSCI WHDY Index") over the long term (being a period of five years or more) with some prospects for capital growth over the long term.

### Investment Policy

The Fund invests at least 80% of its Net Asset Value in shares in companies of any capitalisation, based anywhere in the world. To seek to achieve the Fund's objective, investment in shares will be made primarily (meaning a minimum of 70%) in large and mid capitalisation companies in developed markets. The Manager may however invest in small capitalisation companies or companies in emerging markets as it sees fit.

The Manager uses its proprietary quantitative model (the Model) to analyse the financial data of a broad universe of global companies, including their dividend yield profile, historic earnings, profitability, earnings growth prospects, carbon and water intensity, environmental, social and governance (ESG) characteristics and risk of financial distress. From the pool of securities analysed by the Manager's Model, the Manager seeks to construct a portfolio focusing on companies with an attractive dividend yield while considering quality and earnings growth, financial stability, industry, geographical location, ESG risk and stock-specific risks in order to aim to achieve the Fund's investment objective.

The Manager considers ESG risk by applying AXA Investment Manager's (AXA IM's) sector specific investment guidelines relating to responsible investment to the Fund and its standard exclusions under the AXA IM's ESG Standards policy. AXA IM's ESG Standards policy and AXA IM's sector specific investment guidelines are subject to change and the latest copies are accessible via the links provided in the "Responsible Investment" section of this prospectus above and are available from the Manager on request.

Further, in selecting investments, the Manager will, in addition to the application of the above policies, take into account the company's ESG score as one factor within its broader analysis of the issuer to make selections which are expected to generate a dividend yield and capital growth over the long term in line with the Fund's objective. The Manager will not invest in companies with the lowest ESG scores, save in exceptional circumstances, such as where it deems, through its own research, that the ESG score of the company does not accurately or fully reflect its current ESG profile.

If the Manager 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 the Fund's objective, the Manager 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 selecting the companies for the Fund, 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 the composition of the MSCI WHDY Index, which is designed to measure the performance of large and mid capitalisation companies from a number of developed markets which generate high yield, as selected by the index provider.

The Fund may also invest in other transferable securities, cash, deposits, units in collective investment schemes (including funds that are managed by the Manager or its associates) and money market instruments. The Fund may use derivatives for Efficient Portfolio Management. Use may be made of stock lending, borrowing, cash holding and hedging techniques permitted in the applicable Financial Conduct Authority rules.

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

** The historic dividend yield of a fund or index is calculated by dividing the dividend per share over the last year by the current fund or index price.*

# AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Risk and Reward Profile

As at 30 November 2023 (unaudited)

Lower Risk | Higher Risk

Potentially lower reward | Potentially higher reward

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

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

### Why is this Fund in this category?

The capital of the Fund is not guaranteed. The Fund is invested in financial markets and uses techniques and instruments which may be subject to sudden and significant variation, which may result in substantial gains or losses.

### Key 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.

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

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

# AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

• 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 relatable 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.

• Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

## AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

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.

# AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

• Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform 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.

• 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 Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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.

### 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

World markets ended the reporting period sharply higher. Despite the quarter starting with the outbreak of war between Israel and Hamas and fears that the conflict would spread into other Middle East territories, stock market indices staged a remarkable rally. Signs that inflation is cooling, after reaching a four-decade high last year, have led to strong expectations that the Fed will start cutting rates sooner than expected with a 1% rate cut expected during the course of 2024.

# AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

More importantly, this has been achieved with little economic damage giving rise to hopes of a so-called Goldilocks scenario where the central bank is able to slow the growth in consumer prices without badly hurting economic growth. This led to a sharp decline in bond yields with 10-year US Treasury note falling to 4.35% from 4.88% at the close of last month. Reports of stimulus in China as the ongoing property crisis deepened also helped push markets higher.

In this context, longer duration and interest rate sensitive shares led the market higher with technology and real estate firmly in the lead. The energy sector bucked the trend and delivered the weakest relative returns over the month while more defensive areas of the market such as consumer staples and utilities also lagged the market. From a factor standpoint, with markets in risk on mode, volatility and quality delivered weak returns alongside high dividend yielding companies. Growth and Momentum outperformed modestly.

### Portfolio Review

The Fund was launched on 19 October 2023. The Fund is designed to achieve a dividend yield above that of its benchmark the MSCI World High Dividend Yield Index over the long term with the prospect for capital growth over the long term. The Fund uses quantitative models to meet the above objective while taking account of ESG features such as ESG score and carbon and water intensity.

Since its launch to 30 November 2023, the Fund recorded a small fall in value but modestly outperformed its benchmark index (measured for Shareclass ZI GBP). High dividend yielding companies were in demand in a context where interest rates are expected to fall in 2024, making them more attractive than bonds. The Fund further benefited from its above benchmark beta exposure in a risk on rally.

The Fund also benefited from its exposure to high quality companies demonstrating sustainable earnings growth and balance sheet strength.

Looking at individual stock contributors, we have a diversified set of positive contributors, mostly in stocks that we are overweight versus the benchmark index, outweighing the comparatively smaller set of detractors that were mostly underweight exposures versus the index.

### Outlook

After delivering strong relative performance for most of 2023, generally supported by a strong rise in earnings expectations, the returns of the Magnificent Seven have been more aligned with the market since the third quarter. This has allowed leadership to broaden out to other areas of the market. Furthermore, expectations about the earnings potential of the Magnificent Seven are now more aligned to the rest of the market. In this context, we would expect them to deliver more market-like returns going forward.

The macroeconomic outlook for 2024 suggests lower real GDP growth which should allow central banks to start cutting interests rates. Slower real GDP could impact corporate revenues. In such an environment we would expect high quality to companies to perform well because of their superior earnings and balance sheet resilience. Falling interest rates are also typically positive for high quality companies, particularly high quality-growth companies which benefit from a lower cost of borrowing to finance their future growth making it more likely that they will achieve their long-term objectives.

In this context, we believe a focus on dividend yield, sustainable earnings and strong balance sheet quality should offer attractive returns for investors.

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

# AXA Global Equity Income Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

| Major Purchases | Cost (£'000) |
|---|---|
| ● Chevron | 346 |
| ● Coca-Cola | 330 |
| ● AbbVie | 329 |
| ● Pfizer | 276 |
| ● Cisco Systems | 266 |

| Total Sales | Proceeds (£'000) |
|---|---|
| ● Telefonica Deutschland | 29 |

EQI Team
AXA Investment Managers UK Limited

# AXA Global Equity Income Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| AUSTRALIA 1.75% | | | |
| Fortescue | 13,454 | 176 | 1.75 |
| **TOTAL AUSTRALIA** | | **176** | **1.75** |
| AUSTRIA 0.35% | | | |
| OMV | 1,044 | 35 | 0.35 |
| **TOTAL AUSTRIA** | | **35** | **0.35** |
| CANADA 2.97% | | | |
| Bank of Nova Scotia | 4,100 | 142 | 1.41 |
| Canadian Imperial Bank of Commerce | 4,100 | 127 | 1.27 |
| IGM Financial | 1,500 | 29 | 0.29 |
| **TOTAL CANADA** | | **298** | **2.97** |
| DENMARK 0.64% | | | |
| AP Moller - Maersk | 52 | 64 | 0.64 |
| **TOTAL DENMARK** | | **64** | **0.64** |
| FRANCE 1.48% | | | |
| TotalEnergies | 2,731 | 149 | 1.48 |
| **TOTAL FRANCE** | | **149** | **1.48** |
| GERMANY 4.36% | | | |
| BASF | 2,812 | 104 | 1.04 |
| Bayerische Motoren Werke | 2,143 | 178 | 1.77 |
| Mercedes-Benz Group | 2,607 | 133 | 1.33 |
| Volkswagen | 236 | 22 | 0.22 |
| **TOTAL GERMANY** | | **437** | **4.36** |
| HONG KONG 0.84% | | | |
| BOC Hong Kong | 40,000 | 84 | 0.84 |
| **TOTAL HONG KONG** | | **84** | **0.84** |
| JAPAN 10.48% | | | |
| Canon | 7,000 | 143 | 1.42 |
| Daiwa Securities Group | 6,900 | 35 | 0.35 |
| Japan Post Bank | 5,600 | 44 | 0.44 |
| Mitsui OSK Lines | 6,200 | 135 | 1.35 |

## AXA Global Equity Income Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| MS&AD Insurance Group | 1,300 | 39 | 0.39 |
| Nippon Yusen | 6,100 | 130 | 1.30 |
| Sekisui House | 8,900 | 144 | 1.43 |
| SoftBank | 16,900 | 163 | 1.62 |
| Sompo | 2,700 | 98 | 0.98 |
| Takeda Pharmaceutical | 5,400 | 120 | 1.20 |
| TOTAL JAPAN | | 1,051 | 10.48 |
| NETHERLANDS 5.88% | | | |
| ABN AMRO Bank | 879 | 9 | 0.09 |
| Akzo Nobel | 1,491 | 90 | 0.90 |
| ASR Nederland | 898 | 33 | 0.33 |
| LyondellBasell Industries | 2,200 | 164 | 1.63 |
| NN Group | 447 | 14 | 0.14 |
| Randstad | 2,227 | 105 | 1.05 |
| Stellantis | 10,191 | 175 | 1.74 |
| TOTAL NETHERLANDS | | 590 | 5.88 |
| NEW ZEALAND 0.94% | | | |
| Spark New Zealand | 37,837 | 94 | 0.94 |
| TOTAL NEW ZEALAND | | 94 | 0.94 |
| SPAIN 1.51% | | | |
| Endesa | 6,514 | 108 | 1.08 |
| Naturgy Energy Group | 1,802 | 43 | 0.43 |
| TOTAL SPAIN | | 151 | 1.51 |
| SWEDEN 3.63% | | | |
| Svenska Handelsbanken | 13,205 | 99 | 0.99 |
| Tele2 | 10,956 | 68 | 0.68 |
| Volvo | 10,664 | 197 | 1.96 |
| TOTAL SWEDEN | | 364 | 3.63 |
| SWITZERLAND 5.67% | | | |
| Adecco Group | 3,200 | 121 | 1.21 |
| Kuehne + Nagel | 239 | 55 | 0.55 |
| Swiss | 1,967 | 183 | 1.82 |
| Zurich Insurance Group | 531 | 210 | 2.09 |
| TOTAL SWITZERLAND | | 569 | 5.67 |

# AXA Global Equity Income Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UNITED KINGDOM 3.86% | | | |
| abrdn | 36,250 | 59 | 0.59 |
| Legal & General Group | 69,524 | 159 | 1.59 |
| Rio Tinto | 3,111 | 169 | 1.68 |
| TOTAL UNITED KINGDOM | | 387 | 3.86 |
| UNITED STATES 53.57% | | | |
| AbbVie | 2,700 | 296 | 2.95 |
| American Financial Group | 1,400 | 123 | 1.23 |
| Amgen | 200 | 42 | 0.42 |
| AT&T | 9,100 | 117 | 1.17 |
| Best Buy | 1,500 | 84 | 0.84 |
| Broadcom | 129 | 96 | 0.96 |
| Chevron | 2,500 | 285 | 2.84 |
| Cisco Systems | 6,000 | 228 | 2.27 |
| CME Group | 600 | 102 | 1.02 |
| Coca-Cola | 7,400 | 341 | 3.40 |
| Conagra Brands | 6,200 | 137 | 1.37 |
| Consolidated Edison | 800 | 57 | 0.57 |
| Devon Energy | 3,100 | 110 | 1.10 |
| Dow | 3,636 | 148 | 1.47 |
| Eversource Energy | 500 | 24 | 0.24 |
| Ford Motor | 1,000 | 8 | 0.08 |
| Gaming and Leisure Properties | 2,900 | 105 | 1.05 |
| General Mills | 3,400 | 168 | 1.67 |
| Gilead Sciences | 1,700 | 101 | 1.01 |
| International Business Machines | 2,200 | 272 | 2.71 |
| International Paper | 900 | 25 | 0.25 |
| Interpublic Group | 3,300 | 80 | 0.80 |
| Iron Mountain | 3,000 | 150 | 1.49 |
| Johnson & Johnson | 1,200 | 144 | 1.43 |
| Kimberly-Clark | 1,700 | 164 | 1.63 |
| Kinder Morgan | 4,900 | 67 | 0.67 |
| Kraft Heinz | 5,549 | 154 | 1.53 |
| Merck & Co | 1,000 | 80 | 0.80 |
| ONEOK | 2,600 | 139 | 1.38 |
| PACCAR | 2,544 | 184 | 1.83 |
| Paychex | 215 | 21 | 0.21 |
| Pfizer | 10,700 | 255 | 2.54 |
| Prudential Financial | 1,900 | 145 | 1.45 |
| Simon Property Group | 1,300 | 126 | 1.26 |
| T Rowe Price Group | 900 | 71 | 0.71 |
| Texas Instruments | 1,800 | 218 | 2.17 |
| Valero Energy | 100 | 10 | 0.10 |

# AXA Global Equity Income Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Verizon Communications | 9,800 | 293 | 2.92 |
| VICI Properties | 400 | 9 | 0.09 |
| Walgreens Boots Alliance | 3,315 | 52 | 0.52 |
| Weyerhaeuser | 5,700 | 143 | 1.42 |
| TOTAL UNITED STATES | | 5,374 | 53.57 |
| Portfolio of investments | | 9,823 | 97.93 |
| Net other assets | | 208 | 2.07 |
| Total net assets | | 10,031 | 100.00 |

*All investments are ordinary shares unless otherwise stated.*

# AXA Global Equity Income Fund

## Comparative Tables

As at 30 November 2023 (unaudited)

| | D Accumulation~ | D Income~ |
|---|---|---|
| | 30/11/2023 | 30/11/2023 |
| Closing net asset value per share (p) † | 99.77 | 99.56 |
| Closing net asset value (£) † | 4,988 | 4,978 |
| Closing number of shares | 5,000 | 5,000 |
| Operating charges^ | 0.82% | 0.82% |

| | R Accumulation~ | R Income~ |
|---|---|---|
| | 30/11/2023 | 30/11/2023 |
| Closing net asset value per share (p) † | 99.76 | 99.55 |
| Closing net asset value (£) † | 4,988 | 4,978 |
| Closing number of shares | 5,000 | 5,000 |
| Operating charges^ | 0.92% | 0.92% |

| | S Accumulation~ | S Income~ |
|---|---|---|
| | 30/11/2023 | 30/11/2023 |
| Closing net asset value per share (p) † | 99.82 | 99.62 |
| Closing net asset value (£) † | 4,991 | 4,981 |
| Closing number of shares | 5,000 | 5,000 |
| Operating charges^ | 0.37% | 0.37% |

| | Z Accumulation~ | Z Income~ |
|---|---|---|
| | 30/11/2023 | 30/11/2023 |
| Closing net asset value per share (p) † | 99.80 | 99.59 |
| Closing net asset value (£) † | 4,990 | 4,979 |
| Closing number of shares | 5,000 | 5,000 |
| Operating charges^ | 0.62% | 0.62% |

| | ZI Accumulation~ | ZI Income~ |
|---|---|---|
| | 30/11/2023 | 30/11/2023 |
| Closing net asset value per share (p) † | 99.81 | 99.61 |
| Closing net asset value (£) † | 9,985,687 | 4,980 |
| Closing number of shares | 10,005,000 | 5,000 |
| Operating charges^ | 0.47% | 0.47% |

† Valued at bid-market prices.

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

~ Data shown since inception 19 October 2023.

# AXA Global Equity Income Fund

## Statement of Total Return

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | |
|---|---|---|
| | £'000 | £'000 |
| Income: | | |
| Net capital losses | | (39) |
| Revenue | 29 | |
| Expenses | (5) | |
| Interest payable and similar charges | - | |
| Net revenue before taxation | 24 | |
| Taxation | (4) | |
| Net revenue after taxation | | 20 |
| Total return before distributions | | (19) |
| Distributions | | (20) |
| **Change in net assets attributable to Shareholders from investment activities** | | **(39)** |

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | |
|---|---|---|
| | £'000 | £'000 |
| **Opening net assets attributable to Shareholders** | | - |
| Amounts receivable on issue of shares | 10,050 | |
| Amounts payable on cancellation of shares | - | |
| | | 10,050 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (39) |
| Retained distributions on accumulation shares | | 20 |
| **Closing net assets attributable to Shareholders** | | **10,031** |

The Fund was launched on 19 October 2023, hence there are no comparative figures for the previous year.

# AXA Global Equity Income Fund

## Balance Sheet

As at 30 November (unaudited)

| | 30/11/23<br>£'000 |
|---|---|
| **Assets:** | |
| Fixed assets: | |
| Investments | 9,823 |
| Current assets: | |
| Debtors | 19 |
| Cash and bank balances | 195 |
| Total assets | 10,037 |
| **Liabilities:** | |
| Creditors: | |
| Other creditors | (6) |
| Total liabilities | (6) |
| Net assets attributable to Shareholders | 10,031 |

The Fund was launched on 19 October 2023, hence there are no comparative figures for the previous year.

# AXA Global Equity Income Fund

## Distribution Table

As at 30 November 2023 (unaudited)

First Distribution in pence per share
Group 1 Shares purchased prior to 19 October 2023
Group 2 Shares purchased on or after 19 October to 30 November 2023

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/01/24 (p) |
|---|---|---|---|
| **Share Class D Accumulation** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class D Income** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class R Accumulation** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class R Income** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class S Accumulation** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class S Income** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class Z Accumulation** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class Z Income** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |
| **Share Class ZI Accumulation** | | | |
| Group 1 | 0.204 | - | 0.204 |
| Group 2 | 0.204 | - | 0.204 |
| **Share Class ZI Income** | | | |
| Group 1 | 0.206 | - | 0.206 |
| Group 2 | 0.206 | - | 0.206 |

The Fund was launched on 19 October 2023, hence there are no comparative figures for the previous year.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Investment Objective

The aim of this Fund is to: (i) achieve income and long-term capital growth over a period of five years or more; and (ii) invest in companies which have leading or improving environmental, social and governance (ESG) practices, in line with the selection criteria described in the investment policy.

### 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 Manager invests in shares of listed companies which 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 have shown a clear commitment to improve their ESG practices ("companies in transition"). More than 50% of the Fund's equity investments will be in "leaders". The Manager 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 Manager will take into account the ESG score of the sovereign issuer or company (as appropriate) as one factor within its broader analysis of the company or issuer to identify investments which are expected to generate long-term capital growth and which have leading or improving ESG practices. The Manager will only consider the lowest scoring companies for the Fund in exceptional circumstances. ESG scores are obtained from our selected external provider (s), as detailed in the "Responsible Investment" section of the Prospectus. To avoid investing in bonds or shares which present excessive degrees of environmental, social and governance (ESG) risk, the Manager applies AXA IM Group's sector specific investment guidelines relating to responsible investment to the Fund. Such guidelines exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as unsustainable palm oil production, controversial weapons and climate risks).

The Manager also applies the AXA Investment Managers' ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; certain criteria relating to 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 Manager on request.

The Manager will actively engage on sustainability issues and identified areas of weakness with a particular focus on a selection of investee companies. The Manager will focus on companies where the continued enhancement of sustainability practices is expected to help support the robust, long-term profitability of such companies. More details on the Manager's approach to sustainability and its engagement with companies are available on the website https://www.axa-im.co.uk/ under the heading "Responsible Investing".

If the Manager 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 the Fund's objective or, in the case of a company, becomes unresponsive to the Manager's engagement efforts, the Manager 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.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

The Manager has full discretion to select investments for the Fund in line with its investment policy and in doing so may take into consideration 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 Benchmark is designed to measure the financial 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.

The Fund may also invest in other transferable securities, cash, deposits, units in collective investment schemes (including those that are managed by the Manager or its associates) 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 financial performance. The Manager currently does not consider any available benchmarks as a suitable performance comparator for investors to compare the Fund's performance against its sustainability objective.

### Risk and Reward Profile

As at 30 November 2023 (unaudited)

By investing in a fund which can invest up to 60% in equities you are likely to be looking for an investment which has lower risk than a pure equity based fund but you are prepared to accept some risk for potential reward. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests predominantly in equities. You are aware that investing in a fund which has a global remit can increase risk because of currency movements in return for greater potential reward.

Lower Risk ← → Higher Risk

Potentially lower reward — Potentially higher reward

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

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund’s future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. The risk category remains unchanged from the Annual Report as at 31 May 2023.

### 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.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Key Risks

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

• 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 relatable 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.

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 - index-linked bonds are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

## AXA Global Sustainable Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

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

• Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Fund may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, the Fund may suffer significant loss.

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with 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;

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

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.

*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.

## AXA Global Sustainable Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

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.

*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 Depositary 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.

## AXA Global Sustainable Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

• Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund’s securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund’s exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund’s credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

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.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

• 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 Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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.

• Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

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.

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

### 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

Global investors have faced another volatile period during the six months to 30 November 2023, with bond markets continuing to set the tone. US 10-year Treasury yields started the period at c.3.5% and peaked during October at almost 5% before easing back into the low 4's by the end of November. The sharp rise in yields over the whole of Q3 and into early Q4 reflected investor concerns about impact of the relentless increase in interest rates and that inflation might prove to be stickier than had previously been expected. However, data points over the period turned meaningfully softer and CPI (Consumer Price Index) prints towards the end of the period indicate that the inflation impulse that has framed the investment narrative for two years are clearly in the descendancy.

In the US, Europe and UK large cap stocks have had a good year while small and mid-cap stocks have struggled under the weight of high inflation and fast rising interest rates. The result is that large caps now trade at distinctly higher multiples than the rest of the market. In the US for example, the valuation gap between the large cap S&P 500 (trading on c.19x FY24 earnings) and the mid-cap S&P 400 (trading on 13.7x FY24 earnings) is at historic extremes. In Europe ex-UK, large caps also trade at a 10% premium to small and mid-caps and in the UK, the FTSE Small Cap now trades on a single digit PE (price to earnings) multiple. This has reflected market nervousness around the impact that higher interest rates will have on smaller, perhaps less financially established businesses. It has also reflected the concerns around the impact faced by consumers by acute cost of living pressures. However, towards the end of the period under review, signs that these pressures could be easing have started to emerge. In the UK, for example, borrowers are now able to secure a fixed rate mortgage with an interest rate below 4.5% while average pay growth has risen above inflation for the first time in almost two years.

The period under review has been characterised by investor sentiment oscillating around hopes that we are edging closer to the end of the interest rate hiking cycle. Towards the end of the Q3 period, markets dropped markedly as hopes that peak policy rates would be swiftly followed by cuts looked increasingly likely to be disappointed. The surging oil price, a result of further geopolitical crises, cooled some of the optimism about a sharp deceleration in inflation. Following the outbreak of war between Hamas and Israel, the oil price had a decidedly more levelling time in November pulled between the opposing concerns of production cuts and larger than expected stockpiles combined with a slowdown in Chinese demand. The price of Brent crude hovered around $80 a barrel as the OPEC oil cartel struggled to reach consensus on the level of production cuts. At the end of the month, the OPEC members agreed to voluntarily cut oil production by a total of 2.2mn barrels a day in the first quarter of 2024, with Saudi Arabia extending its cut of 1mn barrels a day – previously extended to the end of December – by another three months. However, oil still fell despite the reduced production pledge as signs of strain begin to show among the cartel. This has laid the potential for some 'good' deflation in 2024 – caused not by weakening economies but by lower oil prices.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

In the UK, after reporting stubbornly high numbers it was pleasing to see that in November, UK inflation fell meaningfully to 4.6% which is less than half the level of the October 2022 peak. This is a very different situation from that reported since the pandemic and could hopefully lead to a better environment for equity investing. Another positive development over the period was the revision from the Office for National Statistics (ONS) who increased their estimate for the size of the UK economy. The UK had been the only G7 economy whose Q2 2023 output was below (-0.25%) that of Q4 2019 (i.e. pre-Covid). This has now been revised upwards to +1.6% above the Q4 2019 level. No longer a G7 laggard, the UK economy appears to be recovering faster than Germany, and in line with France and Japan. In this environment, with valuations at recent historic lows and for investors with longer time horizons, a number of companies have received take over approaches during the period.

Global bonds market yields were driven higher over the period as economic data around the world remained resilient and the expected deterioration, leading to a possible recession, was either pushed back in time into 2024 or at times cancelled. While inflation came off its peak, it remained higher than many expected, growth, particularly in the US, remain strong and the unemployment data was robust. With that came an expectation for higher interest rates for a longer period of time as central banks continued to move official rates higher and talked with a hawkish bias. In that context US government 10-year bond yields reached a peak of 5% in mid-October, from a low of 3.5% earlier in the year. German 10-year yields got close to 3% although outperformed US equivalent as the economic data in Europe underperformed that of US. During the early part of summer UK bond markets underperformed both US and Europe as expectations for significant rate rises in the UK were priced into yields, although these failed to materialise and along with all bond markets, began a material consolidation and rally during mid-October until the time of writing. Bond markets are finishing the year strongly, posting positive returns year to date after a disappointing Q2 and Q3. Bond yields curves are starting to steepen, as short dated bonds outperform long dated bonds. 10-year inflation breakevens in the US have broadly traded sideways during 2023 after the peak in 2022, similar to those in Germany and UK although they have started to underperform more recently in line with the strong rally in nominal bonds.

### Portfolio Review

Over the period we have added new names like Prysmian in Europe and healthcare related names like Convatec (UK), Exact Sciences (US) and Hoya (Japan). Prysmian is a global manufacturer of high voltage electricity cables, critical for connecting renewable generation projects on to national electricity grids. We continue to like to the opportunity in healthcare exposure given its defensive growth qualities – Convatec makes a range of wound and infusion care products, Exact Sciences makes diagnostic tests for colon cancer and Hoya makes both eyeglasses and contact lenses as well as endoscopes. Prysmian sits within our Planet theme, while the three healthcare names are in our People theme. Over the period we have reduced/exited a number of names exposed to wind (mainly offshore wind projects) where returns on projects have become very challenged. Thus, we have exited Siemens and reduced Orsted, both European names.

Over the period in question, we have seen the percentage of 'ESG leaders' in the equity sleeve decrease modestly from 83% to 80% as of the end of November. This mainly reflects that 3 names that had previously been scored as 'ESG Leaders' are now considered as 'ESG in-transition' while only 2 names have seen their scores improve and become rated as 'ESG Leaders' over the period.

Within the fixed income portion of the portfolio, we added duration during periods of market weakness where we saw attractive valuations. This shift in positioning contributed to performance later in the period as bond markets bounced significantly off their yield highs. Throughout the six months we have held an overweight to longer-dated bonds in place of shorter maturities to benefit from the steepening of yield curves. At the start of the period, the sell-off in bond markets detracted from performance. We remain constructive as we look ahead to 2024 with expectation for rate cuts from central banks to move to the fore, in line with a weaker economic outlook as financial conditions have tightened significantly.

# AXA Global Sustainable Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Outlook

With 2024 set to be the biggest election year in history - noting in particular the leadership contests in Taiwan early in the new year, in the UK at some (as yet unconfirmed) point and in the US in November. Fiscal plans will be closely watched by bond and equity markets alike. The potential for a more dovish stance from central banks has made us more optimistic about equity markets in 2024. Set against a backdrop of slowing global growth, analyst forecasts suggest that corporate earnings will be subdued in 2024 however we believe that there is room for equities to re-rate higher. A key risk to our outlook is that earlier rate cuts add to the risk that there is a re-acceleration in inflation in 2025. This would likely weigh on equities and especially those companies with significant floating rate debt.

Our strategy will remain true to our belief in thematic trends and identifying advantaged companies in a targeted, focused and active approach. We believe that short-term macro events cannot be accurately nor consistently predicted. As such, we retain a preference for longer-term structural trends and quality companies that can deliver robust, reliable and consistent growth, supported by a simple and effective government bond hedge.

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

| Major Purchases | Cost (£'000) |
|---|---|
| ● UK Treasury 0.125% IL 22/03/26 | 3,751 |
| ● MarketAxess | 1,812 |
| ● Exact Sciences | 1,794 |
| ● Prysmian | 1,576 |
| ● US Treasury 0.125% IL 15/04/25 | 1,512 |

| Major Sales | Proceeds (£'000) |
|---|---|
| ● US Treasury 0.875% IL 15/02/47 | 2,608 |
| ● US Treasury 0.25% IL 15/01/25 | 2,347 |
| ● UK Treasury 0.125% IL 22/03/26 | 2,308 |
| ● Siemens | 2,172 |
| ● McKesson | 2,070 |

David Shaw
AXA Investment Managers UK Limited

# AXA Global Sustainable Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| AUSTRALIA 1.49% (31/05/23: 1.49%) | | | |
| Allkem | 189,841 | 850 | 0.27 |
| Goodman Group # | 163,859 | 1,946 | 0.61 |
| Macquarie Group | 22,079 | 1,949 | 0.61 |
| TOTAL AUSTRALIA | | 4,745 | 1.49 |
| CANADA 0.52% (31/05/23: 0.47%) | | | |
| Canada (Government of) 1.5% IL 01/12/44 | CAD 268,000 | 204 | 0.06 |
| Canada (Government of) 2% IL 01/12/41 | CAD 282,000 | 241 | 0.08 |
| Canada (Government of) 3% IL 01/12/36 | CAD 169,000 | 172 | 0.05 |
| Canada (Government of) 4% IL 01/12/31 | CAD 93,000 | 109 | 0.04 |
| Canada (Government of) 4.25% IL 01/12/26 | CAD 813,000 | 914 | 0.29 |
| TOTAL CANADA | | 1,640 | 0.52 |
| CAYMAN ISLANDS 1.01% (31/05/23: 1.22%) | | | |
| NetEase | 120,900 | 2,158 | 0.68 |
| Zai Lab ADR | 49,542 | 1,062 | 0.33 |
| TOTAL CAYMAN ISLANDS | | 3,220 | 1.01 |
| CHINA (INCLUDING HONG KONG) 0.55% (31/05/23: 0.63%) | | | |
| AIA Group | 254,000 | 1,734 | 0.55 |
| TOTAL CHINA (INCLUDING HONG KONG) | | 1,734 | 0.55 |
| DENMARK 0.29% (31/05/23: 0.42%) | | | |
| Novo Nordisk | 11,500 | 925 | 0.29 |
| TOTAL DENMARK | | 925 | 0.29 |
| FINLAND 0.65% (31/05/23: 0.60%) | | | |
| Neste | 68,079 | 2,057 | 0.65 |
| TOTAL FINLAND | | 2,057 | 0.65 |
| FRANCE 5.20% (31/05/23: 5.32%) | | | |
| INDEX LINKED GOVERNMENT BONDS 3.39% (31/05/23: 3.45%) | | | |
| France OAT 0.1% IL 25/07/36 | EUR 500,000 | 473 | 0.15 |
| France OAT 0.1% IL 25/07/38 | EUR 10,415,000 | 9,210 | 2.89 |
| France OAT 0.1% IL 25/07/47 | EUR 490,000 | 423 | 0.13 |
| France OAT 0.175% IL 25/06/39 | EUR 980,000 | 691 | 0.22 |

## AXA Global Sustainable Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| EQUITIES 1.81% (31/05/23: 1.87%) | | | |
| Amundi | 31,617 | 1,541 | 0.48 |
| L'Oreal | 5,242 | 1,958 | 0.62 |
| Schneider Electric | 15,481 | 2,251 | 0.71 |
| TOTAL FRANCE | | 16,547 | 5.20 |
| GERMANY 3.66% (31/05/23: 3.95%) | | | |
| INDEX LINKED GOVERNMENT BONDS 2.17% (31/05/23: 2.02%) | | | |
| Deutsche Bundesrepublik 0.1% IL 15/04/26 | EUR 4,735,000 | 4,985 | 1.57 |
| Deutsche Bundesrepublik 0.1% IL 15/04/30 | EUR 1,765,000 | 1,926 | 0.60 |
| EQUITIES 1.49% (31/05/23: 1.93%) | | | |
| Infineon Technologies | 61,296 | 1,905 | 0.60 |
| SAP | 22,364 | 2,823 | 0.89 |
| TOTAL GERMANY | | 11,639 | 3.66 |
| INDIA 0.52% (31/05/23: 0.60%) | | | |
| HDFC Bank ADR | 34,771 | 1,665 | 0.52 |
| TOTAL INDIA | | 1,665 | 0.52 |
| IRELAND 0.89% (31/05/23: 1.19%) | | | |
| Linde | 8,715 | 2,837 | 0.89 |
| TOTAL IRELAND | | 2,837 | 0.89 |
| ITALY 0.48% (31/05/23: 0.00%) | | | |
| Prysmian | 50,199 | 1,541 | 0.48 |
| TOTAL ITALY | | 1,541 | 0.48 |
| JAPAN 3.09% (31/05/23: 3.26%) | | | |
| Daikin Industries | 13,800 | 1,636 | 0.51 |
| FUJIFILM | 48,800 | 2,261 | 0.71 |
| Hoya | 16,000 | 1,428 | 0.45 |
| Omron | 43,700 | 1,450 | 0.46 |
| Toyota Motor | 204,400 | 3,056 | 0.96 |
| TOTAL JAPAN | | 9,831 | 3.09 |
| LUXEMBOURG 0.00% (31/05/23: 0.21%) | | | |

# AXA Global Sustainable Distribution Fund

## Portfolio Statement
As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| MEXICO 0.64% (31/05/23: 0.77%) | | | |
| Wal-Mart de Mexico | 670,000 | 2,035 | 0.64 |
| TOTAL MEXICO | | **2,035** | **0.64** |
| SOUTH AFRICA 0.28% (31/05/23: 0.18%) | | | |
| Capitec Bank | 10,864 | 893 | 0.28 |
| TOTAL SOUTH AFRICA | | **893** | **0.28** |
| SOUTH KOREA 1.09% (31/05/23: 1.35%) | | | |
| LG Chem | 3,580 | 1,098 | 0.34 |
| Samsung Electronics | 53,556 | 2,387 | 0.75 |
| TOTAL SOUTH KOREA | | **3,485** | **1.09** |
| SPAIN 0.79% (31/05/23: 0.61%) | | | |
| Iberdrola | 257,932 | 2,525 | 0.79 |
| TOTAL SPAIN | | **2,525** | **0.79** |
| TAIWAN 1.16% (31/05/23: 1.08%) | | | |
| Taiwan Semiconductor Manufacturing | 254,000 | 3,705 | 1.16 |
| TOTAL TAIWAN | | **3,705** | **1.16** |
| UNITED KINGDOM 18.87% (31/05/23: 18.28%) | | | |
| INDEX LINKED GOVERNMENT BONDS 16.40% (31/05/23: 15.94%) | | | |
| UK Treasury 0.125% IL 31/01/24 | GBP 100,000 | 99 | 0.03 |
| UK Treasury 0.125% IL 22/03/24 | GBP 2,130,000 | 3,289 | 1.03 |
| UK Treasury 0.125% IL 22/03/26 | GBP 9,385,000 | 13,505 | 4.24 |
| UK Treasury 0.125% IL 10/08/28 | GBP 3,915,000 | 5,234 | 1.64 |
| UK Treasury 0.125% IL 22/03/29 | GBP 4,230,000 | 6,613 | 2.08 |
| UK Treasury 0.125% IL 10/08/31 | GBP 500,000 | 631 | 0.20 |
| UK Treasury 0.125% IL 22/11/36 | GBP 1,275,000 | 1,697 | 0.53 |
| UK Treasury 0.125% IL 22/03/44 | GBP 773,503 | 967 | 0.30 |
| UK Treasury 0.125% IL 22/03/46 | GBP 840,711 | 959 | 0.30 |
| UK Treasury 0.125% IL 10/08/48 | GBP 2,400,000 | 2,491 | 0.78 |
| UK Treasury 0.125% IL 22/03/58 | GBP 342,915 | 349 | 0.11 |
| UK Treasury 0.125% IL 22/11/65 | GBP 980,000 | 941 | 0.30 |
| UK Treasury 0.125% IL 22/03/68 | GBP 930,000 | 924 | 0.29 |
| UK Treasury 0.25% IL 22/03/52 | GBP 787,455 | 930 | 0.29 |
| UK Treasury 0.375% IL 22/03/62 | GBP 1,090,701 | 1,302 | 0.41 |
| UK Treasury 0.5% IL 22/03/50 | GBP 1,000,054 | 1,458 | 0.46 |
| UK Treasury 0.625% IL 22/03/40 | GBP 490,817 | 800 | 0.25 |

## AXA Global Sustainable Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UK Treasury 0.625% IL 22/11/42 | GBP 339,479 | 551 | 0.17 |
| UK Treasury 0.75% IL 22/03/34 | GBP 490,000 | 805 | 0.25 |
| UK Treasury 0.75% IL 22/11/47 | GBP 627,517 | 1,017 | 0.32 |
| UK Treasury 0.875% IL 31/07/33 | GBP 2,940,000 | 2,177 | 0.68 |
| UK Treasury 1.125% IL 22/11/37 | GBP 557,394 | 1,073 | 0.34 |
| UK Treasury 1.25% IL 22/11/27 | GBP 328,331 | 660 | 0.21 |
| UK Treasury 1.25% IL 22/11/32 | GBP 109,093 | 203 | 0.06 |
| UK Treasury 1.25% IL 22/11/55 | GBP 162,413 | 318 | 0.10 |
| UK Treasury 1.5% IL 31/07/53 | GBP 980,000 | 492 | 0.16 |
| UK Treasury 2% IL 26/01/35 | GBP 609,411 | 1,477 | 0.46 |
| UK Treasury 2.5% IL 17/07/24 | GBP 231,194 | 881 | 0.28 |
| UK Treasury 4.125% IL 22/07/30 | GBP 125,000 | 426 | 0.13 |
| | | | |
| TRADITIONAL GOVERNMENT BONDS 0.25% (31/05/23: 0.00%) | | | |
| UK Treasury 0.625% 22/10/50 | GBP 2,000,000 | 785 | 0.25 |
| | | | |
| EQUITIES 2.22% (31/05/23: 2.34%) | | | |
| Ashtead Group | 46,633 | 2,228 | 0.70 |
| BP | 584,704 | 2,835 | 0.89 |
| ConvaTec Group | 356,451 | 801 | 0.25 |
| Rentokil Initial | 281,010 | 1,209 | 0.38 |
| | | | |
| TOTAL UNITED KINGDOM | | 60,127 | 18.87 |
| | | | |
| UNITED STATES 58.22% (31/05/23: 57.24%) | | | |
| INDEX LINKED GOVERNMENT BONDS 22.49% (31/05/23: 22.49%) | | | |
| US Treasury 0.125% IL 15/04/25 | 8,130,000 | 7,351 | 2.31 |
| US Treasury 0.125% IL 15/07/26 | 9,275,000 | 8,890 | 2.79 |
| US Treasury 0.125% IL 15/01/30 | 15,320,000 | 12,817 | 4.02 |
| US Treasury 0.125% IL 15/01/31 | 11,755,000 | 9,546 | 3.00 |
| US Treasury 0.25% IL 15/01/25 | 8,690,000 | 8,632 | 2.71 |
| US Treasury 0.375% IL 15/01/27 | 2,995,000 | 2,836 | 0.89 |
| US Treasury 0.375% IL 15/07/27 | 3,035,000 | 2,831 | 0.89 |
| US Treasury 0.625% IL 15/02/43 | 4,421,300 | 3,468 | 1.09 |
| US Treasury 0.75% IL 15/02/42 | 4,472,300 | 3,718 | 1.17 |
| US Treasury 0.75% IL 15/02/45 | 3,920,000 | 2,999 | 0.94 |
| US Treasury 0.875% IL 15/02/47 | 7,565,000 | 5,677 | 1.78 |
| US Treasury 1.375% IL 15/02/44 | 1,426,100 | 1,266 | 0.40 |
| US Treasury 1.5% IL 15/02/53 | 2,250,000 | 1,583 | 0.50 |
| | | | |
| EQUITIES 35.73% (31/05/23: 34.75%) | | | |
| Alphabet | 67,175 | 7,173 | 2.25 |
| Amazon.com | 51,382 | 5,946 | 1.87 |
| American Express | 15,566 | 2,062 | 0.65 |
| American Tower # | 19,108 | 3,117 | 0.98 |

# AXA Global Sustainable Distribution Fund

## Portfolio Statement
As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Anthem | 5,437 | 2,001 | 0.63 |
| Apple | 48,819 | 7,313 | 2.30 |
| Ball | 62,063 | 2,692 | 0.85 |
| Becton Dickinson | 16,460 | 3,071 | 0.96 |
| Biogen | 10,660 | 1,957 | 0.61 |
| Boston Scientific | 78,090 | 3,425 | 1.08 |
| Chart Industries | 21,354 | 2,138 | 0.67 |
| Ciena | 73,702 | 2,642 | 0.83 |
| Comcast | 43,427 | 1,430 | 0.45 |
| Costco Wholesale | 7,145 | 3,322 | 1.04 |
| Exact Sciences | 32,821 | 1,687 | 0.53 |
| Ingersoll Rand | 23,948 | 1,318 | 0.41 |
| Intercontinental Exchange | 25,030 | 2,232 | 0.70 |
| MarketAxess | 9,680 | 1,816 | 0.57 |
| McKesson | 5,141 | 1,858 | 0.58 |
| Merck | 41,335 | 3,307 | 1.04 |
| Micron Technology | 34,458 | 2,090 | 0.66 |
| Microsoft | 34,041 | 10,202 | 3.20 |
| Mondelez | 39,296 | 2,190 | 0.69 |
| Morgan Stanley | 39,577 | 2,459 | 0.77 |
| NextEra Energy | 65,674 | 3,032 | 0.95 |
| Planet Fitness | 49,588 | 2,635 | 0.83 |
| Progressive | 20,691 | 2,667 | 0.84 |
| Prologis # | 26,341 | 2,356 | 0.74 |
| QUALCOMM | 21,196 | 2,144 | 0.67 |
| S&P Global | 8,020 | 2,631 | 0.83 |
| Salesforce | 16,189 | 2,951 | 0.93 |
| Tesla | 16,314 | 3,151 | 0.99 |
| Thermo Fisher Scientific | 5,990 | 2,336 | 0.73 |
| TJX Cos | 26,440 | 1,844 | 0.58 |
| Tractor Supply | 10,725 | 1,699 | 0.53 |
| Union Pacific | 10,627 | 1,862 | 0.58 |
| Valmont Industries | 12,622 | 2,141 | 0.67 |
| Visa | 18,471 | 3,714 | 1.17 |
| Yum China | 34,193 | 1,163 | 0.37 |
| | | | |
| TOTAL UNITED STATES | | 185,388 | 58.22 |
| | | | |
| FORWARD FX (0.00%) (31/05/23: 0.60%) | | | |
| Bought EUR700,000 for GBP610,420 Settlement 04/12/2023 | | (6) | - |
| Bought EUR115,097 for GBP100,000 Settlement 04/12/2023 | | (1) | - |
| Bought EUR144,317 for GBP125,000 Settlement 04/12/2023 | | - | - |
| Bought EUR143,142 for GBP125,000 Settlement 04/12/2023 | | (1) | - |
| Bought EUR431,924 for GBP375,000 Settlement 04/12/2023 | | (2) | - |
| Bought EUR172,484 for GBP150,000 Settlement 04/12/2023 | | (1) | - |

## AXA Global Sustainable Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Market Value £'000 | % of Total Net Assets |
|---|---|---|
| Bought EUR160,000 for GBP137,805 Settlement 04/12/2023 | - | - |
| Bought EUR115,000 for GBP100,379 Settlement 04/12/2023 | (1) | - |
| Bought USD631,038 for GBP500,000 Settlement 04/12/2023 | (1) | - |
| Bought USD627,255 for GBP500,000 Settlement 04/12/2023 | (4) | - |
| Bought USD454,806 for GBP370,000 Settlement 04/12/2023 | (10) | - |
| Bought USD485,000 for GBP399,681 Settlement 04/12/2023 | (16) | (0.01) |
| Bought USD750,000 for GBP614,485 Settlement 04/12/2023 | (21) | (0.01) |
| Bought USD600,000 for GBP494,654 Settlement 04/12/2023 | (20) | (0.01) |
| Bought USD900,000 for GBP744,992 Settlement 04/12/2023 | (33) | (0.01) |
| Bought USD1,882,029 for GBP1,550,000 Settlement 04/12/2023 | (61) | (0.02) |
| Bought USD793,294 for GBP650,000 Settlement 04/12/2023 | (22) | (0.01) |
| Bought USD1,800,000 for GBP1,477,056 Settlement 04/12/2023 | (53) | (0.02) |
| Bought USD650,000 for GBP523,336 Settlement 04/12/2023 | (9) | - |
| Sold CAD3,000,000 for GBP1,752,471 Settlement 04/12/2023 | 9 | - |
| Sold CAD3,000,000 for GBP1,743,042 Settlement 04/03/2024 | (2) | - |
| Sold EUR22,600,000 for GBP19,412,112 Settlement 04/12/2023 | (106) | (0.03) |
| Sold EUR20,800,000 for GBP18,059,007 Settlement 04/03/2024 | 36 | 0.01 |
| Sold USD1,200,000 for GBP978,620 Settlement 04/12/2023 | 29 | 0.01 |
| Sold USD1,200,000 for GBP985,605 Settlement 04/12/2023 | 36 | 0.01 |
| Sold USD96,900,000 for GBP77,153,386 Settlement 04/12/2023 | 495 | 0.16 |
| Sold USD700,000 for GBP574,870 Settlement 04/12/2023 | 21 | 0.01 |
| Sold USD91,000,000 for GBP71,700,708 Settlement 04/03/2024 | (241) | (0.08) |
| TOTAL FORWARD FX | 15 | - |
| Portfolio of investments | 316,554 | 99.40 |
| Net other assets | 1,904 | 0.60 |
| Total net assets | 318,458 | 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 30 November 2023 (unaudited)

| | B Accumulation | | | B Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 164.24 | 163.43 | 169.16 | 147.59 | 148.00 | 155.29 |
| Closing net asset value (£) † | 27,848,109 | 29,594,288 | 33,654,490 | 168,632 | 169,218 | 198,237 |
| Closing number of shares | 16,955,568 | 18,107,918 | 19,894,967 | 114,257 | 114,335 | 127,657 |
| Operating charges^ | 0.51% | 0.51% | 0.51% | 0.51% | 0.51% | 0.51% |

| | D Accumulation~ | | | D Income~ | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 304.54 | 303.96 | 316.51 | 189.64 | 190.72 | 201.31 |
| Closing net asset value (£) † | 2,625,157 | 577,589 | 606,744 | 450,772 | 92,104 | 99,717 |
| Closing number of shares | 862,003 | 190,024 | 191,701 | 237,697 | 48,293 | 49,533 |
| Operating charges^ | 1.12% | 1.11% | 1.11% | 1.12% | 1.11% | 1.11% |

| | R Accumulation | | | R Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 302.75 | 302.71 | 316.47 | 188.60 | 189.98 | 201.34 |
| Closing net asset value (£) † | 16,774,458 | 19,989,380 | 22,380,732 | 302,461 | 1,111,159 | 1,246,614 |
| Closing number of shares | 5,540,677 | 6,603,397 | 7,071,938 | 160,369 | 584,895 | 619,162 |
| Operating charges^ | 1.51% | 1.51% | 1.51% | 1.51% | 1.51% | 1.51% |

| | Z Accumulation | | | Z Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 347.34 | 346.05 | 359.07 | 217.25 | 218.12 | 229.43 |
| Closing net asset value (£) † | 243,684,494 | 276,488,401 | 334,467,647 | 26,603,802 | 29,706,299 | 37,838,631 |
| Closing number of shares | 70,157,312 | 79,899,519 | 93,148,321 | 12,245,942 | 13,619,452 | 16,492,490 |
| Operating charges^ | 0.76% | 0.76% | 0.76% | 0.76% | 0.76% | 0.76% |

† Valued at bid-market prices.

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

~ D share class launched on 25 May 2022.

## AXA Global Sustainable Distribution Fund

# Statement of Total Return

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Income: | | | | |
| Net capital losses | | (619) | | (18,775) |
| Revenue | 3,059 | | 2,458 | |
| Expenses | (1,336) | | (1,630) | |
| Interest payable and similar charges | (3) | | (24) | |
| Net revenue before taxation | 1,720 | | 804 | |
| Taxation | (131) | | (176) | |
| Net revenue after taxation | | 1,589 | | 628 |
| Total return before distributions | | 970 | | (18,147) |
| Distributions | | (2,633) | | (2,017) |
| Change in net assets attributable to Shareholders from investment activities | | (1,663) | | (20,164) |

# Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to Shareholders | | 357,728 | | 430,493 |
| Amounts receivable on issue of shares | 1,004 | | 10,929 | |
| Amounts payable on cancellation of shares | (40,838) | | (20,977) | |
| | | (39,834) | | (10,048) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (1,663) | | (20,164) |
| Retained distributions on accumulation shares | | 2,227 | | 1,811 |
| Closing net assets attributable to Shareholders | | 318,458 | | 402,092 |

The above statement shows the comparative closing net assets at 30 November 2022 whereas the current accounting period commenced 1 June 2023.

# AXA Global Sustainable Distribution Fund

## Balance Sheet

As at 30 November (unaudited)

| | 30/11/23 £'000 | 31/05/23 £'000 |
|---|---|---|
| **Assets:** | | |
| Fixed assets: | | |
| Investments | 317,165 | 355,838 |
| Current assets: | | |
| Debtors | 531 | 659 |
| Cash and bank balances | 4,360 | 2,989 |
| Total assets | 322,056 | 359,486 |
| **Liabilities:** | | |
| Investment liabilities | (611) | (10) |
| Creditors: | | |
| Distribution payable | (212) | (272) |
| Other creditors | (2,775) | (1,476) |
| Total liabilities | (3,598) | (1,758) |
| Net assets attributable to Shareholders | 318,458 | 357,728 |

# AXA Global Sustainable Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Interim Distribution in pence per share
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased on or after 1 June 2023 to 30 November 2023

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/01/24 (p) | Distribution paid 31/01/23 (p) |
|---|---|---|---|---|
| Share Class B Accumulation | | | | |
| Group 1 | 1.257 | - | 1.257 | 0.797 |
| Group 2 | 0.759 | 0.498 | 1.257 | 0.797 |
| Share Class B Income | | | | |
| Group 1 | 1.138 | - | 1.138 | 0.732 |
| Group 2 | 1.138 | - | 1.138 | 0.732 |
| Share Class D Accumulation | | | | |
| Group 1 | 2.333 | - | 2.333 | 1.484 |
| Group 2 | 0.907 | 1.426 | 2.333 | 1.484 |
| Share Class D Income | | | | |
| Group 1 | 1.466 | - | 1.466 | 0.945 |
| Group 2 | 1.466 | - | 1.466 | 0.945 |
| Share Class R Accumulation | | | | |
| Group 1 | 2.322 | - | 2.322 | 1.486 |
| Group 2 | 1.221 | 1.101 | 2.322 | 1.486 |
| Share Class R Income | | | | |
| Group 1 | 1.458 | - | 1.458 | 0.946 |
| Group 2 | 1.218 | 0.240 | 1.458 | 0.946 |
| Share Class Z Accumulation | | | | |
| Group 1 | 2.659 | - | 2.659 | 1.690 |
| Group 2 | 1.530 | 1.129 | 2.659 | 1.690 |
| Share Class Z Income | | | | |
| Group 1 | 1.676 | - | 1.676 | 1.080 |
| Group 2 | 0.966 | 0.710 | 1.676 | 1.080 |

# AXA Lifetime Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### 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 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 inshares 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 30 November 2023 (unaudited)

By investing in a fund which can invest up to 60% in equities you are likely to be looking for an investment which has lower risk than a pure equity based fund but you are prepared to accept some risk for potential reward. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests predominantly in equities or overseas.

Lower Risk ←→ Higher Risk

Potentially lower reward — Potentially higher reward

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

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund’s future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. The risk category remains unchanged from the Annual Report as at 31 May 2023.

### 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.

# AXA Lifetime Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

### Key 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 - index-linked bonds are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

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

## AXA Lifetime Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

• Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Fund may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, 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.

• Stock lending risk -the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

## AXA Lifetime Distribution Fund

# Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

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 Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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.

• 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.

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

### 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 six months ended 30 November 2023 (unaudited)

### Market Review

Global investors have faced another volatile period during the six months to 30 November 2023, with bond markets continuing to set the tone. US 10-year Treasury yields started the period at c.3.5% and peaked during October at almost 5% before easing back into the low 4's by the end of November. The sharp rise in yields over the whole of Q3 and into early Q4 reflected investor concerns about impact of the relentless increase in interest rates and that inflation might prove to be stickier than had previously been expected. However, data points over the period turned meaningfully softer and CPI (Consumer Price Index) prints towards the end of the period indicate that the inflation impulse that has framed the investment narrative for two years are clearly in the descendancy.

In the US, Europe and UK large cap stocks have had a good year while small and mid-cap stocks have struggled under the weight of high inflation and fast rising interest rates. The result is that large caps now trade at distinctly higher multiples than the rest of the market. In the US for example, the valuation gap between the large cap S&P 500 (trading on c.19x FY24 earnings) and the mid-cap S&P 400 (trading on 13.7x FY24 earnings) is at historic extremes. In Europe ex-UK, large caps also trade at a 10% premium to small and mid-caps and in the UK, the FTSE Small Cap now trades on a single digit PE (price to earnings) multiple. This has reflected market nervousness around the impact that higher interest rates will have on smaller, perhaps less financially established businesses. It has also reflected the concerns around the impact faced by consumers by acute cost of living pressures. However, towards the end of the period under review, signs that these pressures could be easing have started to emerge. In the UK, for example, borrowers are now able to secure a fixed rate mortgage with an interest rate below 4.5% while average pay growth has risen above inflation for the first time in almost two years.

The period under review has been characterised by investor sentiment oscillating around hopes that we are edging closer to the end of the interest rate hiking cycle. Towards the end of the Q3 period markets dropped markedly as hopes that peak policy rates would be swiftly followed by cuts looked increasingly likely to be disappointed. The surging oil price, a result of further geopolitical crises, cooled some of the optimism about a sharp deceleration in inflation. Following the outbreak of war between Hamas and Israel, the oil price had a decidedly more levelling time in November pulled between the opposing concerns of production cuts and larger than expected stockpiles combined with a slowdown in Chinese demand. The price of Brent crude hovered around $80 a barrel as the OPEC oil cartel struggled to reach consensus on the level of production cuts. At the end of the month, the OPEC members agreed to voluntarily cut oil production by a total of 2.2mn barrels a day in the first quarter of 2024, with Saudi Arabia extending its cut of 1mn barrels a day – previously extended to the end of December – by another three months. However, oil still fell despite the reduced production pledge as signs of strain begin to show among the cartel. This has laid the potential for some 'good' deflation in 2024 – caused not by weakening economies but by lower oil prices.

In the UK, after reporting stubbornly high numbers it was pleasing to see that in November, UK inflation fell meaningfully to 4.6% which is less than half the level of the October 2022 peak. This is a very different situation from that reported since the pandemic and could hopefully lead to a better environment for equity investing. Another positive development over the period was the revision from the Office for National Statistics (ONS) who increased their estimate for the size of the UK economy. The UK had been the only G7 economy whose Q2 2023 output was below (-0.25%) that of Q4 2019 (i.e. pre-Covid). This has now been revised upwards to +1.6% above the Q4 2019 level. No longer a G7 laggard, the UK economy appears to be recovering faster than Germany, and in line with France and Japan. In this environment, with valuations at recent historic lows and for investors with longer time horizons, a number of companies have received take over approaches during the period.

# AXA Lifetime Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Global bonds market yields were driven higher over the period as economic data around the world remained resilient and the expected deterioration, leading to a possible recession, was either pushed back in time into 2024 or at times cancelled. While inflation came off its peak, it remained higher than many expected, growth, particularly in the US, remain strong and the unemployment data was robust. With that came an expectation for higher interest rates for a longer period of time as central banks continued to move official rates higher and talked with a hawkish bias. In that context US government 10-year bond yields reached a peak of 5% in mid-October, from a low of 3.5% earlier in the year. German 10-year yields got close to 3% although outperformed US equivalent as the economic data in Europe underperformed that of US. During the early part of summer UK bond markets underperformed both US and Europe as expectations for significant rate rises in the UK were priced into yields, although these failed to materialise and along with all bond markets, began a material consolidation and rally during mid-October until the time of writing. Bond markets are finishing the year strongly, posting positive returns year to date after a disappointing Q2 and Q3. Bond yields curves are starting to steepen, as short dating bonds outperform long dated bonds. 10-year inflation breakevens in the US have broadly traded sideways during 2023 after the peak in 2022, similar to those in Germany and UK although they have started to underperform more recently in line with the strong rally in nominal bonds.

### Portfolio Review

The equity portion of the portfolio outperformed its benchmark index, the FTSE All Share index, over the six months to 30 November 2023. Once again, periods of strong performance by the Energy sector impacted market returns during the period under review. During the third quarter of 2023 the sector generated 1.52% of the FTSE All Share index's 1.88% total return, with the Shell Plc share price rising 11.25% over the three months. Even BP Plc managed to generate a 16% return in Q3 despite losing its chief executive officer who had not behaved 'in accordance with the company's values'. The Fund is overweight BP and underweight Shell largely reflecting the latter's large weighting in the All Share index. The underweight position in Shell was one of the Fund's largest drags on relative performance.

There were a number of particularly strong performers within the portfolio during this period. The positions which contributed most positively to performance include Hill & Smith, 3i Group and Games Workshop. Hill & Smith again produced good results driven by their exposure to US infrastructure spend. 3I continued to report impressive results thanks to the trading and expansion of its Action discount stores in Europe. Games Workshop performed strongly as profitability exceeded expectations enabling the company to pay higher dividends. As always the relative performance of the portfolio is influenced by the performance of stocks which have a meaningful weighting in the index. In this period the portfolio benefitted from a lack of holdings of Flutter Entertainment and Unilever.

In addition to Shell the biggest detractors were a lack of holdings in Rolls Royce and RELX. Within active holdings the biggest disappointments were Great Portland Group and Reckitt Benckiser. The former were weak as the impact of higher interest rates negatively affected commercial property markets. The period saw a lack of transactions which caused valuers to take a cautionary view. Rental growth continued to be satisfactory and at higher values than assumed by the valuers.

For many businesses, the tailwinds of lower energy and commodity costs are beginning to come through and demand is remaining resilient. Forward economic indicators would appear to suggest that a slowdown is coming, but generally companies and consumers are not overly indebted compared to prior cycles holding out the prospect of a soft landing. On the whole, the companies we invest in are reporting robust underlying earnings, forecasts are prudently set and valuations remain attractive in the context of history and relative to global equity markets. Strong cash generation and robust balance sheet health is resulting in a lengthening list of UK companies buying in their own shares with surplus cashflow. UK companies are likely to continue to be targeted by corporate and financial acquirors.

# AXA Lifetime Distribution Fund

## Investment Manager's Report

For the six months ended 30 November 2023 (unaudited)

Within the fixed income portion of the portfolio, we added duration during periods of market weakness where we saw attractive valuations. This shift in positioning contributed to performance later in the period as bond markets bounced significantly off their yield highs. Throughout the six months we have held an overweight to longer-dated bonds in place of shorter maturities to benefit from the steepening of yield curves. At the start of the period, the sell-off in bond markets detracted from performance. We remain constructive as we look ahead to 2024 with expectation for rate cuts from central banks to move to the fore, in line with a weaker economic outlook as financial conditions have tightened significantly.

### Outlook

With 2024 set to be the biggest election year in history - noting in particular the leadership contests in Taiwan early in the new year, in the UK at some (as yet unconfirmed) point and in the US in November. Fiscal plans will be closely watched by bond and equity markets alike. The potential for a more dovish stance from central banks has made us more optimistic about equity markets in 2024. Set against a backdrop of slowing global growth, analyst forecasts suggest that corporate earnings will be subdued in 2024 however we believe that there is room for equities to re-rate higher. A key risk to our outlook is that earlier rate cuts add to the risk that there is a re-acceleration in inflation in 2025. This would likely weigh on equities and especially those companies with significant floating rate debt.

Our strategy will remain true to our belief in thematic trends and identifying advantaged companies in a targeted, focused and active approach. We believe that short-term macro events cannot be accurately nor consistently predicted. As such, we retain a preference for longer-term structural trends and quality companies that can deliver robust, reliable and consistent growth, supported by a simple and effective government bond hedge.

*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 | 10,243 | ● UK Treasury 0.125% IL 22/03/24 | 7,674 |
| ● UK Treasury 0.625% 22/10/50 | 2,901 | ● UK Treasury 0.125% IL 10/08/31 | 7,364 |
| ● UK Treasury 0.375% IL 22/03/62 | 2,510 | ● 3i Group | 6,303 |
| ● UK Treasury 0.125% IL 10/08/28 | 1,901 | ● UK Treasury 1.25% IL 22/11/32 | 3,653 |
| ● UK Treasury 0.125% IL 22/03/29 | 1,512 | ● UK Treasury 0.125% IL 22/03/51 | 2,954 |

George Luckraft
AXA Investment Managers UK Limited

## AXA Lifetime Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| EQUITIES 54.21% (31/05/23: 57.05%) | | | |
| BASIC MATERIALS 3.87% (31/05/23: 3.81%) | | | |
| Industrial Metals & Mining 3.87% (31/05/23: 3.81%) | | | |
| Central Asia Metals | 1,600,000 | 2,685 | 0.44 |
| Hill & Smith | 500,000 | 9,280 | 1.52 |
| Rio Tinto | 215,000 | 11,681 | 1.91 |
| TOTAL BASIC MATERIALS | | 23,646 | 3.87 |
| CONSUMER DISCRETIONARY 7.20% (31/05/23: 7.62%) | | | |
| Automobiles & Parts 0.52% (31/05/23: 0.88%) | | | |
| TI Fluid Systems | 2,300,000 | 3,169 | 0.52 |
| Household Goods & Home Construction 1.12% (31/05/23: 1.12%) | | | |
| Bellway | 290,000 | 6,809 | 1.12 |
| Leisure Goods 1.06% (31/05/23: 1.11%) | | | |
| Games Workshop Group | 60,000 | 6,438 | 1.06 |
| Retailers 2.50% (31/05/23: 2.50%) | | | |
| Dunelm Group | 775,000 | 8,200 | 1.34 |
| JD Sports Fashion | 4,500,000 | 7,103 | 1.16 |
| Teachers Media ^ | 670,000 | - | - |
| Travel & Leisure 2.00% (31/05/23: 2.01%) | | | |
| Loungers | 2,075,000 | 4,648 | 0.76 |
| Whitbread | 240,000 | 7,560 | 1.24 |
| TOTAL CONSUMER DISCRETIONARY | | 43,927 | 7.20 |
| CONSUMER STAPLES 3.77% (31/05/23: 4.58%) | | | |
| Beverages 1.36% (31/05/23: 1.72%) | | | |
| Diageo | 300,000 | 8,301 | 1.36 |
| Food Producers 0.59% (31/05/23: 0.57%) | | | |
| Hilton Food Group | 500,000 | 3,620 | 0.59 |
| Personal Care, Drug & Grocery 1.82% (31/05/23: 2.29%) | | | |
| Reckitt Benckiser Group | 205,000 | 11,086 | 1.82 |
| TOTAL CONSUMER STAPLES | | 23,007 | 3.77 |

# AXA Lifetime Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| ENERGY 6.87% (31/05/23: 6.53%) | | | |
| Oil, Gas & Coal 6.87% (31/05/23: 6.53%) | | | |
| BP | 4,000,000 | 19,398 | 3.18 |
| Diversified Energy | 5,250,000 | 3,431 | 0.56 |
| Longboat Energy | 1,247,671 | 231 | 0.04 |
| Serica Energy | 2,000,000 | 4,564 | 0.75 |
| Shell | 550,000 | 14,261 | 2.34 |
| TOTAL ENERGY | | **41,885** | **6.87** |
| FINANCIALS 12.55% (31/05/23: 13.58%) | | | |
| Banks 3.79% (31/05/23: 3.68%) | | | |
| HSBC | 1,100,000 | 6,607 | 1.08 |
| Lloyds Banking Group | 18,250,000 | 7,923 | 1.30 |
| Standard Chartered | 1,325,000 | 8,597 | 1.41 |
| Finance & Credit Services 1.06% (31/05/23: 1.00%) | | | |
| London Stock Exchange Group | 72,500 | 6,460 | 1.06 |
| Investment Banking & Brokerage 3.05% (31/05/23: 3.98%) | | | |
| 3i Group | 560,000 | 12,398 | 2.03 |
| Argentex Group | 2,550,000 | 1,938 | 0.32 |
| Hargreaves Lansdown | 600,000 | 4,286 | 0.70 |
| MJ Hudson^ | 9,000,000 | - | - |
| Life Insurance 3.87% (31/05/23: 4.17%) | | | |
| Just Group | 10,000,000 | 8,120 | 1.33 |
| Legal & General Group | 4,750,000 | 10,873 | 1.78 |
| Phoenix Group | 1,000,000 | 4,638 | 0.76 |
| Non-Life Insurance 0.78% (31/05/23: 0.75%) | | | |
| Sabre Insurance Group | 3,300,000 | 4,726 | 0.78 |
| TOTAL FINANCIALS | | **76,566** | **12.55** |
| HEALTH CARE 6.97% (31/05/23: 7.66%) | | | |
| Medical Equipment & Services 1.47% (31/05/23: 1.42%) | | | |
| ConvaTec Group | 4,000,000 | 8,984 | 1.47 |
| Inspiration Healthcare Group | 50,000 | 20 | - |

# AXA Lifetime Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| Pharmaceuticals & Biotechnology 5.50% (31/05/23: 6.24%) | | | |
| AstraZeneca | 190,000 | 18,996 | 3.11 |
| Genus | 165,000 | 3,265 | 0.53 |
| GSK | 800,000 | 11,336 | 1.86 |
| TOTAL HEALTH CARE | | 42,601 | 6.97 |
| INDUSTRIALS 5.80% (31/05/23: 5.80%) | | | |
| Aerospace & Defense 1.07% (31/05/23: 1.00%) | | | |
| Melrose Industries | 1,250,000 | 6,535 | 1.07 |
| Construction & Materials 0.53% (31/05/23: 0.62%) | | | |
| Marshalls | 1,300,000 | 3,247 | 0.53 |
| Industrial Engineering 1.28% (31/05/23: 1.10%) | | | |
| Weir Group | 412,500 | 7,796 | 1.28 |
| Industrial Support Services 1.71% (31/05/23: 1.80%) | | | |
| Experian | 360,000 | 10,451 | 1.71 |
| Industrial Transportation 1.21% (31/05/23: 1.28%) | | | |
| Ashtead Group | 155,000 | 7,406 | 1.21 |
| TOTAL INDUSTRIALS | | 35,435 | 5.80 |
| REAL ESTATE 2.91% (31/05/23: 3.00%) | | | |
| Real Estate Investment & Services 1.46% (31/05/23: 1.36%) | | | |
| Grainger | 1,000,000 | 2,554 | 0.42 |
| Rightmove | 1,150,000 | 6,357 | 1.04 |
| Real Estate Investment Trusts 1.45% (31/05/23: 1.64%) | | | |
| Great Portland Estates | 1,075,000 | 4,182 | 0.69 |
| PRS | 6,000,000 | 4,650 | 0.76 |
| TOTAL REAL ESTATE | | 17,743 | 2.91 |
| TECHNOLOGY 0.42% (31/05/23: 0.33%) | | | |
| Software & Computer Services 0.42% (31/05/23: 0.33%) | | | |
| Ascential | 925,000 | 2,558 | 0.42 |
| TOTAL TECHNOLOGY | | 2,558 | 0.42 |

# AXA Lifetime Distribution Fund

## Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| TELECOMMUNICATIONS 0.42% (31/05/23: 0.40%) | | | |
| Telecommunications Service Providers 0.42% (31/05/23: 0.40%) | | | |
| Telecom Plus | 165,000 | 2,574 | 0.42 |
| TOTAL TELECOMMUNICATIONS | | **2,574** | **0.42** |
| UTILITIES 3.43% (31/05/23: 3.74%) | | | |
| Electricity 1.59% (31/05/23: 1.62%) | | | |
| SSE | 530,000 | 9,680 | 1.59 |
| Gas, Water & Multiutilities 1.84% (31/05/23: 2.12%) | | | |
| National Grid | 1,100,000 | 11,253 | 1.84 |
| TOTAL UTILITIES | | **20,933** | **3.43** |
| GOVERNMENT BONDS 42.20% (31/05/23: 39.97%) | | | |
| Index Linked Government Bonds 41.68% (31/05/23: 39.97%) | | | |
| UK Treasury 0.125% IL 22/03/24 | 4,000,000 | 6,177 | 1.01 |
| UK Treasury 0.125% IL 22/03/26 | 19,300,000 | 27,773 | 4.55 |
| UK Treasury 0.125% IL 10/08/28 | 9,500,000 | 12,700 | 2.08 |
| UK Treasury 0.125% IL 22/03/29 | 5,000,490 | 7,817 | 1.28 |
| UK Treasury 0.125% IL 10/08/31 | 2,000,000 | 2,525 | 0.41 |
| UK Treasury 0.125% IL 22/11/36 | 9,000,000 | 11,976 | 1.96 |
| UK Treasury 0.125% IL 22/03/39 | 10,000,000 | 11,186 | 1.83 |
| UK Treasury 0.125% IL 10/08/41 | 8,000,000 | 9,105 | 1.49 |
| UK Treasury 0.125% IL 22/03/44 | 7,000,000 | 8,748 | 1.43 |
| UK Treasury 0.125% IL 22/03/46 | 10,925,000 | 12,465 | 2.04 |
| UK Treasury 0.125% IL 10/08/48 | 13,500,000 | 14,012 | 2.30 |
| UK Treasury 0.125% IL 22/03/51 | 13,600,000 | 12,798 | 2.10 |
| UK Treasury 0.125% IL 22/11/56 | 5,500,000 | 5,499 | 0.90 |
| UK Treasury 0.125% IL 22/03/58 | 8,600,000 | 8,760 | 1.44 |
| UK Treasury 0.25% IL 22/03/52 | 5,000,000 | 5,903 | 0.97 |
| UK Treasury 0.375% IL 22/03/62 | 9,800,000 | 11,701 | 1.92 |
| UK Treasury 0.5% IL 22/03/50 | 6,350,000 | 9,257 | 1.52 |
| UK Treasury 0.625% IL 22/03/39 | 1,500,000 | 1,388 | 0.23 |
| UK Treasury 0.625% IL 22/03/40 | 5,000,000 | 8,146 | 1.33 |
| UK Treasury 0.625% IL 22/11/42 | 5,002,080 | 8,112 | 1.33 |
| UK Treasury 0.75% IL 22/03/34 | 4,000,000 | 6,569 | 1.08 |
| UK Treasury 0.75% IL 22/11/47 | 7,000,000 | 11,347 | 1.86 |
| UK Treasury 1.125% IL 22/11/37 | 4,302,140 | 8,283 | 1.36 |

## AXA Lifetime Distribution Fund

### Portfolio Statement

As at 30 November 2023 (unaudited)

| | Holding | Market Value £'000 | % of Total Net Assets |
|---|---|---|---|
| UK Treasury 1.25% IL 22/11/27 | 5,000,000 | 10,057 | 1.65 |
| UK Treasury 1.25% IL 22/11/32 | 2,000,000 | 3,713 | 0.61 |
| UK Treasury 1.25% IL 22/11/55 | 3,000,000 | 5,881 | 0.96 |
| UK Treasury 2% IL 26/01/35 | 1,795,000 | 4,351 | 0.71 |
| UK Treasury 2.5% IL 17/07/24 | 913,000 | 3,480 | 0.57 |
| UK Treasury 4.125% IL 22/07/30 | 1,358,000 | 4,625 | 0.76 |
| Traditional Government Bonds 0.52% (31/05/23: 0.00%) | | | |
| UK Treasury 0.625% 22/10/50 | 8,000,000 | 3,139 | 0.52 |
| TOTAL GOVERNMENT BONDS | | 257,493 | 42.20 |
| Portfolio of investments | | 588,368 | 96.41 |
| Net other assets | | 21,931 | 3.59 |
| Total net assets | | 610,299 | 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 30 November 2023 (unaudited)

| | A Accumulation | | | A Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 126.98 | 125.20 | 138.99 | 104.92 | 105.09 | 119.70 |
| Closing net asset value (£) † | 575,142 | 665,913 | 990,085 | 18,649 | 18,760 | 22,267 |
| Closing number of shares | 452,923 | 531,885 | 712,322 | 17,775 | 17,852 | 18,602 |
| Operating charges^ | 0.31% | 0.30% | 0.30% | 0.31% | 0.30% | 0.30% |

| | I Accumulation | | |
|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 124.61 | 122.73 | 135.97 |
| Closing net asset value (£) † | 609,696,672 | 635,904,145 | 774,765,063 |
| Closing number of shares | 489,277,827 | 518,131,895 | 569,815,910 |
| Operating charges^ | 0.10% | 0.09% | 0.09% |

| | Z Accumulation | | | Z Income | | |
|---|---|---|---|---|---|---|
| | 30/11/2023 | 31/05/2023 | 31/05/2022 | 30/11/2023 | 31/05/2023 | 31/05/2022 |
| Closing net asset value per share (p) † | 100.02 | 98.68 | 109.73 | 87.69 | 87.88 | 100.26 |
| Closing net asset value (£) † | 4,651 | 4,589 | 5,486 | 4,384 | 4,394 | 5,013 |
| Closing number of shares | 4,650 | 4,650 | 5,000 | 5,000 | 5,000 | 5,000 |
| Operating charges^ | 0.46% | 0.46% | 0.45% | 0.46% | 0.46% | 0.45% |

† Valued at bid-market prices.

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

## AXA Lifetime Distribution Fund

# Statement of Total Return

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Income: | | | | |
| Net capital losses | | (465) | | (68,619) |
| Revenue | 10,103 | | 8,538 | |
| Expenses | (296) | | (330) | |
| Interest payable and similar charges | - | | - | |
| Net revenue before taxation | 9,807 | | 8,208 | |
| Taxation | (28) | | (20) | |
| Net revenue after taxation | | 9,779 | | 8,188 |
| Total return before distributions | | 9,314 | | (60,431) |
| Distributions | | (9,814) | | (8,359) |
| **Change in net assets attributable to Shareholders from investment activities** | | **(500)** | | **(68,790)** |

# Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 November 2023 (unaudited)

| | 30/11/23 | | 30/11/22 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to Shareholders | | 636,598 | | 775,788 |
| Amounts receivable on issue of shares | 247 | | 23 | |
| Amounts payable on cancellation of shares | (35,804) | | (31,939) | |
| | | (35,557) | | (31,916) |
| Change in net assets attributable to Shareholders from investment activities (see above) | | (500) | | (68,790) |
| Retained distributions on accumulation shares | | 9,758 | | 8,316 |
| Closing net assets attributable to Shareholders | | 610,299 | | 683,398 |

The above statement shows the comparative closing net assets at 30 November 2022 whereas the current accounting period commenced 1 June 2023.

# AXA Lifetime Distribution Fund

## Balance Sheet

As at 30 November (unaudited)

| | 30/11/23<br>£'000 | 31/05/23<br>£'000 |
|---|---|---|
| **Assets:** | | |
| Fixed assets: | | |
| Investments | 588,368 | 617,606 |
| Current assets: | | |
| Debtors | 2,231 | 2,168 |
| Cash and bank balances | 21,067 | 18,324 |
| Total assets | 611,666 | 638,098 |
| **Liabilities:** | | |
| Creditors: | | |
| Other creditors | (1,367) | (1,500) |
| Total liabilities | (1,367) | (1,500) |
| Net assets attributable to Shareholders | 610,299 | 636,598 |

## AXA Lifetime Distribution Fund

# Distribution Table

As at 30 November 2023 (unaudited)

First Distribution in pence per share
Group 1 Shares purchased prior to 1 June 2023
Group 2 Shares purchased on or after 1 June 2023 to 30 June 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/07/23 (p) | Distribution paid 29/07/22 (p) |
|---|---|---|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.350 | - | 0.350 | 0.264 |
| Group 2 | 0.350 | - | 0.350 | 0.264 |
| Share Class A Income | | | | |
| Group 1 | 0.294 | - | 0.294 | 0.227 |
| Group 2 | 0.294 | - | 0.294 | 0.227 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.343 | - | 0.343 | 0.258 |
| Group 2 | 0.122 | 0.221 | 0.343 | 0.258 |
| Share Class Z Accumulation | | | | |
| Group 1 | 0.278 | - | 0.278 | 0.208 |
| Group 2 | 0.278 | - | 0.278 | 0.208 |
| Share Class Z Income | | | | |
| Group 1 | 0.247 | - | 0.247 | 0.190 |
| Group 2 | 0.247 | - | 0.247 | 0.190 |

# AXA Lifetime Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Second Distribution in pence per share
Group 1 Shares purchased prior to 1 July 2023
Group 2 Shares purchased on or after 1 July 2023 to 31 July 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/08/23 (p) | Distribution paid 31/08/22 (p) |
|---|---|---|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.192 | - | 0.192 | 0.118 |
| Group 2 | 0.192 | - | 0.192 | 0.118 |
| Share Class A Income | | | | |
| Group 1 | 0.162 | - | 0.162 | 0.102 |
| Group 2 | 0.162 | - | 0.162 | 0.102 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.189 | - | 0.189 | 0.115 |
| Group 2 | 0.189 | - | 0.189 | 0.115 |
| Share Class Z Accumulation | | | | |
| Group 1 | 0.154 | - | 0.154 | 0.092 |
| Group 2 | 0.154 | - | 0.154 | 0.092 |
| Share Class Z Income | | | | |
| Group 1 | 0.133 | - | 0.133 | 0.085 |
| Group 2 | 0.133 | - | 0.133 | 0.085 |

# AXA Lifetime Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Third Distribution in pence per share
Group 1 Shares purchased prior to 1 August 2023
Group 2 Shares purchased on or after 1 August 2023 to 31 August 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 29/09/23 (p) | Distribution paid 30/09/22 (p) |
|---|---|---|---|---|
| **Share Class A Accumulation** | | | | |
| Group 1 | 0.556 | - | 0.556 | 0.574 |
| Group 2 | 0.556 | - | 0.556 | 0.574 |
| **Share Class A Income** | | | | |
| Group 1 | 0.465 | - | 0.465 | 0.493 |
| Group 2 | 0.465 | - | 0.465 | 0.493 |
| **Share Class I Accumulation** | | | | |
| Group 1 | 0.545 | - | 0.545 | 0.562 |
| Group 2 | 0.420 | 0.125 | 0.545 | 0.562 |
| **Share Class Z Accumulation** | | | | |
| Group 1 | 0.440 | - | 0.440 | 0.452 |
| Group 2 | 0.440 | - | 0.440 | 0.452 |
| **Share Class Z Income** | | | | |
| Group 1 | 0.388 | - | 0.388 | 0.412 |
| Group 2 | 0.388 | - | 0.388 | 0.412 |

# AXA Lifetime Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Fourth Distribution in pence per share
Group 1 Shares purchased prior to 1 September 2023
Group 2 Shares purchased on or after 1 September 2023 to 30 September 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 31/10/23 (p) | Distribution paid 31/10/22 (p) |
|---|---|---|---|---|
| Share Class A Accumulation | | | | |
| Group 1 | 0.224 | - | 0.224 | 0.206 |
| Group 2 | 0.224 | - | 0.224 | 0.206 |
| Share Class A Income | | | | |
| Group 1 | 0.187 | - | 0.187 | 0.177 |
| Group 2 | 0.187 | - | 0.187 | 0.177 |
| Share Class I Accumulation | | | | |
| Group 1 | 0.219 | - | 0.219 | 0.201 |
| Group 2 | - | 0.219 | 0.219 | 0.201 |
| Share Class Z Accumulation | | | | |
| Group 1 | 0.179 | - | 0.179 | 0.163 |
| Group 2 | 0.179 | - | 0.179 | 0.163 |
| Share Class Z Income | | | | |
| Group 1 | 0.155 | - | 0.155 | 0.149 |
| Group 2 | 0.155 | - | 0.155 | 0.149 |

# AXA Lifetime Distribution Fund

## Distribution Table

As at 30 November 2023 (unaudited)

Fifth Distribution in pence per share
Group 1 Shares purchased prior to 1 October 2023
Group 2 Shares purchased on or after 1 October 2023 to 31 October 2023

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/11/23 (p) | Distribution paid 30/11/22 (p) |
|---|---|---|---|---|
| **Share Class A Accumulation** | | | | |
| Group 1 | 0.202 | - | 0.202 | 0.122 |
| Group 2 | 0.202 | - | 0.202 | 0.122 |
| **Share Class A Income** | | | | |
| Group 1 | 0.169 | - | 0.169 | 0.106 |
| Group 2 | 0.169 | - | 0.169 | 0.106 |
| **Share Class I Accumulation** | | | | |
| Group 1 | 0.198 | - | 0.198 | 0.120 |
| Group 2 | 0.088 | 0.110 | 0.198 | 0.120 |
| **Share Class Z Accumulation** | | | | |
| Group 1 | 0.160 | - | 0.160 | 0.096 |
| Group 2 | 0.160 | - | 0.160 | 0.096 |
| **Share Class Z Income** | | | | |
| Group 1 | 0.143 | - | 0.143 | 0.088 |
| Group 2 | 0.143 | - | 0.143 | 0.088 |

## AXA Lifetime Distribution Fund

# Distribution Table

As at 30 November 2023 (unaudited)

Sixth Distribution in pence per share

Group 1 Shares purchased prior to 1 November 2023

Group 2 Shares purchased on or after 1 November 2023 to 30 November 2023

| | Net revenue (p) | Equalisation (p) | Distribution payable 29/12/23 (p) | Distribution paid 30/12/22 (p) |
|---|---|---|---|---|
| **Share Class A Accumulation** | | | | |
| Group 1 | 0.459 | - | 0.459 | 0.244 |
| Group 2 | 0.459 | - | 0.459 | 0.244 |
| **Share Class A Income** | | | | |
| Group 1 | 0.381 | - | 0.381 | 0.209 |
| Group 2 | 0.381 | - | 0.381 | 0.209 |
| **Share Class I Accumulation** | | | | |
| Group 1 | 0.451 | - | 0.451 | 0.239 |
| Group 2 | 0.451 | - | 0.451 | 0.239 |
| **Share Class Z Accumulation** | | | | |
| Group 1 | 0.363 | - | 0.363 | 0.191 |
| Group 2 | 0.363 | - | 0.363 | 0.191 |
| **Share Class Z Income** | | | | |
| Group 1 | 0.318 | - | 0.318 | 0.174 |
| Group 2 | 0.318 | - | 0.318 | 0.174 |

# Accounting Policies

For the six months ended 30 November 2023 (unaudited)

Accounting Basis

Basis of accounting

The Financial Statements of the Company comprise the Financial Statements of each of the sub-funds and have been prepared on a historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association ("IMA") in May 2014, and amended in June 2017. The Financial Statements have been prepared on a going concern basis. The Financial Statements are prepared in accordance with the Instrument of Incorporation and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

The accounting policies applied are consistent with those of the annual Financial Statements for the year ended 31 May 2023 and are described in those Financial Statements.

# Statement of the Authorised Corporate Director's ("ACD") Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook ("COLL") require the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of its net revenue and the net capital 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:

Jane Wadia

Jane Wadia
Director

Marcello Arona
Director

Monday 29th January 2024

Monday 29th January 2024

# 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.

## 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.

# Further Information

## Annual Management Charge and Ongoing Charges

### AXA Defensive Distribution Fund

| Class name | Annual Management Charge (%) | Ongoing Charges Figures (%) |
|---|---|---|
| A Gross Accumulation | 0.50 | 0.52 |
| A Gross Income | 0.50 | 0.52 |
| B Gross Accumulation | 0.40 | 0.42 |
| B Gross Income | 0.40 | 0.42 |
| D Gross Accumulation | 1.10 | 1.12 |
| D Gross Income | 1.10 | 1.12 |
| R Gross Accumulation | 1.50 | 1.52 |
| R Gross Income | 1.50 | 1.52 |
| Z Gross Accumulation | 0.75 | 0.77 |
| Z Gross Income | 0.75 | 0.77 |

### AXA Distribution Fund

| Class name | Annual Management Charge (%) | Ongoing Charges Figures (%) |
|---|---|---|
| A Accumulation | 0.50 | 0.51 |
| A Income | 0.50 | 0.51 |
| B Accumulation | 0.40 | 0.41 |
| B Income | 0.40 | 0.41 |
| D Accumulation | 1.10 | 1.11 |
| D Income | 1.10 | 1.11 |
| R Accumulation | 1.50 | 1.51 |
| R Income | 1.50 | 1.51 |
| Z Accumulation | 0.75 | 0.76 |
| Z Income | 0.75 | 0.76 |

### AXA Ethical Distribution Fund

| Class name | Annual Management Charge (%) | Ongoing Charges Figures (%) |
|---|---|---|
| B Accumulation | 0.50 | 0.52 |
| B Income | 0.50 | 0.51 |
| D Accumulation | 1.10 | 1.12 |
| D Income | 1.10 | 1.12 |
| R Accumulation | 1.50 | 1.52 |
| R Income | 1.50 | 1.52 |
| Z Accumulation | 0.75 | 0.77 |
| Z Income | 0.75 | 0.77 |

# Further Information

## AXA Global Equity Income Fund

| Class name | Annual Management Charge (%) | Ongoing Charges Figures (%) |
|---|---|---|
| D Accumulation | 0.60 | 0.63 |
| D Income | 0.60 | 0.63 |
| R Accumulation | 0.70 | 0.73 |
| R Income | 0.70 | 0.73 |
| S Accumulation | 0.15 | 0.18 |
| S Income | 0.15 | 0.18 |
| Z Accumulation | 0.40 | 0.43 |
| Z Income | 0.40 | 0.43 |
| ZI Accumulation | 0.25 | 0.28 |
| ZI Income | 0.25 | 0.28 |

## AXA Global Sustainable Distribution Fund

| Class name | Annual Management Charge (%) | Ongoing Charges Figures (%) |
|---|---|---|
| B Accumulation | 0.50 | 0.51 |
| B Income | 0.50 | 0.51 |
| D Accumulation | 1.10 | 1.11 |
| D Income | 1.10 | 1.11 |
| R Accumulation | 1.50 | 1.51 |
| R Income | 1.50 | 1.51 |
| Z Accumulation | 0.75 | 0.76 |
| Z Income | 0.75 | 0.76 |

## AXA Lifetime Distribution Fund

| Class name | Annual Management Charge (%) | Ongoing Charges Figures (%) |
|---|---|---|
| A Accumulation | 0.30 | 0.30 |
| A Income | 0.30 | 0.30 |
| I Accumulation | 0.09 | 0.09 |
| Z Accumulation | 0.45 | 0.45 |
| Z Income | 0.45 | 0.45 |

## Preliminary Charge

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

# Further Information

## Securities Financing Transactions (SFTs)

For the period ended 30 November 2023

### 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.

### AXA Distribution Fund

#### 1. Global Data

| Proportion of securities and commodities on loan | £'000 | % |
|---|---|---|
| Total lendable assets excluding cash and cash equivalents: | 461,076 | |
| Securities and commodities on loan | 1,703 | 0.37 |

| Assets engaged in SFTs and total return swaps | £'000 | % |
|---|---|---|
| Fund assets under management (AUM) | 461,076 | |
| | | |
| Absolute value of assets engaged in: | | |
| Securities lending | 1,703 | 0.37 |

#### 2. Concentration Data

Top 10 Collateral Issuers

| Name and value of collateral and commodities received | £'000 |
|---|---|
| Republique Francaise | 1,672 |
| European Investment Bank | 64 |

Top 10 Counterparties

| Name and value of outstanding transactions | £'000 |
|---|---|
| Securities lending | |
| Merrill Lynch | 1,703 |

#### 3. Aggregate transaction data

Type, Quality and Currency of Collateral

| Type | Quality | Currencies |
|---|---|---|
| Securities lending | | |
| Bonds | Investment Grade | GBP |

Maturity Tenor of Collateral (remaining period to maturity)

| Type | Less than one day | One day to one week | One week to one month | One to three months | Three months to one year | Above one year | Open maturity | Total |
|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Securities lending | - | - | - | - | 1,548 | 188 | - | 1,736 |
| | - | - | - | - | 1,548 | 188 | - | **1,736** |

# Further Information

## Securities Financing Transactions (SFTs)

For the period ended 30 November 2023

Counterparty details

| Type | Countries of counterparty establishment | Settlement and clearing |
|---|---|---|
| Securities lending | GB | Bilateral, Triparty |

Maturity Tenor of SFTs and Total Return Swaps (remaining period to maturity)

| Type | Less than one day | One day to one week | One week to one month | One to three months | Three months to one year | Above one year | Open transactions | Total |
|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Securities lending | - | - | - | - | - | - | 1,703 | 1,703 |
| | - | - | - | - | - | - | 1,703 | 1,703 |

### 4. Re-use of Collateral

| Re-use of collateral received | % |
|---|---|
| Maximum allowable cash collateral re-use | 100.00 |

### 5. Safekeeping of Collateral Received

| Names and value of custodians safekeeping collateral | £'000 |
|---|---|
| Euroclear | 1,736 |

Number of custodians safekeeping collateral 1

### 6. Safekeeping of Collateral Granted

| Proportion of collateral held in: | % |
|---|---|
| Segregated accounts | 100.00 |

### 7. Return and Cost

| | Collective Investment £ | Manager of Collective £ | Third Parties £ | Total £ |
|---|---|---|---|---|
| Securities lending | | | | |
| Gross return | 2,778.99 | 0.00 | 926.33 | 3,705.32 |
| % of total gross return | 75.00% | 0.00% | 25.00% | 100.00% |
| Cost | 0.00 | 0.00 | 0.00 | 0.00 |