

AXA Framlington Monthly Income Fund

AXA Framlington is a leading equity expertise within the AXA Investment Managers Group, with teams in London and Paris.

We are primarily a bottom-up, active equity manager. This fundamental approach to stock selection, combined with the experience of our team of fund managers, focuses on delivering long-term investment performance for our clients.

We offer competitive products backed up with excellent service. Our structure and size creates a dynamic environment for our fund managers. This encourages a high level of personal responsibility in which both individual flair and teamwork flourish.

AXA Framlington funds under management exceed £48.8 billion (as at 31 August 2016).

Investment objective and policy

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

Results

Unit Class	Unit Type	Price at 06.09.16 (p)	Price at 06.03.16 (p)	Unit Class Performance	Comparative Benchmark
R	Acc	539.4	496.1	+8.73%	+11.88%^
Z	Acc	167.5	153.5	+9.12%	+11.88%^
R	Inc	240.8	228.4	+5.43%	+9.43%^
Z	Inc	139.0	131.5	+5.70%	+9.43%^

^FTSE All-Share (Total Return), ^^FTSE All-Share (Capital Return). Past performance is not a guide to future performance. Performance net of fees. Source of all performance data: AXA Investment Managers and Lipper.

Review

The dominant event during the Fund's first half was the decision by the British public to step into the unknown and exit the European Union (EU). This decision will lead to a prolonged period of uncertainty for both the UK and for Europe. The initial impact was seen in the currency markets with sterling falling by around -10% on the day after the surprise result. There has been very little impact on economic data so far, confounding the predictions of most economists. The impact on the UK stock market was more marked due to the importance of the value of sterling for many shares.

Economic growth around the world continued to be muted. The slump in the oil price led to a collapse in investment in this part of the economy, which was mirrored to a lesser extent in the mining industry. Consumers were the beneficiaries of the lower oil price with disposable income increasing significantly. Part of this saving was spent, but a good proportion was saved. This was partly due to a desire to build some savings following their depletion in the financial slump. It was also a consequence of the sustained period of very low interest rates. In an environment where it is difficult to obtain meaningful income from deposits, there is an apparent need to either take more risk or to save more money. This is one of the unintended consequences of the global central banks quantitative easing (QE) experiment.

At the beginning of the period, the European Central Bank (ECB) expanded their QE programme and the Bank of England (BoE) responded to the Brexit result by cutting interest rates to 0.25% and expanding their QE programme. This helped fuel a strong surge in the price of government bonds with in June, 54% of sovereign bonds offering a negative yield (source BofA Merrill Lynch August 2016). This is a truly bizarre situation where a purchase of these bonds guaranteed a negative return if held to maturity.

European economies continued to be sluggish. The growing migrant problem is supporting the rise of political parties with anti-immigration agendas. This poses a risk to government policies and could, over time, have significant implications as to the future of the structure of the EU.

The US economy continued to grow slowly with lower investment in oil exploration offset by continued strength in construction markets. Markets were transfixed by the US Federal Reserve (Fed) meetings as investors tried to work out when and if interest rates would again be increased. US interest rates remained unchanged over the six months period and the impending US Presidential Election is beginning to act as an impediment to any further action on rate hikes before polling takes place in November.

The UK stock market was strong during the half year, rising by +11.88% on a total return basis. There

AXA Framlington Monthly Income Fund

was significant volatility over the Brexit result. As sterling fell, companies with large overseas earnings were very strong, while those with a domestic bias fell significantly. As an example, the share prices of the UK house builders plunged by over 30% in the days following the vote. This period saw a large underperformance by medium and smaller companies shares which was detrimental to the Fund's performance over this period. As it became clear that the UK economy had not fallen off a cliff, many of these shares saw a good recovery.

Despite this recovery, the Fund underperformed during the period rising by +9.12% on a total return basis (as measured by the Z Acc unit class. Performance net of fees. Past performance is not a guide to future performance).

The influence of Brexit and sterling weakness was evident through the divergent performance of stocks in the portfolio. HSBC Holdings was strong, while Lloyds Banking Group was weak. The large international earners such as AstraZeneca, British American Tobacco, GlaxoSmithKline and Imperial Brands were good performers. In contrast, ITV fell. The sale of some larger mining companies in the prior period was a poor decision as the mining sector rose, partly due to sterling weakness. BP and Royal Dutch Shell outperformed the broader UK market and while they were held in the portfolio, they were held in underweight positions versus the FTSE All-Share, thus causing some underperformance.

Domestically orientated stocks such as Epwin Group, Pendragon and Topps Tiles saw weakness, despite there being little or no sign of any impact on their business. St Ives and Stadium Group were weak due to profit warnings. In contrast, Craneware, FDM Group, IQE and Anglo Pacific Group were strong as trading results improved. GVC Holdings performed very well as they announced strong results and a move to the main market with the shares entering the FTSE 250 Index, shortly after the period end.

Over the period, we made new purchases in Accrol Group Holdings and Midwich Group during their initial public offerings (IPO), and both saw their share price's strengthen following IPO. We added Bovis Homes Group following weakness in their share price after the referendum, and repurchased previously held Micro Focus International. The latter has performed well, and showed strong gains at the period end as they made a large acquisition.

We exited positions in Centrica, Hydrogen Group and KBC Advanced Technology, with the latter being taken over.

The fall in sterling is an incremental gain to the income generation of the UK stocks, due to the translation benefit of those large companies in the market that declare their dividends in a foreign currency.

Outlook

The Autumn Statement, announced in November, is likely to contain a change in policy direction. We expect there will be a shift away from austerity and a move towards greater investment in infrastructure. The US Presidential Election will cause some uncertainty with the US Federal Reserve likely to increase interest rates shortly after. If the trend of increased infrastructure spending is adopted by more governments globally, there is scope for bond markets to see a correction. The normalisation of markets will be a positive development, but could cause some volatility in equity markets. The European Union has a number of crucial elections in the coming year, and will also need to manage the fallout from Brexit, with Article 50 likely to be triggered in the New Year.

Despite the uncertain political backdrop, we maintain the view that good quality management teams, in well financed companies should be able to strengthen their market positions. The overall quest for yield remains firmly in place and should provide good support to the equities held in the portfolio.

George Luckraft

6 September 2016

All performance data source: AXA Investment Managers and Lipper to 6 September 2016.

AXA Framlington Monthly Income Fund

Risk and reward profile

The Fund invests primarily in shares of UK listed companies which the fund manager believes will provide above-average income and capital growth. The Fund invests in companies of any size. The Fund also invests in bonds issued by companies or governments. The fund manager selects shares and bonds based upon analysis of a company's prospects for future growth in dividend payments financial status, quality of its management, expected profitability and prospects for growth.

Lower risk

Higher risk

Potentially lower reward

Potentially higher reward

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

Why is this Fund in this category?

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

Additional risks

Concentration Risk: as this Fund may, from time to time, hold relatively few investments, it may be subject to greater fluctuations in value than a fund holding a larger number of investments.

Liquidity Risk: some investments may trade infrequently and in small volumes. As a result the Fund manager may not be able to sell at a preferred time or volume or at a price close to the last quoted valuation. The Fund manager may be forced to sell a number of such investments as a result of a large redemption of units in the Fund. Depending on market conditions, this could lead to a significant drop in the Fund's value and in extreme circumstances lead the Fund to be unable to meet its redemptions.

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

FUND FACTS

Lead Fund manager	George Luckraft
Sector	UK Equity Income
Comparative Benchmark	FTSE All-Share Index
Date of establishment	2 Oct 1984
Fund size at 6 Sep 2016	£227m
Fund size at 6 Mar 2016	£215m
Minimum investments	
Lump sum	R: £1,000 Z: £100,000
Minimum additional subscription	R: £100 Z: £5,000
Net Yield	
R Inc/Acc	4.56% / 4.47%
Z Inc/Acc	4.54% / 4.37%
Unit type	Inc/Acc
Number of stocks	99
Initial charge	R: 5.25% Z: Nil
Annual charge	R: 1.50% Z: 0.75%
Ongoing charges*	
R Inc/Acc	1.59% / 1.59%
Z Inc/Acc	0.84% / 0.84%
Accounting dates (interim)	6 Sep
Accounting dates (annual)	6 Mar
Distribution dates (interim)	6th of each month
Distribution dates (annual)	6 Apr

All data, source: AXA Investment Managers as at 6 September 2016. *For more information on AXA's fund charges and costs please use the following link <https://retail.axa-im.co.uk/fund-charges-and-costs>

Top five purchases

Six months ending 6 September 2016

Lloyds
Bovis Homes
APQ
Accrol
Micro Focus International

Top five sales

Six months ending 6 September 2016

Premier Farnell
KBC Advanced Technologies
esure
HSBC
GVC

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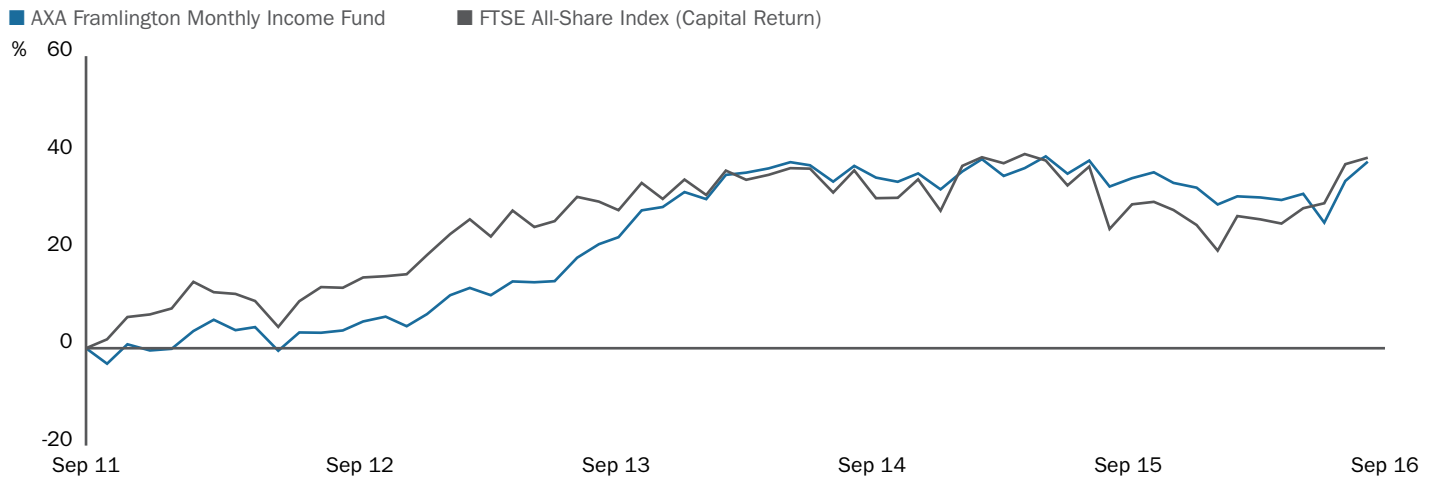
Five year discrete annual performance %*

Sep 11 to Sep 12	Sep 12 to Sep 13	Sep 13 to Sep 14	Sep 14 to Sep 15	Sep 15 to Sep 16
+3.65%	+17.09%	+13.26%	-3.10%	+3.84%

Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 6 September 2016. Basis: Single Price NAV, with no revenue reinvested, net of fees in GBP. Performance is representative of R Inc class.

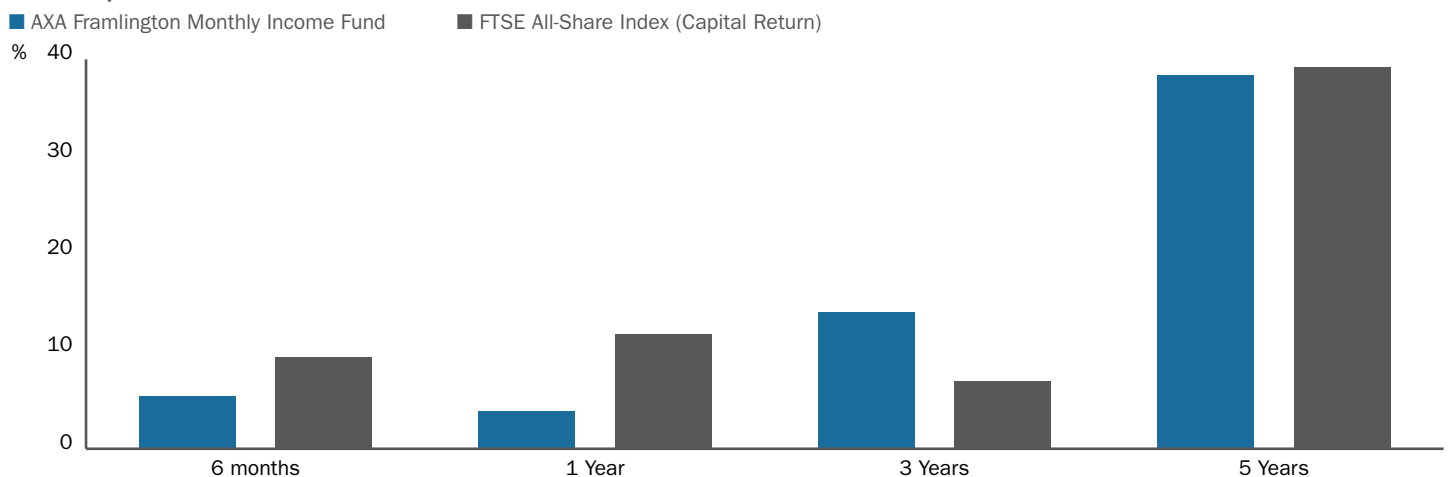
Cumulative fund performance versus comparative benchmark*

as at 6 September 2016



Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 6 September 2016. Basis: Single Price NAV, with no revenue reinvested, net of fees in GBP. Performance is representative of R Inc class.

as at 6 September 2016



Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 6 September 2016. Basis: Single Price NAV, with no revenue reinvested, net of fees in GBP. Performance is representative of R Inc class.

* Performance Calculation for all of the above: Single Price NAV from 15 September 2014 and bid price prior to this. To ensure consistent performance figures between bid and NAV prices, an adjustment factor has been applied.

AXA Framlington Monthly Income Fund

Comparative Tables

Change in net assets per unit	R Inc			R Acc		
	06/09/2016 (p)	06/03/2016 (p)	06/03/2015 (p)	06/09/2016 (p)	06/03/2016 (p)	06/03/2015 (p)
Opening net asset value per unit†	223.03	236.99	232.43	492.60	499.55	469.72
Return before operating charges [^]	22.73	0.74	18.39	50.59	1.00	37.53
Operating charges	(3.63)	(3.72)	(3.76)	(7.98)	(7.95)	(7.70)
Return after operating charges [^]	19.10	(2.98)	14.63	42.61	(6.95)	29.83
Distributions on income units	(3.90)	(10.98)	(10.07)	-	-	-
Closing net asset value per unit†	238.23	223.03	236.99	535.21	492.60	499.55
Retained distributions on accumulation units	-	-	-	9.00	23.49	20.64
[^] after direct transaction costs of:	0.07	0.14	0.20	0.16	0.31	0.40
Performance						
Return after charges	8.56%	-1.26%	6.29%	8.65%	-1.39%	6.35%
Other information						
Closing net asset value†	47,107,460	46,240,477	56,737,790	67,017,156	65,368,747	34,617,606
Closing number of units	19,773,557	20,733,012	23,940,916	12,521,746	13,270,275	6,929,761
Operating charges	1.59%	1.58%	1.59%	1.59%	1.58%	1.59%
Direct transaction costs*	0.03%	0.06%	0.08%	0.03%	0.06%	0.08%
Prices						
Highest unit price #	241.10	245.50	241.70	540.20	519.90	503.00
Lowest unit price #	213.20	215.00	221.90	474.90	466.90	456.70

Change in net assets per unit	Z Inc			Z Acc		
	06/09/2016 (p)	06/03/2016 (p)	06/03/2015 (p)	06/09/2016 (p)	06/03/2016 (p)	06/03/2015 (p)
Opening net asset value per unit†	128.08	135.02	131.47	152.29	153.14	142.96
Return before operating charges [^]	12.67	0.49	10.40	15.26	0.44	11.43
Operating charges	(1.11)	(1.12)	(1.13)	(1.32)	(1.29)	(1.25)
Return after operating charges [^]	11.56	(0.63)	9.27	13.94	(0.85)	10.18
Distributions on income units	(2.10)	(6.31)	(5.72)	-	-	-
Closing net asset value per unit†	137.54	128.08	135.02	166.23	152.29	153.14
Retained distributions on accumulation units	-	-	-	2.60	7.24	6.31
[^] after direct transaction costs of:	0.04	0.08	0.11	0.05	0.09	0.02
Performance						
Return after charges	9.03%	-0.47%	7.05%	9.15%	-0.56%	7.12%
Other information						
Closing net asset value†	67,327,697	61,336,670	21,873,446	45,898,986	41,607,633	21,808,115
Closing number of units	48,952,348	47,890,251	16,200,020	27,612,215	27,321,390	14,240,285
Operating charges	0.84%	0.83%	0.84%	0.84%	0.83%	0.84%
Direct transaction costs*	0.03%	0.06%	0.08%	0.03%	0.06%	0.08%
Prices						
Highest unit price #	139.20	140.30	138.10	167.80	160.00	154.50
Lowest unit price #	122.80	123.70	126.40	147.30	144.40	139.90

† Valued at bid-market prices.

[^] Operating charges include indirect costs incurred in the maintenance and running of the fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return.

*Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution adjustment applied within the accounting period.

High and Low price disclosures are based on quoted unit prices. Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

NB: The Fund performance returns figures shown on the results table are based on quoted unit prices. The % return figures disclosed in the comparative tables are based on accounting NAV per unit prices and are adjusted to include income distributions distributed for income unit classes as well as accounting adjustments.

AXA Framlington Monthly Income Fund

Top ten holdings as at 6 September 2016

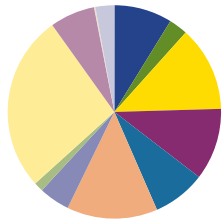
Company	Sector	%
Royal Dutch Shell 'B'	Oil & Gas Producers	4.74
British American Tobacco	Tobacco	4.42
BP	Oil & Gas Producers	3.80
HSBC	Banks	3.43
GlaxoSmithKline	Pharmaceuticals & Biotechnology	2.95
AstraZeneca	Pharmaceuticals & Biotechnology	2.91
Vodafone	Mobile Telecommunication	2.78
Imperial Tobacco	Tobacco	2.53
Lloyds	Banks	2.22
Conviviality	Food & Drug Retailers	2.21

Top ten holdings as at 6 March 2016

Company	Sector	%
Royal Dutch Shell 'B'	Oil & Gas Producers	4.31
British American Tobacco	Tobacco	4.31
HSBC	Banks	3.71
BP	Oil & Gas Producers	3.29
Vodafone	Mobile Telecommunication	2.97
GlaxoSmithKline	Pharmaceuticals & Biotechnology	2.55
AstraZeneca	Pharmaceuticals & Biotechnology	2.53
Imperial Tobacco	Tobacco	2.50
Alumasc	Construction & Materials	2.32
Conviviality	Food & Drug Retailers	2.22

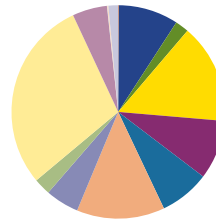
Portfolio breakdown

as at 6 September 2016



Sector	%
Corporate Bonds	0.02
Oil & Gas	8.78
Basic Materials	2.84
Industrials	12.90
Consumer Goods	10.89
Health Care	8.03
Consumer Services	13.75
Telecommunications	4.67
Utilities	1.42
Financials	26.82
Technology	6.80
Middle East	0.05
Australia	0.17
Net current assets	2.86

as at 6 March 2016



Sector	%
Corporate Bonds	0.10
Oil & Gas	9.07
Basic Materials	2.07
Industrials	15.11
Consumer Goods	9.00
Health Care	7.60
Consumer Services	13.34
Telecommunications	5.08
Utilities	2.55
Financials	29.13
Technology	5.25
Middle East	0.04
Australia	0.19
Net current assets	1.47

All data, source: AXA Investment Managers

AXA Framlington Monthly Income Fund

Important information

Authorised Unit Manager and Investment Manager

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

Authorised and regulated by the Financial Conduct Authority. Member of the IA.

Trustee

National Westminster Bank plc
Trustee and Depositary Services
Younger Building
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3 Redheughs Avenue
Edinburgh, EH12 9RH

Authorised and regulated by the Financial Conduct Authority.

Dealing and Correspondence

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Legal advisors:

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One Wood Street
London EC2V 7WS

Auditor

Ernst & Young LLP
Ten George Street
Edinburgh, EH2 2DZ

Registrar

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

Authorised and regulated by the Financial Conduct Authority.

Fund Accounting Administrator

State Street Bank & Trust Company
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IFA dealing & enquiries

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+44 1268 448667

Our lines are open Monday to Friday between 9am and 5:30pm

ADDITIONAL INFORMATION

Report and accounts

The purpose of sending this Short Report for the Fund is to give you a summary of how the Fund has performed during the accounting period in accordance with the Collective Investment Schemes Sourcebook (COLL). If you would like any additional information about the Fund you can request a free of charge copy of the more detailed long form accounts for the Fund. For a copy of this, please contact our dedicated customer services team on 0345 777 5511.

Telephone Number Change

Please note our telephone number has now changed from 0845 777 5511 to 0345 777 5511 and our fax number has changed from 0844 620 0151 to 0344 620 0151. All UK based calls to any 03 number are charged at a local rate from landlines and mobiles.

If you have any questions regarding this statement, please contact us on 0345 777 5511.

Please note that the IFA number currently stays the same.

UCITS V Directive

The UCITS V Directive was implemented into national law on the 18 March 2016. The Directive aims to increase the level of protection already offered to investors in UCITS and to improve investor confidence in UCITS. It aims to do so by enhancing the rules on the responsibilities of depositaries, including a strict liability regime making the depositary liable for the avoidable loss of a financial instrument held in custody and by introducing remuneration policy requirements for UCITS fund managers.

AXA Framlington Monthly Income Fund

For more information on any AXA Framlington unit trust please contact us via our website or telephone number.

Copies of the latest Manager's Report (long form) and Prospectus are available free of charge from the administration office: PO Box 10908, Chelmsford, CM99 2UT.

The value of investments and the income from them can fluctuate and investors may not get back the amount originally invested. Past performance is not a guide to future performance. AXA Framlington is an expertise of AXA Investment Managers UK Limited. Issued by AXA Investment Managers UK Ltd registered in England No. 01431068. The registered office address is 7 Newgate Street, London EC1A 7NX. AXA Investment Managers UK Ltd (119368) is authorised and regulated by the Financial Conduct Authority under the account shown. A member of the IA. Telephone calls may be recorded or monitored for quality assurance purposes.

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