

Annual Long Report and Audited Financial Statements
Year ending
15 September 2017

AXA Framlington UK Select Opportunities Fund

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

Contents Page

Fund Objective.....	3
Review	4
Portfolio Changes	7
Managing Risks	8
Fund Information.....	10
Comparative Tables	11
Portfolio Statement	14
Statement of Total Return	19
Statement of Change in Net Assets Attributable to Unitholders.....	19
Balance Sheet	20
Notes to the Financial Statements.....	21
Distribution Statement	27
Statements of Responsibilities	30
Report of the Trustee.....	31
Report of the Independent Auditor	32
Remuneration policy of the Manager	35
Directory	36

More information on any AXA unit trust, copies of the latest Manager's Reports and Prospectus are available free of charge. Telephone 0345 777 5511 or visit our website: www.axa-im.com. In order to improve our service, telephone calls may be recorded.

Fund Objective

The aim of this Fund is to provide long-term capital growth.

The Fund invests in shares of companies, primarily of UK origin, which the Manager believes will provide above-average returns. The Fund invests in companies of any size. The Manager selects shares based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth.

The Fund may also invest in other transferable securities and units in collective investment schemes. The Fund may use derivatives 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 AXA Framlington UK Select Opportunities Fund is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000. The Fund is a UCITS scheme and is subject to the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL).

Review

“Stability is destabilising” *Hyman Minsky*

Minsky’s ‘financial instability hypothesis’, which we witnessed between 2007-09, saw the collapse of the US housing and credit boom and, due to the subsequent policy response, a recovery by banks, markets and economic activity.

This period of economic repair has now been overtaken by massive secular trends overwhelming or obfuscating the cycle. Take for example the global automotive industry. As investors, if we look forward five years – how will cars be propelled? Who will drive them? And who will own them? This is an industry already going through great change.

Take UK retail. The high street is disrupted by online shopping, casual dining by delivery services and hotels by the sharing economy. In terms of market share, the UK is the global leader in online clothing purchases at 24% of total sales. This compares with 15% for France and 6% for Spain (Redburn). These percentages are lower than more commoditised categories - led by Amazon - in books at 33% penetration and electronics at 48% penetration (Redburn). It is the nature of clothing – size, feel, colourways etc., that accounts for the lower penetration, but has also led to a new burgeoning industry called the ‘reverse supply chain’.

Many people, especially when ordering clothing, order different sizes and colours, keep one and return the rest. ASOS, one of the pioneers of fast fashion online, estimates that 40% of the products they deliver to customers are returned (a global average with regional variations). Even Selfridges, a bricks-and-mortar based retailer, suffers a return rate of 25%. This has led to the growth of reverse logistics companies to handle these volumes. It is not just about having lorries, vans and distribution centres. Clothing retailers need the returns sorted, dispatched to a dedicated steam room, re-hung and bagged and returned to the retailer’s warehouse. In April, we invested in Eddie Stobart Logistics through their initial public offering (IPO). Their CEO, Alex Laffey, who formerly ran Tesco’s logistical operations, has expanded the company into this part of the logistics industry, leveraging existing expertise in distribution centres and the ‘middle mile’ haulage.

To return to our opening observations, the globe is experiencing significant structural industrial and economic change brought about by technological change. Redburn’s economist, Melissa Kidd, has conducted some seminal analysis on this and has come up with some interesting conclusions.

“The significant change in the global economic model that is engendered by technological change is not picked up in traditional growth and inflation models. Inflation is under-reported because economic statistics fail to take into account the rapid quality improvements associated with new digital goods and services.

“Growth is therefore also under-reported - traditional measures of GDP based on output, income and expenditure cannot cope with over the internet, weightless, zero-marginal-cost digital products and apps which are beneficial to the public good.

Top Ten Holdings as at 15 September 2017	%
RPC <i>General Industrials</i>	4.28
Royal Dutch Shell 'B' <i>Oil & Gas Producers</i>	3.61
Paddy Power Betfair <i>Travel & Leisure</i>	3.55
BTG <i>Pharmaceuticals & Biotechnology</i>	3.48
Prudential <i>Life Insurance</i>	3.21
Rightmove <i>Media</i>	3.12
London Stock Exchange <i>Financial Services</i>	3.03
Elementis <i>Chemicals</i>	3.02
Ashtead <i>Support Services</i>	2.95
Essentra <i>Support Services</i>	2.86

“The unmeasured deflation associated with the new economy means real GDP growth is likely to be meaningfully stronger than official statistics suggest.”

This feels right. Take the photographic industry. Back in 2000, there were 80 billion photographs taken, compared to 1.6 trillion in 2015. Over this period the price per photo dropped from 50 cents to zero due to your smartphone; these instant digital photos, eliminated most monetary transactions concerning processing photos (The Brookings Institute, Sept 2016).

This also begs the question why the UK performs poorly when productivity data is compared and analysed. It is because we have embraced e-commerce as a nation. As a percentage of GDP, we have the second highest business-to-consumer e-commerce activity in the world at 6.1% (China has the highest at 7.0%). We have the highest internet penetration of over 15-year olds in the world at 93% (second is Japan at 91%) and we have the highest average spend online per capita at US\$4,018, the United States is second at US\$3,428 (E-commerce Foundation, Global B2C E-Commerce Report, 2016).

Perhaps the major conclusion from Melissa’s economic analysis is that there is a “circularity between low interest rates, the disenfranchisement of labour and the cost of capital for new (deflationary, substitutional) technological investment that means interest rates will be sustained at currently historically low levels for a long time!”

Moving away from digital to broader concepts of technology, the Fund has made a significant investment in Bodycote. Bodycote is the world’s largest provider of heat treating and specialist thermal processing services from 180 accredited facilities in 23 countries (Bodycote PLC, July 2017). Through heat treatment, metal joining, surface technology and Hot Isostatic Pressing (HIP), Bodycote improves the properties of metal and alloys, extending the life of vital components used across a wide range of industries, including aerospace, defence, automotive, power generation, construction, media, oil and gas and transportation. In its July 2017 interim report, of particular note was the performance of its general industrial business. This division returned to ‘healthy growth’ in the first half of 2017 after three years of decline. The recovery was encouragingly ‘broad based’, although North American growth rates did not start to strengthen until the final months of the period to end June 2017. Again, is global growth understated due to changes outlined above?

We are invested in many companies where technological change, in the broadest sense, influences their growth rate and how we value that growth. Good examples are -

Speciality Chemicals – Elementis and Johnson Matthey.

Financial Services – Worldpay and Experian.

Healthcare, Pharmaceuticals and Biotechnology – GlaxoSmithKline, AstraZeneca, BTG, Smith & Nephew, Advanced Medical Solutions and Clinigen.

Electronic Engineering – Xaar, Spirent Communications and Morgan Crucible.

Media – Ascential, Rightmove and Auto Trader.

No report in the present day can avoid mentioning Brexit, and this is no exception.

Through all the fluff and flannel, two features were reassuring given all the scaremongering. First was a report from the European Central Bank (ECB), as quoted in the Financial Times, on the future of euro currency trading post 2019. London accounts for about 43% of foreign transactions involving the euro (European Central Bank). The ECB report acknowledged the City’s big inbuilt advantage, which are the submarine fibre-optic cables - laid in the 1980’s - that carry the majority of internet traffic. Financial centres located next to oceans have an advantage “because they are directly connected to the internet backbone, at the expense of landlocked cities like Zurich”. Because electronic trading has transformed the forex market, the report continued “by one estimate, cable connections have boosted the share of global turnover in London, the world’s largest trading venue, by as much as one-third”.

Other advantages include; the London time zone, which captures the optimum global financial day, plus the fact that unlike equities, bonds and derivatives, the US\$1.7 trillion a day cash

foreign exchange market is not risk managed through clearing houses, but settled via the London-based CLS International Bank. According to a study published last year by the Bank for International Settlements, the Eurozone handled just 8% of global currency trading. London will lose functions and some people to the Eurozone, but they are not all going to one place, like Frankfurt for example. They are going to Paris, Dublin, Amsterdam, Luxembourg and the like. The majority of Europe's critical infrastructure for trading forex, as well as shares and derivatives, is clustered in a 30 mile radius of the City of London (Financial Times)!

Another scaremongering headline in August proclaimed "Japanese are terrified of losing access to the EU". The Japanese have a great deal of sunk capital in the UK, not only through direct inward investing, but through the takeover of UK corporations. Remember these:

ARM (Softbank), ICL (Fujitsu), Lucas (Sumitomo), Pilkington Glass (Nippon Sheet Glass), Princes Foods (Mitsubishi), Lucozade, Ribena and Bowmore (Suntory) and Kwik-Fit (Itochu).

Where they have made significant direct inward investment, the Nissan factory in Sunderland produces more cars per worker than any European factory (Professor Rowley, Oxford University). Japanese financial institutions have chosen London – why? According to the Global Financial Centres Index, which tries to rank and capture comparative reasons for financial centres in terms of time zones, languages, clustering, productivity, labour laws and protection, regulations, costs and taxes, London is rated number one for financial services globally compared to the highest ranking EU city, which comes in at 23.

Whatever change, economic and/or political that is thrown at markets, it is the long term financial returns that count. The UK is on track to post record dividend payments this year after hitting an all-time high in the second quarter of 2017. According to data from Capita Asset Services, dividends in the second quarter were up 15% from the previous year. This was boosted by strong underlying growth, but also due to those dividends paid in US dollars and euros, which were magnified due to sterling weakness. For 2017 as a whole, Capita is predicting a record £90.6 billion in dividend payments, up 7% year-on-year. This includes special dividends – always welcome and part of the dialogue we have with company management. Total shareholder return (TSR) is what we want optimised over the long term and we strive to find UK listed companies, of all sizes, that can deliver this for investors.

Nigel Thomas

All performance data source: AXA Investment Managers and Lipper to 15 September 2017

Past Performance is not a guide to future performance. All performance figures calculated as follows: Single Priced NAV with no income reinvested, net of fees in GBP, net of tax. Performance is representative of R Inc Class.

Portfolio Changes

For the year ended 15 September 2017

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Rentokil Initial	72,575,179	RPC	108,087,741
Bodycote	56,726,793	Booker	105,611,252
Diageo	55,411,084	Rightmove	97,067,593
Eddie Stobart Logistics	40,000,000	Dixons Carphone	92,563,929
Severn Trent	36,328,486	AstraZeneca	89,235,844
BP	28,301,825	BT	88,990,783
Royal Dutch Shell 'B'	22,420,962	ITV	79,134,049
Smith & Nephew	20,948,902	Vodafone	72,793,800
Ashtead	16,862,622	Travis Perkins	67,313,643
Ascential	16,272,589	GlaxoSmithKline	63,603,789
Other purchases	48,096,391	Other sales	399,738,459
Total purchases for the year	413,944,833	Total sales for the year	1,264,140,882

ADDITIONAL RISKS

Liquidity Risk: Under certain market conditions, it may be difficult to buy or sell investments for a Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of Unitholders buying or selling Units in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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 will be required on all reports & accounts published after 31 March 2017. During the year to 15 September 2017 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

AXA IM COAL POLICY

Effective 30 June 2017, AXA Investment Managers has implemented a policy to divest from companies that derive more than 50% of their revenues from coal-related activities, specifically mining and electric utilities companies. Should you require further information on this matter please contact AXA Investment Managers UK Ltd.

Fund Information

FIVE YEAR PERFORMANCE

In the five years to 15 September 2017, the price of R Accumulation units, with net income reinvested, rose by +45.18%. The FTSE All-Share Index (Total Return) increased by +53.17% over the same time period. During the same period, the price of R Income units, with zero income reinvested, rose by +37.08% (source: AXA Investment Managers and Lipper).

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

Date	AXA Framlington UK Select Opportunities R Acc	FTSE All-Share (Total Return)
15/09/2012 - 15/09/2013	+19.84%	+17.65%
15/09/2013 - 15/09/2014	+5.78%	+6.82%
15/09/2014 - 15/09/2015*	+1.30%	-3.44%
15/09/2015 - 15/09/2016	+4.64%	+12.79%
15/09/2016 - 15/09/2017	+8.04%	+11.91%

Source of all performance data: AXA Investment Managers and Lipper.

*Performance Calculation: Single price basis (NAV) from 15/09/2014 and bid prices prior to this. To ensure consistent performance figures between bid and NAV prices, an adjustment factor has been applied.

YIELD

R Inc	1.22%
R Acc	1.26%
Z Inc	1.84%
Z Acc	1.90%
ZI Inc	1.96%
ZI Acc	1.96%

CHARGES

	Initial Charge	Annual Management Charge
R	Nil	1.50%
Z	Nil	0.85%
ZI	Nil	0.75%

ONGOING CHARGES**

R Inc	1.58%
R Acc	1.58%
Z Inc	0.93%
Z Acc	0.93%
ZI Inc	0.83%
ZI Acc	0.83%

** 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>

UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS

The AXA Framlington UK Select Opportunities Fund is available as a Stocks and Shares ISA through the AXA Investment Managers Stocks and Shares ISA.

Comparative Tables

Change in net assets per unit	R Inc			R Acc		
	15/09/2017 (p)	15/09/2016 (p)	15/09/2015 (p)	15/09/2017 (p)	15/09/2016 (p)	15/09/2015 (p)
Opening net asset value per unit†	1,714.52	1,663.20	1,661.79	3,105.64	2,967.78	2,929.40
Return before operating charges^	166.56	102.88	48.40	301.21	185.50	85.85
Operating charges	(28.66)	(26.60)	(26.79)	(52.05)	(47.64)	(47.47)
Return after operating charges^	137.90	76.28	21.61	249.16	137.86	38.38
Distributions	(22.60)	(24.96)	(20.20)	(42.24)	(44.55)	(35.76)
Retained distributions on accumulation units	-	-	-	42.24	44.55	35.76
Closing net asset value per unit†	1,829.82	1,714.52	1,663.20	3,354.80	3,105.64	2,967.78
*^after direct transaction costs of:	1.84	0.82	0.84	3.33	1.47	1.49
Performance						
Return after charges	8.04%	4.59%	1.30%	8.02%	4.65%	1.31%
Other Information						
Closing net asset value†	92,570,643	128,081,503	307,909,114	1,238,105,711	1,302,122,337	1,562,560,073
Closing number of units	5,058,996	7,470,400	18,436,103	36,905,490	41,927,710	52,569,773
Operating charges	1.58%	1.58%	1.58%	1.58%	1.58%	1.58%
Direct transaction costs*	0.10%	0.05%	0.05%	0.10%	0.05%	0.05%
Prices						
Highest unit price #	1,915.00	1,781.00	1,845.00	3,475.00	3,188.00	3,258.00
Lowest unit price #	1,670.00	1,524.00	1,491.00	3,029.00	2,720.00	2,629.00

Change in net assets per unit	Z Inc			Z Acc		
	15/09/2017 (p)	15/09/2016 (p)	15/09/2015 (p)	15/09/2017 (p)	15/09/2016 (p)	15/09/2015 (p)
Opening net asset value per unit†	132.89	128.93	128.82	144.16	136.95	134.30
Return before operating charges^	12.93	7.95	3.78	14.01	8.50	3.93
Operating charges	(1.31)	(1.21)	(1.23)	(1.43)	(1.29)	(1.28)
Return after operating charges^	11.62	6.74	2.55	12.58	7.21	2.65
Distributions	(2.65)	(2.78)	(2.44)	(2.98)	(2.97)	(2.55)
Retained distributions on accumulation units	-	-	-	2.98	2.97	2.55
Closing net asset value per unit†	141.86	132.89	128.93	156.74	144.16	136.95
^after direct transaction costs of:	0.14	0.06	0.07	0.16	0.07	0.07
Performance						
Return after charges	8.74%	5.23%	1.98%	8.73%	5.26%	1.97%
Other Information						
Closing net asset value†	16,978,769	25,299,576	65,587,438	39,396,178	42,974,887	63,526,444
Closing number of units	11,968,745	19,038,343	50,998,435	25,133,933	29,809,785	46,481,879
Operating charges	0.93%	0.93%	0.93%	0.93%	0.93%	0.93%
Direct transaction costs*	0.10%	0.05%	0.05%	0.10%	0.05%	0.05%
Prices						
Highest unit price #	148.70	138.30	143.20	162.00	147.90	150.00
Lowest unit price #	129.60	118.40	115.60	140.70	125.80	120.50

Change in net assets per unit	ZI Inc			ZI Acc		
	15/09/2017 (p)	15/09/2016 (p)	15/09/2015 (p)	15/09/2017 (p)	15/09/2016 (p)	15/09/2015 (p)
Opening net asset value per unit†	133.11	129.09	128.99	145.02	137.54	134.76
Return before operating charges^	12.96	8.03	3.78	14.09	8.65	3.94
Operating charges	(1.17)	(1.09)	(1.11)	(1.28)	(1.17)	(1.16)
Return after operating charges^	11.79	6.94	2.67	12.81	7.48	2.78
Distributions	(2.83)	(2.92)	(2.57)	(3.10)	(3.13)	(2.70)
Retained distributions on accumulation units	-	-	-	3.10	3.13	2.70
Closing net asset value per unit†	142.07	133.11	129.09	157.83	145.02	137.54
*^after direct transaction costs of:	0.14	0.06	0.07	0.16	0.07	0.07
Performance						
Return after charges	8.86%	5.38%	2.07%	8.83%	5.44%	2.06%
Other Information						
Closing net asset value†	813,330,075	1,054,444,345	1,023,429,561	1,053,360,596	1,284,285,685	1,184,354,529
Closing number of units	572,497,031	792,142,898	749,281,600	667,407,114	885,618,337	862,189,694
Operating charges	0.83%	0.83%	0.83%	0.83%	0.83%	0.83%
Direct transaction costs*	0.10%	0.05%	0.05%	0.10%	0.05%	0.05%
Prices						
Highest unit price #	148.90	138.60	143.50	163.10	148.80	150.60
Lowest unit price #	129.80	118.60	115.80	141.60	126.40	121.00

† Valued at bid-market prices. Prior period NAV per unit prices have been adjusted to reflect the impact of notional dealing charges.

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.

^ Operating charges include indirect costs incurred in the maintenance and running of the fund, as disclosed 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 year. Direct transaction costs are stated after deducting dilution adjustments that relate to direct transaction costs.

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

The operating charges published in the comparative tables for the interim accounts to 15/03/2017 were shown as annualised rather than cumulative. In order to be consistent with the other information in the comparative tables we now show the operating charges as a cumulative figure. This change has no impact on the closing net asset per unit or the return after charges previously published.

Portfolio Statement

The AXA Framlington UK Select Opportunities Fund portfolio as at 15 September 2017 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding	Market value (£)	Total net assets (%)	
UNITED KINGDOM: 98.43% (15/09/2016: 98.97%)			
OIL & GAS: 6.71% (15/09/2016: 5.56%)			
Oil & Gas Producers: 6.38% (15/09/2016: 4.44%)			
68,525,693	Amerisur Resources	10,964,111	0.34
12,500,000	BP	55,725,000	1.71
4,512,475	Indus Gas	17,147,405	0.53
5,500,000	Royal Dutch Shell 'B'	117,617,500	3.62
11,482,439	Serica Energy	2,497,430	0.07
17,488,000	Wentworth Resources	3,585,040	0.11
		207,536,486	6.38
Oil Equipment, Services & Distribution: 0.33% (15/09/2016: 1.12%)			
2,500,000	Hunting	10,827,500	0.33
		10,827,500	0.33
BASIC MATERIALS: 4.76% (15/09/2016: 3.29%)			
Chemicals: 4.76% (15/09/2016: 3.29%)			
2,927,657 ¹	Dyson	-	-
37,000,000	Elementis	98,346,000	3.02
2,000,000	Johnson Matthey	56,420,000	1.74
		154,766,000	4.76
INDUSTRIALS: 37.25% (15/09/2016: 28.98%)			
Construction & Materials: 2.82% (15/09/2016: 1.81%)			
105,000,000	Breedon Aggregates	91,875,000	2.82
		91,875,000	2.82
Aerospace & Defence: 0.21% (15/09/2016: 0.16%)			
4,000,000	Chemring	6,820,000	0.21
		6,820,000	0.21

Holding		Market value (£)	Total net assets (%)
General Industrials: 4.28% (15/09/2016: 6.09%)			
15,000,000	RPC	139,350,000	4.28
		139,350,000	4.28
Electronic & Electrical Equipment: 2.52% (15/09/2016: 3.02%)			
16,621,728	Morgan Crucible	48,385,850	1.49
7,976,758	Xaar	33,582,151	1.03
		81,968,001	2.52
Industrial Engineering: 8.67% (15/09/2016: 5.30%)			
7,408,744	Bodycote	68,642,013	2.11
7,000,000	IMI	78,890,000	2.42
32,500,000	Rotork	78,975,000	2.43
10,016,034	Trifast	20,532,870	0.63
2,000,000	Weir	35,140,000	1.08
		282,179,883	8.67
Industrial Transportation: 3.98% (15/09/2016: 1.71%)			
30,500,000	BBA Aviation	90,280,000	2.77
25,000,000	Eddie Stobart Logistics	39,250,000	1.21
		129,530,000	3.98
Support Services: 14.77% (15/09/2016: 10.89%)			
5,500,000	Ashtead	95,975,000	2.95
32,666,667	BCA Marketplace	67,048,334	2.06
18,000,000	Essentra	93,150,000	2.86
4,500,000	Experian	64,665,000	1.99
4,500,000	iEnergizer	2,430,000	0.08
30,000,000	Rentokil Initial	87,600,000	2.69
17,000,000	Worldpay	69,581,000	2.14
		480,449,334	14.77
CONSUMER GOODS: 3.00% (15/09/2016: 2.39%)			
Automobiles & Parts: 1.29% (15/09/2016: 2.39%)			
12,500,000	GKN	42,062,500	1.29
		42,062,500	1.29
Beverages: 1.71% (15/09/2016: 0.00%)			
2,250,000	Diageo	55,800,000	1.71
		55,800,000	1.71

Holding	Market value (£)	Total net assets (%)	
HEALTH CARE: 13.95% (15/09/2016: 14.15%)			
Health Care Equipment & Services: 2.82% (15/09/2016: 1.59%)			
13,418,987	Advanced Medical Solutions	38,076,376	1.17
4,000,000	Smith & Nephew	53,720,000	1.65
		91,796,376	2.82
Pharmaceuticals & Biotechnology: 11.13% (15/09/2016: 12.56%)			
20,625,000	Amryt Pharma	5,156,250	0.16
10,312,500	Amryt Pharma Share	92,813	-
750,000	AstraZeneca	35,538,750	1.09
16,987,740	BTG	113,393,164	3.48
8,000,000	Clinigen	81,840,000	2.52
5,774,625	Eco Animal Health	35,513,944	1.09
6,785,000	Evgen Pharma	1,153,450	0.04
6,000,000	GlaxoSmithKline	87,720,000	2.70
12,286,220	Redx Pharma	1,689,355	0.05
		362,097,726	11.13
CONSUMER SERVICES: 15.67% (15/09/2016: 27.60%)			
Food & Drug Retailers: 0.00% (15/09/2016: 2.49%)			
General Retailers: 2.57% (15/09/2016: 6.65%)			
7,179,310	Applegreen	37,834,964	1.17
7,058,516	Dunelm	45,633,306	1.40
		83,468,270	2.57
Media: 9.22% (15/09/2016: 13.09%)			
21,500,000	Ascential	77,120,500	2.37
17,500,000	Auto Trader	62,755,000	1.93
37,500,000	ITV	58,650,000	1.80
2,500,000	Rightmove	101,375,000	3.12
		299,900,500	9.22
Travel & Leisure: 3.88% (15/09/2016: 5.37%)			
1,595,147	Paddy Power Betfair	115,488,643	3.55
11,150,306	Sportech	10,648,542	0.33
		126,137,185	3.88

Holding		Market value (£)	Total net assets (%)
TELECOMMUNICATIONS: 1.27% (15/09/2016: 5.86%)			
Fixed Line Telecommunications: 0.00% (15/09/2016: 2.71%)			
Mobile Telecommunications: 1.27% (15/09/2016: 3.15%)			
20,000,000	Vodafone	41,370,000	1.27
		41,370,000	1.27
FINANCIALS: 13.62% (15/09/2016: 10.28%)			
Banks: 5.15% (15/09/2016: 3.54%)			
12,500,000	HSBC	88,212,500	2.71
120,000,000	Lloyds Bank	79,344,000	2.44
		167,556,500	5.15
Life Insurance: 4.56% (15/09/2016: 4.18%)			
6,000,000	Prudential	104,520,000	3.21
4,000,000	St James's Place	44,080,000	1.35
		148,600,000	4.56
Financial Services: 3.20% (15/09/2016: 2.20%)			
148	¹ BENE IO	-	-
2,600,000	London Stock Exchange	98,566,000	3.03
13,992,413	Miton	5,457,041	0.17
		104,023,041	3.20
Non Equity Instruments: 0.71% (15/09/2016: 0.36%)			
13,333,333	Zegona Communications	23,066,666	0.71
		23,066,666	0.71
TECHNOLOGY: 1.18% (15/09/2016: 0.86%)			
Technology Hardware & Equipment: 1.18% (15/09/2016: 0.86%)			
2,718,889	Frontier Smart Technologies	3,153,911	0.10
37,250,000	Spirent Communications	35,201,250	1.08
		38,355,161	1.18

Holding	Market value (£)	Total net assets (%)
UTILITIES: 1.02% (15/09/2016: 0.00%)		
Gas, Water & Multiutilities: 1.02% (15/09/2016: 0.00%)		
1,500,000	33,120,000	1.02
	33,120,000	1.02
Investments as shown in the balance sheet	3,202,656,129	98.43
Net current assets	51,085,843	1.57
Total net assets	3,253,741,972	100.00

SUMMARY OF FUND ASSETS

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

		Total net assets (%)
Listed	- eligible markets	98.43
Unquoted	¹	-
Net current assets		1.57
Total net assets		100.00

¹ Nil valued/suspended securities not approved within the meaning of the Collective Investment Schemes Sourcebook. The regulations permit a maximum of 10% of the Fund to be invested in unapproved securities. Securities classed as unapproved are those which are not admitted to an official listing in a member state or traded on under the rules of an eligible securities market, as laid down in the Prospectus.

Statement of Total Return

For the year ended 15 September

	Notes	£	2017 £	£	2016 £
Income					
Net capital gains on investments during the year	3		256,758,517		119,401,568
Revenue	4	105,336,261		121,907,946	
Expenses	5	(41,444,866)		(44,888,541)	
Interest payable and similar charges*	7	(1)		264	
Net revenue before taxation		63,891,394		77,019,669	
Taxation	6	-		(421,638)	
Net revenue after taxation			63,891,394		76,598,031
Total return before distributions			320,649,911		195,999,599
Distributions	7		(63,891,384)		(76,598,031)
Change in net assets attributable to unitholders from investment activities			256,758,527		119,401,568

* Amount contains equalisation on conversions plus debit interest.

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 September

	£	2017 £	£	2016 £
Opening net assets attributable to unitholders		3,837,208,333		4,207,367,158
Movement due to subscriptions and redemptions of units				
-Amounts receivable on creation of units	53,366,700		162,797,534	
-Amounts payable on cancellation of units	(931,894,221)		(700,271,123)	
Total movement		(878,527,521)		(537,473,589)
Change in net assets attributable to unitholders from investment activities		256,758,527		119,401,568
Retained distribution on accumulation units		38,295,121		47,906,031
Unclaimed distribution monies		7,512		7,165
Closing net assets attributable to unitholders		3,253,741,972		3,837,208,333

Balance Sheet

As at 15 September

	Notes	£	2017 £	£	2016 £
ASSETS					
Fixed Assets					
Investment assets			3,202,656,129		3,796,093,667
Current Assets					
Debtors	8	23,576,438		16,526,564	
Cash and bank balances	9	65,774,755		57,232,554	
Total current assets			89,351,193		73,759,118
Total assets			3,292,007,322		3,869,852,785
LIABILITIES					
Creditors					
Distribution payable on income units		12,922,175		17,568,440 **	
Other creditors	10	25,343,175		15,076,012	
Total creditors			38,265,350		32,644,452 **
Total liabilities			38,265,350		32,644,452 **
Net assets attributable to unitholders			3,253,741,972		3,837,208,333 **

** Restatement of prior year amount due to incorrectly printed prior final accounts without reflecting the movement of two special dividends (Johnson Matthey and GlaxoSmithKline) from income to capital.

Notes to the Financial Statements

1.1 Accounting Policies

a) The financial statements have been prepared under the 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 Association (IA) in May 2014. The Financial Statements have been prepared on a going concern basis.

b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.

c) Listed investments of the Fund are valued at bid-market prices ruling at noon on the appropriate market on the last business day of the accounting period. The fair value of unlisted securities, and unquoted securities where the quotation has been suspended, is estimated by the Manager, using independent sources where available.

d) The functional currency of the Fund is Sterling. Any transactions in overseas currencies are translated to Sterling at the rates of exchange ruling on the day of any such transaction. Foreign currency balances and investments priced in overseas currencies at the end of the period are converted into Sterling at the exchange rates ruling at noon on the last business day of the accounting period

e) All expenses are charged in full against revenue on an accruals basis, with the exception of transaction charges which are charged directly to capital.

f) Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses. Where overseas tax has been deducted from overseas revenue, that tax can, in some cases, be set off against Corporation tax payable, by way of double tax relief. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions or events giving rise to them occurred before the balance sheet date.

g) Bank interest is accounted for on an accruals basis.

h) Revenue equalisation currently applies to the Fund, with the result that part of the purchase price of a unit reflects the relevant share of accrued revenue received or to be received by the Fund. This sum is returned to a unitholder with the first allocation of revenue in respect of a unit issued during an accounting period. The amount representing the revenue equalisation in the unit's price is a return of capital and is not taxable in the hands of the unitholder. The amount of revenue equalisation is calculated by dividing the aggregate of the amounts of revenue included in the price of units issued or sold to unitholders in an annual or interim accounting period by the number of those units and applying the resultant average to each of the units in question.

i) With the exception of the Manager's periodic charge, which is directly attributable to individual Unit Classes, all revenue and expenses are allocated to Unit Classes pro rata to the value of the net assets of the relevant Unit Class on the day the revenue or expense is recognised.

1.2 Distribution Policy

a) The Fund will distribute any net revenue two months after the accounting year end. Any net revenue deficit will be borne by the capital account.

The type of distribution being made by the Fund is a dividend distribution.

b) The total revenue received in respect of scrip dividends is separated with an amount equal to the cash alternative credited to revenue and any enhancement credited to capital. The revenue portion forms part of the revenue distribution amount.

c) Special dividends and share buybacks are treated as revenue or capital depending on the facts of each particular case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend should be treated as capital in nature so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends should be recognised as revenue.

d) If a distribution payment of the Fund remains unclaimed for a period of 6 years after it has become due, it will be forfeited and will revert to and become part of the scheme property.

e) The Manager's periodic charge is charged against revenue for the purposes of calculating the amount available for distribution.

2 Financial instruments

The analysis and tables provided below refer to the narrative disclosure on financial instruments risks on pages 8 to 9.

Price risk sensitivity

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £160,132,806 (2016: £189,804,683). A 5% decrease would have an equal and opposite effect.

Foreign currency risk sensitivity

Assuming all other factors remain stable, if Sterling strengthens by 5% the investment portfolio would decrease in value by £93,028 (2016: £85,854). A 5% weakening in Sterling would have an equal but opposite effect.

Interest rate risk sensitivity

As the majority of the Fund's financial assets are non-interest bearing, the Fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates. No interest rate risk sensitivity analysis is therefore performed.

Currency exposures

A proportion of the financial assets of the Fund are denominated in currencies other than Sterling, with the effect that the Fund's balance sheet and total return can be directly affected by currency movements.

2017	Monetary Exposure £	Non Monetary Exposure £	Total £
Sterling	49,225,280	3,202,656,129	3,251,881,409
Euro	1,005,014	-	1,005,014
US Dollar	855,549	-	855,549
Total	51,085,843	3,202,656,129	3,253,741,972

2016	Monetary Exposure £	Non Monetary Exposure £	Total £
Sterling*	39,397,594	3,796,093,667	3,835,491,261
US Dollar	1,717,072	-	1,717,072
Total	41,114,666	3,796,093,667	3,837,208,333

*Restatement of prior year amount due to incorrectly printed prior final accounts without reflecting the movement of two special dividends (Johnson Matthey and GlaxoSmithKline) from income to capital.

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

The floating rate financial assets and liabilities comprise Sterling and foreign currency denominated bank balances and overdraft that bear interest.

3 Net capital gains on investments

The net capital gains on investments during the year comprise:

	2017	2016
	£	£
Gains on non-derivative securities	256,758,521	119,376,807
(Losses)/gains on foreign exchange	(2)	26,116
Transaction charges	(2)	(1,355)
Net capital gains on investments	256,758,517	119,401,568

4 Revenue

	2017	2016
	£	£
UK dividends	100,256,164	115,564,829
Overseas dividends	5,077,188	6,150,764
Bank interest	2,909	192,353
Total revenue	105,336,261	121,907,946

5 Expenses

	2017	2016
	£	£
Payable to the Manager or associates of the Manager		
Manager's periodic charge	38,423,648	41,630,609
Registrar's fees	2,224,254	2,400,688
	40,647,902	44,031,297
Payable to the Trustee or associate of the Trustee		
Trustee's fees	786,889	848,641
	786,889	848,641
Other expenses		
Audit fee	8,682	7,890
Safe custody charges	143	543
FCA fee	83	170
Swiss regulators fee	1,167	-
	10,075	8,603
Total Expenses	41,444,866	44,888,541

Expenses include irrecoverable VAT where applicable.

6 Taxation

a) Overseas withholding tax

	2017	2016
	£	£
Foreign tax suffered	-	421,638
Total tax for the year (see note 6b)	-	421,638

b) The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%) (2016: 20%)

The differences are explained below:

	2017	2016
	£	£
Net revenue before taxation	63,891,394	77,019,669
Corporation tax at 20%	12,778,279	15,403,934
Effects of:		
Revenue not subject to taxation	(20,051,233)	(24,743,119)
Foreign tax suffered	-	421,638
Non-taxable overseas dividends	(1,015,438)	-
Movement in excess management expenses	8,288,392	8,939,238
Total effects	(12,778,279)	(15,382,243)
Total tax charge for the year (see note 6a)	-	21,691

Authorised unit trusts are exempt from tax on capital gains.

c) At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £88,179,501 (2016: £79,891,109) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

7 Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2017	2016
	£	£
Interim	15,575,619	22,513,310
Final	41,851,447	*51,540,008
	57,427,066	*74,053,318
Add: Income deducted on cancellation of units	7,622,792	5,387,461
Deduct: Income received on creation of units	(1,158,474)	(2,842,748)
Net distribution for the year	63,891,384	*76,598,031
Interest	1	-
Equalisation on conversions	-	(264)
Total finance costs	63,891,385	*76,597,767

* Restatement of prior year amount due to incorrectly printed prior final accounts without reflecting the movement of two special dividends (Johnson Matthey and GlaxoSmithKline) from income to capital.

8 Debtors

	2017	2016
	£	£
Sales awaiting settlement	6,634,331	122,843
Amounts receivable on creation of units	-	25,192
Accrued revenue	16,942,107	16,378,529
Total debtors	23,576,438	16,526,564

9 Cash and bank balances

	2017	2016
	£	£
Cash and bank balances	65,774,755	57,232,554
Total cash and bank balances	65,774,755	57,232,554

10 Other creditors

	2017 £	2016 £
Amounts payable on cancellation of units	23,773,149	6,493,062
Purchases awaiting settlement	-	6,786,282
Accrued expenses		
- Manager	1,450,084	1,657,969
- Trustee	29,191	34,148
- Other	90,751	104,551
Total other creditors	25,343,175	15,076,012

11 Unitholders funds

The Fund currently has six unit classes in issue.

	R Inc	R Acc	Z Inc	Z Acc	ZI Inc	ZI Acc
Opening units in issue	7,470,400	41,927,710	19,038,343	29,809,785	792,142,898	885,618,337
Units issued	9,508,243	350,474	5,531,922	6,853,889	34,118,873	6,755,118
Units cancelled	(11,919,647)	(5,372,694)	(12,601,520)	(11,529,741)	(253,764,740)	(224,966,341)
Closing units in issue	5,058,996	36,905,490	11,968,745	25,133,933	572,497,031	667,407,114

12 Related parties

AXA Investment Managers UK Limited acts as principal on all the transactions of units in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders, amounts due to/from AXA Investment Managers UK Limited in respect of unit transactions are disclosed in Note 8 and Note 10.

At 15 September 2017, there are no material unitholders that hold more than 50% of units in the Fund. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

Amounts paid to AXA Investment Managers UK Limited in respect of administration and registration services are disclosed in Note 5.

13 Portfolio transaction costs**15/09/2017**

Analysis of purchases	Net purchase cost £	Commissions paid £	%	Taxes £	%	Total purchase cost £
Equity instruments	411,654,492	507,663	0.12	1,782,678	0.43	413,944,833
Total	411,654,492	507,663	0.12	1,782,678	0.43	413,944,833

15/09/2017

Analysis of sales	Net sale proceeds £	Commissions paid £	%	Taxes £	%	Total sale proceeds £
Equity instruments	1,265,603,460	(1,462,261)	(0.12)	(317)	-	1,264,140,882
Total	1,265,603,460	(1,462,261)	(0.12)	(317)	-	1,264,140,882

15/09/2016						
Analysis of purchases	Net purchase cost £	Commissions paid £	%	Taxes £	%	Total purchase cost £
Equity instruments	268,052,137	235,480	0.09	732,512	0.27	269,020,129
Total	268,052,137	235,480	0.09	732,512	0.27	269,020,129

15/09/2016						
Analysis of sales	Net sale proceeds £	Commissions paid £	%	Taxes £	%	Total sale proceeds £
Equity instruments	666,429,492	(979,291)	(0.15)	(2,375)	-	665,447,826
Total	666,429,492	(979,291)	(0.15)	(2,375)	-	665,447,826

Commission as a % of average net assets 0.05% (2016: 0.20%)

Taxes as a % of average net assets 0.05% (2016: 0.12%)

Portfolio dealing spread

The average portfolio dealing spread as at the year end was 0.31% (15/09/2016: 0.29%).

14 Fair value disclosure

	15 September 2017		15 September 2016	
	Assets £	Liabilities £	Assets £	Liabilities £
Valuation technique				
Level 1 [^]	3,202,656,129	-	3,796,093,667	-
Level 2 ^{^^}	-	-	-	-
Level 3 ^{^^^}	-	-	-	-
Total	3,202,656,129	-	3,796,093,667	-

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

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

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

The fair value of the Fund's investments has been determined using the hierarchy above. This complies with the 'Amendments to FRS 102 - Fair value hierarchy disclosures' issued by the Financial Reporting Council in March 2016. Although not required to be applied until accounting periods beginning on or after 1 January 2017, the Manager has decided to apply this early.

Distribution Statement

For the year ended 15 September 2017

		Net revenue	Equalisation	Distribution payable/paid	
				Current year	Prior year
R Inc					
Interim	Group 1	3.530	-	3.530	5.738
	Group 2	0.502	3.028	3.530	5.738
Final	Group 1	19.073	-	19.073	19.223
	Group 2	6.412	12.661	19.073	19.223
R Acc					
Interim	Group 1	6.190	-	6.190	10.116
	Group 2	2.267	3.923	6.190	10.116
Final	Group 1	36.050	-	36.050	34.433
	Group 2	12.562	23.488	36.050	34.433
Z Inc					
Interim	Group 1	0.711	-	0.711	0.863
	Group 2	0.176	0.535	0.711	0.863
Final	Group 1	1.934	-	1.934	1.920
	Group 2	0.766	1.168	1.934	1.920
Z Acc					
Interim	Group 1	0.789	-	0.789	0.917
	Group 2	0.241	0.548	0.789	0.917
Final	Group 1	2.190	-	2.190	2.054
	Group 2	0.971	1.219	2.190	2.054
ZI Inc					
Interim	Group 1	0.780	-	0.780	0.930
	Group 2	0.237	0.543	0.780	0.930
Final	Group 1	2.048	-	2.048	1.990
	Group 2	0.817	1.231	2.048	1.990
ZI Acc					
Interim	Group 1	0.844	-	0.844	0.991
	Group 2	0.302	0.542	0.844	0.991
Final	Group 1	2.259	-	2.259	2.137
	Group 2	0.989	1.270	2.259	2.137

(All figures shown in pence per unit)

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

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

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

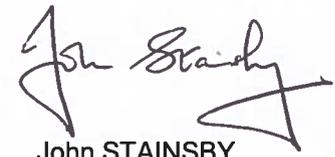
	Group 2 units From	To	Group 1 & 2 units Paid/transferred
Interim	16.09.16	15.03.17	15.05.17
Final	16.03.17	15.09.17	15.11.17

DIRECTORS' APPROVAL

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



Philippe LE BARROIS D'ORGEVAL
Director



John STAINSBY
Director

27/11/2017

Statements of Responsibilities

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RELATION TO THE REPORT AND ACCOUNTS OF THE "FUND"

The Collective Investment Schemes Sourcebook (the Regulations) requires the Manager to prepare accounts for each annual accounting year which give a true and fair view of the financial affairs of the Fund and of its revenue and expenditure for the year.

In preparing the accounts the Manager is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds and the Trust Deed;
- follow applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the accounts prepared comply with the above requirements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, Prospectus and the Regulations, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Trustee

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF AXA FRAMLINGTON UK SELECT OPPORTUNITIES FUND FOR THE ANNUAL ACCOUNTING YEAR TO 15 SEPTEMBER 2017

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Trustee
National Westminster Bank plc, Edinburgh
23 November 2017

Report of the Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE AXA FRAMLINGTON UK SELECT OPPORTUNITIES FUND

OPINION

We have audited the financial statements of the AXA Framlington UK Select Opportunities Fund (the 'Fund') for the year ended 15 September 2017 which comprise the Statement of Total Return, the Statement of Change in Net Assets attributable to Unitholders, Balance Sheet, Distribution Statement and the related Notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 September 2017 and of the net revenue and the net gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

BASIS FOR OPINION

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

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY

In our opinion:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF THE MANAGER

As explained more fully in the Manager's responsibilities statement set out on page 30, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

Ernst & Young LLP
Statutory Auditor
London
27/11/2017

The maintenance and integrity of the AXA Investment Managers UK Limited web site 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 or any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Remuneration policy of the Manager

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

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

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

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

Please note that the UCITS remuneration quantitative disclosure figures will be included in fund accounts from 2018, once a full remuneration period has been completed following the implementation of UCITS V, being specifically January 2017 to December 2017.

Directory

The Manager

AXA Investment Managers UK Limited
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Authorised and regulated by the Financial Conduct Authority.
Registered in England and Wales No. 01431068.
The company is a wholly owned subsidiary of AXA S.A., incorporated in France.
Member of the IA.

The Administrator and address for inspection of Register

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