

AXA Investment Managers is a dedicated investment manager within the AXA Group, a world leader in financial protection and wealth management. Our aim is to develop close relationships with our customers and to provide them with outstanding investment solutions backed up with exceptional customer service.

As a 'multi-expert' investment manager, we aim to offer investment expertise across a broad range of asset classes that few of our competitors can match, but we focus on specific areas within each asset class where we can add real value for our clients.

Our total funds under management now exceed £469 billion (source: AXA IM as at 31 May 2013).

AXA Ethical Distribution Fund

For the year ended 31 May 2013

Investment objective and policy

The aim of this Fund is to achieve growing income with some prospects for capital growth over the medium to long-term.

To achieve its objective, the Fund will aim to invest in UK equities of companies and sterling denominated corporate bonds issued by companies, in accordance with its ethical screening criteria, whose products, services or methods of operation do not involve, conduct or carry out: ■ testing on animals or use of animal tested products ■ gambling ■ violations of human rights ■ intensive farming ■ significant sales to the international military ■ unacceptable levels of water pollution ■ the use of unsustainable timber ■ activities deemed detrimental to the Third World or derive a significant proportion of their annual turnover from fossil fuels, energy intensive industries, mining, nuclear power, ozone depleting chemicals, pornography and adult entertainment or tobacco.

The Fund may also invest in UK Gilt Edged Securities as well as UK Index-Linked Gilts.

The Fund will invest predominately in the UK, however, the Authorised Corporate Director reserves the right to invest some element of the portfolio in other geographical areas if it is considered to be in the interest of the Fund.

The Fund may invest up to 50% of its value in securities issued by the UK government.

The latest ethical policy for the Fund is available upon request.

The Fund may also invest, at the Investment Manager's discretion, in transferable securities, derivatives, cash, deposits, units in collective investment schemes and money market instruments. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in applicable Financial Conduct Authority (formerly Financial Services Authority) rules.

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.

Results

Share Class	Share Type	Price at 31.05.13 (p)	Price at 31.05.12 (p)	Fund Performance	Comparative Benchmark [^]
R	Acc*	121.9	98.95	23.19%	24.79%
Z	Acc*	131.7	106.1	24.13%	24.79%
R	Inc**	162.2	136.4	23.25%	24.79%
Z	Inc**	166.0	138.6	24.12%	24.79%

[^]Comparative Benchmark (Customised): 55% FTSE All-Share Ethically Adjust. Index, 17.5% FTA Index-Linked All Stocks Index, 17.5% FTA Index-Linked < 5 Years Index, 3.5% FTA Gilts All Stocks Index, 3.5% FTA Gilts < 5 Years Index, 3% Cash LIBID 7 Day.* Acc shares include net income reinvested, total return. ** Inc shares do not include net income reinvested, capital return dividends excluded. Past performance is not a guide to future returns. Source of all performance data: AXA Investment Managers and Lipper to 31 May 2013.

Review and outlook

The UK equity market was strong in the 12 months to 31 May 2013, with the FTSE All-Share Index returning +30.1%. The ethically screened universe of stocks, from which the Fund builds its portfolio, performed even better than the broader market, boosted by higher exposure to financial companies and a lack of exposure to the weaker oil and mining sectors

The key theme for the period was very concerted central bank stimulus. In Europe, Mario Draghi, the President of the European Central Bank (ECB), said that the ECB would “do whatever it takes” to save the Euro and subsequently unveiled plans to buy large amounts of Eurozone sovereign debt, if required. In the USA, in the face of persistently high unemployment, Federal Reserve Chairman Ben Bernanke indicated that monetary policy would remain accommodative until the jobless rate fell below 6.5%, as well as announcing a further bout of quantitative easing (QE). In the UK, the QE programme from the Bank of England was extended by a further £50bn to £375bn and a new Funding for Lending Scheme introduced. Finally, in Japan a huge monetary expansion was announced, with the goal of lifting the country's long-stagnant inflation rate to 2%.

This liquidity tailwind has allowed financial markets to shrug off subdued economic growth and a number of disappointing pieces of news, such as the inconclusive elections in Italy and the Cypriot banking crisis and bailout. These economic developments have produced much discussion about ‘The Great Rotation’ – the term being used to describe the possible asset allocation away from bonds and into equities. While there is little evidence to suggest that this is actually happening as yet, the market sentiment in recent months has certainly favoured equities over bonds. While the equity market has seen strong gains, government bond markets have been relatively subdued. UK gilts returned -1.0% in the review period and index-linked gilts +5.0%. The stronger performance of index-linked gilts was, in part, due to market expectations of future inflation rising and also due to the Office of National Statistics’ announcement that, following a consultation process, it would not be changing the way that the Retail Prices Index (RPI) – to which index-linked gilt returns are linked – is calculated.

Corporate results have generally been satisfactory, with many companies announcing substantial dividend increases – with the exceptions of RSA and Aviva, which both cut

their dividends.

In the UK equity market, there was considerable upsurge in corporate activity. A number of companies have successfully come to the market via initial public offerings (IPOs), such as the house builder Crest Nicholson and the insurance companies e-sure and Direct Line. There have also been a large number of equity placings and rights issues to take advantage of the buoyant market, for example, William Hill's £385m rights issue, Lloyds Bank selling part of its stake in St James's Place and Royal Bank of Scotland selling a further £0.5bn tranche of Direct Line. Elsewhere, the merger of mining giants Glencore and Xstrata was completed and two FTSE 100 companies, Severn Trent and ENRC, revealed that they had received bid offers. There has also been considerable speculation in the press about Vodafone selling its stake in the US company Verizon Wireless, a stake that could well be valued in excess of \$100bn.

The central asset mix of the AXA Ethical Distribution Fund is 55% UK equities, 35% index-linked gilts, 7% conventional gilts and 3% cash. Through most of the period the Fund was at or above its central point in equities and below the central point in conventional gilts. These weightings reflected our views on the relatively unattractive yields on conventional gilts and the valuation attractions of equities compared to bonds. Given the strength in equities during the period, particularly the ethically screened subset of the equity market that forms the investment universe for this fund, this asset allocation positioning was a key driver of the fund's performance.

Richard Marwood

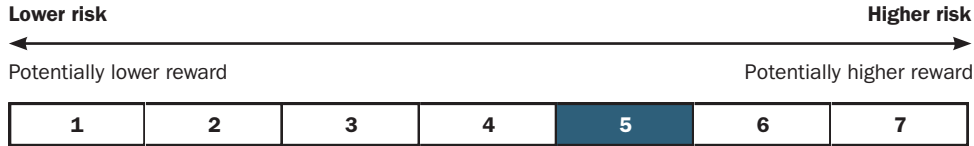
31 May 2013

AXA Ethical Distribution Fund

For the year ended 31 May 2013

Risk and reward profile

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.



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

Why is this Fund in this category?

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

Additional risks

Credit Risk: risk that issuers of debt securities held in the Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value.

Operational Risk: risk that operational processes, including those related to the safekeeping of assets may fail, resulting in losses.

FUND FACTS

Lead Fund manager	Richard Marwood
Sector	Mixed Investment 20-60% Shares
Comparative Benchmark	Customised*
Launch date	28 Nov 2008
Fund size at 31 May 2013	£109m
Fund size at 31 May 2012	£79m
Minimum investments (Lump sum)	R: £1,000 Z: £100,000
Minimum per month	R: £50 / Z: N/A
Net Yield	
Z Acc	3.12%
Z Inc	3.15%
R Acc	3.11%
R Inc	3.15%
Share type	Inc & Acc
Number of stocks	151
Initial charge	R: 5% / Z: Nil
Annual charge	R: 1.5% / Z: 0.75%
Ongoing charges	
Z Acc net	0.79%
Z Inc net	0.79%
R Acc net	1.54%
R Inc net	1.52%
Accounting dates (interim)	30 Nov
Accounting dates (annual)	31 May
Distribution dates (income)	31 Jul, 31 Jan

All data, source: Lipper Hindsight as at 31 May 2013. *Customised benchmark: 55% FTSE All-Share Ethically Adj., 17.5% FTA Index-Linked All Stocks, 17.5% FTA Index-Linked <5yrs, 3.5% FTA Gilt All Stocks, 3.5% FTA Gilt <5yrs, and 3% Cash LIBID 7-day.

Top five purchases

For the year ended 31 May 2013

Barclays
UK Treasury 0.125% IL 22/03/44
UK Treasury 1.25% IL 22/11/17
UK Treasury 2.5% IL 16/08/13
UK Treasury 2.5% IL 26/07/16

Top five sales

For the year ended 31 May 2013

Aviva
Barclays
SABMiller
UK Treasury 0.125% IL 22/03/44
UK Treasury 2.5% IL 16/08/13

AXA Ethical Distribution Fund

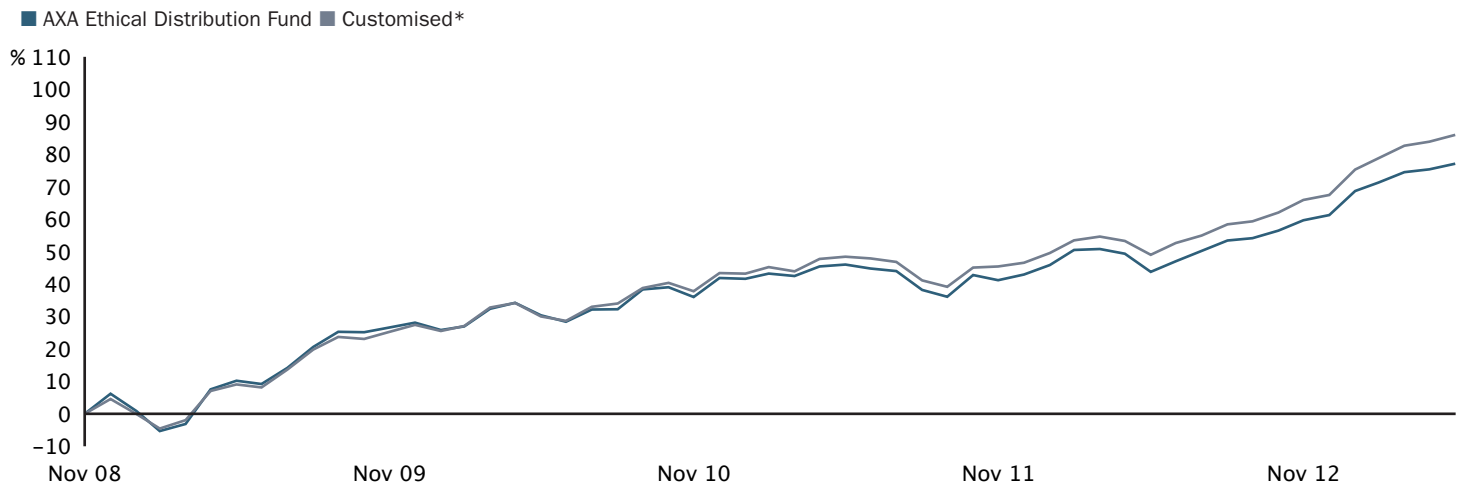
For the year ended 31 May 2013

Five year discrete annual performance

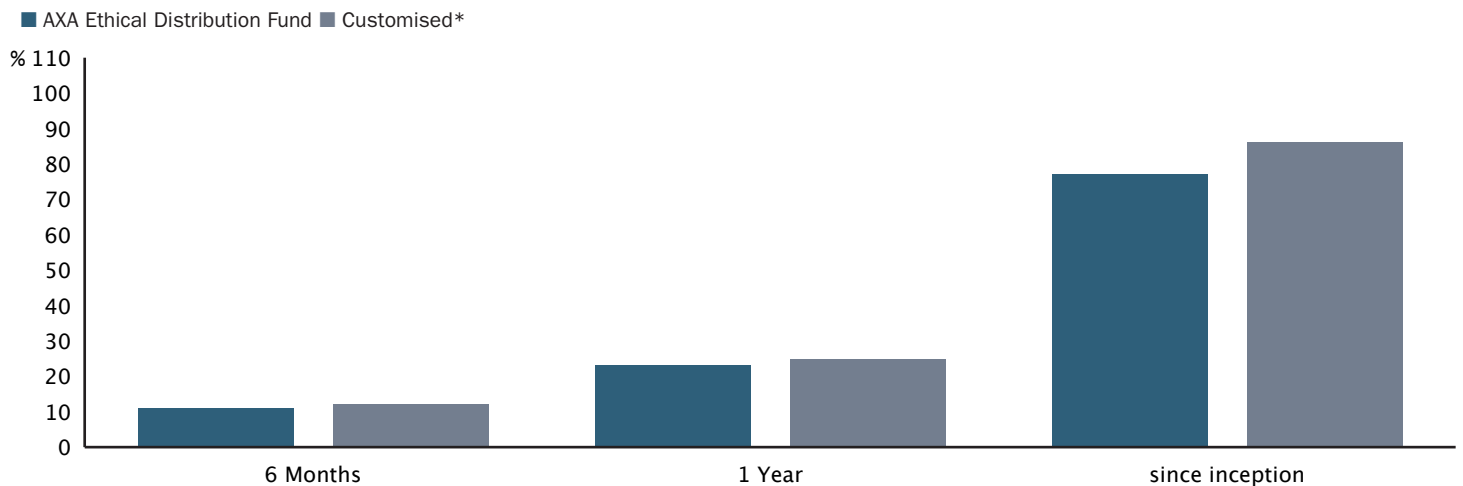
May 08 to May 09	May 09 to May 10	May 10 to May 11	May 11 to May 12	May 12 to May 13
N/A	+18.30%	+12.00%	-1.54%	+23.19%

Past performance is not a guide to future returns. Source: Lipper Hindsight as at 31 May 2013. Basis: Mid to mid, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

Cumulative fund performance versus comparative benchmark



All data, source: Lipper Hindsight as at 31 May 2013. *Comparative benchmark is 55% FTSE All-Share Ethically Adj., 17.5% FTA Index-Linked All Stocks, 17.5% FTA Index-Linked <5yrs, 3.5% FTA Gilt All Stocks, 3.5% FTA Gilt <5yrs, and 3% Cash LIBID 7-day. Please note the benchmark is stated without any deduction for the impact of tax and management fees.



All data, source: Lipper Hindsight as at 31 May 2013. *Comparative benchmark is 55% FTSE All-Share Ethically Adj., 17.5% FTA Index-Linked All Stocks, 17.5% FTA Index-Linked <5yrs, 3.5% FTA Gilt All Stocks, 3.5% FTA Gilt <5yrs, and 3% Cash LIBID 7-day. Please note the benchmark is stated without any deduction for the impact of tax and management fees.

AXA Ethical Distribution Fund

For the year ended 31 May 2013

Summary of historic prices and distributions

Year	Share class	Share type	Highest share price (pence)	Lowest share price (pence)	Distribution per share (pence)	Share type	Highest share price (pence)	Lowest share price (pence)	Distribution per share (pence)
2013*+	Z	Acc	134.3	120.5	2.044	Inc	169.3	152.0	2.583
2013*+	R	Acc	124.3	111.9	1.877	Inc	165.4	148.9	2.497
2012	Z	Acc	120.0	105.4	3.980	Inc	151.3	138.2	5.158
2012	R	Acc	111.4	98.30	3.711	Inc	147.7	136.3	5.085
2011	Z	Acc	108.2	98.04	4.634	Inc	144.2	130.6	6.271
2011	R	Acc	101.4	91.83	4.344	Inc	142.5	129.1	6.198
2010	Z	Acc	104.3	90.18	4.294	Inc	143.3	128.8	6.055
2010	R	Acc	98.08	85.09	4.047	Inc	142.1	128.2	6.026
2009	Z	Acc	93.97	64.84	2.430	Inc	136.0	95.27	3.509
2009	R	Acc	88.77	61.44	2.304	Inc	135.5	95.12	3.513

Highest offer and lowest bid price quoted at anytime in the calendar year and * to 31 May 2013. + Distribution to 31 July 2013.

Net asset value record

Share class	Share type	Net asset value per share as at 31 May 2013 (pence)	Net asset value per share as at 31 May 2012 (pence)	Share type	Net asset value per share as at 31 May 2013 (pence)	Net asset value per share as at 31 May 2012 (pence)
Z	Acc	131.6	106.0	Inc	163.4	136.0
R	Acc	121.9	98.89	Inc	159.6	133.9

Please note, that the NAV prices shown above are different from the results prices as at 31.05.13. The differences are due to the fund performance tables taking the quoted valuation prices on the last day of the period, whereas the NAV table above is showing prices including any accounting adjustments at the end of the period (for example, moving the portfolio from mid to bid). Basis: bid to bid

AXA Ethical Distribution Fund

For the year ended 31 May 2013

Top ten holdings as at 31 May 2013

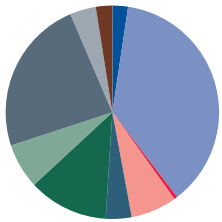
Company	Sector	%
UK Treasury 2.5% IL 26/07/16	IL Government Bonds	8.29
UK Treasury 1.25% IL 22/11/17	IL Government Bonds	6.86
UK Treasury 2.5% IL 16/08/13	IL Government Bonds	6.29
Vodafone	Mobile Telecommunications	5.23
HSBC	Banks	4.81
Standard Chartered	Banks	3.54
Barclays	Banks	3.30
Diageo	Beverages	3.11
Tesco	Food & Drug Retailers	2.49
Prudential	Life Insurance	2.48

Top ten holdings as at 31 May 2012

Company	Sector	%
UK Treasury 2.5% IL 16/08/13	IL Government Bonds	11.15
UK Treasury 2.5% IL 26/07/16	IL Government Bonds	8.13
Vodafone	Mobile Telecommunications	4.60
HSBC	Banks	4.17
UK Treasury 1.875% IL 22/11/22	IL Government Bonds	3.51
Diageo	Beverages	3.40
Standard Chartered	Banks	3.32
Tesco	Food & Drug Retailers	3.07
Barclays	Banks	2.61
SABMiller	Beverages	2.57

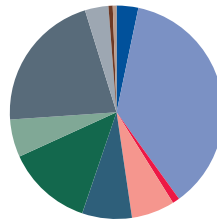
Portfolio breakdown

As at 31 May 2013



Sector	%
Government Bonds	2.37
Index Linked Government Bonds	37.38
Oil & Gas	0.49
Industrials	7.00
Consumer Goods	3.93
Health Care	0.00
Consumer Services	12.14
Telecommunications	6.87
Financials	23.69
Technology	3.95
Cash	2.50
Other	-0.32

As at 31 May 2012



Sector	%
Government Bonds	3.29
Index Linked Government Bonds	36.76
Oil & Gas	1.07
Industrials	6.56
Consumer Goods	7.53
Health Care	0.01
Consumer Services	12.97
Telecommunications	5.72
Financials	21.31
Technology	3.57
Cash	0.64
Other	0.57

All data, source: AXA Investment Managers unless otherwise stated

Authorised Corporate Director

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

*Authorised and regulated by the Financial Conduct Authority (formerly Financial Services Authority).
Member of the IMA.*

AXA Investment Managers UK Limited is wholly owned by AXA Investment Managers S.A., which is a subsidiary company of the French insurer AXA S.A.

Dealing

Administration office:
PO Box 10908
Chelmsford, CM99 2UT
Telephone Dealing & Enquiries 0845 777 5511
IFA Dealing & Enquires 0845 766 0184
If you are calling us from outside of the UK, please call +44 1268 448667
Our lines are open Monday to Friday between 9am and 5:30pm

Registrar

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

Authorised and regulated by the Financial Conduct Authority (formerly Financial Services Authority).

Investment advisers

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

Authorised and regulated by the Financial Conduct Authority (formerly Financial Services Authority).

Legal adviser

Eversheds LLP
1 Wood Street
London EC2V 7WS

Depository

HSBC Bank Plc
Registered Office
8 Canada Square
London E14 5HQ

*Authorised and regulated by the Financial Conduct Authority (formerly Financial Services Authority).
HSBC Bank plc is a subsidiary of HSBC Holdings plc.*

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Fund accounting administrator

State Street Bank and Trust Company
20 Churchill Place
London E14 5HJ

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For more information on any AXA IM Fund please contact us via our website.

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

Telephone calls may be recorded or monitored for quality assurance purposes.

0845 777 5511

www.axa-im.co.uk

**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) Rules. If you would like any additional information about the Fund you can request a copy of the more detailed long form accounts for the Fund. For a copy of this, please contact our dedicated customer services team on 0845 777 5511.

Other information

The Fund is a sub-Fund of the AXA Distribution Investment Company ICVC which is an open ended investment company (OEIC) authorised by the FCA, and has a UCITS certificate. The Company is managed in accordance with the FCA Collective Investment Schemes Sourcebook. Fund prices are available on the website www.axa-im.co.uk and by calling 0845 777 5511.

European Savings Directive

Under the Directive, information is collected about the payment of savings income to non-UK residents. The Fund falls within the 25% debt investment reporting threshold. This means that details of all income distributions and redemption proceeds paid to non UK investors will be reported by AXA Investment Managers to HM Revenue & Customs to be exchanged with the relevant tax authorities.

0845 777 5511

www.axa-im.co.uk

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. 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 (formerly Financial Services Authority), under the account shown. A member of the IMA. Telephone calls may be recorded or monitored for quality assurance purposes.

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All data sources: AXA Investment Managers unless otherwise stated.