

AXA Sterling Corporate Bond Fund

For the Year Ended 30 June 2013

Investment objective and policy

The aim of this Fund is to generate returns by gaining exposure generally to the sterling denominated corporate bond market in the UK and overseas. The Fund may also invest in transferable securities, derivatives, cash, deposits, units in collective investment schemes and money market instruments. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.

Results

Share Class	Share Type	Price at 30.06.13 (p)	Price at 30.06.12 (p)	Fund Performance	Comparative Benchmark
Z gross	Acc	115.3	106.0	9.16%	6.70%
Z gross	Inc	84.20	80.65	9.21%	6.70%
Z net	Acc	105.6	98.25	8.23%	6.70%
Z net	Inc	79.76	76.68	8.32%	6.70%
R net	Acc	112.8	105.3	7.88%	6.70%
R net	Inc	79.24	76.14	7.89%	6.70%
R gross	Acc	111.0	102.5	8.69%	6.70%
R gross	Inc	77.26	74.01	8.67%	6.70%
H gross	Acc	118.8	108.6	9.77%	6.70%
H net	Acc	110.2	102.1	8.71%	6.70%

Past performance is not a guide to future returns. Source of all performance data: AXA Investment Managers and Lipper up to 30 June 2013. Comparative benchmark: IMA Sterling Corporate Bond Sector Median (net).

Review and outlook

The 12-month review period proved generally supportive of the sterling corporate bond market. Investors' thirst for yield along with steadily improving market sentiment, meant demand for sterling credit was robust. Only late in the review period, in May and June 2013, did we see some focused selling pressure on corporate bond markets. However, the speed and scale of the sell-off was significant, causing prices to fall and yields to rise sharply.

The environment at the beginning of the review period was less than ideal for credit markets. In July, the Bank of England's Monetary Policy Committee (MPC), lowered its outlook for UK growth and announced that it was extending its asset purchase programme by £50 billion (to a total of £375 billion), in order to stimulate the economy. Indeed, Q2 GDP data confirmed that the UK economy had contracted -0.5% and this weak backdrop, along with the ongoing Euro sovereign uncertainty, meant investors were not particularly inclined to take on any risk, instead preferring the relative safety of gilts. However, a speech by European Central Bank (ECB) President Mario Draghi in late July, in which he pledged to do "whatever it takes to preserve the euro" marked somewhat of a turning point in investor sentiment. Subsequent decisive policy action from European policy makers effectively reduced the near-term risk of a potential Eurozone breakup. This, together with some early signs of global, if not local, economic improvement,

AXA Investment Managers (AXA IM) 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 £487 billion. (Source: AXA IM as at 30 June 2013).

saw investor sentiment much encouraged.

This environment proved supportive of credit markets which, although intermittently volatile, ultimately provided healthy total returns during the review period. A thirst for yield on the part of investors meant that there was generally a heavy demand for corporate bonds. And while new bond issuance, on the whole, was robust, the demand/supply imbalance throughout the review period was a key driver of credit market performance. Despite the still weak UK economic outlook during much of the review period, credit investors remained faithful to corporate bonds on fundamental grounds, given the generally sound nature of company balance sheets – following concerted strengthening in the four years since the financial crisis.

Accordingly, credit spreads generally tightened over the course of the review period, giving up ground on occasion, at points of heightened, event-specific volatility – US fiscal cliff, Italian election uncertainty, Cyprus banking crisis – before continuing to tighten further.

However, the final six weeks of the 12-month review period proved to be the most significant for corporate bond markets. Following comments from the Chairman of the Federal Reserve, suggesting that the Fed would begin ‘tapering’ US quantitative easing earlier than expected, government bonds sold off globally. The prospect of massive central bank support for government bonds coming to an end saw gilt yields adjust sharply higher, sending prices in the opposite direction. In turn, corporate bonds also suffered, with spreads widening considerably, exacerbated by evaporating market liquidity.

During the 12-months to 30 June 2013, the AXA Sterling Corporate Bond Fund delivered a total return of +7.88% (net), compared to a +6.70% return for the comparative IMA Sterling Corporate Bond sector median.

Activity during the first half of the review period reflected the steadily improving market sentiment. Accordingly, we increased exposure to financial sector credit, particularly senior bank debt and insurance sector bonds. Meanwhile, we continued to tactically trade the portfolio’s duration position (sensitivity to interest rate movements), looking to capitalise on short-term opportunities. Following an upbeat start to 2013, robust new corporate bond issuance was a feature. We participated selectively in these, adding some exposure to non-financial credit offered at attractive premiums. We also sold some subordinated bank bonds, switching into senior bonds of the same companies, as a means of reducing risk amid any market weakness. Around the end of

March, we sold this senior bank bond exposure also, as valuations began to look stretched. For the same reason, we also sold our holding in Siemens hybrid bonds. Later we added exposure to the insurance sector, buying new issues from BUPA and Scottish Widows, which came to the market and good prices. With volatility beginning to rise, we added exposure to more defensive market areas, including utilities and asset-backed securities (ABS). We also reduced exposure to senior bank debt and covered bonds in May, securing some profits, as these two areas held up relatively well amid the widespread selling and we continued to add higher yielding utilities late in the quarter, taking advantage of prices that had cheapened considerably.

The market appears set to continue with its fixation on the potential for a tapering of the US Federal Reserve’s quantitative easing programme over the summer. The evolution of economic news flow, especially within emerging markets, will also be of interest. In the UK, with gilt yields having risen and credit spreads weakened, we suspect bargain hunters may lend support to credit markets in the immediate term. We would, however, caution that sentiment will likely remain fickle and liquidity tight, with investors recently having been burned and market makers loath to provide much in the way of liquidity.

Nick Hayes

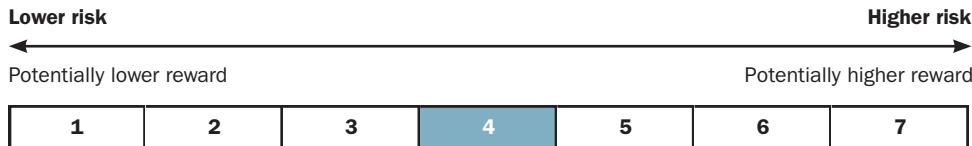
30 June 2013

AXA Sterling Corporate Bond Fund

For the Year Ended 30 June 2013

Risk and reward profile

By investing in a fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which will generate an income but has less potential for capital return than is the case with funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests significantly in equities or overseas. Typically, you would be investing for a period of at least five years.



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.

Liquidity Risk: risk of low liquidity level in certain market conditions that might lead the Fund to face difficulties valuating, purchasing or selling all/part of its assets and resulting in potential impact on its net asset value.

Counterparty Risk: risk of bankruptcy, insolvency, or payment or delivery failure of any of the Fund's counterparties, leading to a payment or delivery default.

Impact of any techniques such as derivatives: certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets.

The use of such strategies may also involve leverage, which may increase the effect of market movements on the Fund and may result in significant risk of losses.

FUND FACTS

Lead Fund manager	Nick Hayes
Sector	IMA Sterling Corporate Bond
Comparative Benchmark	No official benchmark**
Launch date	13 July 2007
Fund size at 30 Jun 2013	£164m
Fund size at 30 Jun 2012	£160m
Minimum investments (Lump sum)	R: £1,000 Z: £100,000 H: £20,000,000
Minimum per month	R: £50 / Z&H: N/A
Yield H Acc net/gross	4.30%
Yield R Inc net/gross	3.80%
Yield R Acc net/gross	3.80%
Yield Z Acc net/gross	4.30%
Yield Z Inc net/gross	4.30%
Number of stocks	137
Initial charge	R: 4% / Z: Nil / H: 5%
Annual charge	R: 1.00% / Z: 0.50% / H: Nil
Ongoing charges	
H Acc net/gross	0.04% / 0.04%
R Inc net/gross	1.03% / 1.04%
R Acc net/gross	1.03% / 1.03%
Z Inc net/gross	0.54% / 0.53%
Z Acc net/gross	0.53% / 0.53%
Accounting dates (int/ann)	31 Dec/ 30 Jun
Distribution dates (income)	28 Feb*, 31 May, 31 Aug, 30 Nov

All data, source: AXA IM as at 30 June 2013. *or last day in Feb.
**Customised Benchmark: BoA ML Sterling Non-Gilt Index until 31/10/08, IMA Sterling Corporate Bond sector median thereafter.

Top five purchases

For the year ended 30 Jun 2013

GE Capital UK Funding 5.125% 24/05/23
HSBC 6.5% EMTN 20/05/24
Next 5.875% 12/10/16
UK Treasury 1.75% 07/09/22
UK Treasury 5% 07/03/18

Top five sales

For the year ended 30 Jun 2013

GlaxoSmithKline 5.25% 19/12/33
Goldman Sachs 6.125% EMTN 14/05/17
JPMorgan Chase 4.25% 25/01/17
UK Treasury 1.75% 07/09/22
UK Treasury 5% 07/03/18

AXA Sterling Corporate Bond Fund

For the Year Ended 30 June 2013

Five year discrete annual performance

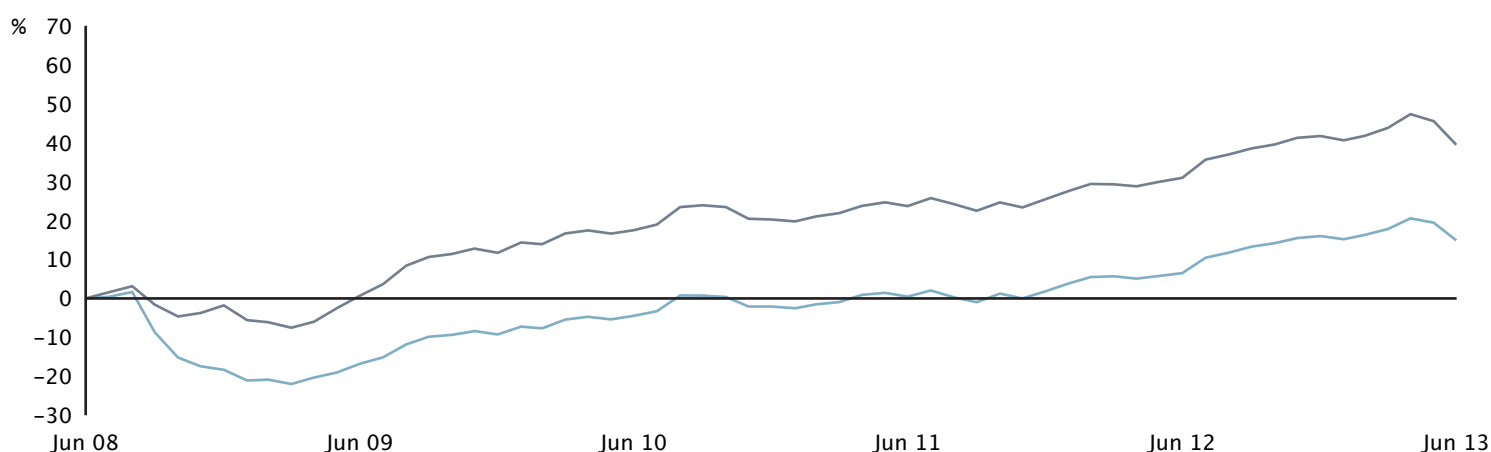
Jun 08 to Jun 09	Jun 09 to Jun 10	Jun 10 to Jun 11	Jun 11 to Jun 12	Jun 12 to Jun 13
-16.79%	+14.80%	+5.17%	+6.01%	+7.88%

Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid, assume income reinvested in sterling terms to 30 June 2013.

Cumulative Fund performance versus comparative benchmark

as at 30 June 2013

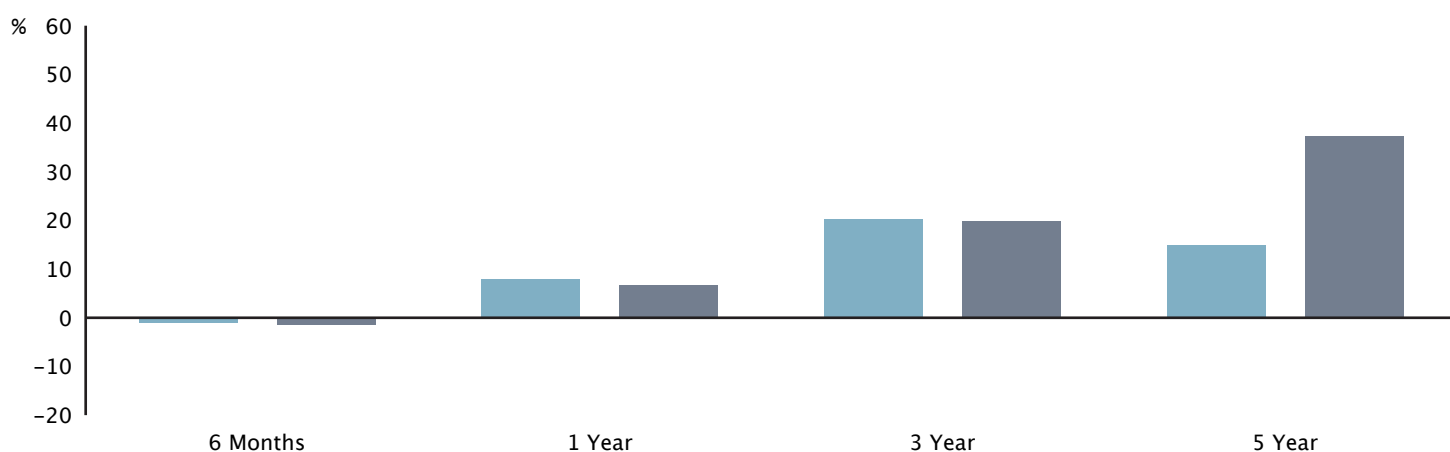
■ AXA Sterling Corporate Bond Fund ■ Customised Benchmark



Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid, assume income reinvested in sterling terms net of fees to 30 June 2013, R Acc net. Customised benchmark refers to BoA ML Sterling Non Gilt Index until 31/10/08, IMA Sterling Corporate Bond sector median thereafter.

as at 30 June 2013

■ AXA Sterling Corporate Bond Fund ■ Customised Benchmark



Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid, assume income reinvested in sterling terms net of fees to 30 June 2013, R Acc net. Customised benchmark refers to BoA ML Sterling Non Gilt Index until 31/10/08, IMA Sterling Corporate Bond sector median thereafter.

AXA Sterling Corporate Bond Fund

For the Year Ended 30 June 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*+	H	Acc (net)	116.9	110.2	2.088	Acc (gross)	125.1	117.9	2.779
2013*+	R	Inc (net)	84.04	79.13	1.177	Inc (gross)	81.48	76.8	1.427
2013*+	R	Acc (net)	119.6	112.7	1.670	Acc (gross)	117.0	110.3	2.041
2013*+	Z	Inc (net)	84.59	79.69	1.347	Inc (gross)	88.72	83.69	1.768
2013*+	Z	Acc (net)	112.0	105.5	1.778	Acc (gross)	121.5	114.6	2.411
2012	H	Acc (net)	111.9	97.21	4.081	Acc (gross)	119.3	102.6	5.388
2012	R	Inc (net)	81.80	73.34	2.401	Inc (gross)	79.39	71.05	2.911
2012	R	Acc (net)	114.9	100.5	3.336	Acc (gross)	112.1	97.40	4.047
2012	Z	Inc (net)	82.38	73.79	2.752	Inc (gross)	86.51	77.33	3.586
2012	Z	Acc (net)	107.4	93.66	3.540	Acc (gross)	116.2	100.4	4.727
2011	H	Acc (net)	97.83	91.85	4.571	Acc (gross)	103.0	95.94	5.966
2011	R	Inc (net)	75.78	71.55	2.942	Inc (gross)	73.47	69.33	3.567
2011	R	Acc (net)	101.6	95.79	3.941	Acc (gross)	98.19	91.88	4.735
2011	Z	Inc (net)	76.27	72.00	3.123	Inc (gross)	80.02	75.47	4.270
2011	Z	Acc (net)	94.44	88.94	3.914	Acc (gross)	101.1	94.49	5.665
2010	H	Acc (net)	95.97	85.46	4.386	Acc (gross)	99.93	88.32	5.679
2010	R	Inc (net)	77.23	71.03	2.970	Inc (gross)	74.92	68.84	3.622
2010	R	Acc (net)	100.2	89.90	3.819	Acc (gross)	95.95	85.46	4.566
2010	Z	Inc (net)	77.75	71.45	3.283	Inc (gross)	81.60	74.98	4.320
2010	Z	Acc (net)	92.96	82.97	3.907	Acc (gross)	98.55	87.44	5.169
2009	H	Acc (net)	86.21	71.36	3.704	Acc (gross)	88.93	72.95	4.697
2009	R	Inc (net)	72.55	62.00	2.626	Inc (gross)	70.41	60.18	3.203
2009	R	Acc (net)	90.77	75.54	3.256	Acc (gross)	86.13	71.12	3.800
2009	Z	Inc (net)	73.02	62.41	2.893	Inc (gross)	76.74	65.60	3.809
2009	Z	Acc (net)	83.84	69.59	3.285	Acc (gross)	88.09	72.49	4.344

Highest offer and lowest bid price quoted at anytime in the calendar year and * to 30 June 2013. + Distribution paid 31 August 2013.

Net asset value record

Share class	Share type	Net asset value per share as at 30 June 2013 (pence)	Net asset value per share as at 30 June 2012 (pence)	Share type	Net asset value per share as at 30 June 2013 (pence)	Net asset value per share as at 30 June 2012 (pence)
H	Acc (net)	110.4	101.7	Acc (gross)	118.3	108.0
R	Inc (net)	78.62	75.20	Inc (gross)	76.17	72.85
R	Acc (net)	112.9	104.8	Acc (gross)	110.5	101.9
Z	Inc (net)	79.10	75.66	Inc (gross)	82.89	79.29
Z	Acc (net)	105.7	97.82	Acc (gross)	114.9	105.4

Please note, that the NAV prices shown above are different from the results prices as at 30.06.13 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. Basis: mid to mid

AXA Sterling Corporate Bond Fund

For the Year Ended 30 June 2013

Top ten holdings as at 30 June 2013

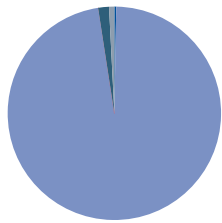
Company	Sector	%
Coventry Building Society 4.625% 19/04/18	Corporate Bonds	1.90
Yorkshire Building Society 4.75% 12/04/18	Corporate Bonds	1.80
Lloyds TSB 7.5% 15/04/24	Corporate Bonds	1.64
GE Capital UK Funding 5.125% 24/05/23	Corporate Bonds	1.61
Leeds Building Society 4.25% 17/12/18	Corporate Bonds	1.45
EDF 6.875% 12/12/22	Corporate Bonds	1.43
DnB NOR Bank 7.25% EMTN 23/06/20	Corporate Bonds	1.36
Eversholt 6.359% 02/12/25	Corporate Bonds	1.32
Anglo American 6.875% 01/05/18	Corporate Bonds	1.26
Gatwick Funding 5.25% 23/01/24	Corporate Bonds	1.23

Top ten holdings as at 30 June 2012

Company	Sector	%
Yorkshire Building Society 4.75% 12/04/18	Corporate Bonds	1.59
Coventry Building Society 4.625% 19/04/18	Corporate Bonds	1.59
JPMorgan Chase 4.25% 25/01/17	Corporate Bonds	1.50
Anglo American 6.875% 01/05/18	Corporate Bonds	1.34
DnB NOR Bank 7.25% EMTN 23/06/20	Corporate Bonds	1.33
UBS 6.625% EMTN 11/04/18	Corporate Bonds	1.22
HSBC 6.375% EMTN 18/10/22	Corporate Bonds	1.17
Portman Building Society 5.25% 23/11/20	Corporate Bonds	1.11
Land Securities Capital Markets 5.125% 07/02/36	Corporate Bonds	1.10
Morgan Stanley 5.75% 14/02/17	Corporate Bonds	1.09

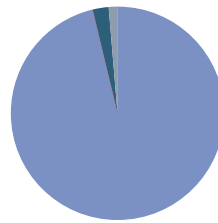
Portfolio breakdown

As at 30 June 2013



Sector	%
Government Bonds	0.28
Corporate Bonds	97.28
Forward currency contracts	0.00
Futures	0.00
Cash	1.64
Other	0.80

As at 30 June 2012



Sector	%
Government Bonds	0.00
Corporate Bonds	96.28
Forward currency contracts	0.00
Futures	-0.03
Cash	2.42
Other	1.33

All data, source: AXA Investment Managers unless otherwise stated.

AXA Sterling Corporate Bond Fund

For the Year Ended 30 June 2013

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.

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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

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

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7 Newgate Street
London EC1A 7NX

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

Legal adviser

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London EC2V 7WS

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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

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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 or telephone number below.

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 Fixed Interest 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 (COLL). Fund prices are available on the website www.axa-im.co.uk and by calling 0845 777 5511.

European Savings Directive

Under the European Savings 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.

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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 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.