

# AXA Framlington Monthly Income Fund

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



**Annual Long Report and  
Audited Financial Statements  
For the year ended  
6 March 2014**



**INVESTMENT  
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More information on any AXA unit trust, copies of the latest Manager's Reports and Prospectus are available free of charge. Telephone 0845 777 5511 or visit our website: [www.axa-im.co.uk](http://www.axa-im.co.uk). Telephone calls may be recorded or monitored for quality assurance purposes.

## Fund Objective

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

The AXA Framlington Monthly Income 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).

## Results

Unit Class	Unit Type	Price at 06/03/2014 (p)	Price at 06/03/2013 (p)	Unit Class Performance	Comparative Benchmark
R	Acc*	469.1	373.5	25.60%	11.67%^
Z#	Acc*	143.0	113.4	26.10%	11.67%^
R	Inc**	234.2	194.1	20.66%	7.92%^
Z#	Inc**	132.7	109.6	21.08%	7.92%^

\* Acc units include net income reinvested, total return. \*\* Inc units do not include net income reinvested, capital return dividends excluded. ^ FTSE All-Share Index (total return), ^^ FTSE All-Share Index (capital return). # Launched 16 April 2012. Source of all performance data: AXA Investment Managers and Lipper, bid to bid, to 6 March 2014.

## Review

The past year was a good one for equity holders as economic events seemed to lose the ability to upset markets. There were events, such as the Cyprus bailout and the closure of much of the US government after a failure to reach a budget agreement, that in prior years would have caused significant turmoil in markets.

The US economy saw steady growth despite the uncertainty caused in the autumn from the budget hiatus. This hiatus was short-lived as Republican politicians realised that they were being blamed for the impasse. The structural shift in the energy market continued as the US neared self-sufficiency due to the surge in gas production from shale. The promise of sustained low energy prices helped to encourage manufacturers to move some production onshore.

European economics were sluggish with the French economy suffering from the damage to confidence caused by President Hollande's policies. Stress in sovereign bond yields in the periphery of Europe lessened, with interest spreads over German interest rates narrowing significantly. The biggest improvement was seen in Ireland, which was able to exit from the European bailout scheme.

The Japanese embarked on a massive programme of quantitative easing (QE) in an attempt to improve growth and break out of the long-standing period of deflation. This led to a significant fall in the value of the yen and to a return of some modest inflation.

Chinese growth rates moderated as they embarked on a shift away from investment to more consumption. Concerns arose that there was a bubble developing in their shadow banking sector, which could cause a short-term hiatus.

The UK economy surprised on the upside with consumer confidence improving due to a rapidly strengthening housing market. Sentiment was helped by the introduction of a Help to Buy scheme underwritten by the government. In addition, an improving job market with record numbers in employment helped spending levels. One consequence of this strength was a recovery in the value of sterling. This was a negative feature for the stock market with this strength adversely affecting the translation value of overseas earnings and dividends.

One of the major macro moves for equity markets during the year was the prospective onset of tapering in the US whereby they began to exit from QE. Markets wobbled in the summer as comments by the head of the US Federal Reserve (the Fed) suggested that tapering was imminent. This actually occurred in December, and was followed by a sustained sell-off of emerging market currencies in those countries that had large trade deficits. This does not look like a rerun of the crises of the late 1990s, but will need to be watched.

The UK market made modest gains in overall returns in the second half of the year to register a return as measured by the FTSE All-Share Index (Capital Return) of +7.92%. The Fund had a good second half, which helped it to rise by +20.66% during the year.

Part of the outperformance came from a general improvement in the AIM market where a change in government policy to allow AIM stocks to be included in ISAs helped confidence.

The improvement in UK consumer confidence helped UK retail stocks with Topps Tiles rising by over 120% and Pendragon by over 40% during the year. Both holdings were reduced on

<b>Top Ten Holdings as at 6 March 2014</b>	<b>%</b>
<b>Royal Dutch Shell</b> <i>Oil &amp; Gas Producers</i>	<b>5.15</b>
<b>HSBC</b> <i>Financials</i>	<b>4.42</b>
<b>GlaxoSmithKline</b> <i>Pharmaceuticals &amp; Biotechnology</i>	<b>4.18</b>
<b>BP</b> <i>Oil &amp; Gas Producers</i>	<b>3.78</b>
<b>Skyepharma 6.5% 04/05/24</b> <i>Corporate Bonds</i>	<b>2.99</b>
<b>Premier Farnell</b> <i>Electronic &amp; Electrical Equipment</i>	<b>2.95</b>
<b>Vodafone</b> <i>Telecommunications</i>	<b>2.62</b>
<b>Hilton Food</b> <i>Food Producers</i>	<b>2.49</b>
<b>British American Tobacco</b> <i>Tobacco</i>	<b>2.35</b>
<b>Legal &amp; General</b> <i>Financials</i>	<b>2.08</b>

the back of their strength. The bulk of the outperformance came from the small cap holdings with stocks such as M J Gleeson, Hilton Foods, KBC Advanced Technology and St Ives all rising by over 50%. Commercial property prices recovered during the year and this helped the holdings of Mucklow, Picton Property and Redefine.

One other notable feature was Skyepharma bonds, which nearly doubled during the year as the financial outlook for the company improved notably during the year. The bonds had been in arrears on interest payments with payments due to resume later this year. Subsequent to the year-end, agreement has been reached for these bonds to be acquired at a value over 40% above that at the year-end.

Some large cap holdings fared poorly, not helped by the sterling's appreciation, with stocks such as British American Tobacco (BATS) and HSBC falling during the year. Other poor performers included Anglo Pacific, on the back of lower commodity prices, and Zytronic, whose profits disappointed investors.

During the year, political risk for the UK equity market began to rise as politicians jostled for position in anticipation of next year's general election. The energy sector in particular was under the spotlight, and this risk was reflected by selling SSE and part of the Centrica holding. Vodafone exited their US venture towards the end of the year and most of the resultant holding of Verizon Communication was sold by year-end. The Alliance Pharmaceutical convertible holding was converted and resultant ordinary shares were sold.

The new issue market was active during the year and there were a series of attractive yield issues such as DX Services, Manx Telecom, McColls Retail and Safestyle, which were acquired. Most are trading at healthy premiums.

The total dividend on the R Inc units totalled 9.062p which represented an increase of 3.2% on the prior year. Future dividend levels should benefit from the purchases that will be made once the Skyepharma bond repurchase is completed.

## Outlook

The Russian annexation of Crimea has caused a brief wobble in markets, but is presently expected to be a "one-off". Any escalation would be taken badly by markets. The forthcoming year should see investors' attention being concentrated on when interest rates begin to rise. Any rises are likely to be modest and are likely to coincide with a period of higher corporate earnings. In this environment, good stock-picking should be rewarded.

George Luckraft  
1 April 2014

## Portfolio Changes

For the year ended 6 March 2014

<b>Major Purchases</b>	<b>Cost (£)</b>	<b>Major Sales</b>	<b>Proceeds (£)</b>
Rio Tinto	2,088,770	Cineworld	1,919,233
Legal & General	2,041,676	Pendragon	1,407,135
Phoenix	1,352,316	Topps Tiles	978,937
BHP Billiton	1,195,498	SSE	955,750
Wolseley	1,001,802	KBC Advanced Technologies	935,795
McColl's Retail	993,200	Alliance Pharma	889,152
Safestyle	837,311	Imperial Tobacco	784,218
Lancashire	805,403	Hilton Food	699,905
Manx Telecom	791,049	Euromoney Institutional Investor	680,491
Polar Capital	781,336	Low & Bonar	617,388
Other purchases	6,637,013	Other sales	6,765,998
<b>Total purchases for the year</b>	<b>18,525,374</b>	<b>Total sales for the year</b>	<b>16,634,002</b>

## Managing Risks

Past performance is not a guide to future performance. The price of units and the revenue from them can go down as well as up and investors may not get back the amount originally invested. An initial charge is usually made when you purchase units. Changes in exchange rates will affect the value of Fund investments overseas. Investment in smaller companies and newer markets offers the possibility of higher returns but may also involve a higher degree of risk.

The Fund is managed in accordance with the objective set out on page 3. By investing in financial markets there are associated risks and the following explains the Manager's approach to managing those risks.

## RISK PROFILE

The Fund invests primarily in UK equities and convertible shares. The Fund invests a proportion of its assets in smaller companies which offer the possibility of higher returns but which may also involve a higher degree of risk. The value of investments and the revenue from them is not guaranteed and can go down as well as up. The management fee is charged to capital, and while this will increase the distributable revenue, this may accordingly erode capital growth.

## MARKET RISK

Future prices of investments within the Fund can go down as well as up and will affect the unit price accordingly. The Fund's exposure to stock specific price risk is reduced by diversification. Adherence to investment guidelines and to Investment and Borrowing Powers set out in the Trust Deed, the Prospectus and the rules of the Collective Investment Schemes Sourcebook limits the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Review and Portfolio Statement within this document. No derivatives were used during the year. Derivatives may be used for Efficient Portfolio Management in accordance with the techniques set out in the Collective Investment Schemes Sourcebook and Prospectus.

## FOREIGN CURRENCY RISK

The Fund's assets are primarily UK listed companies and debt issued in sterling. As a result direct foreign currency risk in the fund is considered insignificant. However, companies in which the fund manager invests will potentially be exposed to currency risk as part of their normal business activities and their results may be impacted by changes in exchange rates between sterling.

## INTEREST RATE RISK

The Fund invests a proportion of its assets in fixed income securities. The value of these investments can be impacted by a change in the level of interest rates. However given the Fund has minimal exposure to fixed income securities, the risk is low and therefore no Interest Rate Risk Profile table has been included on page 21.

## CREDIT AND FIXED INTEREST SECURITIES:

Credit and fixed interest securities are the debts of governments or companies, generally in the form of bonds. These securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the security may fall, and vice versa. Inflation will reduce the real value of the security. However, any changes in value are generally likely to be less than those of investments in shares. The value of these securities will fall if the issuer is unable to repay their debt or have had their credit rating reduced. Generally, the higher the perceived credit risk of the issuer, the higher the rate of interest.

## COUNTERPARTY RISK

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

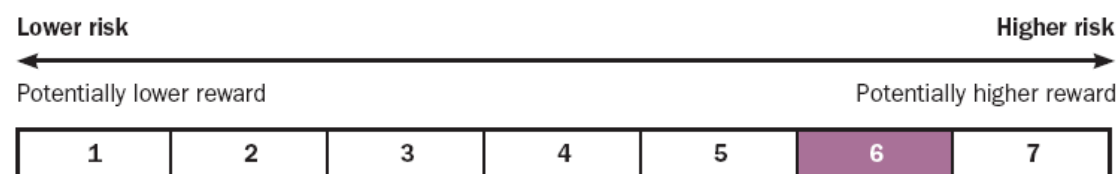
## LIQUIDITY RISK

The liquidity of the Fund is a function of the liquidity of the underlying investments. The Fund's assets mainly consist of readily realisable securities. This should enable the payment of the Fund's liabilities and any investor's redemption of units.

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.

The Manager monitors the liquidity profile of the portfolio as a part of the overall investment process and risk oversight of the fund and mindful of market conditions.

## RISK AND REWARD PROFILE



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile.

The risk category shown is not guaranteed and may shift over time.

The lowest category does not mean risk free.

## WHY IS THIS FUND IN THIS CATEGORY?

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

## IMPACT OF ANY TECHNIQUES SUCH AS DERIVATIVES

Derivatives are not currently used as part of the investment strategy. If derivatives were to be used in the future it would not be for the purpose of leverage but only be used for either efficient portfolio management purposes or to enhance yield through a covered call option strategy.

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 Information

### FIVE YEAR PERFORMANCE

In the five years to 6 March 2014, the price of R Inc units with no revenue reinvested, rose by 104.90% (bid to bid) from 114.3p to 234.2p. The FTSE All-Share Index (capital change) increased by +104.33% over the same time. During the same period, the price of R Acc units with net income reinvested, rose by 155.92% (bid to bid) from 183.3p to 469.1p period (source: AXA Investment Managers and Lipper).

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

06/03/2009 - 06/03/2010 = 53.12%

06/03/2010 - 05/03/2011 = 9.20%

06/03/2011 - 04/03/2012 = -4.34%

06/03/2012 - 06/03/2013 = 6.18%

06/03/2013 - 06/03/2014 = 20.66%

Source: AXA Investment Managers and Lipper. Basis: bid to bid, with no revenue reinvested, net of fees in GBP. Past performance is not a guide to future returns.

### YIELD

R Inc 3.75%

R Acc 3.68%

Z Inc 3.77%

Z Acc 3.71%

### CHARGES

	Initial Charge	Annual Management Charge
R	5.25%	1.50%
Z	0.00%	0.75%

(All charges are included in the unit price. Maximum charges permitted under the terms of the trust deed are 6% and 2% respectively).

### ONGOING CHARGES

R Inc 1.58%

R Acc 1.58%

Z Inc 0.84%

Z Acc 0.84%

### UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS

The AXA Framlington Monthly Income Fund is available as a Stocks and Shares ISA through the AXA Framlington Stocks and Shares ISA.

## Fund Facts

### THREE YEAR RECORD

#### Unit Class (R)

As at 6 March	Units in issue		Net asset value of Fund		
	Income units	Accumulation units	Total (£)	Income Units(p)	Accumulation units(p)
2012	27,430,060	11,473,918	88,320,180	181.2	335.1
2013	29,571,339	9,295,305	91,780,618	192.8	373.9
2014	30,431,917	8,263,640	109,549,840	232.4	469.7

#### Unit Class (Z) #

As at 6 March	Units in issue		Net asset value of Fund		
	Income units	Accumulation units	Total (£)	Income Units(p)	Accumulation units(p)
2013	222,117	56,304	304,976	108.6	113.2
2014	1,753,816	850,081	3,520,964	131.5	143.0

# Launched 16 April 2012.

Please note, that the NAV prices shown above are different from the results prices as at 06.03.14. 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, notional dealing charges are removed).

### DISTRIBUTION HISTORY

As at	Unit type	Distribution per unit (pence)	Per £1,000 invested Since 02/01/2009 (£)
2009	R Inc	8.367	61.57
2009	R Acc	13.58	62.93
2010	R Inc	6.472	47.62
2010	R Acc	11.00	50.97
2011	R Inc	8.570	63.06
2011	R Acc	15.16	70.25
2012	R Inc	8.506	62.59
2012	R Acc	15.12	70.06
2012 #	Z Inc	2.600	26.00
2012 #	Z Acc	2.720	27.20
2013	R Inc	8.633	63.52
2013	R Acc	16.30	75.52
2013	Z Inc	4.840	48.40
2013	Z Acc	5.063	50.63
2014*	R Inc	3.212	23.63
2014*	R Acc	6.329	29.33
2014*	Z Inc	1.913	19.13
2014*	Z Acc	1.950	19.50

\* Distribution to the 5 April 2014. # Launched 16 April 2012.

**PRICE HISTORY**

<b>Calendar Year</b>	<b>Unit class</b>	<b>Highest offer price (pence)</b>	<b>Lowest bid price (pence)</b>
2009	R Inc	185.4	113.0
2009	R Acc	309.0	181.8
2010	R Inc	206.5	163.9
2010	R Acc	359.3	280.0
2011	R Inc	207.4	164.6
2011	R Acc	369.9	296.2
2012	R Inc	198.3	170.1
2012	R Acc	371.3	312.7
2012 #	Z Inc	103.9	95.30
2012 #	Z Acc	106.2	95.53
2013	R Inc	226.5	183.0
2013	R Acc	451.1	349.5
2013	Z Inc	128.2	103.3
2013	Z Acc	137.4	106.0
2014*	R Inc	235.0	223.9
2014*	R Acc	470.7	447.2
2014*	Z Inc	133.2	126.9
2014*	Z Acc	143.5	136.3

\* Highest offer and lowest bid price quoted at any time in the calendar year to 6 March 2014.

# Launched 16 April 2012.

## Portfolio Statement

The AXA Framlington Monthly Income Fund portfolio as at 6 March 2014 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding		Market value (£)	Total net assets (%)
<b>UNITED KINGDOM: 98.07%</b> <b>(06/03/13: 98.11%)</b>			
<b>CORPORATE BONDS: 3.09%</b> <b>(06/03/13: 3.58%)</b>			
£1,250,000	Marylebone Warwick Balfour 9.75% 31/12/16*+	37,500	0.03
£72,650	Private & Commercial Finance 6% 30/09/16	72,650	0.06
£4,500,000	Skyepharma 6.5% 04/05/24*	3,375,000	2.99
£120,000	Sorbic 10% 31/08/14*+	12,000	0.01
		<b>3,497,150</b>	<b>3.09</b>
<b>OIL &amp; GAS: 11.08%</b> <b>(06/03/13: 12.03%)</b>			
<b>Oil &amp; Gas Producers: 9.04%</b> <b>(06/03/13: 9.88%)</b>			
875,000	BP	4,271,750	3.78
1,500,000	Infrastrata	127,500	0.11
250,000	Royal Dutch Shell	5,820,000	5.15
		<b>10,219,250</b>	<b>9.04</b>
<b>Oil Equipment, Services &amp; Distribution: 2.04%</b> <b>(06/03/13: 2.15%)</b>			
2,100,000	KBC Advanced Technologies	2,310,000	2.04
		<b>2,310,000</b>	<b>2.04</b>
<b>BASIC MATERIALS: 5.80%</b> <b>(06/03/13: 4.23%)</b>			
<b>Forestry &amp; Paper: Nil</b> <b>(06/03/13: 0.51%)</b>			
<b>Mining: 5.80%</b> <b>(06/03/13: 3.72%)</b>			
850,000	Anglo Pacific	1,625,625	1.44
65,000	BHP Billiton	1,226,550	1.08
650,000	Central Asia Metals	1,137,500	1.00
2,000,000	Consolidated General Minerals	440,000	0.39
65,000	Rio Tinto	2,132,975	1.89
		<b>6,562,650</b>	<b>5.80</b>
<b>INDUSTRIALS: 18.44%</b> <b>(06/03/13: 20.13%)</b>			

Holding		Market value (£)	Total net assets (%)
<b>Construction &amp; Materials: 3.39%</b> <b>(06/03/13: 3.70%)</b>			
1,225,000	Alumasc	1,653,750	1.46
2,373,346	Low & Bonar	2,183,478	1.93
		<b>3,837,228</b>	<b>3.39</b>
<b>Electronic &amp; Electrical Equipment: 5.92%</b> <b>(06/03/13: 7.92%)</b>			
215,000	Premier Farnell	3,332,500	2.95
1,771,250	Stadium	1,239,875	1.09
825,000	Zytronic	2,120,250	1.88
		<b>6,692,625</b>	<b>5.92</b>
<b>Industrial Engineering: 0.20%</b> <b>(06/03/13: 0.37%)</b>			
300,000	Chamberlin	225,000	0.20
		<b>225,000</b>	<b>0.20</b>
<b>Industrial Transportation: 2.25%</b> <b>(06/03/13: 1.99%)</b>			
235,000	Braemar Shipping Services	1,213,775	1.07
550,000	DX	708,125	0.63
3,650,000	Pan European Terminals	620,500	0.55
		<b>2,542,400</b>	<b>2.25</b>
<b>Support Services: 6.68%</b> <b>(06/03/13: 6.15%)</b>			
1,600,000	Frontier IP	424,000	0.38
900,000	Hydrogen	963,000	0.85
1,050,000	Nationwide Accident Repair Services	903,000	0.80
170,000	RWS	1,589,500	1.41
900,000	St Ives	1,734,750	1.53
1,225,000	Vianet	894,250	0.79
30,000	Wolseley	1,039,800	0.92
		<b>7,548,300</b>	<b>6.68</b>
<b>CONSUMER GOODS: 6.27%</b> <b>(06/03/13: 8.40%)</b>			
<b>Food Producers: 2.50%</b> <b>(06/03/13: 2.66%)</b>			
565,000	Hilton Food	2,809,463	2.49
171,429	Sorbic International	12,857	0.01
		<b>2,822,320</b>	<b>2.50</b>
<b>Household Goods &amp; Home Construction: 0.54%</b> <b>(06/03/13: 0.61%)</b>			
150,000	MJ Gleeson	612,000	0.54
		<b>612,000</b>	<b>0.54</b>

Holding		Market value (£)	Total net assets (%)
	<b>Tobacco: 3.23%</b> <b>(06/03/13: 5.13%)</b>		
80,000	British American Tobacco	2,659,600	2.35
40,000	Imperial Tobacco	992,400	0.88
		<b>3,652,000</b>	<b>3.23</b>
	<b>HEALTH CARE: 5.39%</b> <b>(06/03/13: 4.97%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology: 5.39%</b> <b>(06/03/13: 4.97%)</b>		
280,000	GlaxoSmithKline	4,729,200	4.18
700,000	Skyepharma	1,361,500	1.21
		<b>6,090,700</b>	<b>5.39</b>
	<b>CONSUMER SERVICES: 7.95%</b> <b>(06/03/13: 8.52%)</b>		
	<b>Food &amp; Drug Retailers: 0.86%</b> <b>(06/03/13: Nil)</b>		
520,000	McColl's Retail	972,400	0.86
		<b>972,400</b>	<b>0.86</b>
	<b>General Retailers: 4.33%</b> <b>(06/03/13: 3.79%)</b>		
4,000,000	Pendragon	1,280,000	1.13
800,000	SafeStyle UK	1,298,000	1.15
1,676,350	Topps Tiles	2,317,554	2.05
		<b>4,895,554</b>	<b>4.33</b>
	<b>Media: 1.07%</b> <b>(06/03/13: 1.71%)</b>		
550,000	Haynes Publishing	1,210,000	1.07
		<b>1,210,000</b>	<b>1.07</b>
	<b>Travel &amp; Leisure: 1.69%</b> <b>(06/03/13: 3.02%)</b>		
613,464	Cineworld	1,910,940	1.69
		<b>1,910,940</b>	<b>1.69</b>
	<b>TELECOMMUNICATIONS: 6.11%</b> <b>(06/03/13: 5.27%)</b>		
	<b>Fixed Line Telecommunications: 2.04%</b> <b>(06/03/13: 1.17%)</b>		
350,000	BT	1,410,500	1.25
550,000	Manx Telecom	896,500	0.79
		<b>2,307,000</b>	<b>2.04</b>

Holding		Market value (£)	Total net assets (%)
<b>Mobile Telecommunications: 4.07%</b> <b>(06/03/13: 4.10%)</b>			
57,860	Verizon Communications	1,635,205	1.45
1,200,000	Vodafone	2,961,000	2.62
		<b>4,596,205</b>	<b>4.07</b>
<b>UTILITIES: 2.05%</b> <b>(06/03/13: 3.39%)</b>			
<b>Electricity: Nil</b> <b>(06/03/13: 1.04%)</b>			
<b>Gas, Water &amp; Multiutilities: 2.05%</b> <b>(06/03/13: 2.35%)</b>			
240,000	Centrica	772,800	0.69
185,000	National Grid	1,539,200	1.36
		<b>2,312,000</b>	<b>2.05</b>
<b>FINANCIALS: 27.81%</b> <b>(06/03/13: 23.12%)</b>			
<b>Banks: 4.42%</b> <b>(06/03/13: 5.82%)</b>			
800,000	HSBC	5,000,800	4.42
		<b>5,000,800</b>	<b>4.42</b>
<b>Real Estate: 7.06%</b> <b>(06/03/13: 6.64%)</b>			
375,000	A & J Mucklow	1,837,500	1.62
104,226	Claremont Partners**	-	-
375,000	Palace Capital	918,750	0.81
2,000,000	Picton Property Income	1,140,000	1.01
465,000	Primary Health Properties	1,674,000	1.48
1,800,000	Public Service Properties Investments	504,000	0.45
2,400,000	Redefine International	1,212,000	1.07
2,000,000	Tamar European Industrial Fund	700,000	0.62
		<b>7,986,250</b>	<b>7.06</b>
<b>General Financials: 4.08%</b> <b>(06/03/13: 2.56%)</b>			
4,000,000	Charlemagne Capital	740,000	0.65
100,000	Close Brothers	1,445,000	1.28
10,000,000	Develica Deutschland**	-	-
292,499	Polar Capital	1,423,008	1.26
400,000	Real Estate Credit Investments	602,000	0.53
385,517	Real Estate Credit Investments (preferred)	406,720	0.36
		<b>4,616,728</b>	<b>4.08</b>

Holding		Market value (£)	Total net assets (%)
<b>Equity Investment Instruments: 6.27%</b> <b>(06/03/13: 7.11%)</b>			
1,750,000	Carador Income Fund	980,884	0.87
940,000	Ecofin Water & Power Opportunities	1,320,700	1.17
3,750,000	GLI Finance	2,156,250	1.91
1,650,000	Japan Residential Investment	948,750	0.84
1,500,000	Juridica Investments	1,680,000	1.48
2,250,000	Platinum Investment Trust**	-	-
		<b>7,086,584</b>	<b>6.27</b>
<b>Life Insurance: 3.87%</b> <b>(06/03/13: 0.57%)</b>			
600,000	Hansard Global	525,000	0.47
1,015,000	Legal & General	2,355,815	2.08
200,000	Phoenix	1,491,000	1.32
		<b>4,371,815</b>	<b>3.87</b>
<b>Nonlife Insurance: 2.11%</b> <b>(06/03/13: 0.42%)</b>			
250,000	esure	663,500	0.59
150,000	Lancashire Holdings	1,078,500	0.95
450,000	Randall & Quilter Investment	648,000	0.57
		<b>2,390,000</b>	<b>2.11</b>
<b>TECHNOLOGY: 4.08%</b> <b>(06/03/13: 4.47%)</b>			
<b>Software &amp; Computer Services: 4.08%</b> <b>(06/03/13: 4.47%)</b>			
165,000	Micro Focus International	1,273,800	1.13
2,500,000	Sanderson	1,725,000	1.52
1,900,000	Statpro	1,615,000	1.43
		<b>4,613,800</b>	<b>4.08</b>
<b>NORTH AMERICA: 0.13%</b> <b>(06/03/13: 0.25%)</b>			
<b>Canada: 0.13%</b> <b>(06/03/13: 0.25%)</b>			
1,900,000	Caza Oil & Gas	152,000	0.13
603,598	Thistle Mining**	-	-
		<b>152,000</b>	<b>0.13</b>
Investments as shown in the balance sheet		111,033,699	98.20
Net current assets		2,037,105	1.80
<b>Total net assets</b>		<b>113,070,804</b>	<b>100.00</b>

\* Distressed Bonds, + Suspended Bonds, \*\* Delisted Securities

**SUMMARY OF FUND ASSETS**

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

	Total net assets (%)
Listed - eligible markets	95.17
Delisted securities**	-
Distressed bonds*	2.99
Suspended bonds+	0.04
Net current assets	1.80
<b>Total net assets</b>	<b>100.00</b>

\*,+,\*\* Not approved securities 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.

<b>Credit Ratings</b>	Market value (£)	Total net assets (%)
Total bonds BBB- credit rating and above	-	-
Total bonds below BBB- credit rating	-	-
Total bonds non-rated	3,497,150	3.09
<b>Total value of bonds</b>	<b>3,497,150</b>	<b>3.09</b>

## Statement of Total Return

For the year ended 6 March

	Notes	£	2014 £	2013 £
Income				
Net capital gains on investments during the year	3		19,332,510	6,417,333
Revenue	4	4,249,561		4,429,942
Expenses	5	(1,537,084)		(1,433,557)
Finance costs	7	85		(7,907)
Net revenue before taxation		2,712,562		2,988,478
Taxation	6	-		(4,962)
Net revenue after taxation			2,712,562	2,983,516
Total return for the year			22,045,072	9,400,849
Finance costs: Distributions	7		(4,167,896)	(4,278,855)
<b>Change in net assets attributable to unitholders' funds from investment activities</b>			<b>17,877,176</b>	<b>5,121,994</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the year ended 6 March

	£	2014 £	2013 £
Net assets at start of the year		92,085,594	88,320,180
Movement due to sales and repurchases of units:			
Amounts receivable on creation of units	21,871,730		12,891,346
Amounts payable on cancellation of units	(20,286,549)		(15,890,218)
Total movement		1,585,181	(2,998,872)
Change in net assets attributable to unitholders' funds from investment activities		17,877,176	5,121,994
Stamp duty reserve tax		(18,196)	(25,675)
Retained distribution on accumulation units		1,541,049	1,665,752
Unclaimed distribution monies		-	2,215
<b>Net assets at end of the year</b>		<b>113,070,804</b>	<b>92,085,594</b>

## Balance Sheet

As at 6 March

	Notes	£	2014 £	£	2013 £
<b>ASSETS</b>					
Investment assets			111,033,699		90,572,345
Debtors	8	631,508		400,111	
Cash and bank balances	9	2,479,305		1,922,832	
Total other current assets			3,110,813		2,322,943
<b>Total assets</b>			<b>114,144,512</b>		<b>92,895,288</b>
<b>LIABILITIES</b>					
Creditors	10	470,677		428,641	
Distribution payable on income units		603,031		381,053	
Total current liabilities			1,073,708		809,694
<b>Net assets attributable to unitholders</b>			<b>113,070,804</b>		<b>92,085,594</b>

## Notes to the Financial Statements

### 1.1 Accounting policies

a) The financial statements have been prepared under historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010, and in accordance with UK GAAP. The Financial Statements have been prepared on a going concern basis.

b) All revenue from shares quoted ex-dividend during the accounting year ended 6 March 2014 and interest accrued until this date, is included in the Statement of Total Return.

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) 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 to revenue on an accruals basis, with the exception of transaction charges and Stamp Duty Reserve Tax which are charged directly to capital. The Manager's periodic fee is also deducted from capital for the purposes of distribution.

f) Corporation Tax is provided at 20% on revenue, other than UK dividends and foreign dividends received after 1 July 2009, after deduction of 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. Interest from debt securities is recognised as revenue using the effective interest method by reference to the purchase price.

h) Underwriting commission is accounted for when the issue underwritten takes place. Where the Fund is required to take up all of the shares underwritten, the commission received is treated as a deduction from the cost of the shares taken up. Where the Fund is required to take up a proportion of the shares underwritten, the same proportion of the commission received is treated as a deduction from the cost of the shares taken up and the balance is taken to revenue.

i) 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.

j) With the exception of the managers 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 policies

- a) The Fund will distribute any net revenue one month 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 a sub-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.

## 2 Financial instruments

The analysis and tables provided below refer to the narrative disclosure on financial instruments risks on pages 7 and 8.

### a) Currency exposures

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

2014	Monetary exposure £	Non- Monetary exposure £	Total £
Sterling	1,904,946	108,417,610	110,322,556
US Dollar	132,159	2,616,089	2,748,248
<b>Total</b>	<b>2,037,105</b>	<b>111,033,699</b>	<b>113,070,804</b>

2013	Monetary exposure £	Non- Monetary exposure £	Total £
Sterling	1,513,249	89,273,514	90,786,763
US Dollar	-	1,298,831	1,298,831
<b>Total</b>	<b>1,513,249</b>	<b>90,572,345</b>	<b>92,085,594</b>

### b) Fair Values

The financial assets and liabilities of the Fund are included in the balance sheet at fair value. These fair values have, where possible, been determined by reference to prices available from the markets on which the instruments are traded.

## 3 Net capital gains/(losses) on investments

The net gains/(losses) on investments during the year comprise:

	2014 £	2013 £
Gains on non-derivative securities	19,332,645	6,417,352
Transaction charges	(135)	(19)
<b>Net capital gains on investments</b>	<b>19,332,510</b>	<b>6,417,333</b>

**4 Revenue**

	2014	2013
	£	£
Dividends from UK companies	3,019,206	3,108,609
REITs	207,274	233,768
Overseas dividends	987,727	915,102
Interest on bonds	25,196	168,983
Underwriting commission	5,873	-
Bank interest	4,285	3,480
<b>Total revenue</b>	<b>4,249,561</b>	<b>4,429,942</b>

**5 Expenses**

	2014	2013
	£	£
<b>Payable to the Manager or associates of the Manager</b>		
Manager's periodic charge	1,455,334	1,336,546
Registrar's fees	44,875	61,980
	<b>1,500,209</b>	<b>1,398,526</b>
<b>Payable to the Trustee or associates of the Trustee</b>		
Trustee's fees	28,931	27,099
<b>Other expenses</b>		
Audit fee	7,632	7,632
Safe custody charges	161	148
FCA fee	151	152
	<b>7,944</b>	<b>7,932</b>
<b>Total expenses</b>	<b>1,537,084</b>	<b>1,433,557</b>
<b>Expenses borne by capital account</b>		
Manager's periodic charge	(1,455,334)	(1,455,334)
<b>Total expenses</b>	<b>81,750</b>	<b>81,750</b>

Expenses include irrecoverable VAT where applicable.

The audit fee for the year excluding VAT was £6,360 (2013: £6,360).

**6 Taxation****a) Analysis of charge in the year**

	2014	2013
	£	£
Irrecoverable overseas tax	-	4,962
<b>Total tax for the year (see note 6b)</b>	<b>-</b>	<b>4,962</b>

**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%) (2013: 20%).

The differences are explained below:

	2014 £	2013 £
Net revenue before taxation	2,712,562	2,988,478
Corporation tax at 20%	542,512	597,696
Effects of:		
Revenue not subject to taxation	(836,994)	(640,586)
Overseas tax expensed	-	(183,212)
Irrecoverable overseas tax	-	4,962
Foreign tax suffered	-	(992)
Movement in excess management expenses	294,482	227,094
Total effects	(542,512)	(592,734)
<b>Current tax charge for the year (see note 6a)</b>	<b>-</b>	<b>4,962</b>

Authorised unit trusts are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c) At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £4,876,586 (2013: £4,582,104 restated from £4,584,668) 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 revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	2014 £	2013 £
1 <sup>st</sup> Interim	305,076	296,283
2 <sup>nd</sup> Interim	302,192	294,238
3 <sup>rd</sup> Interim	299,140	310,000
4 <sup>th</sup> Interim	299,225	308,327
5 <sup>th</sup> Interim	296,633	304,322
6 <sup>th</sup> Interim	295,689	368,544
7 <sup>th</sup> Interim	294,298	362,760
8 <sup>th</sup> Interim	289,170	369,567
9 <sup>th</sup> Interim	290,344	363,409
10 <sup>th</sup> Interim	293,319	359,966
11 <sup>th</sup> Interim	315,602	354,955
Final	915,957	566,219
	4,196,645	4,258,590
Add: Income deducted on cancellation of units	124,378	143,694
Deduct: Income received on creation of units	(153,127)	(123,429)
<b>Net distribution for the year</b>	<b>4,167,896</b>	<b>4,278,855</b>
Interest	1	48
Equalisation on conversions	(86)	7,859
<b>Total finance costs</b>	<b>4,167,811</b>	<b>4,286,762</b>
<b>Reconciliation to net revenue after taxation:</b>		
Net distribution for the year	4,167,896	4,278,855
Charges borne by capital account	(1,455,334)	(1,336,546)
Capital tax relief	-	41,207
<b>Net revenue after taxation</b>	<b>2,712,562</b>	<b>2,983,516</b>

**8 Debtors**

	2014 £	2013 £
Amounts receivable on creation of units	199,802	10,734
Accrued income	427,274	381,069
Overseas tax recoverable	4,432	8,308
<b>Total debtors</b>	<b>631,508</b>	<b>400,111</b>

**9 Cash and bank balances**

	2014 £	2013 £
Cash and bank balances	2,479,305	1,922,832
<b>Total cash and bank balances</b>	<b>2,479,305</b>	<b>1,922,832</b>

**10 Creditors**

	2014 £	2013 £
Amounts payable on cancellation of units	291,554	254,403
Accrued expenses		
- Manager	154,467	131,101
- Trustee	2,980	2,620
- Other	21,676	40,517
<b>Total creditors</b>	<b>470,677</b>	<b>428,641</b>

**11 Units in issue**

There were 30,431,917 R Inc units and 8,263,640 R Acc units in issue at 06 March 2014 (2013: 29,571,339 and 9,295,305 units respectively).

There were 1,753,816 Z Inc units and 850,081 Z Acc units in issue at 06 March 2014 (2013: 222,117 and 56,304 units respectively).

**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.

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

Amounts paid to the Trustee in respect of trustee fees are disclosed in Note 5.

**13 Portfolio Transaction Costs****a) Analysis of total purchase costs:**

	2014 £	2013 £
Purchases in year before transaction costs	18,463,316	15,041,250
Commissions	15,136	29,362
Taxes and other charges	46,922	49,482
Total purchase costs	62,058	78,844
<b>Gross purchases total</b>	<b>18,525,374</b>	<b>15,120,094</b>

**b) Analysis of total sales costs:**

	2014 £	2013 £
Gross sales before transaction costs	16,656,800	18,411,489
Commissions	(22,638)	(33,166)
Taxes and other charges	(160)	(154)
Total sale costs	(22,798)	(33,320)
<b>Gross sales total</b>	<b>16,634,002</b>	<b>18,378,169</b>

## Distribution Statement

For the year ended 6 March 2014

### R Class

		Net revenue	Equalisation	Distribution payable/paid	
				Current year	Prior year
<b>R Inc</b>					
1 <sup>st</sup> Interim	Group 1	0.650	-	0.650	0.600
	Group 2	0.185	0.465	0.650	0.600
2 <sup>nd</sup> Interim	Group 1	0.650	-	0.650	0.600
	Group 2	0.297	0.353	0.650	0.600
3 <sup>rd</sup> Interim	Group 1	0.650	-	0.650	0.600
	Group 2	-	0.650	0.650	0.600
4 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.600
	Group 2	-	0.650	0.650	0.600
5 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.600
	Group 2	-	0.650	0.650	0.600
6 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.750
	Group 2	-	0.650	0.650	0.750
7 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.750
	Group 2	-	0.650	0.650	0.750
8 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.750
	Group 2	-	0.650	0.650	0.750
9 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.750
	Group 2	-	0.650	0.650	0.750
10 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.750
	Group 2	-	0.650	0.650	0.750
11 <sup>th</sup> Interim	Group 1	0.650	-	0.650	0.750
	Group 2	-	0.650	0.650	0.750
Final	Group 1	1.912	-	1.912	1.283
	Group 2	0.489	1.423	1.912	1.283

### R Acc

1 <sup>st</sup> Interim	Group 1	1.250	-	1.250	1.200
	Group 2	0.286	0.964	1.250	1.200
2 <sup>nd</sup> Interim	Group 1	1.250	-	1.250	1.220
	Group 2	0.371	0.879	1.250	1.220
3 <sup>rd</sup> Interim	Group 1	1.250	-	1.250	1.220
	Group 2	0.148	1.102	1.250	1.220
4 <sup>th</sup> Interim	Group 1	1.280	-	1.280	1.240
	Group 2	-	1.280	1.280	1.240
5 <sup>th</sup> Interim	Group 1	1.280	-	1.280	1.240
	Group 2	-	1.280	1.280	1.240
6 <sup>th</sup> Interim	Group 1	1.300	-	1.300	1.400
	Group 2	-	1.300	1.300	1.400
7 <sup>th</sup> Interim	Group 1	1.300	-	1.300	1.400
	Group 2	-	1.300	1.300	1.400
8 <sup>th</sup> Interim	Group 1	1.300	-	1.300	1.400
	Group 2	-	1.300	1.300	1.400
9 <sup>th</sup> Interim	Group 1	1.300	-	1.300	1.400
	Group 2	-	1.300	1.300	1.400

10 <sup>th</sup> Interim	Group 1	1.330	-	1.330	1.400
	Group 2	-	1.330	1.330	1.400
11 <sup>th</sup> Interim	Group 1	1.330	-	1.330	1.400
	Group 2	-	1.330	1.330	1.400
Final	Group 1	3.669	-	3.669	1.988
	Group 2	0.749	2.920	3.669	1.988

**Z Class**

		Net revenue	Equalisation	Distribution payable/paid Current year	Prior year
<b>Z Inc</b>					
1 <sup>st</sup> Interim	Group 1	0.450	-	0.450	n/a
	Group 2	0.223	0.227	0.450	n/a
2 <sup>nd</sup> Interim	Group 1	0.300	-	0.300	0.300
	Group 2	0.216	0.084	0.300	0.300
3 <sup>rd</sup> Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
4 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.300
	Group 2	-	0.350	0.350	0.300
5 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.300
	Group 2	-	0.350	0.350	0.300
6 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.350
	Group 2	-	0.350	0.350	0.350
7 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.350
	Group 2	-	0.350	0.350	0.350
8 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.350
	Group 2	-	0.350	0.350	0.350
9 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.350
	Group 2	-	0.350	0.350	0.350
10 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.450
	Group 2	-	0.350	0.350	0.450
11 <sup>th</sup> Interim	Group 1	0.350	-	0.350	0.450
	Group 2	-	0.350	0.350	0.450
Final	Group 1	1.213	-	1.213	0.790
	Group 2	0.227	0.986	1.213	0.790

**Z Acc**

1st Interim	Group 1	0.460	-	0.460	n/a
	Group 2	0.095	0.365	0.460	n/a
2nd Interim	Group 1	0.320	-	0.320	0.300
	Group 2	0.233	0.087	0.320	0.300
3rd Interim	Group 1	0.320	-	0.320	0.300
	Group 2	-	0.320	0.320	0.300
4th Interim	Group 1	0.360	-	0.360	0.320
	Group 2	-	0.360	0.360	0.320
5th Interim	Group 1	0.360	-	0.360	0.320
	Group 2	-	0.360	0.360	0.320
6th Interim	Group 1	0.400	-	0.400	0.370
	Group 2	0.400	-	0.400	0.370
7th Interim	Group 1	0.400	-	0.400	0.370
	Group 2	-	0.400	0.400	0.370
8th Interim	Group 1	0.400	-	0.400	0.370
	Group 2	-	0.400	0.400	0.370

9th Interim	Group 1	0.400	-	0.400	0.370
	Group 2	-	0.400	0.400	0.370
10th Interim	Group 1	0.400	-	0.400	0.450
	Group 2	-	0.400	0.400	0.450
11th Interim	Group 1	0.400	-	0.400	0.450
	Group 2	-	0.400	0.400	0.450
Final	Group 1	1.150	-	1.150	0.743
	Group 2	0.338	0.812	1.150	0.743

(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		Group 1 & 2 units
	From	To	Paid/transferred
1st Interim	07.03.13	06.04.13	06.05.13
2nd Interim	07.04.13	06.05.13	06.06.13
3rd Interim	07.05.13	06.06.13	05.07.13
4th Interim	07.06.13	06.07.13	06.08.13
5th Interim	07.07.13	06.08.13	06.09.13
6th Interim	07.08.13	06.09.13	04.10.13
7th Interim	07.09.13	06.10.13	06.11.13
8th Interim	07.10.13	06.11.13	06.12.13
9th Interim	07.11.13	06.12.13	06.01.14
10th Interim	07.12.13	06.01.14	06.02.14
11th Interim	07.01.14	06.02.14	06.03.14
Final	07.02.14	06.03.14	04.04.14

## DIRECTORS' APPROVAL

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



Jim Stride  
Director  
28 April 2014



Mark Beveridge  
Director  
28 April 2014

## 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 a going concern basis unless it is inappropriate to presume that the Fund will continue in business.

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.

### **STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES IN RELATION TO THE ACCOUNTS OF THE FUND**

The Trustee is responsible for the safekeeping of all the property of the scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the scheme's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the scheme; the application of revenue of the scheme; and the investment and borrowing powers of the scheme.

## Report of the Trustee

### **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AXA FRAMLINGTON MONTHLY INCOME FUND FOR THE ANNUAL ACCOUNTING PERIOD TO 06 MARCH 2014**

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 manager:

(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's revenue in accordance with COLL, the Trust Deed and Prospectus, and

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

Trustee  
National Westminster Bank plc, Edinburgh  
28 April 2014

## Report of the Independent Auditor

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE AXA FRAMLINGTON MONTHLY INCOME FUND

We have audited the financial statements of AXA Framlington Monthly Income Fund ("the Fund") for the year ended 06 March 2014 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes 1 to 13 and the Distribution Statement. 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).

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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF THE MANAGER AND AUDITOR

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual long report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Fund as at 06 March 2013 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.

**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;
- 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; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Ernst & Young LLP  
Statutory Auditor  
Edinburgh

28 April 2014

## Directory

### **Authorised Fund Manager and Investment Manager**

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

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 IMA.

### **Trustee**

National Westminster Bank plc  
Trustee and Depositary Services  
Younger Building, 1<sup>st</sup> Floor  
3 Redheughs Avenue  
Edinburgh, EH12 9RH

Authorised and regulated by the Financial Conduct Authority.

### **Registrar**

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

Authorised and regulated by the Financial Conduct Authority.

### **Dealing and Correspondence**

PO Box 10908  
Chelmsford, CM99 2UT

Telephone Dealing & Enquiries 0845 777 5511  
IFA Dealing & Enquiries 0845 766 0184  
If you are calling from outside the UK, please call +44 1268 448667  
Our lines are open Monday to Friday between 9am and 5:30pm

### **Fund Accounting Administrator**

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

Authorised and regulated by the Financial Conduct Authority.

### **Independent Auditor**

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