AXA Framlington
An AXA Investment Managers Expertise

AXA Framlington Managed Balanced Fund
For the six months ended 30 June 2013

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

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

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

AXA Framlington funds under management exceed £50.6 billion (as at 30 June 2013).

Investment objective and policy

Capital growth through investment in a broad range of securities in all or any economic sectors in all or any parts of the world which, in the manager's opinion, show above average profitability, management quality and growth, balancing risk and returns for investors.

Results

Unit Class	Unit Type	Price at 31.12.12 (p)	Price at 30.06.13 (p)	Unit Class Performance	Comparative Benchmark ^
R	Acc*	258.6	280.7	8.55%	8.40%
Z	Acc*	106.1	115.4	8.77%	-
R	Inc**	178.6	191.6	7.28%	-
Z	Inc**	106.0	113.9	7.45%	-

* Acc units include net income reinvested, total return ** Inc units do not include net income reinvested, capital return. Benchmark: ^ CAPS Balanced Pooled Fund Median. Past performance is not a guide to future returns. Source of all performance data: AXA Investment Managers, and Lipper, bid to bid, to 30 June 2013.

Review

The year started strongly with the UK equity market enjoying its best January since 1989 as the perceived fading of euro sovereign debt concerns and progress in the US budget negotiations encouraged investors to buy equities. Europe remained in the news, however, with an inconclusive election in Italy, bungled rescue of Cyprus in March and concerns about Portugal more recently. Global growth was lacklustre, with emerging economies including China particularly disappointing, but the US and UK data was generally better than expected. Japan was the strongest equity market as a very stimulative economic policy from their new government was well received. Equities performed strongly for most of the period but a major correction occurred in June, triggered by comments from Ben Bernanke of the US Federal Reserve Board that the amount of quantitative easing (QE) might be reduced or tapered before the year end, which was sooner than expected. Returns from government bonds were poor as investors anticipated yields returning to more normal levels as QE was reduced.

The Fund return was encouraging in absolute terms although only marginally ahead of the benchmark. Stock selection was good in most equity regions and in bonds. We underperformed significantly, however, in US equities where our growth style was out of favour. We continued to be cautious about the medium term prospect for bonds and were very underweight in overseas bonds and held more cash than usual as a result.

In UK equities, a number of more domestic situations performed very well. The house building sector was the star of the show as the announcement of measures in the budget to support the industry came on top of an improving trading background. Persimmon (+62.1%), Barratt Developments (+50.1%), Crest Nicholson (+33.5%) and Bovis Homes (+24.5%) were outstanding but we did reduce positions in the first two names mentioned after valuations began to look stretched. Building materials company Travis Perkins (+49.8%) also benefitted from this positive sentiment. Plant hire company Ashtead Group (+52.7%) experienced very strong trading in the US. Telecoms performed well with BT (+33.8%) benefitting from the rapid growth of broadband services, data centre company Telecity (+29.2%) also

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grew fast and bid speculation supporting Vodafone (+26.3%). Among our financials there were strong performances from Lloyds Bank (+31.7%), Schroders (+31.3%), St James's Place (+29.9%), Novae (+24.7%), London Stock Exchange (+23.2%), Legal & General (+21.7%) and Resolution (+21.2%). ITV (+39.2%) and GKN (+33.9%) were both rerated following very good results. On the negative side, the resources, both oils and miners, were very weak as slower growth in China hit long term forecasts for commodity prices. Standard Chartered (-7.2%) was also hit by worries about Asian growth. Before the correction in June, UK equities had produced 12 consecutive positive monthly returns. The UK portfolio return of +12.4% was well ahead of the comparative regional benchmark's +8.5%.

The US market enjoyed a strong 2013 with the S&P 500 hitting all-time highs. Economic data has continued to be encouraging with job creation accelerating and unemployment falling, while manufacturing data has continued to show a measured economic expansion, all of which has positioned the US well in a global environment where growth is difficult to find. The US portfolio continues to be constructed by means of a bottom up stock picking approach in which we attempt to identify those companies with strong secular (as opposed to merely cyclical) revenue growth characteristics. This typically results in the US portfolio having large positions in sectors such as technology, healthcare and consumer discretionary, as these are areas where innovation and new products or concepts thrive. We are trying to identify those companies that are in the process of becoming much larger, rather than focussing solely upon those that are already large. The Fund also tends to be underweight mature, ex growth sectors such as financials and consumer staples, both sectors which have been very strong in the market's upwards move. Valuations for many growth stocks now stand at extremely attractive levels, whilst those for many of the value stocks that have lead the market higher now stand at close to historical peaks. This year the US portfolio has underperformed as growth stocks continued to lag their value counterparts. This outperformance by value stocks at one point reached the most extreme seen on a 6 months rolling basis since the first half of 2006 (as measured by Russell 1000 Growth against the Russell 1000 Value). The US portfolio returned a respectable +12.7% but this was well behind the comparative regional benchmark's +20.3%.

In Japan the election of a new government last December ushered in a radical change in economic policy: very aggressive QE designed to end deflation and boost growth. These measures weakened the yen and triggered a significant rally in equities. Initially the major international business outperformed and our portfolio, with a mid-cap domestic bias, underperformed. As investors became more confident that growth might improve more domestic situations rallied and we recovered the earlier modest underperformance. When equities worldwide fell in June following Bernanke's warning about QE, Japan proved resilient. During the review period we returned +27.3% compared to the comparative regional benchmark's +24.7%

Emerging Markets and Pacific ex Japan were particularly hard hit by concerns about slowing growth and a credit crunch in China. With regard to the latter we believe that the authorities remain in control and were keen to rein in the secondary banking system. Our emerging markets fund performed poorly in absolute terms (-2.0%) but was marginally ahead of the benchmark (-2.9%) and well ahead of the peer group of such funds. In the Pacific we outperformed in Hong Kong, Australia and Singapore, returning +5.3% compared to the comparative regional benchmark's +1.6%.

We have felt for some time that government bonds were significantly overvalued due to both QE and buying 'ordered' by banking, insurance and pensions regulators. We have always looked at the bonds and cash part of the Fund as an insurance policy, to smooth out volatility in equity markets. If we own fewer bonds then we should logically hold more cash, which we have done for the past year or so. The underweight in bonds is largely overseas while over half of the UK weighting is in index-linked stocks, just in case QE eventually generates higher inflation. Our UK bonds returned (-2.4%) compared to the benchmark's (-3.1%) while overseas, where we hold just one very short dated German government bond, we returned +5.6% compared to the comparative benchmark's +1.3%.

Outlook

Investors are likely to remain nervous about the tapering of US QE but this is only likely if growth is reasonable and sustainable, which should provide support for equities. Equities remain, in our view, the most attractive asset class but we should expect more volatility as bond yields rise to more normal levels. We continue to identify attractive equity investments, often with decent yields, and believe that the Fund overall will produce attractive returns over the medium term. We expect, nevertheless, to retain more cash than normal in the shorter term.

Richard Peirson - 22 July 2013

All performance data source: AXA Investment Managers and Lipper to 30 June 2013.

Risk and reward profile

The Fund invests in a wide range of securities, both in the UK and overseas and may therefore hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to fall or rise. The Fund invests a proportion of its assets in smaller companies which offer the possibility of higher returns but may also involve a higher degree of risk. The Fund may also invest in emerging markets which may involve a higher degree of risk than investing in established markets due to heightened geopolitical risk and potential large currency volatility. Investors should consider carefully whether this investment risk is suitable for them. The value of investments and the income from them is not guaranteed and can go down as well as up.

Lower risk ← → **Higher risk**

Potentially lower reward — Potentially higher reward

1	2	3	4	5	6	7

(Category 6 highlighted)

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
Interest Rate Risk: 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 securities tends to fall, and vice versa. Inflation will also reduce the real value of securities over time. The value of a security will also fall if the issuer is unable to repay their debt or has a credit rating downgrade or if there is less of an appetite generally in the market for bonds carrying credit risk.

Geopolitical Risk: Investments in securities issued or listed in different countries may imply the application of different standards and regulations. Investments may be affected by movements of foreign exchange rates, change in laws or restrictions applicable to such investments, changes in exchange control regulations or price volatility.

FUND FACTS

Lead Fund manager	Richard Peirson
Sector	IMA Mixed Investment 40-85% Shares
Comparative Benchmark	CAPS Balanced Pooled Fund Median
Launch date	31 Dec 1992
Fund size at 30 Jun 2013	£484m
Fund size at 31 Dec 2012	£416m
Minimum investments	
Lump sum	R: £1,000 Z: £100,000
Subsequent	R: £100 / Z: £5,000
Net Yield	
R Inc	1.07%
R Acc	1.04%
Z Inc*	1.24%
Z Acc*	1.23%
Unit type	Inc/Acc
Number of stocks	188
Initial charge	R: 5.25% / Z: 0.00%
Annual charge	R: 1.25% / Z: 0.625%
Ongoing charges	
R Inc	1.35%
R Acc	1.35%
Z Inc*	0.73%
Z Acc*	0.73%
Accounting dates (interim)	30 Jun
Accounting dates (annual)	31 Dec
Distribution dates (annual)	28 Feb

All data, source: AXA Investment Managers as at 30 June 2013.
**Share class launched 16 April 2012.*

Top five purchases

For the period ended 30 June 2013
AXA Framlington Emerging Markets Fund
Bundesschatzanweisungen 0.75% 2013
UK Treasury 2.5% I/L 2024
Wolseley
UK Treasury 2.5% I/L 2020

Top five sales

For the period ended 30 June 2013
AXA Framlington Japan Smaller Companies Fund
Barratt Developments
Link
Digital Realty
Total

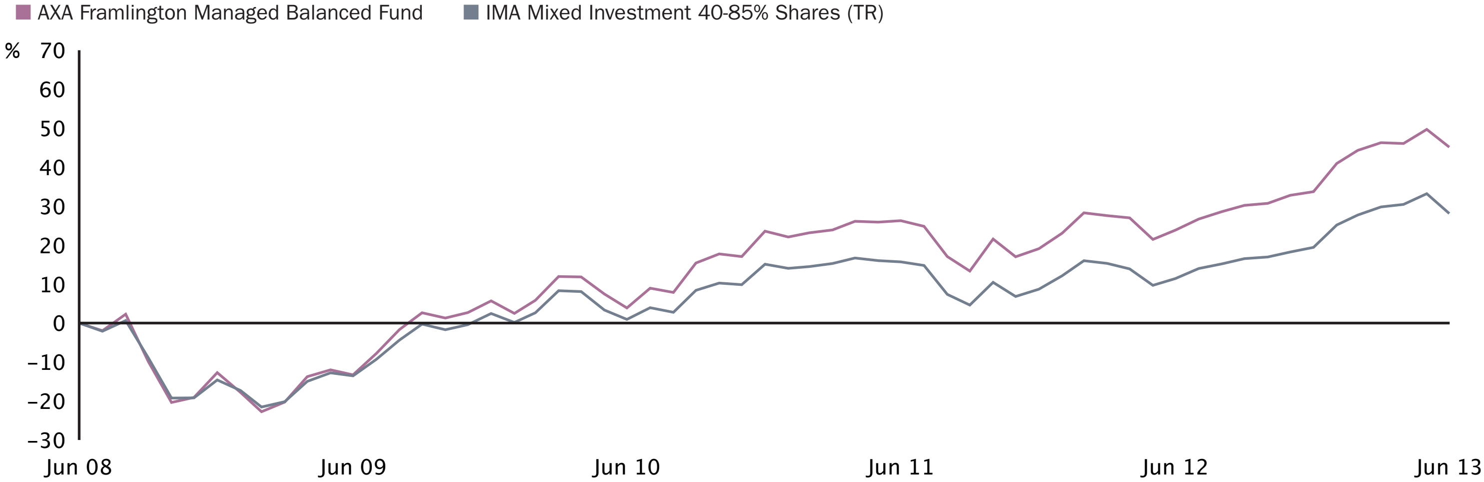
Five year discrete annual performance %

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
-13.29%	19.80%	21.55%	-1.92%	17.20%

Past performance is not a guide to future returns. Sources: AXA Investment Managers and Lipper as at 30 June 2013. Basis: Bid to bid, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

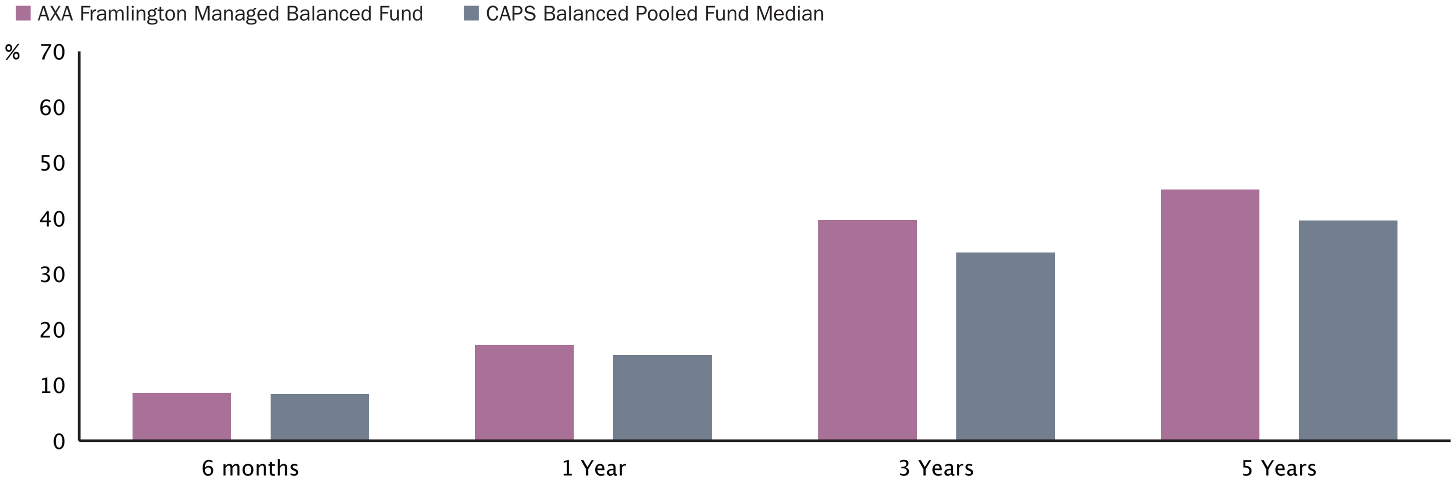
Cumulative fund performance versus comparative benchmark

as at 30 June 2013



Past performance is not a guide to future returns. Sources: AXA Investment Managers and Lipper as at 30 June 2013. Basis: Bid to bid, with net income reinvested, net of fees in GBP. Please note, the CAPS Balanced Pooled Fund Median does not publish series data; therefore the IMA sector median has been used as a comparison. Performance is representative of R Acc class.

as at 30 June 2013



Past performance is not a guide to future returns. Sources: AXA Investment Managers, BNY Mellon and Lipper as at 30 June 2013. Basis: Bid to bid, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

Summary of historic prices and distributions

Year	Unit class	Unit type	Highest offer price (pence)	Lowest bid price (pence)	Total net distribution per unit (pence)
2008	R	Inc	168.8	105.9	3.313
2008	R	Acc	228.4	143.4	4.484
2009	R	Inc	157.4	102.5	2.445
2009	R	Acc	218.8	142.2	3.398
2010	R	Inc	180.0	138.7	1.809
2010	R	Acc	254.4	196.1	2.556
2011	R	Inc	185.3	148.9	2.233
2011	R	Acc	264.8	212.7	3.187
2012	R	Inc	190.3	160.0	2.113
2012	R	Acc	275.6	232.0	3.005
2012	Z	Inc	107.1	94.68	1.411
2012	Z	Acc	107.1	94.68	1.422
2013*+	R	Inc	214.9	178.6	-
2013*+	R	Acc	314.9	261.7	-
2013*+#	Z	Inc	121.1	106.4	-
2013*+#	Z	Acc	122.7	107.7	-

*Highest offer and lowest bid price quoted at any time in the calendar year and * to 30 June 2013.*
+ Distribution to 30 June 2013. # Launched 16 April 2012.

Net asset value record

Unit class	Unit type	Net asset value per unit as at 30 Jun 2013 (pence)	Net asset value per unit as at 31 Dec 2012 (pence)
R	Inc Net	191.8	176.7
R	Acc Net	281.1	259.0
Z #	Inc Net	113.9	104.6
Z #	Acc Net	115.4	106.1

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 (for example, notional dealing charges are removed). Basis: bid to bid. # Launched 16 April 2012.

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.

European Savings Directive
The AXA Framlington Managed Balanced Fund has been reviewed against the requirements of the directive 2003/48/EC on taxation of savings in the form of interest payments (ESD), in line with the HM Revenue & Customs debt investment reporting guidance notes. Under the Directive, information is collected about the payment of savings income to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with tax authorities in those countries. The AXA Framlington Managed Balanced Fund does not meet the HM Revenue & Customs debt investment reporting thresholds. This means that no details of income distributions will be reported to HM Revenue & Customs.

Top ten holdings as at 30 June 2013

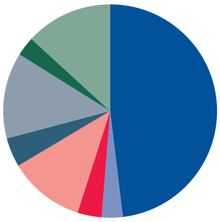
Company	Sector	%
AXA Framlington Emerging Markets Fund	Emerging Markets Country Funds	3.66
Bundesschatzanweisungen 0.75% 2013	German Bonds	2.91
UK Treasury 2.5% I/L 2020	UK Government Stocks	2.19
HSBC	UK Equities	2.07
UK Treasury 5% 2025	UK Government Stocks	2.05
BP	UK Equities	1.72
GlaxoSmithKline	UK Equities	1.63
Vodafone	UK Equities	1.49
UK Treasury 2.5% I/L 2024	UK Government Stocks	1.33
Royal Dutch Shell 'B'	UK Equities	1.21

Top ten holdings as at 31 December 2012

Company	Sector	%
AXA Framlington Emerging Markets Fund	Emerging Markets Country Funds	3.08
UK Treasury 5% 2025	UK Government Stocks	2.54
Bundesschatzanweisungen 0.75% 2013	German Bonds	2.37
HSBC	UK Equities	2.19
UK Treasury 2.5% I/L 2020	UK Government Stocks	1.97
GlaxoSmithKline	UK Equities	1.55
Vodafone	UK Equities	1.43
Royal Dutch Shell 'B'	UK Equities	1.41
BP	UK Equities	1.31
Diageo	UK Equities	1.31

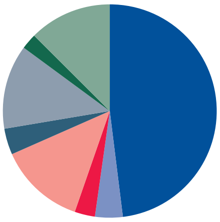
Portfolio breakdown

as at 30 June 2013



Sector	%
UNITED KINGDOM	48.10
ASIA/PACIFIC (EX JAPAN)	3.17
EMERGING MARKETS	3.66
EUROPE (EX UK)	11.50
JAPAN	4.44
NORTH AMERICA	13.04
OVERSEAS BONDS	2.91
NET CURRENT ASSETS	13.18

as at 31 December 2012



Sector	%
UNITED KINGDOM	48.04
ASIA/PACIFIC (EX JAPAN)	4.19
EMERGING MARKETS	3.08
EUROPE (EX UK)	13.07
JAPAN	3.96
NORTH AMERICA	12.78
OVERSEAS BONDS	2.37
NET CURRENT ASSETS	12.51

All data, source: AXA Investment Managers

Important information

Authorised Fund Manager / Investment Manager
AXA Investment Managers UK Ltd
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Authorised and regulated by the Financial Conduct Authority (formerly the Financial Services Authority). Member of the IMA.

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

For more information on any AXA Framlington unit trust please contact us via our website or telephone number below.
Copies of the latest Manager's Report (long form) and Prospectus are available free of charge from the administration office: PO Box 10908, Chelmsford, CM99 2UT.

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

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All data sources: AXA Investment Managers unless otherwise stated.

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