



**AXA Framlington is a leading equity expertise within the AXA Investment Managers Group, with teams 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 £51.7 billion (as at 31 August 2013).

## AXA Framlington American Growth Fund

### For the six months ended 31 August 2013

#### Investment objective and policy

Capital growth through investment principally in US, Canadian and Mexican large and medium capitalisation companies which, in the Manager's opinion, show above average profitability, management quality and growth.

#### Results

Unit Class	Unit Type	Price at 28.02.13 (p)	Price at 30.08.13 (p)	Unit Class Performance	Comparative Benchmark
R	Acc*	287.4	308.8	7.45%	7.54%^
Z	Acc*	125.5	135.4	7.89%	7.54%^
R	Inc**	287.3	308.6	7.41%	6.63%^
Z	Inc**	125.5	135.3	7.81%	6.63%^

\* Acc units include net income reinvested, total return. \*\* Inc units do not include net income reinvested, capital return dividends excluded. ^ Russell 1000 Growth Index (total return) ^^ Russell 1000 Growth Index (capital return). Source of all performance data: AXA Investment Managers and Lipper, bid to bid, to 31 August 2013.

#### Review

In the face of ongoing scepticism, the US economy has continued on its recovery path. Despite continued global macro uncertainty, and internal political discord over a resolution to the US budget deficit, the private sector continues to strengthen and the recovery is looking increasingly self-sustaining. We believe that the US economy has solid underpinnings and should benefit from some powerful structural trends that could drive growth for many years to come.

The period under review saw consistent, widespread, improvements across the economy. At the highest level, GDP numbers for Q2 were ahead of expectations. The unemployment number continued to edge downwards, with the number hitting 7.1% in August, while manufacturing data also continued to improve. The housing recovery also continued to progress. The Standard & Poor's/Case Shiller Index, which measures housing in the 20 major cities in America, showed a 12% year-on-year improvement in July. Such asset appreciation helped support improved consumer confidence numbers which hit a 5-year high in August.

All this has been achieved in the face of ongoing political turmoil with the impasse over the Budget deficit continuing to drag on. This is resulting in reduced spending from the important government segment of the economy and is acting as a drag on GDP growth. At the time of writing, this situation has escalated to the point that the US government has actually 'shut down' with non-essential services being cut. Undoubtedly this will have an impact upon fourth quarter GDP, although of course its extent will depend upon how long it takes politicians to reach an agreement. History also suggests that the slowdown will be temporary in nature with much of the lost growth being recovered in future periods, once a resolution is achieved.

# AXA Framlington American Growth Fund

## For the six months ended 31 August 2013

---

### Outlook

---

Looking further out, the US is fortunate in that it has some notable structural advantages that will provide it with opportunities to drive the economy forward in coming years. The most significant of these resides in a sector that has been an area of weakness for the economy in the past, rather than one of strength. The US is rapidly becoming the global pioneer in the use of new technologies to extract oil and gas from previously uneconomic reserve locations, the so-called shale areas. The emergence of oil and gas shale reserves as legitimate sources of energy resource is likely to have dramatic implications for the whole economy. Investment in these areas is exploding. The US now produces as much crude oil as it imports and is expected to be completely self sufficient by the end of the decade.

American industry as a whole will also be a major beneficiary of this cheap, local basic resource. Industries that use gas as a feedstock (input), such as the petrochemicals sector, will have a significant competitive advantage versus their European and Asian competitors. With major input costs multiple times cheaper than available elsewhere, companies such as Dow, Shell and Chevron Phillips are all planning significant investments to capitalise upon this. While it will take time for these projects to come to fruition, they will help drive economic growth for many years to come. The construction of chemical plants, the drilling of oil wells and construction of the pipelines, railroads and roads to link everything, together with all the ancillary activity created, points to an era of American industrial renaissance. We believe jobs will be created, the current account deficit will shrink dramatically and tax revenues will be generated thus helping to fund the budget deficit.

The recent robust economic news flow has heightened expectations that quantitative easing would gradually be reduced before year end. This speculation, or 'taper talk', became more intense as the summer progressed. With markets increasingly fixated on the tone of Chairman Ben Bernanke's comments and Federal Reserve statements, there was a steady rise in US treasury yields. The 10-year bond yield almost doubled from 1.6% in April to nearly 3% in August. And while the government shut down has recently eased these pressures somewhat, it seems very unlikely that treasury yields are returning to their previous low levels in the foreseeable future.

The higher interest rate environment contributed to a style shift in terms of market

performance. This has resulted in a more favourable environment for the growth style that the Fund follows, than the one that existed in the preceding months. The preference for value-oriented, 'bond like equities' that was seen over the prior 6 month period, from September to February 2013, appears to have run its course. These defensive sectors, such as healthcare (particularly big pharmaceuticals), consumer staples and utilities, which led the market higher at the start of the year, proved to be laggards in the six months under review. The relative attraction of the dividend yield on these sectors was diminished by their strong share price performance and the increased attractiveness of the yields that became available in the treasury market. In addition, the operational performance of the (value-oriented, low growth) sectors called into question whether or not the higher valuations were justified. Consumer staples, for example, was the worst performing sector during the Q2 earnings season, with just 26% of the sector names in the S&P 500 Index meeting, or beating, revenue expectations.

Meanwhile, a reappraisal of the (growth-oriented) technology sector took place. At the start of this year it was apparent that the combined impact of sequestration (automatic spending cuts to the US federal budget early in 2013) and fiscal uncertainty, coupled with ongoing weakness in Europe, continued to impact enterprise spending decisions. As a result, many technology companies found it difficult to make their first quarter forecasts, with 21 of the 55 technology companies in the S&P 500 missing sales estimates. This proved to be the nadir and confidence in the sector has since improved with encouraging commentary in the July results season. The sector continues to be an attractive one for growth investors with several secular, long lasting shifts in the way technology is utilised by enterprises around the world driving rapid growth for a new breed of companies (such as Salesforce.com, ServiceNow and Splunk) despite a still sluggish capital spending environment.

The Fund 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 Fund having large positions in sectors such as technology (although not ex-growth large hardware companies), healthcare (but not ex-growth large pharmaceutical stocks) and consumer discretionary, as these are areas where we believe that innovation and new products or concepts thrive.

The Fund will also have relatively fewer holdings (versus the comparative index) in sectors such as financials, utilities and consumer staples, where the majority of companies can grow only when economic conditions are highly favourable, or the industry is fully mature. The approach also results in the Fund possessing a relatively large number of mid cap holdings, as we are trying to identify companies in the process of becoming larger, rather than focusing upon those that are already large. This approach results in the Fund having a strong growth bias when compared with the comparative benchmark index.

**Stephen Kelly**

**2 October 2013**

All performance data source: AXA Investment Managers and Lipper to 31 August 2013.

# AXA Framlington American Growth Fund

## For the six months ended 31 August 2013

### Risk and reward profile

The Fund invests primarily in the shares of quoted North American companies drawn from all economic sectors. As the Fund invests primarily in US and Canadian Dollar denominated listed equities, the value of the fund will not only be impacted by the market risk associated with investing in equities but also by exchange rate movements between those currencies and sterling in which the fund is based. The value of investments and the revenue 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
---	---	---	---	---	---	---

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 gains or losses.

### FUND FACTS

Lead Fund manager	Stephen Kelly
Sector	North America
Comparative Benchmark	Russell 1000 Growth Index (Total Return)
Launch date	31 Dec 1992
Fund size at 31 August 2013	£559m
Fund size at 28 Feb 2013	£712m
Minimum investments	
Lump sum	R: £1,000 Z: £100,000
Minimum subscription	R: £100 / Z: £5,000
Net Yield	
R Inc / Acc	Nil
Z Inc / Acc*	Nil
Unit type	Inc/Acc
Number of stocks	82
Initial charge	R: 5.25% / Z: 0.00%
Annual charge	R: 1.50% / Z: 0.75%
Ongoing charges	
R Inc/Acc	1.58% / 1.58%
Z Inc/Acc*	0.82% / 0.82%
Accounting dates (interim)	31 Aug
Accounting dates (annual)	28 Feb
Distribution dates (annual)	30 Apr

All data, source: AXA Investment Managers as at 31 August 2013.  
\*Share class renamed from I to Z on 16 April 2012.

### Top five purchases

#### For the six months ended 31 August 2013

Amgen
Valeant Pharmaceuticals
WW Grainger
Monsanto
Boeing

### Top five sales

#### For the six months ended 31 August 2013

International Business Machines
Google
Panera Bread
Allergan
Accenture

# AXA Framlington American Growth Fund

## For the six months ended 31 August 2013

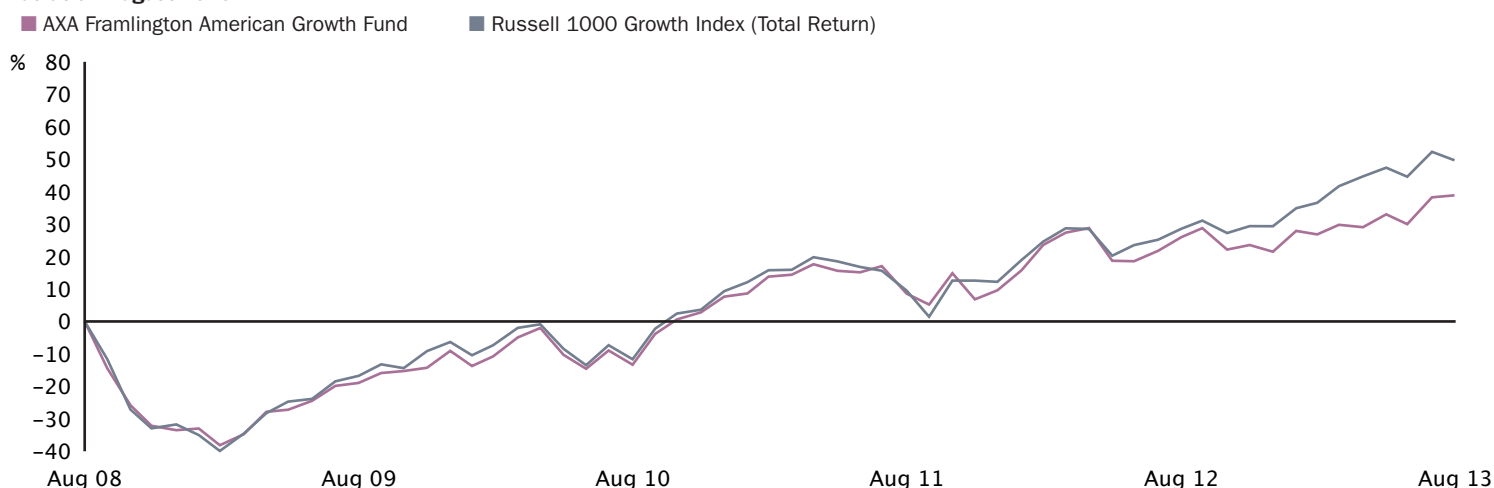
### Five year discrete annual performance %

Aug 08 to Aug 09	Aug 09 to Aug 10	Aug 10 to Aug 11	Aug 11 to Aug 12	Aug 12 to Aug 13
-9.28%	13.38%	18.25%	18.92%	13.20%

Past performance is not a guide to future returns. Sources: AXA Investment Managers and Lipper as at 31 August 2013. Basis: Bid to bid, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

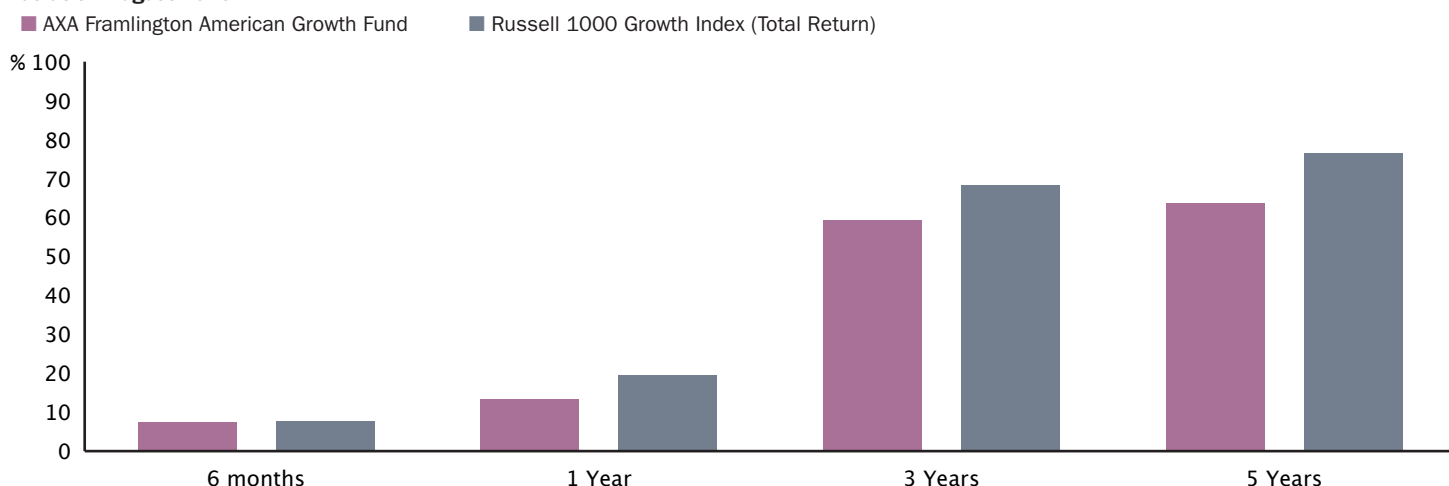
### Cumulative fund performance versus comparative benchmark

as at 31 August 2013



Past performance is not a guide to future returns. Sources: AXA Investment Managers and Lipper as at 31 August 2013. Basis: Bid to bid, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

as at 31 August 2013



Past performance is not a guide to future returns. Sources: AXA Investment Managers and Lipper as at 31 August 2013. Basis: Bid to bid, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

# AXA Framlington American Growth Fund

## For the six months ended 31 August 2013

### 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	207.4	133.9	nil
2008	R	Acc	207.4	133.9	nil
2009	R	Inc	209.5	139.4	nil
2009	R	Acc	209.5	139.4	nil
2010	R	Inc	252.7	185.2	nil
2010	R	Acc	252.7	185.2	nil
2011	R	Inc	274.1	202.9	nil
2011	R	Acc	274.1	202.9	nil
2011	Z	Inc	112.1	87.45	nil
2011	Z	Acc	112.1	87.55	nil
2012	R	Inc	296.0	238.9	nil
2012	R	Acc	296.1	238.9	nil
2012	Z	Inc	122.0	103.3	nil
2012	Z	Acc	122.1	103.5	nil
2013*	R	Inc	340.2	260.0	nil
2013*	R	Acc	340.2	260.1	nil
2013*	Z	Inc	141.5	113.4	nil
2013*	Z	Acc	141.6	113.5	nil

Highest offer and lowest bid price quoted at any time in the calendar year and \* to 31 August 2013.

### Net asset value record

Unit class	Unit type	Net asset value per unit as at 31 Aug 2013 (pence)	Net asset value per unit as at 28 Feb 2013 (pence)
R	Inc	309.3	288.1
R	Acc	309.5	288.0
Z #	Inc	135.6	125.5
Z #	Acc	135.6	125.6

# Renamed to Z on 16 April 2012. Please note, that the NAV prices shown above are different from the results prices as at 31.08.13. 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).

### ADDITIONAL INFORMATION

#### Report and Financial Statements

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 Emerging Markets 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 Emerging Markets 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.

# AXA Framlington American Growth Fund

For the six months ended 31 August 2013

## Top ten holdings as at 31 August 2013

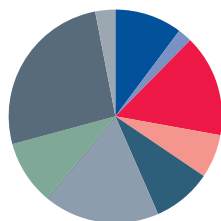
Company	Sector	%
Apple	Technology	4.17
Google	Technology	3.21
QUALCOMM	Technology	1.92
Amazon	Consumer Services	1.77
Gilead Sciences	Healthcare	1.58
Tractor Supply	Consumer Services	1.57
Cognizant Technology Solutions	Technology	1.56
TJX	Consumer Services	1.56
Celgene	Healthcare	1.55
Facebook	Technology	1.54

## Top ten holdings as at 28 February 2013

Company	Sector	%
Apple	Technology	4.32
Google	Technology	3.66
QUALCOMM	Technology	2.13
International Business Machines	Technology	1.82
Amazon	Consumer Services	1.80
Kansas City Southern	Industrials	1.64
Visa	Financials	1.60
Danaher	Industrials	1.59
American Tower	Financials	1.57
Polaris	Consumer Goods	1.57

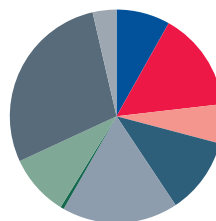
## Portfolio breakdown

as at 31 August 2013



Sector	%
Oil & Gas	10.22
Basic Materials	2.15
Industrials	15.47
Consumer Goods	6.62
Healthcare	8.98
Consumer Services	17.61
Telecommunications	-
Financials	9.74
Technology	26.17
Net Current Assets	3.04

as at 28 February 2013



Sector	%
Oil & Gas	8.14
Basic Materials	-
Industrials	15.03
Consumer Goods	5.94
Healthcare	11.55
Consumer Services	17.60
Telecommunications	0.52
Financials	9.32
Technology	28.29
Net Current Assets	3.61

All data, source: AXA Investment Managers

# AXA Framlington American Growth Fund

## For the six months ended 31 August 2013

---

### Important information

---

#### Authorised Fund Manager / Investment Manager

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

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

#### Trustee

National Westminster Bank plc  
Trustee & Depositary Services  
Younger Building  
1st Floor  
3 Redheughs Avenue  
Edinburgh, EH12 9RH

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

#### Dealing & correspondence

PO Box 10908  
Chelmsford, CM99 2UT

Telephone dealing & enquiries

**0845 777 5511**

IFA dealing & enquiries

**0845 766 0184**

If you are calling us from outside of the UK:

**+44 1268 448667**

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

#### Independent auditor

Ernst & Young LLP  
Ten George Square  
Edinburgh, EH12 9RH

#### Registrar

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

*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.

**0845 777 5511**

**[www.axa-im.co.uk](http://www.axa-im.co.uk)**

---

**0845 777 5511**

**[www.axa-im.co.uk](http://www.axa-im.co.uk)**

The value of investments and the income from them can fluctuate and investors may not get back the amount originally invested. Past performance is not a guide to future performance. AXA Framlington is an expertise of AXA Investment Managers UK Limited. Issued by AXA Investment Managers UK Ltd registered in England No. 01431068. The registered office address is 7 Newgate Street, London EC1A 7NX. AXA Investment Managers UK Ltd (119368) is authorised and regulated by the Financial Conduct Authority (formerly the Financial Services Authority) under the account shown. A member of the IMA. Telephone calls may be recorded or monitored for quality assurance purposes.

17697 10/13 Produced using a combination of FSC and recycled materials.  
All data sources: AXA Investment Managers unless otherwise stated.