

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

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

Our total funds under management now exceed £454 billion. (Source: AXA IM as at 31 December 2013).

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

Investment objective and policy

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

Results

Share Class	Share Type	Price at 31.12.13 (p)	Price at 30.06.13 (p)	Fund Performance	Comparative Benchmark*
Z gross	Acc	117.2	115.6	1.38%	1.91%
Z gross	Inc	83.79	84.42	1.34%	1.91%
Z net	Acc	107.4	106.4	0.94%	1.91%
Z net	Inc	79.80	80.38	0.94%	1.91%
R net	Acc	114.5	113.6	0.79%	1.91%
R net	Inc	79.23	79.81	0.73%	1.91%
R gross	Acc	112.5	111.3	1.08%	1.91%
R gross	Inc	76.89	77.47	1.07%	1.91%
H gross	Acc	121.0	119.1	1.60%	1.91%
H net	Acc	112.4	111.1	1.17%	1.91%

Past performance is not a guide to future returns. Source of all performance data: AXA Investment Managers and Lipper up to 31 December 2013. Pricing source at midday. *Comparative benchmark: IMA Sterling Corporate Bond Sector Median (net).

Review and outlook

Sterling corporate bond markets delivered positive returns during the six months in review, despite the negative effects of rising government bond yields.

Following a dramatic rise in volatility in June, after the US Federal Reserve (the Fed) suggested that it might soon begin withdrawing its liquidity stimulus (quantitative easing), bond markets began the review period more confidently, with gilt yields easing and credit spreads tightening. Corporate bonds, in particular, found good support from investors looking for additional yield, who were, in turn, encouraged by healthy company fundamentals.

In August however, newly appointed governor of the Bank of England, Mark Carney, announced the introduction of a new 'forward guidance' policy, giving notice that interest rates were unlikely to rise from the current 0.5% until unemployment fell below 7%. Aimed at reassuring investors, it failed to have the desired effect as scepticism about how strictly the rule would be applied, saw gilt yields rise, impacting credit market returns.

Meanwhile, the prospect of the Fed beginning to withdraw or 'taper' quantitative easing remained an ongoing source of uncertainty throughout the six-month review period. This was duly reflected in the

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

amount of new corporate bond issuance – which slowed notably through the middle of the review period as companies appeared to defer issuing new bonds, given the uncertain backdrop. In September, a surprise announcement from the Fed, stating that it would not yet begin reducing its quantitative easing programme, gave bond investors reason to cheer, leading to a strong rally in both government and corporate bonds. At the same time, US telecom company, Verizon launched the largest corporate debt deal in history with its \$49bn bond offer. This seemed to signal confidence to other companies around the world, as new bond issuance notably increased and September closing as a record month of new issuance, at \$217bn. With spreads tightening and investors remained hungry for yield, it was the riskier, higher yielding areas, such as subordinated bank and insurance debt that performed best. Interestingly, however, traditionally defensive, lower yielding areas such as utilities and asset-backed securities (ABS), also performed very well.

Credit markets generally continued to find support into the year end, pausing only occasionally, as investors took profits from the rally. Gilts were more volatile, however, with yields moving higher as data in both the UK and the US showed clear improvement, the latter adding to expectations of a withdrawal of US quantitative easing. This impacted credit markets negatively as, despite spreads continuing to tighten through quarter four, it was not enough to offset the rise in gilt yields, meaning corporate bonds delivered negative total returns over the final quarter of 2013. When, in December, the Fed finally announced the commencement of tapering, much of the potential impact was already priced in to valuations and, along with the Fed's dovish accompanying statement, helped ensure a relatively subdued market response.

At the start of the review period, we increased the Fund's duration to its highest level of the year, on the view that sterling bonds would rally after June's weakness. We reduced our exposure to senior bank debt, replacing it with more subordinated financial debt offering a pick-up in yield. We also reduced our overweight position in insurance sector credit, locking in gains after spreads tightening. Elsewhere, we added to our utilities exposure, appealing due to the longer duration nature of the bonds, and reduced our focus in the telecommunication and the consumer sectors. From around August, we started reducing the Fund's duration once more, taking it back to a level more than one year less than at the start of the review period, as improving UK and US economies increased the risk of rising yields. Meanwhile,

political instability in Italy caused considerable uncertainty on local bond markets, as it looked increasingly likely that new elections would have to be called. We therefore reduced our exposure to Italian corporate debt, selling Telecom Italia, for example, ahead of any further increase in volatility. Later in the review period, we began to close out the short duration stance once more, and in November, increased our duration exposure to a new high for the year. In a winding down market ahead of Christmas, we added some new issue bonds in the insurance and ABS sectors, two of our favoured areas.

During six-month review period, the AXA Sterling Corporate Bond Fund provided a total net return of +0.79% (R Acc) compared with a +1.91% from the comparative IMA Sterling Corporate Bond Sector Median (net) return.

The developed market global economy continued to improve during 2014, bringing higher government bond yields, tighter credit spreads and higher equity levels. Forward guidance policies adopted by many central banks, meant that while expectations for higher policy rates were brought forward, this did not lead to an aggressive re-pricing of yields. 2014 should continue in a similar vein in our view, although all eyes will remain focused on the sustainability of the recovery, having had various false starts already, in the wake of the global crisis. Credit continues to benefit from an improving economy, but not so strong that it fosters negative credit effects.

Nick Hayes

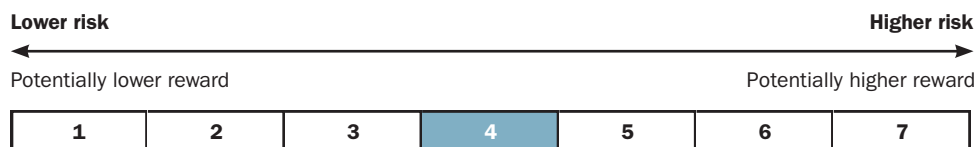
31 December 2013

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

Risk and reward profile

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



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

Why is this Fund in this category?

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

Additional risks

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

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

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

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

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

FUND FACTS

Lead Fund manager	Nick Hayes
Sector	IMA Sterling Corporate Bond
Comparative Benchmark	No official benchmark**
Launch date	13 July 2007
Fund size at 31 Dec 2013	£126m
Fund size at 30 Jun 2013	£164m
Minimum investments (Lump sum)	R: £1,000 Z: £100,000 H: £20,000,000
Minimum per month	R: £50 / Z&H: N/A
Yield H Acc net/gross	4.50%
Yield R Inc net/gross	3.50%
Yield R Acc net/gross	3.50%
Yield Z Acc net/gross	4.00%
Yield Z Inc net/gross	4.00%
Number of stocks	122
Initial charge	R: 4% / Z: Nil / H: 5%
Annual charge	R: 1.00% / Z: 0.50% / H: Nil
Ongoing charges	
H Acc net/gross	0.04%
R Inc net/gross	1.06%
R Acc net/gross	1.06%
Z Inc net/gross	0.55%
Z Acc net/gross	0.55%
Accounting dates (int/ann)	31 Dec/ 30 Dec
Distribution dates (income)	28 Feb*, 31 May, 31 Aug, 30 Nov

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

Top five purchases

For the six months ended 31 December 2013

GDF Suez 4.625% Perpetual
Glencore Finance 6.5% 27/02/19
Intu SGS Finance 4.125% 06/12/23
National Grid Electricity 4% 08/06/27
Northern Gas Networks 4.875% 30/06/27

Top five sales

For the six months ended 31 December 2013

Intesa Sanpaolo 5.25% 28/01/22
Land Securities Capital Markets FRN 07/11/19
Marks & Spencer 6.125% 06/12/21
Morgan Stanley 5.75% 14/02/17
Vattenfall 6.125% EMTN 16/12/19

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

Five year discrete annual performance

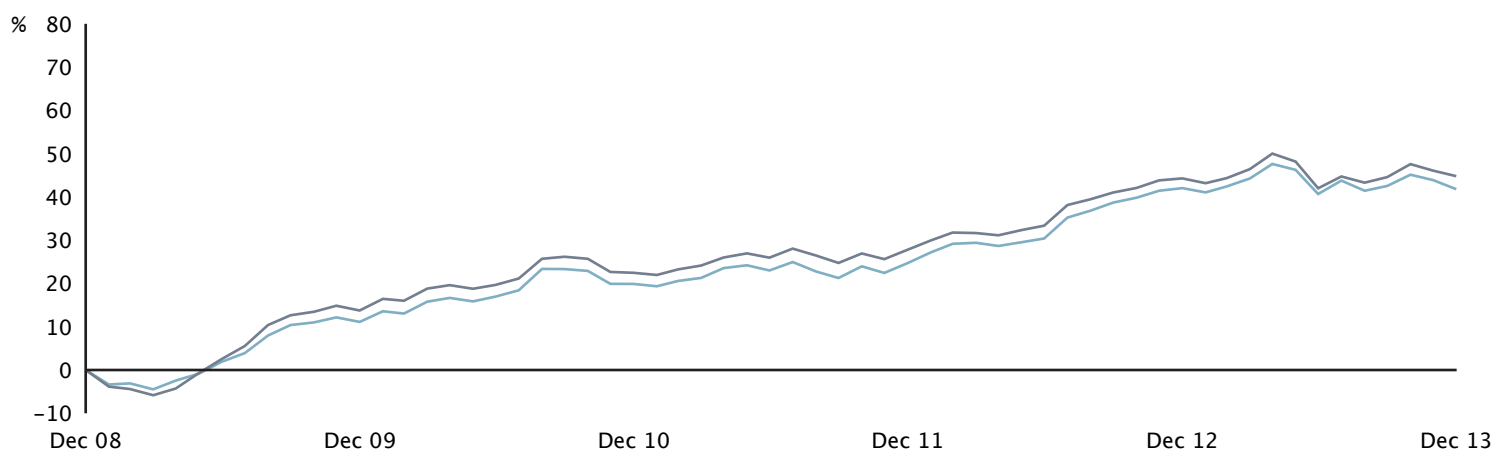
Dec 08 to Dec 09	Dec 09 to Dec 10	Dec 10 to Dec 11	Dec 11 to Dec 12	Dec 12 to Dec 13
+11.11%	+7.90%	+4.01%	+13.90%	-0.17%

Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid, assume income reinvested in sterling terms to 31 December 2013.

Cumulative Fund performance versus comparative benchmark

as at 31 December 2013

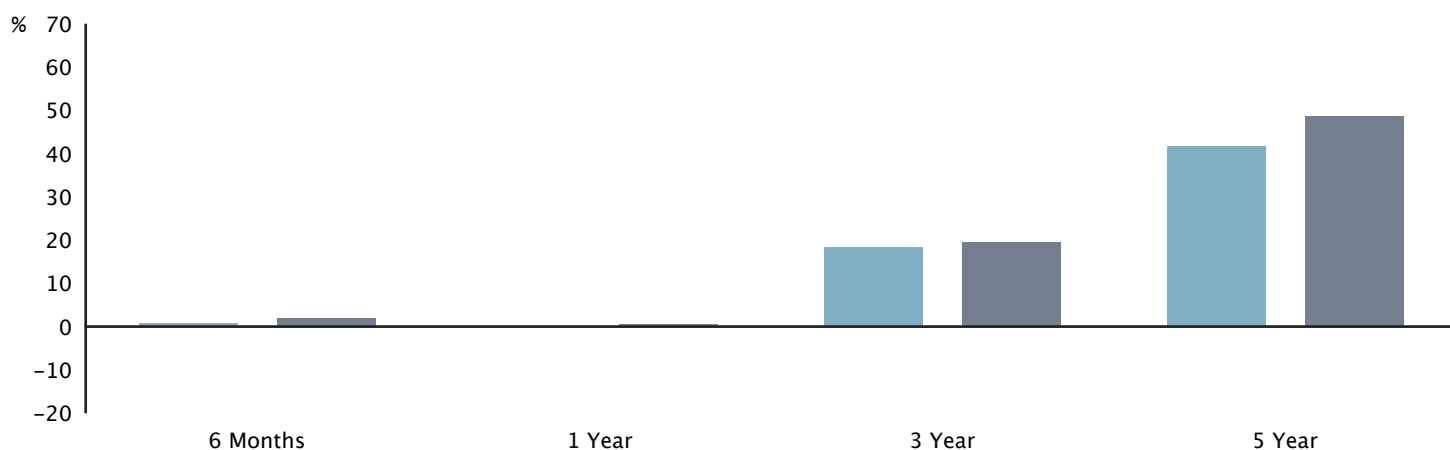
■ AXA Sterling Corporate Bond Fund ■ Customised Benchmark



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

as at 31 December 2013

■ AXA Sterling Corporate Bond Fund ■ Customised Benchmark



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

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

Summary of historic prices and distributions

Year	Share class	Share type	Highest share price (pence)	Lowest share price (pence)	Distribution per share (pence)	Share type	Highest share price (pence)	Lowest share price (pence)	Distribution per share (pence)
2013**	H	Acc (net)	116.9	110.2	4.076	Acc (gross)	125.1	117.9	5.436
2013**	R	Inc (net)	84.04	78.54	2.258	Inc (gross)	81.48	76.19	2.737
2013**	R	Acc (net)	119.6	112.7	3.226	Acc (gross)	117.0	110.3	3.949
2013**	Z	Inc (net)	84.59	79.08	2.597	Inc (gross)	88.72	83.00	3.407
2013**	Z	Acc (net)	112.0	105.5	3.455	Acc (gross)	121.5	114.6	4.692
2012	H	Acc (net)	111.9	97.21	4.081	Acc (gross)	119.3	102.6	5.388
2012	R	Inc (net)	81.80	73.34	2.401	Inc (gross)	79.39	71.05	2.911
2012	R	Acc (net)	114.9	100.5	3.336	Acc (gross)	112.1	97.40	4.047
2012	Z	Inc (net)	82.38	73.79	2.752	Inc (gross)	86.51	77.33	3.586
2012	Z	Acc (net)	107.4	93.66	3.540	Acc (gross)	116.2	100.4	4.727
2011	H	Acc (net)	97.83	91.85	4.571	Acc (gross)	103.0	95.94	5.966
2011	R	Inc (net)	75.78	71.55	2.942	Inc (gross)	73.47	69.33	3.567
2011	R	Acc (net)	101.6	95.79	3.941	Acc (gross)	98.19	91.88	4.735
2011	Z	Inc (net)	76.27	72.00	3.123	Inc (gross)	80.02	75.47	4.270
2011	Z	Acc (net)	94.44	88.94	3.914	Acc (gross)	101.1	94.49	5.665
2010	H	Acc (net)	95.97	85.46	4.386	Acc (gross)	99.93	88.32	5.679
2010	R	Inc (net)	77.23	71.03	2.970	Inc (gross)	74.92	68.84	3.622
2010	R	Acc (net)	100.2	89.90	3.819	Acc (gross)	95.95	85.46	4.566
2010	Z	Inc (net)	77.75	71.45	3.283	Inc (gross)	81.60	74.98	4.320
2010	Z	Acc (net)	92.96	82.97	3.907	Acc (gross)	98.55	87.44	5.169
2009	H	Acc (net)	86.21	71.36	3.704	Acc (gross)	88.93	72.95	4.697
2009	R	Inc (net)	72.55	62.00	2.626	Inc (gross)	70.41	60.18	3.203
2009	R	Acc (net)	90.77	75.54	3.256	Acc (gross)	86.13	71.12	3.800
2009	Z	Inc (net)	73.02	62.41	2.893	Inc (gross)	76.74	65.60	3.809
2009	Z	Acc (net)	83.84	69.59	3.285	Acc (gross)	88.09	72.49	4.344

Highest offer and lowest bid price quoted at anytime in the calendar year and * to 31 December 2013. + Distribution paid 28 February 2014.

Net asset value record

Share class	Share type	Net asset value per share as at 31 December 2013 (pence)	Net asset value per share as at 30 June 2013 (pence)	Share type	Net asset value per share as at 31 December 2013 (pence)	Net asset value per share as at 30 June 2013 (pence)
H	Acc (net)	112.1	110.4	Acc (gross)	120.7	118.3
R	Inc (net)	78.43	78.62	Inc (gross)	75.98	76.17
R	Acc (net)	114.1	112.9	Acc (gross)	112.2	110.5
Z	Inc (net)	78.90	79.10	Inc (gross)	82.69	82.89
Z	Acc (net)	107.1	105.7	Acc (gross)	116.8	114.9

Please note, that the NAV prices shown above are different from the results prices as at 31.12.13 The differences are due to the fund performance tables taking the quoted valuation prices on the last day of the period, whereas the NAV table above is showing prices including any accounting adjustments at the end of the period. Basis: mid to mid

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

Top ten holdings as at 31 December 2013

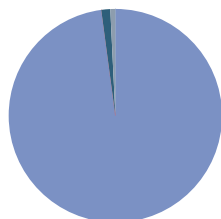
Company	Sector	%
GE Capital UK Funding 5.125% 24/05/23	Corporate Bonds	1.83
Lloyds TSB 7.5% 15/04/24	Corporate Bonds	1.83
Coventry Building Society 4.625% 19/04/18	Corporate Bonds	1.66
Leeds Building Society 4.25% 17/12/18	Corporate Bonds	1.59
Yorkshire Building Society 4.75% 12/04/18	Corporate Bonds	1.52
Legal & General 6.385% Perpetual	Corporate Bonds	1.36
Next 5.875% 12/10/16	Corporate Bonds	1.36
Portman Building Society 5.25% 23/11/20	Corporate Bonds	1.33
CNP Assurances FRN 30/09/41	Corporate Bonds	1.31
BP Capital Markets 4.325% 10/12/18	Corporate Bonds	1.29

Top ten holdings as at 30 June 2013

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

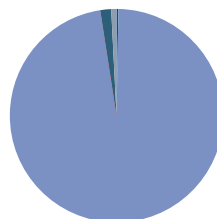
Portfolio breakdown

As at 31 December 2013



Sector	%
Government Bonds	0.00
Corporate Bonds	97.98
Forward currency contracts	0.00
Futures	-0.10
Cash	1.36
Other	0.76

As at 30 June 2013



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

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

AXA Sterling Corporate Bond Fund

For the Six Months Ended 31 December 2013

Authorised Corporate Director

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Authorised and regulated by the Financial Conduct Authority. Member of the IMA.

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For more information on any AXA IM Fund please contact us via our website or telephone number below.

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

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

0845 777 5511

www.axa-im.co.uk

ADDITIONAL INFORMATION

Report and accounts

The purpose of sending this Short Report for the Fund is to give you a summary of how the Fund has performed during the accounting period in accordance with the Collective Investment Schemes Sourcebook (COLL) Rules. If you would like any additional information about the Fund you can request a copy of the more detailed long form accounts for the Fund. For a copy of this, please contact our dedicated customer services team on 0845 777 5511.

Other information

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

AXA Investment Managers UK Limited has made changes to the Prospectus and the Instrument of Incorporation of the OEICs to reflect the requirements of the Open-Ended Investment Companies (Amendment) Regulations 2011 and the FCA's COLL Rules for the AXA Fixed Interest Investment ICVC, in order to adopt protected cell status. This will have the effect of ensuring that the liabilities of each sub fund in the OEIC are protected from each other. This change was made on 31 December 2013 and has no effect on your investment in the Fund. This note is for your information only.

European Savings Directive

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

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

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All data sources: AXA Investment Managers unless otherwise stated.