



**Annual Long Report and Audited Financial Statements**  
**Year ended**  
**30 June 2023**

# **AXA Fixed Interest Investment ICVC**



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

### Contents Page

<b>AXA Fixed Interest Investment ICVC</b>	<b>Page</b>
Directory*	3
Report of the Directors of AXA Fixed Interest Investment ICVC*	5
<b>Fund Investment Commentaries* and Financial Statements</b>	
AXA Global High Income Fund**	6
AXA Global Short Duration Bond Fund	40
AXA Global Strategic Bond Fund	72
AXA Sterling Corporate Bond Fund	112
AXA Sterling Credit Short Duration Bond Fund	140
AXA Sterling Index Linked Bond Fund	172
AXA Sterling Strategic Bond Fund	194
AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund	220
AXA ACT Green Short Duration Bond Fund	250
AXA US Short Duration High Yield Fund	276
Accounting Policies	300
Statement of the Authorised Corporate Director's ("ACD") Responsibilities	305
Statement of the Depositary's Responsibilities	306
Report of the Independent Auditor	307
Further Information (unaudited)*	311

\* Collectively, these comprise the Authorised Corporate Director's Report.

\*\* On the 21 July 2023 the AXA Global High Income Fund is changing name to the AXA Global High Yield Fund. Please refer to the important events section on page 5.

More detailed information about AXA Investment Managers' UK funds is available on the Fund Centre of our website where you can find the Prospectus, Key Investor Information Document (KIID), annual reports and monthly fund factsheets at:

<https://retail.axa-im.co.uk/fund-centre>

## Directory

### **The Company and Head Office**

AXA Fixed Interest Investment ICVC  
22 Bishopsgate  
London EC2N 4BQ

### **Authorised Corporate Director ("ACD")**

AXA Investment Managers UK Limited  
22 Bishopsgate  
London EC2N 4BQ  
[www.axa-im.co.uk](http://www.axa-im.co.uk)

Authorised and regulated by the Financial Conduct Authority in the conduct of investment business.  
Registered in England and Wales No. 01431068.  
The company is a wholly owned subsidiary of AXA S.A., incorporated in France.  
Member of the Investment Association (IA)

### **The Administrator and address for inspection of Register**

SS&C Financial Services International Limited and SS&C Financial Services Europe Limited  
SS&C House  
St Nicholas Lane  
Basildon  
Essex, SS15 5FS  
Authorised and regulated by the Financial Conduct Authority.

### **Sub-Investment Managers**

AXA Investment Managers Inc  
100 West Putnam Avenue  
4th Floor  
Greenwich  
CT 06830 USA

AXA Investment Managers Paris  
Tour Majunga  
La Défense 9  
6, Place de la Pyramide  
92800 Puteaux

### **Legal Adviser**

Eversheds LLP  
One Wood Street  
London, EC2V 7WS

### **Fund Accounting Administrator**

State Street Bank & Trust Company  
20 Churchill Place  
London, E14 5HJ  
Authorised and regulated by the Financial Conduct Authority.

## Directory

### Depository

HSBC Bank plc,  
8 Canada Square,  
London, E14 5HQ

HSBC Bank plc is a subsidiary of HSBC Holdings plc.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### Independent Auditors

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh, EH3 8EX

## Report of the Directors of AXA Fixed Interest Investment ICVC

AXA Fixed Interest Investment ICVC (“the Company”) is an investment company with variable capital incorporated in England and Wales and authorised by the Financial Conduct Authority (“FCA”).

Shareholders are not liable for the debts of the Company.

There are ten sub-funds which are currently available in the Company (each a “Fund”), and in the future there may be other sub-funds in the Company.

Each Fund has the investment powers equivalent to those of a UCITS (Undertakings for Collective Investment in Transferable Securities) under the FCA’s Collective Investment Schemes Sourcebook (“COLL”). The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund, and shall not be available for any such purpose. Further details in relation to the segregated nature of the Funds can be found in the Prospectus.

AXA Global Short Duration Bond Fund has a holding of 1,871,800 shares in the AXA US Short Duration High Yield Fund with a market value of £2,826,418. There are no other cross holdings.

### Important Events During the Year

#### ***AXA Global High Income Fund - Name Change***

On the 21 July 2023 AXA Global High Income Fund is changing name to AXA Global High Yield Fund. Further information in relation to this can be found on the fund centre: <https://retail.axa-im.co.uk/fund-centre>

#### ***AXA Sterling Strategic Bond Fund and AXA Sterling Index Linked Bond Fund***

The Financial Statements of the AXA Sterling Strategic Bond Fund and the AXA Sterling Index Linked Bond Fund have been prepared on a break-up basis. The Authorised Corporate Director (‘ACD’) closed the AXA Sterling Strategic Bond Fund on 27 April 2023. Furthermore, the ACD has submitted an application to the FCA to close the AXA Sterling Index Linked Bond Fund. Any administrative costs of terminating the sub-funds will not be charged to the sub-funds but will be paid by AXA IM. Under this basis of preparation, assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. No adjustments were necessary except for reclassifying fixed assets as current assets. The Financial Statements as a whole continue to be prepared on a going concern basis.

#### ***The Task Force on Climate Related Financial Disclosures (TCFD)***

From June 2023 the FCA has introduced requirements for ACD of UK UCITS to report annually on a broad set of climate related disclosures that can promote more informed investment decisions. The reporting includes data relating to greenhouse gas emissions, carbon emissions, carbon footprint, and weighted carbon intensity. You can find a copy of the latest TCFD report on the Fund Page under ‘Documents’ for each sub-fund at <https://retail.axa-im.co.uk/fund-centre>

#### ***AXA Fixed Interest Investment ICVC - Prospectus***

The Prospectus for the AXA Fixed Interest Investment ICVC will be updated on 21 July 2023.

#### ***AXA US Short Duration High Yield Fund - ZI Monthly Distributing Share Class***

Following the period under review an additional share class has been launched, with the same charging structure as the existing Z class, however with a monthly distribution facility. Further information in relation to this can be found on the fund centre: <https://retail.axa-im.co.uk/fund-centre>

## AXA Global High Income Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to provide long-term high income combined with any capital growth over a period of 5 years or more.

#### Investment Policy

The Fund invests primarily (meaning at least 70% of its assets) in a diversified portfolio of high yield bonds issued by companies anywhere in the world. The Manager focuses on credit analysis to create a portfolio of bonds that seeks diversification across companies showing improving resilience against default.

The Manager takes into account the composition and risk profile of the ICE BofA Developed Markets High Yield Constrained Index (HYDC) (the "Index") when making investment decisions. However the Manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the Index. The Index is designed to measure the performance of the developed global high yield bond market. This Index best represents the types of bonds in which the Fund predominantly invests. Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

This Fund is actively managed in reference to the ICE BofA Developed Markets High Yield Constrained Index (HYDC), which may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 30 June 2023

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. You are aware that investing in a fund which has a global remit can increase risk because of currency movements in return for greater potential reward. However, the Fund is hedged back to Sterling. You are also aware that investing in sub investment grade bonds increases the potential income but also increases risk to your investment. 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. There has been no change from prior year.

#### 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 level of variation which, may result in gains or losses.

## AXA Global High Income Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Key risks

**Under normal market conditions the Fund's key risk factors are:**

- **Credit risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings (credit ratings are an assessment of a borrower's ability to meet its debt obligations (i.e. its ability to pay its debts). A higher credit rating means more confidence that a borrower will be able to pay its debts, which usually means cheaper funding costs for higher rated borrowers (i.e. it is less risky to lend to them, so investors require a smaller premium). There are 10 ratings within investment grade credit ratings, ranging from the highest rating AAA (credit rating agencies S&P and Fitch use this designation, Moody's used Aaa) to the lowest BBB (Baa3 Moody's). Risk level increases markedly for credit ratings below investment grade, considered speculative grade and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings). See further below under "High yield bonds risk".

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- **High yield bonds risk** - high yield bonds (also known as sub-investment grade bonds) are fixed interest securities issued by companies or governments with lower credit ratings (Ba1 and below (Moody's) or BB+ and below (Standard & Poor's and Fitch Ratings)). They are potentially more risky than investment grade bonds which have higher ratings. The issuers of high yield bonds will be at greater risk of default or ratings downgrades. The capital value of the Fund's investment in high yield bonds and the level of income it receives may fall as a result of such issuers ceasing to trade. The Fund will endeavour to mitigate the risks associated with high yield bonds, by diversifying their holdings by issuer, industry and credit quality.

This is an inherent risk for funds invested within high yield bonds. Internal investment guidelines (which may include measures of credit quality, measures of sensitivity to credit spread moves and diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- **Interest rate risk** - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.



## AXA Global High Income Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Prepayment and extension risk** - prepayment risk is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.



## AXA Global High Income Fund

### Investment Manager's Report

For the year ended 30 June 2023

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

- Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- Currency risk - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

## AXA Global High Income Fund

### Investment Manager's Report

For the year ended 30 June 2023

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

During the period from 30 June 2022 to 30 June 2023, the ICE BofA Developed High Yield Index (GBP hedged) posted a positive total return of 7.78%. From September 2022, we changed the fund's benchmark from the ICE BofA Global High Yield Index (GBP Hedged) to the ICE BofA Developed Markets High Yield Constrained Index (GBP Hedged), in an effort to remove the fund's tracking error related specifically to our approach to the emerging market segment of the global high yield universe. Over the 12 month period, high yield bonds provided a strong return in the face of inflationary risks and potential recession fears, stemming from the aggressive tightening of monetary conditions by the Federal Reserve. The market was able to avoid a downturn due to better-than-feared earnings results, an increase in capital markets activity and healthy balance sheets being able to absorb higher rates. During the period from 30 June 2022 to 30 June 2023, the AXA Global High Income Fund gained +7.26% net of fees (Z GBP share class), modestly underperforming its benchmark the ICE BofA Developed Markets High Yield Constrained Index (GBP hedged). The underlying performance drivers for the US and European portions of the fund are detailed below.

#### US High Yield

The US portion of the portfolio outperformed relative to the broad US high yield market during the period from 30 June 2022 to 30 June 2023. The outperformance was driven both by its security selection and its macro risk positioning. Specifically, relative performance benefitted the most from selection within the highest yielding segment of the market. The underweight positions within the shortest duration and the intermediate duration, higher-quality segments of the market also contributed positively to performance. From a sector perspective, the portfolio was positively impacted by security selection within the Media and Services sectors while negative security selection within the Telecommunications and Financial Services sectors detracted from relative performance. Also, the portfolio's overweight to the Services sector added to relative performance while an overweight to the Technology & Electronics sector detracted from performance during the period.

## AXA Global High Income Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### European High Yield

The European portion of the portfolio outperformed the broader market during the period under review, similarly due to a combination of macro positioning and stock selection. As yields rose, the fund benefitted from a larger allocation to lower duration single-B rated securities. Security selection was positive within the riskier segment of the market, though this was partially offset by a negative impact from the higher quality segments. By sector, an overweight position in the Healthcare sector and an underweight allocation to Banking added positively to relative performance. Banking was particularly volatile in early 2023, after a number of US regional banks, as well as Credit Suisse, ran into trouble. Security selection within the Real Estate sector was positive due to avoiding some of the most difficult names and similarly for the Telecommunications sector, where the portfolio did not own the longest duration bonds. This was offset slightly by a couple of idiosyncratic stories in Utilities.

#### Outlook

The fund finished the period with a yield-to-worst<sup>1</sup> of 8.33% (exclusive of cash) which compares to the benchmark yield-to-worst of 8.37%. The fund's duration-to-worst of 3.7 was also in line with the benchmark's duration-to-worst<sup>2</sup> of 3.7. Although Chairman Powell's comments continue to be hawkish, we believe that the U.S. Federal Reserve is certainly near the end of its hiking cycle and that inflation is coming under control, which is supportive for fixed income markets going forward. While the default rate of the global developed high yield bond market has increased so far this year, we still believe that it is unlikely to increase to a level significantly higher than its long-term average. Based on our outlook for the global economy and current valuations, we continue to believe that portions of the global developed high yield bond market can deliver attractive total returns over the next 12 months.

<sup>1</sup> Yield-to-worst: a measure of the lowest possible yield that investors can expect from a bond under various scenarios without defaulting, considering factors like call provisions, prepayments and other features that may affect the bond's cash flows.

<sup>2</sup> Duration-to-worst: a measure of duration computed using the nearest call date or maturity of a bond, whichever comes first.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● Mauser Packaging Solutions 9.25% 15/04/27	625	● Change Healthcare 5.75% 01/03/25	737
● Catalent Pharma Solutions 2.375% 01/03/28	359	● Mauser Packaging Solutions 7.25% 15/04/25	691
● Bausch Health 11% 30/09/28	345	● Getty Images 9.75% 01/03/27	585
● Windsor III 8.5% 15/06/30	329	● Vista Outdoor 4.5% 15/03/29	557
● Ball 6.875% 15/03/28	325	● eG Global Finance 8.5% 30/10/25	504

**Michael Graham**

AXA Investment Managers UK Limited

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 93.74% (30/06/22: 99.20%)</b>			
<b>Australia 0.38% (30/06/22: 0.34%)</b>			
Nufarm Australia 5% 27/01/30	392,000	275	0.38
<b>Austria 0.22% (30/06/22: 0.00%)</b>			
Raiffeisen Bank International 4.75% 26/01/27	EUR 100,000	84	0.12
Sappi Papier 3.625% 15/03/28	EUR 100,000	75	0.10
<b>Belgium 0.27% (30/06/22: 0.32%)</b>			
Azelis Finance 5.75% 15/03/28	EUR 100,000	86	0.12
Sarens Finance 5.75% 21/02/27	EUR 150,000	107	0.15
<b>Bermuda 0.26% (30/06/22: 0.00%)</b>			
NCL 8.375% 01/02/28	226,000	187	0.26
<b>Canada 3.18% (30/06/22: 3.79%)</b>			
1375209 BC 9% 30/01/28	152,000	121	0.17
ATS 4.125% 15/12/28	276,000	196	0.27
Bausch Health 11% 30/09/28	270,000	150	0.21
Bausch Health 5.5% 01/11/25	414,000	287	0.40
Garda World Security 6% 01/06/29	431,000	279	0.39
Garda World Security 9.5% 01/11/27	512,000	391	0.54
GFL Environmental 5.125% 15/12/26	100,000	76	0.11
Intelligent Packaging Finco 6% 15/09/28	325,000	219	0.30
New Red Finance 3.875% 15/01/28	90,000	65	0.09
New Red Finance 5.75% 15/04/25	171,000	135	0.19
Precision Drilling 7.125% 15/01/26	209,000	163	0.23
Videotron 3.625% 15/06/29	294,000	200	0.28
<b>Cayman Islands 0.57% (30/06/22: 0.00%)</b>			
GGAM Finance 8% 15/06/28	344,000	269	0.37
Transocean 8.75% 15/02/30	177,000	141	0.20
<b>Czech Republic 0.00% (30/06/22: 0.17%)</b>			
<b>Denmark 0.00% (30/06/22: 0.20%)</b>			
<b>Finland 0.00% (30/06/22: 0.09%)</b>			

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>France 3.25% (30/06/22: 2.64%)</b>			
Afflelou 4.25% 19/05/26	EUR 124,000	101	0.14
Altice France 3.375% 15/01/28	EUR 200,000	125	0.17
Altice France 8.125% 01/02/27	200,000	135	0.19
Banijay 6.5% 01/03/26	EUR 190,000	162	0.23
CAB SELAS 3.375% 01/02/28	EUR 132,000	92	0.13
Chrome 5% 31/05/29	EUR 100,000	64	0.09
Crown European 5% 15/05/28	EUR 205,000	177	0.25
Elis 2.875% 15/02/26	EUR 200,000	164	0.23
Emeria SASU 7.75% 31/03/28	EUR 125,000	99	0.14
Forvia 2.75% 15/02/27	EUR 140,000	108	0.15
Iliad 5.125% 15/10/26	EUR 205,000	168	0.23
IM 8% 01/03/28	EUR 100,000	76	0.11
Kapla 3.375% 15/12/26	EUR 100,000	78	0.11
La Financiere Atalian 4% 15/05/24	EUR 200,000	126	0.18
Loxam 2.875% 15/04/26	EUR 100,000	79	0.11
Nexans 5.5% 05/04/28	EUR 100,000	88	0.12
Paprec 4% 31/03/25	EUR 100,000	84	0.12
Picard 3.875% 01/07/26	EUR 100,000	78	0.11
Renault 2.375% 25/05/26	EUR 200,000	158	0.22
Seche Environnement 2.25% 15/11/28	EUR 100,000	74	0.10
Tereos Finance Groupe I 7.25% 15/04/28	EUR 100,000	87	0.12
<b>Germany 2.11% (30/06/22: 1.96%)</b>			
Cheplapharm Arzneimittel 3.5% 11/02/27	EUR 133,000	103	0.14
Cheplapharm Arzneimittel 5.5% 15/01/28	419,000	300	0.42
DEMIRE Deutsche Mittelstand Real Estate 1.875% 15/10/24	EUR 200,000	127	0.18
Deutsche Bank 5.625% 19/05/31	EUR 200,000	163	0.23
Gruenenthal 3.625% 15/11/26	EUR 200,000	161	0.22
HT Troplast 9.25% 15/07/25	EUR 172,000	150	0.21
IHO Verwaltungs 3.75% 15/09/26	EUR 200,000	160	0.22
Novelis Sheet Ingot 3.375% 15/04/29	EUR 150,000	112	0.16
ProGroup 3% 31/03/26	EUR 100,000	80	0.11
Techem Verwaltungsgesellschaft 675 2% 15/07/25	EUR 195,000	159	0.22
<b>Gibraltar 0.11% (30/06/22: 0.00%)</b>			
888 Acquisitions 7.558% 15/07/27	EUR 100,000	81	0.11
<b>Greece 0.11% (30/06/22: 0.09%)</b>			
Mytilineos 2.25% 30/10/26	EUR 102,000	82	0.11

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Ireland 0.61% (30/06/22: 0.30%)</b>			
Ardagh Packaging Finance 2.125% 15/08/26	EUR 100,000	76	0.11
Ardagh Packaging Finance 4.75% 15/07/27	GBP 150,000	119	0.17
eircom Finance 3.5% 15/05/26	EUR 200,000	160	0.22
James Hardie International Finance 3.625% 01/10/26	EUR 100,000	82	0.11
<b>Isle Of Man 0.23% (30/06/22: 0.00%)</b>			
Playtech 4.25% 07/03/26	EUR 200,000	167	0.23
<b>Italy 2.36% (30/06/22: 2.05%)</b>			
Assicurazioni Generali 5.5% 27/10/47	EUR 125,000	108	0.15
doValue 5% 04/08/25	EUR 200,000	162	0.23
Engineering - Ingegneria Informatica - 5.875% 30/09/26	EUR 146,000	113	0.16
Fiber Bidco 11% 25/10/27	EUR 100,000	92	0.13
FIS Fabbrica Italiana Sintetici 5.625% 01/08/27	EUR 100,000	76	0.11
Intesa Sanpaolo 5.875% Perpetual	EUR 200,000	161	0.22
Itelyum Regeneration 4.625% 01/10/26	EUR 100,000	79	0.11
Libra Groupco 5% 15/05/27	EUR 175,000	126	0.17
Limacorporate FRN 9% 01/02/28	EUR 100,000	85	0.12
Lottomatica SpA/Roma 7.125% 01/06/28	EUR 107,000	94	0.13
Multiversity SRL FRN 7.5% 30/10/28	EUR 100,000	85	0.12
Rekeep 7.25% 01/02/26	EUR 114,000	91	0.13
TeamSystem 3.5% 15/02/28	EUR 200,000	150	0.21
Telecom Italia 2.375% 12/10/27	EUR 150,000	109	0.15
UniCredit 5.375% Perpetual	EUR 200,000	156	0.22
<b>Japan 0.00% (30/06/22: 0.13%)</b>			
<b>Jersey 0.32% (30/06/22: 0.49%)</b>			
Galaxy Bidco 6.5% 31/07/26	GBP 150,000	136	0.19
Kane Bidco 6.5% 15/02/27	GBP 100,000	90	0.13
<b>Liberia 0.56% (30/06/22: 0.39%)</b>			
Royal Caribbean Cruises 5.5% 01/04/28	313,000	229	0.32
Royal Caribbean Cruises 11.625% 15/08/27	200,000	172	0.24
<b>Luxembourg 2.63% (30/06/22: 2.76%)</b>			
ARD Finance 6.5% 30/06/27	376,000	241	0.33
Camelot Finance 4.5% 01/11/26	300,000	223	0.31
ContourGlobal Power 3.125% 01/01/28	EUR 300,000	204	0.28
Cullinan 4.625% 15/10/26	EUR 200,000	145	0.20
ION Trading Technologies 5.75% 15/05/28	200,000	135	0.19
Lune 5.625% 15/11/28	EUR 150,000	105	0.15
Monitchem HoldCo 3 8.75% 01/05/28	EUR 100,000	85	0.12
Motion Finco 7.375% 15/06/30	EUR 115,000	98	0.14

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
PLT VII Finance 4.625% 05/01/26	EUR 200,000	166	0.23
Rossini 6.75% 30/10/25	EUR 150,000	129	0.18
Stena International 3.75% 01/02/25	EUR 100,000	83	0.12
Summer 5.75% 31/10/26	EUR 151,000	115	0.16
Telenet Finance Luxembourg 3.5% 01/03/28	EUR 200,000	158	0.22
<b>Netherlands 4.42% (30/06/22: 4.23%)</b>			
Abertis Infraestructuras Finance 2.625% Perpetual	EUR 100,000	71	0.10
Cooperatieve Rabobank UA 4.625% Perpetual	EUR 200,000	156	0.22
Darling Global Finance 3.625% 15/05/26	EUR 200,000	167	0.23
Dufry One 2% 15/02/27	EUR 100,000	75	0.10
Energizer Gamma Acquisition 3.5% 30/06/29	EUR 150,000	103	0.14
Iberdrola International 1.874% Perpetual	EUR 100,000	77	0.11
ING 2.5% 15/02/29	EUR 100,000	84	0.12
IPD 3 8% 15/06/28	EUR 100,000	87	0.12
OI European 6.25% 15/05/28	EUR 200,000	175	0.24
PPF Telecom 3.125% 27/03/26	EUR 150,000	122	0.17
Q-Park 2% 01/03/27	EUR 189,000	138	0.19
Sensata Technologies 5.875% 01/09/30	300,000	229	0.32
Sigma 7.875% 15/05/26	265,000	179	0.25
Telefonica Europe 4.375% Perpetual	EUR 100,000	84	0.12
Titan II 5.125% 15/07/29	EUR 100,000	68	0.09
Trivium Packaging Finance 3.75% 15/08/26	EUR 150,000	118	0.16
Trivium Packaging Finance 5.5% 15/08/26	422,000	320	0.44
Trivium Packaging Finance 8.5% 15/08/27	200,000	152	0.21
United 3.125% 15/02/26	EUR 153,000	114	0.16
UPC 3.875% 15/06/29	EUR 100,000	69	0.10
VZ Secured Financing 5% 15/01/32	494,000	314	0.44
Ziggo 6% 15/01/27	298,000	216	0.30
Ziggo Bond 3.375% 28/02/30	EUR 100,000	63	0.09
<b>Panama 0.27% (30/06/22: 0.07%)</b>			
Carnival 6% 01/05/29	276,000	195	0.27
<b>Portugal 0.11% (30/06/22: 0.00%)</b>			
EDP - Energias de Portugal 1.7% 20/07/80	EUR 100,000	78	0.11
<b>Romania 0.23% (30/06/22: 0.19%)</b>			
RCS & RDS 2.5% 05/02/25	EUR 200,000	163	0.23
<b>Spain 1.02% (30/06/22: 1.21%)</b>			
Banco Santander 5.25% Perpetual	EUR 200,000	164	0.23
Cellnex Finance 2.25% 12/04/26	EUR 100,000	80	0.11
eDreams ODIGEO 5.5% 15/07/27	EUR 116,000	90	0.12
Grifols 3.2% 01/05/25	EUR 100,000	83	0.12



## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Grifols Escrow Issuer 4.75% 15/10/28	313,000	214	0.30
Lorca Telecom 4% 18/09/27	EUR 125,000	98	0.14
<b>Sweden 0.42% (30/06/22: 0.12%)</b>			
Intrum 3% 15/09/27	EUR 150,000	89	0.12
Verisure 9.25% 15/10/27	EUR 100,000	91	0.13
Volvo Car 4.25% 31/05/28	EUR 150,000	123	0.17
<b>United Arab Emirates 0.33% (30/06/22: 0.31%)</b>			
GEMS MENASA Cayman 7.125% 31/07/26	313,000	239	0.33
<b>United Kingdom 3.59% (30/06/22: 4.25%)</b>			
Allwyn Entertainment Financing 7.25% 30/04/30	EUR 100,000	87	0.12
Bracken MidCo1 6.75% 01/11/27	GBP 139,000	108	0.15
Constellation Automotive Financing 4.875% 15/07/27	GBP 150,000	115	0.16
EC Finance 3% 15/10/26	EUR 100,000	80	0.11
Energia 4.75% 15/09/24	GBP 168,000	163	0.23
HSBC 2.256% 13/11/26	GBP 100,000	89	0.12
INEOS Quattro Finance 2 3.375% 15/01/26	212,000	153	0.21
International Game Technology 3.5% 15/06/26	EUR 150,000	124	0.17
Investec 1.875% 16/07/28	GBP 100,000	78	0.11
Iron Mountain 3.875% 15/11/25	GBP 207,000	193	0.27
Nationwide Building Society 5.875% Perpetual	GBP 200,000	186	0.26
NatWest 3.622% 14/08/30	GBP 150,000	138	0.19
Pinewood Finance 3.25% 30/09/25	GBP 150,000	138	0.19
Rolls-Royce 4.625% 16/02/26	EUR 200,000	168	0.23
Rolls-Royce 5.75% 15/10/27	367,000	282	0.39
Rothsay Life 6.875% Perpetual	GBP 200,000	165	0.23
TalkTalk Telecom 3.875% 20/02/25	GBP 115,000	93	0.13
Thames Water Kemble Finance 4.625% 19/05/26	GBP 100,000	56	0.08
Virgin Media Secured Finance 5% 15/04/27	GBP 100,000	91	0.13
Voyage Care BondCo 5.875% 15/02/27	GBP 100,000	80	0.11
<b>United States 66.18% (30/06/22: 73.10%)</b>			
ACCO Brands 4.25% 15/03/29	250,000	166	0.23
ACI Worldwide 5.75% 15/08/26	379,000	292	0.41
AdaptHealth 5.125% 01/03/30	284,000	180	0.25
AdaptHealth 6.125% 01/08/28	200,000	135	0.19
ADT Security 4.875% 15/07/32	245,000	166	0.23
Advanced Drainage Systems 6.375% 15/06/30	75,000	58	0.08
Aethon United BR 8.25% 15/02/26	306,000	237	0.33
Ahead DB 6.625% 01/05/28	162,000	103	0.14
Albertsons 3.25% 15/03/26	186,000	136	0.19
Alliant Intermediate 6.75% 15/10/27	222,000	165	0.23
Allied Universal 6.625% 15/07/26	388,000	290	0.40

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Allied Universal 9.75% 15/07/27	459,000	319	0.44
Alteryx 8.75% 15/03/28	248,000	191	0.27
Antero Resources 7.625% 01/02/29	136,000	109	0.15
Aramark Services 5% 01/04/25	304,000	235	0.33
Aramark Services 6.375% 01/05/25	218,000	172	0.24
Ardagh Metal Packaging Finance USD 3% 01/09/29	EUR 100,000	64	0.09
Ardagh Metal Packaging Finance USA 4% 01/09/29	325,000	203	0.28
Aretec Escrow Issuer 7.5% 01/04/29	153,000	105	0.15
Armor Holdco 8.5% 15/11/29	323,000	215	0.30
Asbury Automotive 5% 15/02/32	239,000	164	0.23
Ascent Resources Utica 7% 01/11/26	198,000	152	0.21
AthenaHealth 6.5% 15/02/30	384,000	254	0.35
Avantor Funding 3.875% 15/07/28	EUR 176,000	138	0.19
Avient 7.125% 01/08/30	257,000	204	0.28
Axalta Coating Systems 4.75% 15/06/27	300,000	224	0.31
Ball 6.875% 15/03/28	326,000	263	0.37
Belden 3.375% 15/07/31	EUR 132,000	98	0.14
Blue Racer Midstream 6.625% 15/07/26	273,000	214	0.30
Blue Racer Midstream 7.625% 15/12/25	110,000	88	0.12
Boxer Parent 6.5% 02/10/25	EUR 100,000	85	0.12
Boxer Parent 7.125% 02/10/25	302,000	238	0.33
Bread Financial 7% 15/01/26	200,000	149	0.21
BroadStreet Partners 5.875% 15/04/29	226,000	155	0.22
Caesars Entertainment 4.625% 15/10/29	224,000	154	0.21
Caesars Entertainment 6.25% 01/07/25	481,000	379	0.53
Caesars Entertainment 7% 15/02/30	85,000	67	0.09
Callon Petroleum 7.5% 15/06/30	146,000	109	0.15
Camelot Return Merger Sub 8.75% 01/08/28	192,000	143	0.20
Capstone Borrower 8% 15/06/30	158,000	124	0.17
Catalent Pharma Solutions 2.375% 01/03/28	EUR 500,000	345	0.48
Catalent Pharma Solutions 3.5% 01/04/30	279,000	179	0.25
Catalent Pharma Solutions 5% 15/07/27	259,000	188	0.26
CCO 4.5% 01/05/32	260,000	164	0.23
CCO 4.5% 01/06/33	333,000	206	0.29
CCO 4.75% 01/02/32	202,000	130	0.18
CCO 4.75% 01/03/30	170,000	114	0.16
CCO 6.375% 01/09/29	276,000	205	0.28
CCO Capital 5.125% 01/05/27	226,000	166	0.23
CD&R Smokey Buyer 6.75% 15/07/25	372,000	272	0.38
CDI Escrow Issuer 5.75% 01/04/30	266,000	196	0.27
CEC Entertainment 6.75% 01/05/26	177,000	133	0.18
Central Garden & Pet 4.125% 30/04/31	207,000	135	0.19
Central Parent 7.25% 15/06/29	175,000	137	0.19
Chart Industries 7.5% 01/01/30	235,000	190	0.26
Churchill Downs 5.5% 01/04/27	223,000	169	0.23

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Clarios Global 6.75% 15/05/28	285,000	224	0.31
Clarivate Science 4.875% 01/07/29	470,000	329	0.46
Cloud Software 6.5% 31/03/29	198,000	139	0.19
Cloud Software 9% 30/09/29	238,000	162	0.23
Clydesdale Acquisition 8.75% 15/04/30	364,000	253	0.35
Coherent 5% 15/12/29	161,000	115	0.16
CommScope 4.75% 01/09/29	402,000	250	0.35
CommScope 6% 01/03/26	449,000	331	0.46
CommScope 8.25% 01/03/27	336,000	213	0.30
CP Atlas Buyer 7% 01/12/28	194,000	119	0.17
Crescent Energy Finance 7.25% 01/05/26	332,000	244	0.34
Crestwood Midstream Partners 5.625% 01/05/27	159,000	119	0.17
Crestwood Midstream Partners 6% 01/02/29	384,000	281	0.39
Crestwood Midstream Partners 7.375% 01/02/31	197,000	154	0.21
Crocs 4.125% 15/08/31	234,000	149	0.21
Crown Americas 5.25% 01/04/30	153,000	115	0.16
CrownRock 5.625% 15/10/25	353,000	275	0.38
CSC 5.75% 15/01/30	200,000	74	0.10
CSC 11.25% 15/05/28	200,000	153	0.21
Cushman & Wakefield US Borrower 6.75% 15/05/28	236,000	168	0.23
Darling Ingredients 6% 15/06/30	267,000	206	0.29
Dave & Buster's 7.625% 01/11/25	359,000	288	0.40
Delek Logistics Partners 6.75% 15/05/25	395,000	305	0.42
Dun & Bradstreet 5% 15/12/29	282,000	196	0.27
Dycom Industries 4.5% 15/04/29	320,000	229	0.32
Emerald Debt Merger Sub 6.625% 15/12/30	277,000	216	0.30
Encino Acquisition Partners 8.5% 01/05/28	279,000	201	0.28
Energizer 4.75% 15/06/28	263,000	183	0.25
EquipmentShare.com 9% 15/05/28	108,000	83	0.12
Ford Motor Credit 2.3% 10/02/25	238,000	175	0.24
Ford Motor Credit 3.25% 15/09/25	EUR 150,000	123	0.17
Ford Motor Credit 4% 13/11/30	400,000	270	0.38
Ford Motor Credit 4.95% 28/05/27	313,000	232	0.32
Ford Motor Credit 6.125% 15/05/28	EUR 118,000	104	0.14
Ford Motor Credit 6.95% 10/06/26	200,000	159	0.22
Ford Motor Credit 7.35% 06/03/30	283,000	228	0.32
Fortrea 7.5% 01/07/30	82,000	66	0.09
Freedom Mortgage 6.625% 15/01/27	435,000	298	0.41
Freedom Mortgage 8.25% 15/04/25	196,000	151	0.21
Garden Spinco 8.625% 20/07/30	165,000	139	0.19
Gen Digital 5% 15/04/25	383,000	296	0.41
Gen Digital 7.125% 30/09/30	240,000	189	0.26
Genesis Energy 7.75% 01/02/28	438,000	329	0.46
Getty Images 9.75% 01/03/27	700,000	547	0.76
Gray Television 4.75% 15/10/30	420,000	217	0.30

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Greystar Real Estate Partners 5.75% 01/12/25	504,000	388	0.54
Hanesbrands 9% 15/02/31	170,000	135	0.19
HB Fuller 4.25% 15/10/28	60,000	42	0.06
HealthEquity 4.5% 01/10/29	425,000	296	0.41
Heartland Dental 10.5% 30/04/28	178,000	139	0.19
Helios Software 4.625% 01/05/28	342,000	230	0.32
Herbalife Nutrition 7.875% 01/09/25	185,000	134	0.19
Hillenbrand 3.75% 01/03/31	150,000	99	0.14
Hilton Domestic Operating 3.625% 15/02/32	314,000	207	0.29
Hilton Domestic Operating 5.75% 01/05/28	275,000	214	0.30
Howard Hughes 4.375% 01/02/31	270,000	170	0.24
HUB International 7% 01/05/26	334,000	263	0.37
Illuminate Buyer 9% 01/07/28	617,000	426	0.59
IQVIA 1.75% 15/03/26	EUR 100,000	79	0.11
IQVIA 2.25% 15/01/28	EUR 300,000	227	0.32
IQVIA 2.25% 15/03/29	EUR 100,000	73	0.10
IQVIA 5% 15/10/26	222,000	169	0.23
IQVIA 5.7% 15/05/28	200,000	156	0.22
Iron Mountain 5% 15/07/28	341,000	249	0.35
JELD-WEN 6.25% 15/05/25	287,000	229	0.32
Kaiser Aluminum 4.5% 01/06/31	324,000	204	0.28
Kinetik 5.875% 15/06/30	359,000	270	0.38
Kronos Acquisition 7% 31/12/27	EUR 178,000	124	0.17
Kronos International 3.75% 15/09/25	150,000	117	0.16
LABL 5.875% 01/11/28	251,000	180	0.25
LABL 6.75% 15/07/26	204,000	158	0.22
LABL 10.5% 15/07/27	524,000	398	0.55
LBM Acquisition 6.25% 15/01/29	336,000	218	0.30
LCM Investments II 4.875% 01/05/29	236,000	160	0.22
Level 3 Financing 4.25% 01/07/28	256,000	130	0.18
Levi Strauss 3.375% 15/03/27	EUR 200,000	162	0.23
Life Time 5.75% 15/01/26	448,000	344	0.48
Likewise 9.75% 15/10/25	266,000	201	0.28
Lions Gate Capital 5.5% 15/04/29	288,000	163	0.23
Live Nation Entertainment 4.875% 01/11/24	206,000	160	0.22
Live Nation Entertainment 6.5% 15/05/27	171,000	136	0.19
LSF11 A5 6.625% 15/10/29	230,000	153	0.21
Lumen Technologies 5.125% 15/12/26	236,000	129	0.18
Lumen Technologies 5.375% 15/06/29	300,000	118	0.16
Madison IAQ 5.875% 30/06/29	162,000	102	0.14
MajorDrive IV 6.375% 01/06/29	264,000	166	0.23
Matthews International 5.25% 01/12/25	701,000	531	0.74
Mauser Packaging Solutions 7.875% 15/08/26	270,000	212	0.29
Mauser Packaging Solutions 9.25% 15/04/27	669,000	489	0.68
McAfee 7.375% 15/02/30	360,000	245	0.34

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
McGraw-Hill Education 8% 01/08/29	374,000	251	0.35
Medline Borrower 3.875% 01/04/29	297,000	203	0.28
Medline Borrower 5.25% 01/10/29	305,000	209	0.29
Minerals Technologies 5% 01/07/28	382,000	276	0.38
NCR 5% 01/10/28	270,000	190	0.26
NCR 5.125% 15/04/29	413,000	289	0.40
Neptune Bidco US 9.29% 15/04/29	215,000	155	0.22
NESCO II 5.5% 15/04/29	420,000	299	0.42
New Enterprise Stone & Lime 5.25% 15/07/28	187,000	134	0.19
Newell Brands 6.625% 15/09/29	234,000	177	0.25
Nexstar Broadcasting 5.625% 15/07/27	381,000	280	0.39
Northwest Fiber 6% 15/02/28	283,000	179	0.25
NuStar Logistics 5.75% 01/10/25	201,000	154	0.21
Occidental Petroleum 6.45% 15/09/36	176,000	142	0.20
Olin 5.625% 01/08/29	160,000	121	0.17
Olympus Water US 4.25% 01/10/28	360,000	223	0.31
Olympus Water US 6.25% 01/10/29	200,000	114	0.16
Open Text 4.125% 01/12/31	404,000	260	0.36
Organon 2.875% 30/04/28	EUR 128,000	95	0.13
Organon 5.125% 30/04/31	301,000	197	0.27
Outfront Media Capital 5% 15/08/27	465,000	331	0.46
Owens-Brockway Glass Container 6.625% 13/05/27	250,000	196	0.27
Owens-Brockway Glass Container 7.25% 15/05/31	176,000	140	0.19
Park Intermediate 4.875% 15/05/29	342,000	233	0.32
Park Intermediate 5.875% 01/10/28	252,000	183	0.25
Performance Food 6.875% 01/05/25	261,000	206	0.29
Permian Resources Operating 5.875% 01/07/29	193,000	143	0.20
PHH Mortgage 7.875% 15/03/26	223,000	157	0.22
Pike 5.5% 01/09/28	370,000	262	0.36
Post 4.5% 15/09/31	297,000	200	0.28
Post 4.625% 15/04/30	147,000	101	0.14
Post 5.75% 01/03/27	171,000	132	0.18
Presidio 8.25% 01/02/28	224,000	168	0.23
Prestige Brands 3.75% 01/04/31	300,000	195	0.27
Primo Water 4.375% 30/04/29	364,000	244	0.34
Rackspace Technology Global 5.375% 01/12/28	289,000	71	0.10
Ritchie Bros 7.75% 15/03/31	170,000	139	0.19
Rocket Mortgage 2.875% 15/10/26	194,000	135	0.19
Rocket Software 6.5% 15/02/29	434,000	284	0.39
Science Applications International 4.875% 01/04/28	188,000	138	0.19
Scientific Games Scientific Games US FinCo 6.625% 01/03/30	159,000	111	0.15
SCIL USA 4.375% 01/11/26	EUR 100,000	77	0.11
Sealed Air Corp/Sealed Air Corp US 6.125% 01/02/28	143,000	112	0.16
Shift4 Payments 4.625% 01/11/26	425,000	315	0.44
Silgan 2.25% 01/06/28	EUR 100,000	74	0.10

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Simmons Foods 4.625% 01/03/29	420,000	266	0.37
Sinclair Television 5.5% 01/03/30	314,000	143	0.20
Sirius XM Radio 3.125% 01/09/26	416,000	294	0.41
Sirius XM Radio 3.875% 01/09/31	282,000	172	0.24
Six Flags Entertainment 7.25% 15/05/31	175,000	135	0.19
Solaris Midstream 7.625% 01/04/26	459,000	352	0.49
Sonic Automotive 4.875% 15/11/31	233,000	151	0.21
Southwestern Energy 4.75% 01/02/32	190,000	132	0.18
Specialty Building Products 6.375% 30/09/26	497,000	371	0.52
Spectrum Brands 3.875% 15/03/31	138,000	89	0.12
Spectrum Brands 5.5% 15/07/30	98,000	71	0.10
Sprint Capital 8.75% 15/03/32	230,000	219	0.30
SRS Distribution 4.625% 01/07/28	218,000	154	0.21
SRS Distribution 6% 01/12/29	195,000	133	0.18
SS&C Technologies 5.5% 30/09/27	470,000	355	0.49
Stagwell Global 5.625% 15/08/29	405,000	274	0.38
Standard Industries 4.375% 15/07/30	274,000	187	0.26
Station Casinos 4.5% 15/02/28	178,000	125	0.17
Summit Materials 5.25% 15/01/29	330,000	244	0.34
Summit Midstream 9% 15/10/26	222,000	170	0.24
Sunoco 4.5% 30/04/30	459,000	317	0.44
TEGNA 4.625% 15/03/28	200,000	139	0.19
TEGNA 4.75% 15/03/26	117,000	89	0.12
TEGNA 5% 15/09/29	70,000	48	0.07
Tenet Healthcare 4.875% 01/01/26	422,000	324	0.45
Tenet Healthcare 6.125% 15/06/30	239,000	185	0.26
UGI International 2.5% 01/12/29	EUR 205,000	138	0.19
Unisys 6.875% 01/11/27	388,000	218	0.30
United Natural Foods 6.75% 15/10/28	314,000	205	0.28
Univision Communications 7.375% 30/06/30	205,000	153	0.21
US Acute Care Solutions 6.375% 01/03/26	343,000	231	0.32
US Foods 4.625% 01/06/30	450,000	319	0.44
Varex Imaging 7.875% 15/10/27	174,000	136	0.19
Verscend Escrow 9.75% 15/08/26	579,000	460	0.64
VICI Properties 4.625% 15/06/25	232,000	177	0.25
Watco Finance 6.5% 15/06/27	502,000	375	0.52
Weekley Homes 4.875% 15/09/28	150,000	107	0.15
WESCO Distribution 7.125% 15/06/25	270,000	216	0.30
WESCO Distribution 7.25% 15/06/28	261,000	210	0.29
White Cap Buyer 6.875% 15/10/28	338,000	240	0.33
Williams Scotsman International 6.125% 15/06/25	153,000	120	0.17
Windsor III 8.5% 15/06/30	421,000	332	0.46
Windstream Escrow 7.75% 15/08/28	188,000	123	0.17
WR Grace 5.625% 15/08/29	434,000	280	0.39
Wyndham Hotels & Resorts 4.375% 15/08/28	363,000	261	0.36

## AXA Global High Income Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
XHR 4.875% 01/06/29	217,000	147	0.20
XHR 6.375% 15/08/25	124,000	96	0.13
XPO 7.125% 01/06/31	190,000	150	0.21
XPO Escrow Sub 7.5% 15/11/27	233,000	190	0.26
Yum! Brands 5.375% 01/04/32	277,000	208	0.29
Zayo 6.125% 01/03/28	530,000	263	0.37
ZoomInfo Technologies 3.875% 01/02/29	742,000	502	0.70
<b>TOTAL CORPORATE BONDS</b>		<b>67,442</b>	<b>93.74</b>
<b>FORWARD CURRENCY CONTRACTS 1.05% (30/06/22: (2.67%))</b>			
Bought USD575,000 for GBP464,687 Settlement 31/07/2023		(10)	(0.01)
Sold EUR4,900,000 for GBP4,354,057 Settlement 31/07/2023		144	0.20
Sold EUR5,775,000 for GBP5,030,730 Settlement 31/08/2023		62	0.09
Sold EUR4,750,000 for GBP4,123,355 Settlement 29/09/2023		30	0.04
Sold USD23,100,000 for GBP18,498,038 Settlement 31/07/2023		236	0.33
Sold USD20,000,000 for GBP16,121,342 Settlement 31/08/2023		311	0.43
Sold USD26,600,000 for GBP21,007,005 Settlement 29/09/2023		(21)	(0.03)
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>752</b>	<b>1.05</b>
Portfolio of investments		68,194	94.79
Net other assets		3,745	5.21
<b>Total net assets</b>		<b>71,939</b>	<b>100.00</b>

*All bonds are denominated in US dollars (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).



## AXA Global High Income Fund

### Comparative Tables

As at 30 June 2023

	A Gross Accumulation			A Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	117.06	132.91	117.60	73.70	88.29	81.90
Return before operating charges ^	9.31	(15.22)	15.95	5.69	(10.96)	10.97
Operating charges ^	(0.59)	(0.63)	(0.64)	(0.36)	(0.41)	(0.43)
Return after operating charges ^	8.72	(15.85)	15.31	5.33	(11.37)	10.54
Distributions	(6.95)	(6.83)	(6.07)	(4.28)	(3.22)	(4.15)
Retained distributions on accumulation shares	6.95	6.83	6.07	-	-	-
Closing net asset value per share †	125.78	117.06	132.91	74.75	73.70	88.29
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	7.45%	-11.93%	13.02%	7.23%	-12.88%	12.87%
<b>Other information</b>						
Closing net asset value (£) †	4,331,082	4,420,013	34,854,912	391,294	425,719	266,546
Closing number of shares	3,443,484	3,775,897	26,224,156	523,444	577,665	301,910
Operating charges ^	0.48%	0.48%	0.50%	0.48%	0.48%	0.50%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	126.90	135.00	133.20	79.49	89.32	89.50
Lowest share price #	115.90	117.50	118.00	71.87	75.19	82.21

## AXA Global High Income Fund

### Comparative Tables

As at 30 June 2023

	H Gross Accumulation		
	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)
<b>Change in net assets per share</b>			
Opening net asset value per share †	236.36	267.08	235.21
Return before operating charges ^	18.96	(30.64)	31.97
Operating charges ^	(0.08)	(0.08)	(0.10)
Return after operating charges ^	18.88	(30.72)	31.87
Distributions	(15.31)	(15.01)	(13.35)
Retained distributions on accumulation shares	15.31	15.01	13.35
Closing net asset value per share †	255.24	236.36	267.08
*^ after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after operating charges	7.99%	-11.50%	13.55%
<b>Other information</b>			
Closing net asset value (£) †	5,105	4,727	13,354
Closing number of shares	2,000	2,000	5,000
Operating charges ^	0.03%	0.03%	0.04%
Direct transaction costs *	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price #	257.00	271.90	267.70
Lowest share price #	234.20	237.20	236.10

## AXA Global High Income Fund

### Comparative Tables

As at 30 June 2023

	R Gross Accumulation			R Gross Income		
	30/06/2023 (p)	30/06/2022 (p)	30/06/2021 (p)	30/06/2023 (p)	30/06/2022 (p)	30/06/2021 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	214.16	245.11	218.61	77.18	92.44	85.75
Return before operating charges ^	16.96	(27.87)	29.56	5.97	(10.17)	11.48
Operating charges ^	(2.86)	(3.08)	(3.06)	(1.01)	(1.15)	(1.18)
Return after operating charges ^	14.10	(30.95)	26.50	4.96	(11.32)	10.30
Distributions	(10.88)	(10.61)	(9.34)	(3.85)	(3.94)	(3.61)
Retained distributions on accumulation shares	10.88	10.61	9.34	-	-	-
Closing net asset value per share †	228.26	214.16	245.11	78.29	77.18	92.44
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	6.58%	-12.63%	12.12%	6.43%	-12.25%	12.01%
<b>Other information</b>						
Closing net asset value (£) †	6,194,224	7,309,677	9,060,001	1,245,414	1,941,687	2,654,687
Closing number of shares	2,713,652	3,413,262	3,696,272	1,590,723	2,515,952	2,871,885
Operating charges ^	1.28%	1.28%	1.30%	1.28%	1.28%	1.30%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	231.00	248.00	245.60	83.15	93.35	93.52
Lowest share price #	211.50	214.90	219.40	75.27	78.57	86.07

## AXA Global High Income Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	218.25	247.94	219.48	81.78	97.97	90.88
Return before operating charges ^	17.36	(28.39)	29.76	6.34	(10.80)	12.17
Operating charges ^	(1.22)	(1.30)	(1.30)	(0.45)	(0.50)	(0.52)
Return after operating charges ^	16.14	(29.69)	28.46	5.89	(11.30)	11.65
Distributions	(12.84)	(12.61)	(11.20)	(4.71)	(4.89)	(4.56)
Retained distributions on accumulation shares	12.84	12.61	11.20	-	-	-
Closing net asset value per share †	234.39	218.25	247.94	82.96	81.78	97.97
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	7.40%	-11.97%	12.97%	7.20%	-11.53%	12.82%
<b>Other information</b>						
Closing net asset value (£) †	30,584,695	32,228,139	47,232,877	29,187,615	34,426,691	44,488,563
Closing number of shares	13,048,416	14,766,329	19,050,387	35,184,602	42,096,575	45,410,650
Operating charges ^	0.53%	0.53%	0.55%	0.53%	0.53%	0.55%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	236.50	251.80	248.50	88.20	99.10	99.30
Lowest share price #	216.00	219.00	220.30	79.76	83.42	91.22

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

## AXA Global High Income Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		1,236		(17,826)
Revenue	3	4,820		6,728	
Expenses	4	(480)		(694)	
Interest payable and similar charges		<u>(1)</u>		<u>(4)</u>	
Net revenue before taxation		4,339		6,030	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>4,339</u>		<u>6,030</u>
Total return before distributions			5,575		(11,796)
Distributions	6		(4,340)		(6,030)
Change in net assets attributable to Shareholders from investment activities			<u>1,235</u>		<u>(17,826)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			80,757		138,571
Amounts receivable on issue of shares		11,002		12,246	
Amounts payable on cancellation of shares		<u>(23,375)</u>		<u>(55,893)</u>	
			(12,373)		(43,647)
Change in net assets attributable to Shareholders from investment activities (see above)			1,235		(17,826)
Retained distributions on accumulation shares			2,318		3,658
Unclaimed distributions			2		1
Closing net assets attributable to Shareholders			<u>71,939</u>		<u>80,757</u>

## AXA Global High Income Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		68,225	80,134
Current assets:			
Debtors	7	1,498	2,275
Cash and bank balances	8	3,714	1,321
 Total assets		<u>73,437</u>	<u>83,730</u>
<b>Liabilities:</b>			
Investment liabilities		(31)	(2,178)
Creditors:			
Distribution payable		(418)	(605)
Other creditors	9	(1,049)	(190)
 Total liabilities		<u>(1,498)</u>	<u>(2,973)</u>
 Net assets attributable to Shareholders		<u>71,939</u>	<u>80,757</u>

## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital gains/(losses)

	30/06/23 £'000	30/06/22 £'000
The net capital gains/(losses) comprise:		
Non-derivative securities	112	(6,681)
Currency (losses)/gains	(1,108)	1,125
Forward currency contracts	2,232	(12,272)
Transaction charges	-	2
<b>Net capital gains/(losses)</b>	<b>1,236</b>	<b>(17,826)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	35	1
Interest on debt securities	4,785	6,640
Offshore funds dividends	-	87
<b>Total revenue</b>	<b>4,820</b>	<b>6,728</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	455	670
Registration fees	7	8
	<b>462</b>	<b>678</b>
<b>Other expenses</b>		
Audit fees	8	5
Depositary's fees	8	11
Printing fees	-	(2)
Safe custody fees	2	2
	<b>18</b>	<b>16</b>
<b>Total expenses</b>	<b>480</b>	<b>694</b>

Expenses include irrecoverable VAT where applicable.



## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	4,339	6,030
Net revenue for the year multiplied by the standard rate of corporation tax	868	1,206
<b>Effects of:</b>		
Tax deductible interest distributions	(868)	(1,206)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	1,286	1,632
Second interim	1,002	1,521
Third interim	1,008	1,466
Final	959	1,307
Add: Revenue paid on cancellation of shares	163	185
Deduct: Revenue received on creation of shares	(78)	(81)
<b>Net distribution for the year</b>	<b>4,340</b>	<b>6,030</b>

#### 7. Debtors

	30/06/23 £'000	30/06/22 £'000
Amounts receivable for creation of shares	8	190
Sales awaiting settlement	330	628
Accrued revenue	1,160	1,457
<b>Total debtors</b>	<b>1,498</b>	<b>2,275</b>

## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	3,714	1,321
<b>Total cash and bank balances</b>	<b>3,714</b>	<b>1,321</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	203	86
Purchases awaiting settlement	755	-
Accrued annual management charge	72	85
Accrued other expenses	19	19
<b>Total other creditors</b>	<b>1,049</b>	<b>190</b>

#### 10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% (30/06/2022: there were no shareholders with holdings over 25%) of the Fund's shares. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

#### 11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
A Gross Accumulation	0.45	3,775,897	621,554	(941,055)	(12,912)	3,443,484
A Gross Income	0.45	577,665	979	(55,200)	-	523,444
H Gross Accumulation	Nil	2,000	-	-	-	2,000
R Gross Accumulation	1.25	3,413,262	440,944	(855,631)	(284,923)	2,713,652
R Gross Income	1.25	2,515,952	44,555	(210,162)	(759,622)	1,590,723
Z Gross Accumulation	0.50	14,766,329	2,523,207	(4,526,395)	285,275	13,048,416
Z Gross Income	0.50	42,096,575	4,206,044	(11,834,198)	716,181	35,184,602

## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £6,744,298 (2022: £8,010,903). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
Euro	43	(586)
US dollar	67	(1,604)
<b>Total</b>	<b>110</b>	<b>(2,190)</b>

##### Foreign exchange risk sensitivity

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

##### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>Currency</b>				
<b>30/06/23</b>				
Pound sterling	1,802	2,038	67,989	71,829
Euro	656	12,496	(13,109)	43
US dollar	1,426	52,738	(54,097)	67
<b>Total</b>	<b>3,884</b>	<b>67,272</b>	<b>783</b>	<b>71,939</b>
<b>30/06/22</b>				
Pound sterling	1,321	2,140	79,486	82,947
Euro	242	11,870	(12,698)	(586)
US dollar	-	65,858	(67,462)	(1,604)
<b>Total</b>	<b>1,563</b>	<b>79,868</b>	<b>(674)</b>	<b>80,757</b>

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £2,266,084 (2022: £3,332,536), representing 3.15% of net assets (2022: 4.13%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
	£'000		£'000	
<b>Credit Rating</b>				
Investment grade (BBB- credit rating and above)	1,531	2.14	999	1.24
Below investment grade (below BBB- credit rating)	65,641	91.22	78,953	97.76
Unrated	270	0.38	158	0.20
<b>Total value of bonds</b>	<b>67,442</b>	<b>93.74</b>	<b>80,110</b>	<b>99.20</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23	30/06/22
	Exposure	Exposure
	£'000	£'000
<b>Forwards</b>		
Barclays Bank	20,779	43,157
BNP Paribas	25,122	31,264
Merrill Lynch International	22,927	-
Societe Generale	-	16,271
<b>Total value of derivatives</b>	<b>68,828</b>	<b>90,692</b>

#### 14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.43% (2022: 0.70%).

#### 15. Post balance sheet events

There are no post balance sheet events which require adjustments or disclosure.

## AXA Global High Income Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 16. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	-	-	-	-
Level 2 ^^	68,225	(31)	80,134	(2,178)
Level 3 ^^^	-	-	-	-
	<b>68,225</b>	<b>(31)</b>	<b>80,134</b>	<b>(2,178)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Global High Income Fund

### Distribution Table

As at 30 June 2023

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	1.953	-	1.953	1.638
Group 2	0.748	1.205	1.953	1.638
<b>Share Class A Gross Income</b>				
Group 1	1.229	-	1.229	1.089
Group 2	0.421	0.808	1.229	1.089
<b>Share Class H Gross Accumulation</b>				
Group 1	4.262	-	4.262	3.616
Group 2	4.262	-	4.262	3.616
<b>Share Class R Gross Accumulation</b>				
Group 1	3.122	-	3.122	2.522
Group 2	1.439	1.683	3.122	2.522
<b>Share Class R Gross Income</b>				
Group 1	1.125	-	1.125	0.951
Group 2	0.305	0.820	1.125	0.951
<b>Share Class Z Gross Accumulation</b>				
Group 1	3.611	-	3.611	3.025
Group 2	2.099	1.512	3.611	3.025
<b>Share Class Z Gross Income</b>				
Group 1	1.354	-	1.354	1.195
Group 2	0.659	0.695	1.354	1.195

## AXA Global High Income Fund

### Distribution Table

As at 30 June 2023

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	1.543	-	1.543	1.615
Group 2	0.324	1.219	1.543	1.615
<b>Share Class A Gross Income</b>				
Group 1	0.955	-	0.955	1.060
Group 2	0.245	0.710	0.955	1.060
<b>Share Class H Gross Accumulation</b>				
Group 1	3.440	-	3.440	3.577
Group 2	3.440	-	3.440	3.577
<b>Share Class R Gross Accumulation</b>				
Group 1	2.378	-	2.378	2.473
Group 2	0.713	1.665	2.378	2.473
<b>Share Class R Gross Income</b>				
Group 1	0.845	-	0.845	0.923
Group 2	0.228	0.617	0.845	0.923
<b>Share Class Z Gross Accumulation</b>				
Group 1	2.849	-	2.849	2.980
Group 2	1.869	0.980	2.849	2.980
<b>Share Class Z Gross Income</b>				
Group 1	1.050	-	1.050	1.164
Group 2	0.578	0.472	1.050	1.164



## AXA Global High Income Fund

### Distribution Table

As at 30 June 2023

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	1.748	-	1.748	1.651
Group 2	1.482	0.266	1.748	1.651
<b>Share Class A Gross Income</b>				
Group 1	1.069	-	1.069	1.071
Group 2	0.925	0.144	1.069	1.071
<b>Share Class H Gross Accumulation</b>				
Group 1	3.837	-	3.837	3.646
Group 2	3.837	-	3.837	3.646
<b>Share Class R Gross Accumulation</b>				
Group 1	2.732	-	2.732	2.553
Group 2	0.783	1.949	2.732	2.553
<b>Share Class R Gross Income</b>				
Group 1	0.960	-	0.960	0.944
Group 2	0.215	0.745	0.960	0.944
<b>Share Class Z Gross Accumulation</b>				
Group 1	3.229	-	3.229	3.049
Group 2	1.432	1.797	3.229	3.049
<b>Share Class Z Gross Income</b>				
Group 1	1.175	-	1.175	1.177
Group 2	0.635	0.540	1.175	1.177

## AXA Global High Income Fund

### Distribution Table

As at 30 June 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	1.705	-	1.705	1.924
Group 2	0.610	1.095	1.705	1.924
<b>Share Class A Gross Income</b>				
Group 1	1.028	-	1.028	1.230
Group 2	1.028	-	1.028	1.230
<b>Share Class H Gross Accumulation</b>				
Group 1	3.776	-	3.776	4.170
Group 2	3.776	-	3.776	4.170
<b>Share Class R Gross Accumulation</b>				
Group 1	2.643	-	2.643	3.063
Group 2	1.440	1.203	2.643	3.063
<b>Share Class R Gross Income</b>				
Group 1	0.918	-	0.918	1.120
Group 2	0.529	0.389	0.918	1.120
<b>Share Class Z Gross Accumulation</b>				
Group 1	3.149	-	3.149	3.554
Group 2	1.302	1.847	3.149	3.554
<b>Share Class Z Gross Income</b>				
Group 1	1.130	-	1.130	1.354
Group 2	0.641	0.489	1.130	1.354

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to provide income combined with any capital growth over a period of three years or less.

#### Investment Policy

The Fund invests at least 80% of its Net Asset Value in bonds (including index-linked bonds) with a bias towards shorter maturities (less than five years) and money market instruments, issued by governments and companies diversified globally (including emerging markets), with the aim of reducing the effect of fluctuations in interest rates and market volatility while generating an income return. The Fund may invest up to 60% of its Net Asset Value in 'sub-investment grade' bonds (meaning bonds with a rating of BB+ and below by Standard & Poor or equivalent rating by Moody's or Fitch). The Manager seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds and money market instruments.

To avoid investing in bonds issued by companies which present excessive degrees of environmental, social and governance (ESG) risk, the Manager applies AXA Investment Managers' (AXA IM's) sector specific investment guidelines relating to responsible investment to the Fund. Such guidelines exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as unsustainable palm oil production, controversial weapons and climate risks). The Manager also applies the AXA IM's ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; certain criteria relating to human rights and anti-corruption as well as other environmental, social and governance (ESG) factors. The AXA IM's ESG Standards policy and AXA IM's sector specific investment guidelines are subject to change and the latest copies available from the Manager on request.

Further, in selecting investments, the Manager will, in addition to the application of the above policies, take into account the issuer's ESG score as one factor within its broader analysis of the issuer to make selections which are expected to generate an income return. It is, however, just one component of the Manager's investment process and ESG scores are not the principal driver of investment decision making. The Manager believes that issuers with higher ESG scores manage risk associated with ESG issues more effectively, contributing to better financial performance of such issuers in the long term. ESG scores are obtained from our selected external provider(s) and may be adjusted by the Manager using its own research. The Manager will not invest in bonds with the lowest ESG scores, save in exceptional circumstances.

If the Manager deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving income and capital growth, the Manager will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.

The Fund does not have a benchmark to measure its financial performance. SONIA Compounded Index may be used by investors to compare the Fund's financial performance, which the Manager believes best reflects the outcome of the Fund's short duration investment strategy when used to compare the performance of the Fund over a minimum period of three years. Investors should note that the SONIA Compounded Index is a cash based index, which the Manager has selected as an appropriate comparator given the absence of a suitable bond index, and therefore does not take account of the specific risks relevant to the Fund. The Fund may also invest in other transferable securities, cash, deposits and units in collective investment schemes (including those that are operated by the Manager). The Fund may use derivatives for Efficient Portfolio Management. Use may be made of stock lending, borrowing, cash holding and hedging techniques permitted in the applicable Financial Conduct Authority rules.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Risk and Reward Profile

As at 30 June 2023



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. There has been no change from prior year.

#### 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.

#### Key risks

Under normal market conditions the Fund's key risk factors are:

- **Credit risk** - All bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- **ESG risk** - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

- Interest Rate risk - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- Prepayment and extension risk - is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- Index-linked bonds - are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

Index-linked bonds risk is an inherent risk of investing in index-linked bonds. Exposure to this risk is managed by the allocation decision on the proportion of the portfolio to invest in index-linked bonds, as well as the amount of remaining maturity of these bonds, which will affect their sensitivity in value, to changes in expected inflation levels.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- High yield bonds risk (also known as sub-investment grade bonds) are fixed interest securities issued by companies or governments with lower credit ratings (Ba1 and below (Moody's) or BB+ and below (Standard & Poor's and Fitch Ratings)). They are potentially more risky than investment grade bonds which have higher ratings. The issuers of high yield bonds will be at greater risk of default or ratings downgrades. The capital value of a Fund's investment in high yield bonds and the level of income it receives may fall as a result of such issuers ceasing to trade. A Fund will endeavour to mitigate the risks associated with high yield bonds, by diversifying their holdings by issuer, industry and credit quality.

This is an inherent risk for funds invested within high yield bonds. Internal investment guidelines (which may include measures of credit quality, measures of sensitivity to credit spread moves and diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Risks linked to investment in sovereign debt - The Funds may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Funds may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain Funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, a Fund may suffer significant loss.

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Emerging Markets risk - Investment in emerging markets (countries that are transitioning towards more advanced financial and economic structures) may involve a higher risk than those inherent in established markets. Emerging markets and their currencies may experience unpredictable and dramatic fluctuations from time to time. Investors should consider whether or not investment in such Funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject to:

- a. accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- b. the same level of government supervision and regulation of markets as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by the Funds referred to above and, as a result, limit investment opportunities for those Funds. Substantial government involvement in, and influence on, the economy, as well as a lack of political or social stability, may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

This is an inherent risk for funds invested within Emerging Markets. Internal investment guidelines (such a diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

- **Counterparty risk** - At any one time, a Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of this Prospectus for more information.

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.

- **Currency risk** - Assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.



## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

##### Market Review

Volatility remained very elevated during the review period as investors continued to be impacted by stubbornly high inflation and the ongoing war in Ukraine along with new challenges, including a mini banking crisis, a meltdown in the UK bond market, a disappointing recovery in the Chinese economy, the US debt ceiling saga, and the threat of recession in various regions.

Credit spreads tightened early in the period on hopes of less hawkish central banks. However, these hopes were dashed in late August leading credit spreads to widen in September, with the sterling credit market underperforming significantly on the back of the announcement of a swathe of unfunded tax cuts in the UK's mini-budget. This mini-budget forced the Bank of England (BoE) to initiate an emergency bond buying program to ensure market stability as UK gilt yields spiked to levels last seen in 2008. Credit spreads subsequently tightened supported by expectations that the US Federal Reserve (Fed) may slow the pace of interest rate rises, downside surprises on inflation and the reversal of the mini-budget and subsequent appointment of Rishi Sunak as UK prime minister. However, credit spreads widened substantially in March following the collapse of Silicon Valley Bank and the biggest banking crisis to face the world since the financial crisis of 2008/09 as US regional banks faced instability. As fears over the global banking sector abated, credit spreads tightened again finishing the review period tighter.

The main issue for markets was inflation which remained more resilient to aggressive policy tightening than expected. The Fed had the most success with the US Consumer Price Index (CPI) falling from 9.1% in June 2022 to 3.0% in June 2023, close to the Fed's 2% target. Core inflation, which strips out volatile food and energy costs, was stickier, only falling from 5.9% to 4.8%, and therefore likely to guide policymakers to further rate hikes. The Fed slowed the pace of interest rate rises over the year, moving from 50 basis points (bps) increases to 25bps, before pausing in June 2023 at a range of 5% to 5.25%. However, Fed chair Jerome Powell was keen to stress it was a 'skip' rather than a 'pause' and at a central banks convention that month said that two further rate hikes were still on the table for this year.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

While the European Central Bank (ECB) and BoE have both followed the Fed into steep rate rises, the impact on inflation hasn't been as satisfactory. The CPI rate in the euro area was 5.5% in June 2023, its lowest level since January 2022, helped by a sharp fall in energy prices. However, the core inflation rate revealed a different story, and remained stubbornly high at also 5.5%. Persistently high inflation figures led the ECB to raise rates to a 22-year high over the period, with the June 2023 meeting marking its eighth consecutive hike that took the cost of borrowing to 3.5%.

In the UK, a jump in interest rates to a 15-year high failed to dampen inflation sufficiently. While inflation started the period at 9.4% in June 2022, it ticked up back into double digits before dropping again. Inflation stalled at 8.7% in April and May forcing policymakers to up the ante in their monetary tightening. The BoE had been sufficiently optimistic to follow the Fed and ECB in slowing the pace of rate hikes early in 2023 but as inflation refused to budge, its policy diverged in June and it pushed the pace of interest rate hikes back to 50bps from 25bps, to reach 5%. After this policy meeting, there was good news though for the market as inflation finally started to edge down to 7.9% in June.

Global government bond yields rose sharply during the second half of 2022, with UK gilts underperforming following the mini-budget, as central banks remained hawkish to fight rampant inflation. Curves continued to flatten, with short-dated yields rising more than longer-dated ones, and even inverted in the US, Germany, and UK. US treasury and German bund yields stabilised during the first half of 2023 while UK gilt yields rose again in May and June on back of upside surprises on CPI and strong labour data.

#### *Fund activity*

Despite rising global Government bond yields, the AXA Global Short Duration Bond Fund gained +2.82% net of fees (Z GBP share class) during the period.

Having undertaken some significant re-risking to take advantage of attractive valuations during the first half of 2022, we kept the risk profile of the portfolio largely stable during the summer as credit spreads remained range bound after June's large widening. As such, we kept our exposure to sovereign debt, investment grade (IG) markets and, high yield (HY) & emerging markets (EM) broadly unchanged at 13%, 48% and 38% respectively. Our sector allocation was also stable as we retained our bias towards the financial sector at 37% since banks and insurance companies continued to directly benefit from the higher interest rate environment. We kept our large exposure to BBB and HY rated debt largely unchanged at 45% and 31% respectively to benefit from attractive spread valuations.

As credit spreads widened and yields rose in September, with sterling assets underperforming significantly following the mini-budget, we decided to increase our exposure to the sterling IG market to benefit from very attractive valuations. As such, our exposure to the sterling IG market rose by 8% to 29% between the end of September and the end of January as we focussed on the financial sector (through mainly subordinated debt) and UK names, which increased by 6% and 4% to 43% and 32%, respectively. We mostly invested in the three-to-five-year maturity bucket to increase the spread duration and optimise the average spread of the portfolio, with our exposure increasing by 11% to 44%. As a result, our overall exposure to IG markets increased by 8% to 56% while our exposure to sovereign debt decreased by 9% to 4% as we reduced our allocation to short-dated inflation-linked bonds by 11% to only 2% as inflation started to moderate. Finally, our exposure to HY & EM was stable at 39% though we switched some of our exposures to US HY and EM into European HY as valuations were more attractive and the mild winter reduced the risk of energy rationing. As a result of this activity, our exposure to BBB and HY rated debt both increased by 4% to 49% and 35% respectively, with the average rating of the portfolio moving to BBB- from BBB.

## AXA Global Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

With credit spreads substantially tightening in the fourth quarter of 2022 and January 2023, valuations started to look expensive considering heightened recession risk. Therefore, we decided to de-risk the portfolio by reducing our exposure to HY & EM by 14% to 25% between the end of January and the end of June, focussing on European HY and EM. As a result, our exposure to HY rated debt also decreased by 12% to 23% and the average rating of the portfolio moved back up to BBB. We switched into sovereign debt and IG markets. For the former, we focussed on nominal bonds rather than index-linked bonds as we saw inflation further moderating over the course of the year, with the overall exposure increasing by 9% to 13%. For the latter, we again mostly focussed on the sterling IG market as it offered very attractive yields, increasing our exposure by 9% to 38%. This led our exposure to UK names to also increase by 4% to 36%. As a result, our overall exposure to IG markets rose by 4% to 60%, while our exposure to BBB rated debt remained broadly unchanged at 48%. We also reduced the spread duration of the portfolio by decreasing our allocation to the three-to-five-year maturity bucket by 8% to 36% while increasing the zero-to-one bucket by 8% to 17%. Finally, we reduced our exposure to both financials and cyclical by 4% to 39% and 24%, respectively, to reduce the beta of the portfolio.

The duration was very actively managed throughout the period to benefit from this very volatile environment.

We were active in both primary and secondary markets throughout the period.

#### Outlook

The macroeconomic outlook remains very uncertain given high (but falling) inflation, rising (but peaking) interest rates, slowing (but resilient so far) growth and tighter lending conditions caused by the recent banking turmoil. As such, we expect market conditions to remain very volatile with an increased likelihood of a global recession in the second half of this year as central banks' ability to cut interest rates to support growth is curtailed by elevated inflation.

As a result, we plan to continue reducing the level of credit risk so that we could benefit from a potential widening in credit spreads in the second half of 2023 by re-risking the portfolio at much better levels.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales / Redemptions	Proceeds (£'000)
● UK Treasury 0.625% 07/06/2025	6,541	● AXA Fixed Interest Investment ICVC - US Short Duration High Yield Fund	10,045
● AXA Fixed Interest Investment ICVC - US Short Duration High Yield Fund	5,772	● Deutsche Bundesrepublik Inflation Linked Bond 0.1% 15/04/23	9,775
● UK Treasury 2.25% 07/09/23	5,549	● UK Treasury 0.625% 07/06/2025	6,541
● UK Treasury 1.25% 22/07/27	3,868	● UK Treasury 0.125% 22/03/24	4,883
● Bundesrepublik Deutschland Bundesanleihe 0.5% 15/02/25	3,794	● UK Treasury 1.25% 22/07/27	2,819

**Nicolas Trindade**

AXA Investment Managers UK Limited

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 82.85% (30/06/22: 80.28%)</b>			
<b>Australia 1.71% (30/06/22: 1.34%)</b>			
National Australia Bank 1.699% 15/09/31	GBP 854,000	696	0.71
Westfield America Management 2.125% 30/03/25	GBP 1,090,000	986	1.00
<b>Austria 0.60% (30/06/22: 0.00%)</b>			
Raiffeisen Bank International 4.75% 26/01/27	EUR 700,000	588	0.60
<b>Belgium 0.13% (30/06/22: 0.70%)</b>			
Azelis Finance 5.75% 15/03/28	EUR 151,000	130	0.13
<b>Bermuda 1.25% (30/06/22: 2.20%)</b>			
Hiscox 6% 22/09/27	GBP 329,000	319	0.32
Tengizchevroil Finance International 2.625% 15/08/25	550,000	394	0.40
Triton Container International 1.15% 07/06/24	700,000	525	0.53
<b>Brazil 0.45% (30/06/22: 1.59%)</b>			
Banco do Brasil Cayman 3.25% 30/09/26	613,000	447	0.45
<b>British Virgin Island 0.00% (30/06/22: 0.65%)</b>			
<b>Canada 2.92% (30/06/22: 1.70%)</b>			
Bank of Montreal 3.7% 07/06/25	705,000	536	0.54
CPPIB Capital 6% 07/06/25	GBP 1,000,000	997	1.01
Element Fleet Management 3.85% 15/06/25	615,000	460	0.47
National Bank of Canada 0.55% 15/11/24	500,000	387	0.39
Toronto-Dominion Bank 2.875% 05/04/27	575,000	502	0.51
<b>Cayman Islands 0.46% (30/06/22: 2.43%)</b>			
Fibria Overseas Finance 5.5% 17/01/27	570,000	451	0.46
<b>Colombia 0.00% (30/06/22: 0.48%)</b>			
<b>Cyprus 0.00% (30/06/22: 0.27%)</b>			
<b>Denmark 0.42% (30/06/22: 0.00%)</b>			
Danske Bank 4.625% 13/04/27	GBP 437,000	411	0.42
<b>Finland 0.73% (30/06/22: 0.58%)</b>			
Balder Finland 1% 18/01/27	EUR 1,112,000	716	0.73
<b>France 4.32% (30/06/22: 5.39%)</b>			
BNP Paribas 2% 24/05/31	GBP 900,000	755	0.77
BPCE 0.5% 14/01/28	EUR 700,000	517	0.52
Credit Agricole 0.625% 12/01/28	EUR 1,300,000	971	0.99

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Elis 4.125% 24/05/27	EUR 600,000	506	0.51
Nexans 5.5% 05/04/28	EUR 100,000	88	0.09
Picard 3.875% 01/07/26	EUR 581,000	456	0.46
RCI Banque 0.5% 14/07/25	EUR 364,000	289	0.29
RCI Banque 4.625% 13/07/26	EUR 791,000	677	0.69
<b>Germany 5.96% (30/06/22: 3.18%)</b>			
Commerzbank 1.125% 22/06/26	EUR 600,000	465	0.47
DEMIRE Deutsche Mittelstand Real Estate 1.875% 15/10/24	EUR 300,000	191	0.19
Deutsche Bank 4% 24/06/26	GBP 600,000	554	0.56
Deutsche Bank 5.375% 11/01/29	EUR 400,000	340	0.34
Hamburg Commercial Bank 4.875% 17/03/25	EUR 788,000	672	0.68
Hamburg Commercial Bank 0.5% 22/09/26	EUR 700,000	497	0.50
HT Troplast 9.25% 15/07/25	EUR 506,000	440	0.45
Kreditanstalt fuer Wiederaufbau 1.25% 29/12/23	GBP 1,100,000	1,077	1.09
ProGroup 3% 31/03/26	EUR 600,000	481	0.49
SGL Carbon 4.625% 30/09/24	EUR 700,000	599	0.61
ZF Finance 3% 21/09/25	EUR 437,000	568	0.58
<b>Hong Kong 0.00% (30/06/22: 0.24%)</b>			
<b>Ireland 1.16% (30/06/22: 3.47%)</b>			
Bank of Ireland 1% 25/11/25	EUR 1,216,000	991	1.01
Bank of Ireland 4.875% 16/07/28	EUR 173,000	148	0.15
<b>Isle of Man 0.49% (30/06/22: 0.56%)</b>			
Playtech 3.75% 12/10/23	EUR 218,491	187	0.19
Playtech 4.25% 07/03/26	EUR 350,000	292	0.30
<b>Italy 3.89% (30/06/22: 4.18%)</b>			
Banco BPM 3.375% 19/01/32	EUR 727,000	542	0.55
doValue 5% 04/08/25	EUR 490,000	396	0.40
Intesa Sanpaolo 6.5% 14/03/29	GBP 1,174,000	1,102	1.12
Limacorporate FRN 9% 01/02/28	EUR 226,000	192	0.19
Rekeep 7.25% 01/02/26	EUR 479,000	384	0.39
UniCredit 1.625% 03/07/25	EUR 386,000	321	0.33
UniCredit 0.925% 18/01/28	EUR 1,182,000	893	0.91
<b>Jersey 1.02% (30/06/22: 1.53%)</b>			
CPUK Finance 5.876% 28/08/27	GBP 454,000	430	0.44
Heathrow Funding 7.125% 14/02/24	GBP 570,000	570	0.58
<b>Luxembourg 3.41% (30/06/22: 2.62%)</b>			
B&M European Value Retail 3.625% 15/07/25	GBP 374,000	358	0.36
ContourGlobal Power 2.75% 01/01/26	EUR 714,000	558	0.57

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
European Investment Bank 0.75% 15/11/24	GBP 1,100,000	1,027	1.04
Logicor Financing 0.75% 15/07/24	EUR 405,000	331	0.34
Logicor Financing 0.625% 17/11/25	EUR 821,000	616	0.62
PLT VII Finance 4.625% 05/01/26	EUR 570,000	474	0.48
<b>Netherlands 2.80% (30/06/22: 3.85%)</b>			
ABN AMRO Bank 5.125% 22/02/28	GBP 600,000	560	0.57
Citycon Treasury 2.5% 01/10/24	EUR 800,000	656	0.67
Citycon Treasury 1.25% 08/09/26	EUR 232,000	157	0.16
Prosus 3.257% 19/01/27	760,000	543	0.55
Toyota Motor Finance Netherlands 4.625% 08/06/26	GBP 417,000	398	0.40
Volkswagen Financial Services 3.25% 13/04/27	GBP 500,000	439	0.45
<b>Nigeria 0.00% (30/06/22: 0.42%)</b>			
<b>Norway 0.72% (30/06/22: 1.36%)</b>			
DNB Bank 2.625% 10/06/26	GBP 770,000	711	0.72
<b>Portugal 0.46% (30/06/22: 0.42%)</b>			
Banco Comercial Portugues 1.125% 12/02/27	EUR 600,000	449	0.46
<b>Romania 0.41% (30/06/22: 0.00%)</b>			
RCS & RDS 2.5% 05/02/25	EUR 500,000	408	0.41
<b>South Korea 0.43% (30/06/22: 0.52%)</b>			
Mirae Asset Securities 2.625% 30/07/25	582,000	420	0.43
<b>Spain 4.19% (30/06/22: 2.62%)</b>			
Abertis Infraestructuras 3.375% 27/11/26	GBP 1,100,000	977	0.99
Banco Bilbao Vizcaya Argentaria 3.104% 15/07/31	GBP 500,000	427	0.43
Banco de Sabadell 2.625% 24/03/26	EUR 500,000	408	0.41
Banco de Sabadell 5.25% 07/02/29	EUR 300,000	252	0.26
Banco Santander 3.125% 06/10/26	GBP 600,000	543	0.55
Banco Santander 2.25% 04/10/32	GBP 500,000	395	0.40
CaixaBank 3.5% 06/04/28	GBP 1,300,000	1,129	1.15
<b>Sweden 2.36% (30/06/22: 0.40%)</b>			
Intrum 4.875% 15/08/25	EUR 558,000	395	0.40
Svenska Handelsbanken 4.625% 23/08/32	GBP 463,000	411	0.42
Swedbank 7.272% 15/11/32	GBP 731,000	707	0.72
Volvo Treasury 6.125% 22/06/28	GBP 810,000	805	0.82
<b>United Arab Emirates 0.00% (30/06/22: 1.10%)</b>			

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>United Kingdom 29.16% (30/06/22: 22.97%)</b>			
ABP Finance 6.25% 14/12/26	GBP 900,000	878	0.89
Adevinta 2.625% 15/11/25	EUR 570,000	468	0.47
Admiral 5.5% 25/07/24	GBP 409,000	404	0.41
Afflelou 4.25% 19/05/26	EUR 614,000	502	0.51
AIB 2.25% 04/04/28	EUR 1,727,000	1,341	1.36
Altice France 2.125% 15/02/25	EUR 481,000	378	0.38
Anglian Water Osprey Financing 4% 08/03/26	GBP 1,100,000	989	1.00
Arqiva Financing 7.21% 30/06/28	GBP 377,000	375	0.38
Babcock International 1.875% 05/10/26	GBP 1,450,000	1,231	1.25
Barclays 0.877% 28/01/28	EUR 510,000	379	0.38
Barclays 3.75% 22/11/30	GBP 650,000	581	0.59
Barclays 8.407% 14/11/32	GBP 100,000	99	0.10
Bidvest 3.625% 23/09/26	431,000	303	0.31
BUPA Finance 5% 08/12/26	GBP 1,060,000	982	1.00
Close Brothers 7.75% 14/06/28	GBP 170,000	168	0.17
Close Brothers 2% 11/09/31	GBP 600,000	481	0.49
Co-Operative 5.125% 17/05/24	GBP 479,000	472	0.48
Haleon UK Capital 3.125% 24/03/25	625,000	472	0.48
Hammerson 6% 23/02/26	GBP 840,000	758	0.77
Inchcape 6.5% 09/06/28	GBP 769,000	746	0.76
INEOS Quattro Finance 2 2.5% 15/01/26	EUR 511,000	391	0.40
InterContinental Hotels 2.125% 24/08/26	GBP 1,000,000	864	0.88
International Game Technology 3.5% 15/06/26	EUR 500,000	412	0.42
Investec 1.875% 16/07/28	GBP 473,000	370	0.38
Investec Bank 4.25% 24/07/28	GBP 100,000	99	0.10
Iron Mountain 3.875% 15/11/25	GBP 500,000	467	0.47
Just 9% 26/10/26	GBP 590,000	614	0.62
Land Securities Capital Markets 1.974% 08/02/24	GBP 870,000	846	0.86
Lloyds Banking 1.985% 15/12/31	GBP 700,000	578	0.59
Marks & Spencer 3.75% 19/05/26	GBP 520,000	467	0.47
Marston's Issuer 5.905% 15/10/27	GBP 558,218	507	0.51
Mitchells & Butlers Finance 6.013% 15/12/28	GBP 383,609	342	0.35
National Grid Electricity Transmission 4% 08/06/27	GBP 700,000	639	0.65
Nationwide Building Society 6.178% 07/12/27	GBP 248,000	240	0.24
NatWest 2.105% 28/11/31	GBP 750,000	616	0.62
NatWest Markets 6.625% 22/06/26	GBP 548,000	542	0.55
NatWest Markets 6.375% 08/11/27	GBP 348,000	341	0.35
Ocado 3.875% 08/10/26	GBP 751,000	589	0.60
Pension Insurance 8% 23/11/26	GBP 590,000	587	0.60
Pinewood Finance 3.25% 30/09/25	GBP 389,000	357	0.36
Rothsay Life 8% 30/10/25	GBP 490,000	488	0.50
Rothsay Life 3.375% 12/07/26	GBP 400,000	354	0.36
Rothsay Life 5.5% 17/09/29	GBP 373,000	362	0.37
Santander 7.098% 16/11/27	GBP 589,000	578	0.59



## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Sherwood Financing 4.5% 15/11/26	EUR 669,000	489	0.50
Society of Lloyd's 4.75% 30/10/24	GBP 810,000	784	0.80
Stagecoach 4% 29/09/25	GBP 1,004,000	920	0.93
Stonegate Pub Co Financing 2019 8.25% 31/07/25	GBP 400,000	366	0.37
TalkTalk Telecom 3.875% 20/02/25	GBP 444,000	358	0.36
Tritax Big Box REIT 2.625% 14/12/26	GBP 700,000	607	0.62
Virgin Money 7.875% 14/12/28	GBP 570,000	566	0.57
Whitbread 3.375% 16/10/25	GBP 700,000	641	0.65
Whitbread 2.375% 31/05/27	GBP 400,000	332	0.34
<b>United States 13.40% (30/06/22: 13.51%)</b>			
AES 3.3% 15/07/25	745,000	556	0.56
AT&T 2.3% 01/06/27	670,000	475	0.48
Avantor Funding 2.625% 01/11/25	EUR 570,000	468	0.47
Aviation Capital 5.5% 15/12/24	324,000	250	0.25
Bank of America 0.981% 25/09/25	762,000	564	0.57
Brighthouse Financial Global Funding 1% 12/04/24	655,000	498	0.51
Celanese US 5.9% 05/07/24	555,000	438	0.44
Charter Communications Operating 4.908% 23/07/25	450,000	348	0.35
CVS Health 1.3% 21/08/27	350,000	237	0.24
Equitable Financial Life Global Funding 6.375% 02/06/28	GBP 745,000	734	0.74
First American Financial 4.6% 15/11/24	590,000	455	0.46
First Horizon 4% 26/05/25	300,000	221	0.22
Ford Motor Credit 3.021% 06/03/24	EUR 415,000	351	0.36
General Motors Financial 6.05% 10/10/25	575,000	454	0.46
General Motors Financial 5.15% 15/08/26	GBP 344,000	326	0.33
Goldman Sachs 0.925% 21/10/24	535,000	415	0.42
Harley-Davidson Financial Services 5.125% 05/04/26	EUR 276,000	239	0.24
Hewlett Packard Enterprise 5.9% 01/10/24	217,000	171	0.17
JPMorgan Chase 3.845% 14/06/25	706,000	545	0.55
KeyCorp 3.878% 23/05/25	600,000	438	0.44
Lowe's 4.8% 01/04/26	214,000	167	0.17
Microchip Technology 0.972% 15/02/24	740,000	567	0.58
NextEra Energy Capital 6.051% 01/03/25	600,000	476	0.48
Oracle 5.8% 10/11/25	52,000	42	0.04
Pacific Life Global Funding II 5% 12/01/28	GBP 750,000	708	0.72
Penske Truck Leasing Co 1.2% 15/11/25	450,000	316	0.32
Protective Life Global Funding 5.248% 13/01/28	GBP 750,000	714	0.72
Realty Income 1.875% 14/01/27	GBP 319,000	270	0.27
T-Mobile USA 3.75% 15/04/27	600,000	447	0.46
VMware 1% 15/08/24	569,000	425	0.43
Warnermedia 3.638% 15/03/25	680,000	517	0.53
Williams 5.4% 02/03/26	530,000	417	0.42
<b>TOTAL CORPORATE BONDS</b>		<b>81,659</b>	<b>82.85</b>



## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES 2.87% (30/06/22: 4.03%)</b>			
<b>United Kingdom 2.87% (30/06/22: 4.03%)</b>			
AXA Fixed Interest Investment ICVC - US Short Duration High Yield Fund~	1,871,800	2,826	2.87
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>		<b>2,826</b>	<b>2.87</b>
<b>GOVERNMENT BONDS 11.35% (30/06/22: 13.52%)</b>			
<b>Dominican Republic 0.49% (30/06/22: 0.58%)</b>			
Dominican Republic International Bond 5.5% 27/01/25	620,000	482	0.49
<b>Egypt 0.00% (30/06/22: 0.38%)</b>			
<b>Germany 2.02% (30/06/22: 5.63%)</b>			
Bundesrepublik Deutschland Bundesanleihe 2% 15/08/23	EUR 600,000	514	0.52
Bundesrepublik Deutschland Bundesanleihe 0.5% 15/02/25	EUR 1,800,000	1,479	1.50
<b>United Kingdom 8.84% (30/06/22: 3.21%)</b>			
UK Treasury 0.75% 22/07/23	GBP 2,400,000	2,394	2.43
UK Treasury 2.25% 07/09/23	GBP 4,600,000	4,575	4.64
UK Treasury 0.125% 22/03/24	GBP 410,000	618	0.63
UK Treasury 1.25% 22/07/27	GBP 1,300,000	1,128	1.14
<b>United States 0.00% (30/06/22: 3.72%)</b>			
<b>TOTAL GOVERNMENT BONDS</b>		<b>11,190</b>	<b>11.35</b>
<b>FORWARD CURRENCY CONTRACTS 0.59% (30/06/22: (1.77%))</b>			
Bought EUR600,000 for GBP515,274 Settlement 05/07/2023^		-	-
Bought EUR210,000 for GBP180,535 Settlement 02/08/2023^		-	-
Bought USD285,000 for GBP230,500 Settlement 05/07/2023		(5)	(0.01)
Bought USD180,000 for GBP142,538 Settlement 02/08/2023^		-	-
Sold EUR31,000,000 for GBP26,791,921 Settlement 05/07/2023		187	0.19
Sold EUR150,000 for GBP128,102 Settlement 05/07/2023		(1)	-
Sold EUR30,500,000 for GBP26,219,075 Settlement 02/08/2023		10	0.01
Sold USD20,200,000 for GBP16,340,553 Settlement 05/07/2023		368	0.37
Sold USD19,600,000 for GBP15,520,855 Settlement 02/08/2023		26	0.03
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>585</b>	<b>0.59</b>
<b>FUTURES (0.28%) (30/06/22: 0.00%)</b>			
<b>Germany (0.02%) (30/06/22: 0.06%)</b>			
Euro-BOBL September 2023	55	(18)	(0.02)

## AXA Global Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>United States (0.26%) (30/06/22: (0.06%))</b>			
US 2 Year Note (CBT) Futures September 2023	157	(261)	(0.26)
<b>TOTAL FUTURES</b>		<b>(279)</b>	<b>(0.28)</b>
<b>SWAPS (0.19%) (30/06/22: 0.00%)</b>			
Merrill Lynch Credit Default Swap C00005657 EUR 1% 20/06/28	2,900,000	2,398	2.43
Merrill Lynch Credit Default Swap C00005657 EUR 5% 20/06/28	(2,900,000)	(2,489)	(2.52)
BNP Paribas Credit Default Swap C00005731 EUR 1% 20/06/28	2,900,000	2,398	2.43
BNP Paribas Credit Default Swap C00005731 EUR 5% 20/06/28	(2,900,000)	(2,489)	(2.53)
<b>TOTAL SWAPS</b>		<b>(182)</b>	<b>(0.19)</b>
Portfolio of investments		95,799	97.19
Net other assets		2,773	2.81
<b>Total net assets</b>		<b>98,572</b>	<b>100.00</b>

*All bonds are denominated in US dollars (unless otherwise indicated).*

\* Since the previous report country classifications have been updated. Comparative figures have been updated where appropriate.

~ The Fund invests in US Short Duration High Yield Fund which is a related party to the Fund.

^ The market value of the holdings is below £500 and is therefore rounded down to £0.

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).

## AXA Global Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	S Gross Accumulation			S Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	103.60	108.89	104.08	93.39	99.88	97.60
Return before operating charges ^	3.40	(5.06)	5.06	3.04	(4.60)	4.73
Operating charges ^	(0.24)	(0.23)	(0.25)	(0.20)	(0.21)	(0.23)
Return after operating charges ^	3.16	(5.29)	4.81	2.84	(4.81)	4.50
Distributions	(3.35)	(2.38)	(2.38)	(2.85)	(1.68)	(2.22)
Retained distributions on accumulation shares	3.35	2.38	2.38	-	-	-
Closing net asset value per share †	106.76	103.60	108.89	93.38	93.39	99.88
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	3.05%	-4.86%	4.62%	3.04%	-4.82%	4.61%
<b>Other information</b>						
Closing net asset value (£) †	390,848	834,827	1,192,990	877,315	90,922,660	103,244,398
Closing number of shares	366,106	805,841	1,095,546	939,494	97,356,387	103,366,007
Operating charges ^	0.22%	0.22%	0.23%	0.21%	0.22%	0.23%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	108.30	109.30	108.70	96.22	100.20	100.70
Lowest share price #	101.60	103.90	104.40	90.94	94.19	97.90

## AXA Global Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	102.51	107.99	103.43	93.38	99.89	97.61
Return before operating charges ^	3.35	(5.04)	5.02	3.04	(4.60)	4.73
Operating charges ^	(0.44)	(0.44)	(0.46)	(0.40)	(0.41)	(0.43)
Return after operating charges ^	2.91	(5.48)	4.56	2.64	(5.01)	4.30
Distributions	(3.11)	(1.61)	(2.13)	(2.81)	(1.50)	(2.02)
Retained distributions on accumulation shares	3.11	1.61	2.13	-	-	-
Closing net asset value per share †	105.42	102.51	107.99	93.21	93.38	99.89
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	2.84%	-5.06%	4.41%	2.83%	-5.02%	4.41%
<b>Other information</b>						
Closing net asset value (£) †	58,090,861	58,546,745	55,427,598	7,238,468	7,650,388	9,066,450
Closing number of shares	55,103,293	57,115,868	51,326,623	7,765,631	8,192,519	9,076,622
Operating charges ^	0.42%	0.42%	0.43%	0.42%	0.42%	0.43%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	107.00	108.30	107.90	96.19	100.20	100.70
Lowest share price #	100.50	102.80	103.70	90.92	94.15	97.90

## AXA Global Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	ZI Gross Accumulation			ZI Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	102.60	107.94	103.22	93.22	99.69	97.42
Return before operating charges ^	3.38	(5.06)	5.02	3.03	(4.59)	4.71
Operating charges ^	(0.29)	(0.28)	(0.30)	(0.26)	(0.26)	(0.28)
Return after operating charges ^	3.09	(5.34)	4.72	2.77	(4.85)	4.43
Distributions	(3.28)	(1.77)	(2.30)	(2.94)	(1.62)	(2.16)
Retained distributions on accumulation shares	3.28	1.77	2.30	-	-	-
Closing net asset value per share †	105.69	102.60	107.94	93.05	93.22	99.69
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	3.01%	-4.95%	4.57%	2.97%	-4.87%	4.55%
<b>Other information</b>						
Closing net asset value (£) †	23,942,135	3,287,935	3,795,317	8,032,009	8,535,573	7,404,066
Closing number of shares	22,653,862	3,204,477	3,516,290	8,632,077	9,156,691	7,427,109
Operating charges ^	0.27%	0.27%	0.28%	0.27%	0.27%	0.28%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	107.30	108.20	107.80	96.03	100.00	100.50
Lowest share price #	100.70	102.90	103.50	90.76	94.00	97.71

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

## AXA Global Short Duration Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(678)		(12,063)
Revenue	3	3,630		3,523	
Expenses	4	(375)		(534)	
Interest payable and similar charges		<u>(79)</u>		<u>(19)</u>	
Net revenue before taxation		3,176		2,970	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>3,176</u>		<u>2,970</u>
Total return before distributions			2,498		(9,093)
Distributions	6		(3,176)		(2,970)
Change in net assets attributable to Shareholders from investment activities			<u>(678)</u>		<u>(12,063)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			169,778		180,131
Amounts receivable on issue of shares		44,841		26,860	
Amounts payable on cancellation of shares		<u>(117,581)</u>		<u>(26,149)</u>	
			(72,740)		711
Change in net assets attributable to Shareholders from investment activities (see above)			(678)		(12,063)
Retained distributions on accumulation shares			2,212		999
Closing net assets attributable to Shareholders			<u>98,572</u>		<u>169,778</u>

## AXA Global Short Duration Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		101,062	166,243
Current assets:			
Debtors	7	1,613	3,947
Cash and bank balances	8	2,861	7,807
Total assets		<u>105,536</u>	<u>177,997</u>
<b>Liabilities:</b>			
Investment liabilities			
		(5,263)	(3,158)
Creditors:			
Bank overdrafts	10	-	(42)
Distribution payable		(141)	(618)
Other creditors	9	(1,560)	(4,401)
Total liabilities		<u>(6,964)</u>	<u>(8,219)</u>
Net assets attributable to Shareholders		<u>98,572</u>	<u>169,778</u>

## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses comprise:		
Non-derivative securities	(260)	(6,418)
Brokers commission on futures	(11)	(8)
Currency (losses)/gains	(444)	2,919
Derivative contracts	269	1,697
Forward currency contracts	(232)	(10,252)
Transaction charges	-	(1)
<b>Net capital losses</b>	<b>(678)</b>	<b>(12,063)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	53	1
Interest on debt securities	3,561	3,515
Interest income from Collective Investment Schemes	128	221
Overseas dividends	-	2
Rebates received from underlying funds	21	25
Futures income	15	(241)
Swap Income	(148)	-
<b>Total revenue</b>	<b>3,630</b>	<b>3,523</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	353	512
Registration fees	1	1
	<b>354</b>	<b>513</b>
<b>Other expenses</b>		
Audit fees	9	6
Depositary's fees	11	17
Regulatory fees	(1)	-
Printing fees	-	(3)
Safe custody fees	2	1
	<b>21</b>	<b>21</b>
<b>Total expenses</b>	<b>375</b>	<b>534</b>

Expenses include irrecoverable VAT where applicable.



## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	3,176	2,970
Net revenue for the year multiplied by the standard rate of corporation tax	635	594
<b>Effects of:</b>		
Relief for indexation on UK Gilts	(50)	(6)
Tax deductible interest distributions	(585)	(588)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	563	750
Second interim	535	532
Third interim	851	734
Final	859	948
Add: Revenue paid on cancellation of shares	599	66
Deduct: Revenue received on creation of shares	(231)	(60)
<b>Net distribution for the year</b>	<b>3,176</b>	<b>2,970</b>

## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23	30/06/22
	£'000	£'000
Amounts receivable for creation of shares	383	188
Sales awaiting settlement	128	2,305
Accrued revenue	1,100	1,450
Amounts due for rebates from underlying funds	2	4
<b>Total debtors</b>	<b>1,613</b>	<b>3,947</b>

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	2,446	7,116
Amount held at futures clearing houses and brokers	415	649
<b>Total cash and bank balances</b>	<b>2,861</b>	<b>7,765</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	104	817
Purchases awaiting settlement	1,376	3,478
Accrued annual management charge	60	85
Accrued other expenses	20	21
<b>Total other creditors</b>	<b>1,560</b>	<b>4,401</b>

#### 10. Bank overdrafts

	30/06/23	30/06/22
	£'000	£'000
Bank overdrafts	-	42
<b>Total bank overdrafts</b>	<b>-</b>	<b>42</b>

#### 11. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% of the Fund's shares (30/06/2022: material shareholders had holdings totalling 49.70%). Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

During the current year AXA Global Short Duration Bond Fund held 1,871,800 shares in AXA Fixed Interest Investment ICVC US Short Duration High Yield Fund (30/06/2022: 4,770,000 shares), as detailed in the portfolio statement. The total purchase cost of these investments during the year was £5,771,620.00 (30/06/2022: £13,409,939), the total sales proceeds were £10,044,574 (30/06/2022: £14,679,650). As at 30 June 2023 total revenue earned amounts to £128,062 (30/06/2022: £221,493).

## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 12. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
S Gross Accumulation	0.20	805,841	-	(439,735)	-	366,106
S Gross Income	0.20	97,356,387	993,166	(97,410,059)	-	939,494
Z Gross Accumulation	0.40	57,115,868	13,089,023	(15,101,598)	-	55,103,293
Z Gross Income	0.40	8,192,519	4,227,922	(4,883,633)	228,823	7,765,631
ZI Gross Accumulation	0.25	3,204,477	21,029,367	(1,579,982)	-	22,653,862
ZI Gross Income	0.25	9,156,691	4,389,032	(4,684,446)	(229,200)	8,632,077

#### 13. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 14. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £9,567,427 (2022: £16,609,556). A 10% decrease would have an equal and opposite effect.

## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
Euro	(26,046)	(56,694)
US dollar	(15,423)	(50,760)
<b>Total</b>	<b>(41,469)</b>	<b>(107,454)</b>

#### Foreign exchange risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 10% the resulting change in the net assets attributable to shareholders of the Fund would be a decrease of approximately (£4,146,919) (2022: (£10,744,916)). A 10% weakening in GBP would have an equal but opposite effect.

#### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

Currency Assets	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest	Total £'000
			£'000	
<b>30/06/23</b>				
Pound sterling	1,622	52,338	86,081	140,041
Euro	628	25,460	(52,134)	(26,046)
US dollar	844	14,859	(31,126)	(15,423)
<b>Total</b>	<b>3,094</b>	<b>92,657</b>	<b>2,821</b>	<b>98,572</b>
<b>30/06/22</b>				
Pound sterling	7,010	55,109	215,113	277,232
Euro	1,217	54,282	(112,193)	(56,694)
US dollar	435	48,862	(100,057)	(50,760)
<b>Total</b>	<b>8,662</b>	<b>158,253</b>	<b>2,863</b>	<b>169,778</b>

## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £2,766,866 (2022: £4,395,448), representing 2.81% of net assets (2022: 2.59%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
Credit Rating	£'000		£'000	
Investment grade (BBB- credit rating and above)	75,436	76.55	155,252	91.45
Below investment grade (below BBB- credit rating)	17,413	17.65	9,340	5.50
<b>Total value of bonds</b>	<b>92,849</b>	<b>94.20</b>	<b>164,592</b>	<b>96.95</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

## AXA Global Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23 Exposure £'000	30/06/22 Exposure £'000
<b>Futures</b>		
Goldman Sachs	(279)	(5)
<b>Total value of derivatives</b>	<b>(279)</b>	<b>(5)</b>
<b>Forwards</b>		
BNP Paribas	31	(2,944)
Credit Agricole	186	-
Merrill Lynch	368	(61)
<b>Total value of derivatives</b>	<b>585</b>	<b>(3,005)</b>
<b>Swaps</b>		
BNP Paribas	(91)	-
Merrill Lynch	(91)	-
<b>Total value of derivatives</b>	<b>(182)</b>	<b>-</b>

#### 15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.45% (2022: 0.56%).

#### 16. Post balance sheet events

There are no post balance sheet events which require adjustments or disclosure.

#### 17. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	10,708	(279)	21,426	(104)
Level 2 ^^	90,354	(4,984)	144,817	(3,054)
Level 3 ^^^	-	-	-	-
	<b>101,062</b>	<b>(5,263)</b>	<b>166,243</b>	<b>(3,158)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Global Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class S Gross Accumulation</b>				
Group 1	0.728	-	0.728	0.456
Group 2	0.728	-	0.728	0.456
<b>Share Class S Gross Income</b>				
Group 1	0.671	-	0.671	0.419
Group 2	0.316	0.355	0.671	0.419
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.667	-	0.667	0.398
Group 2	0.275	0.392	0.667	0.398
<b>Share Class Z Gross Income</b>				
Group 1	0.609	-	0.609	0.367
Group 2	0.206	0.403	0.609	0.367
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.707	-	0.707	0.438
Group 2	0.432	0.275	0.707	0.438
<b>Share Class ZI Gross Income</b>				
Group 1	0.643	-	0.643	0.406
Group 2	0.118	0.525	0.643	0.406

## AXA Global Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class S Gross Accumulation</b>				
Group 1	0.730	-	0.730	0.327
Group 2	0.730	-	0.730	0.327
<b>Share Class S Gross Income</b>				
Group 1	0.652	-	0.652	0.299
Group 2	0.652	-	0.652	0.299
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.671	-	0.671	0.269
Group 2	0.298	0.373	0.671	0.269
<b>Share Class Z Gross Income</b>				
Group 1	0.607	-	0.607	0.248
Group 2	0.315	0.292	0.607	0.248
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.710	-	0.710	0.310
Group 2	0.205	0.505	0.710	0.310
<b>Share Class ZI Gross Income</b>				
Group 1	0.641	-	0.641	0.285
Group 2	0.453	0.188	0.641	0.285



## AXA Global Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

#### Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class S Gross Accumulation</b>				
Group 1	0.936	-	0.936	0.460
Group 2	0.936	-	0.936	0.460
<b>Share Class S Gross Income</b>				
Group 1	0.833	-	0.833	0.419
Group 2	0.833	-	0.833	0.419
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.872	-	0.872	0.403
Group 2	0.360	0.512	0.872	0.403
<b>Share Class Z Gross Income</b>				
Group 1	0.785	-	0.785	0.371
Group 2	0.401	0.384	0.785	0.371
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.913	-	0.913	0.443
Group 2	0.279	0.634	0.913	0.443
<b>Share Class ZI Gross Income</b>				
Group 1	0.819	-	0.819	0.406
Group 2	0.246	0.573	0.819	0.406

## AXA Global Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class S Gross Accumulation</b>				
Group 1	0.959	-	0.959	0.599
Group 2	0.959	-	0.959	0.599
<b>Share Class S Gross Income</b>				
Group 1	0.693	-	0.693	0.542
Group 2	0.240	0.453	0.693	0.542
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.903	-	0.903	0.537
Group 2	0.363	0.540	0.903	0.537
<b>Share Class Z Gross Income</b>				
Group 1	0.806	-	0.806	0.512
Group 2	0.357	0.449	0.806	0.512
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.954	-	0.954	0.581
Group 2	0.353	0.601	0.954	0.581
<b>Share Class ZI Gross Income</b>				
Group 1	0.837	-	0.837	0.525
Group 2	0.619	0.218	0.837	0.525

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to generate income and any capital growth over a period of 5 years or more.

#### Investment Policy

The Fund invests at least 80% of its assets in a mix of investment grade bonds (meaning bonds with a Standard & Poor's rating of at least BBB- or such equivalent rating by Moody's or Fitch), sub-investment grade bonds and securitisation vehicles (such as mortgage-backed and asset-backed securities, collateralised debt obligations (CDOs) and collateralised loan obligations (CLOs)), issued in or hedged back to Sterling. The Manager seeks to reduce the risk of defaults through its analysis and selection of bonds (with particular emphasis on industry and issuer). The Fund may also invest in other transferable securities, contingent convertible bonds, units in collective investment schemes (including those operated by the ACD), cash, cash-like instruments and deposits.

The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. The Fund does not have a benchmark. The IA Sterling Strategic Bond sector may be used by investors to compare the Fund's performance. Where the bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate capital or income (known as Efficient Portfolio Management – EPM). The Fund avoids investing in bonds issued by companies presenting excessive degrees of environmental, social and governance (ESG) risk. The Manager applies AXA IM Group's sector specific investment guidelines relating to responsible investment to the Fund, according to which the Manager aims at applying specific sectorial exclusions (such as soft commodity derivatives, palm oil (including deforestation and natural ecosystems conversion), controversial weapons and climate risks). The Manager also applies the AXA IM's ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; human rights; anti-corruption and other ESG factors. Further, in selecting investments, the Manager will take into account: (i) the issuer's ESG score (using an internal ESG scoring system as detailed in the AXA IM's ESG Standards policy); and (ii) its own analysis of the global bond universe. The Manager will use the ESG score and analysis as one factor within its broader analysis of the issuer to make selections which are expected to generate sustained growth and returns over time. It is, however, just one component of the Manager's investment process and ESG scores are not the principal driver of investment decision making.

The Fund is actively managed. It is not managed in reference to any benchmark.

#### Risk and Reward Profile

As at 30 June 2023



The risk category is based on simulated performance or performance of funds of this type 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. There has been no change from prior year.

#### 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 level of variation which, may result in gains or losses.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Key risks

**Under normal market conditions the Fund's key risk factors are:**

- **Credit risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- **Interest rate risk** - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- **Prepayment and extension risk** - prepayment is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- **Index-linked bonds risk** - are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

Index-linked bonds risk is an inherent risk of investing in index-linked bonds. Exposure to this risk is managed by the allocation decision on the proportion of the portfolio to invest in index-linked bonds, as well as the amount of remaining maturity of these bonds, which will affect their sensitivity in value, to changes in expected inflation levels.

- High Yield Bonds risk - high yield bonds risk (also known as sub-investment grade bonds) - are fixed interest securities issued by companies or governments with lower credit ratings (Ba1 and below (Moody's) or BB+ and below (Standard & Poor's and Fitch Ratings)). They are potentially more risky than investment grade bonds which have higher ratings. The issuers of high yield bonds will be at greater risk of default or ratings downgrades. The capital value of the Fund's investment in high yield bonds and the level of income it receives may fall as a result of such issuers ceasing to trade. The Fund will endeavour to mitigate the risks associated with high yield bonds, by diversifying their holdings by issuer, industry and credit quality.

This is an inherent risk for funds invested within high yield bonds. Internal investment guidelines (which may include measures of credit quality, measures of sensitivity to credit spread moves and diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Funds may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.

Certain funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, the Fund may suffer significant loss.

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- Emerging markets risk - investment in emerging markets (countries that are transitioning towards more advanced financial and economic structures) may involve a higher risk than those inherent in established markets. Emerging markets and their currencies may experience unpredictable and dramatic fluctuations from time to time. Investors should consider whether or not investment in such funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject to:

- a. accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- b. the same level of government supervision and regulation of markets as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by the funds referred to above and, as a result, limit investment opportunities for those funds. Substantial government involvement in, and influence on, the economy, as well as a lack of political or social stability, may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

This is an inherent risk for funds invested within Emerging Markets. Internal investment guidelines (such as diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Securitised assets or CDO assets risk - securitised assets or CDO assets (CLO, ABS, RMBS, CMBS, CDO, etc.) are subject to credit, liquidity, market value, interest rate and certain other risks. Such financial instruments require complex legal and financial structuring and any related investment risk is heavily correlated with the quality of underlying assets which may be of various types (leveraged loans, bank loans, bank debt, debt securities, etc.), economic sectors and geographical zones.

- Contingent convertible bonds risk - in the framework of new banking regulations, banking institutions are required to increase their capital buffers and have therefore issued certain types of financial instrument known as subordinated contingent capital securities (often referred to as "CoCo" or "CoCos"). The main feature of a CoCo is its ability to absorb losses as required by banking regulations, but other corporate entities may also choose to issue them.

Under the terms of a CoCo, the instruments become loss absorbing upon certain triggering events, including events under the control of the management of the CoCo issuer which could cause the permanent write-down to zero of principal investment and / or accrued interest, or a conversion to equity that may coincide with the share price of the underlying equity being low. These triggering events may include (i) a deduction in the issuing bank's capital ratio below a pre-set limit, (ii) a regulatory authority making a subjective determination that an institution is "non-viable" or (iii) a national authority deciding to inject capital.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Furthermore, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group and the application of these policies. Any such changes, including changes over which the issuer or its group has a discretion, may have a material adverse impact on its reported financial position and accordingly may give rise to the occurrence of a trigger event in circumstances where such a trigger event may not otherwise have occurred, notwithstanding the adverse impact this will have on the position of holders of the CoCos.

CoCos are valued relative to other debt securities in the issuer's capital structure, as well as equity, with an additional premium for the risk of conversion or write-down. The relative riskiness of different CoCos will depend mainly on the distance between the current capital ratio and the effective trigger level, which once reached would result in the CoCo being automatically written-down or converted into equity.

It is possible in certain circumstances for interest payments on certain CoCos to be cancelled in full or in part by the issuer, without prior notice to bondholders. Therefore, there can be no assurances that investors will receive payments of interest in respect of CoCos. Unpaid interest may not be cumulative or payable at any time thereafter.

Notwithstanding that interest not being paid or being paid only in part in respect of CoCos or the principal value of such instruments may be written down to zero, there may be no restriction on the issuer paying dividends on its ordinary shares or making pecuniary or other distributions to the holders of its ordinary shares or making payments on securities ranking pari passu with the CoCos resulting in other securities by the same issuer potentially performing better than CoCos.

CoCos generally rank senior to common stock in an issuer's capital structure and are consequently higher quality and entail less risk than the issuer's common stock; however, the risk involved in such securities is correlated to the solvency level and / or the access of the issuer to liquidity of the issuing financial institution.

The structure of CoCos is yet to be tested and there is some uncertainty as to how they may be impacted by liquidity challenges and industry concentration in a stressed environment of deteriorating financial condition.

- ESG risk - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### Other risks which could have an impact in extreme market conditions include:

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.



## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Counterparty risk** - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- **Derivatives risk** - the Fund may enter into a variety of transactions taking the form of "derivatives transactions" (namely, options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market and effected in accordance with the rules of that market, (an "exchange traded" derivative), or be an off-exchange derivative entered into with an eligible counterparty (an "over-the-counter" or "OTC" derivative). Forward currency transactions are over-the-counter transactions. Derivative transactions are designed to provide exposure to the value or performance of different assets including shares, bonds and indices, the credit risk of companies or governments, interest rates, the value of currencies or other assets or investments, without the Fund owning the relevant asset(s) or making a direct investment. A forward currency transaction is a contract that locks in the exchange rate for the sale or purchase of a particular currency on a future date. Each derivative and forward transaction bears various risks and its use may result in losses to the Fund. The price or value of derivative and forward currency transactions may move in unexpected ways, particularly in abnormal market conditions, and therefore the use of derivatives and forward currency transactions may increase the volatility of the price of shares in the Fund. If a derivative transaction involves leverage (i.e., it increases the Fund's exposure to the underlying asset or investment), this may magnify investment losses suffered by the Fund and the Fund may lose in excess of the amount invested. Exchange traded and OTC transactions are subject to liquidity risk as it may not always be possible to sell or terminate the relevant transaction. OTC derivative and forward currency transactions are subject to counterparty risk as the counterparty to the transaction may not settle the transaction in accordance with its terms and conditions (due to dispute of the terms or because of a credit or liquidity problem), thus causing the Fund to suffer a loss. Derivative and forward currency transactions may also involve legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

The successful use of derivative and forward currency transactions (whether for investment purposes or for Efficient Portfolio Management purposes) requires sophisticated management and the Fund will depend on the ability of the Manager to analyse and predict market movements and manage the transactions. The value of a derivative or forward currency transaction will be determined by a range of factors, including the volatility and market price of the underlying asset, interest rates, government intervention in derivatives markets, the duration of the contract and the risk of default of the counterparty. As a result, there are many factors upon which market participants may have divergent views and there is a risk that the Manager may incorrectly value the derivative/currency forward. Furthermore, there is a risk that the value of the derivative/currency forward may not correlate to the underlying asset or investment in the way anticipated by the Manager, due to unexpected market behaviour or interest rate trends. Therefore, where the Fund uses derivative or forward currency transactions to achieve a particular result, whether for investment purposes or for Efficient Portfolio Management, there is a risk that such use will not be successful and could leave the Fund in a worse position than if such transactions had not been used.

In certain circumstances, the Fund may use derivatives or forward currency transactions to reduce or eliminate risk arising from fluctuations in interest rates or exchange rates and in the price of investments or use them for other Efficient Portfolio Management purposes. Where such transactions are used for the purposes of reducing or eliminating (i.e., hedging) certain risks (for example, the use of forward currency transactions to hedge against movements in foreign currency exchange rates), such use will limit any potential gain for the Fund should the value of the hedged asset increase. The precise matching of the relevant contract amounts and the value of the hedged asset involved will not generally be possible because the future value of such assets will change as a consequence of market movements between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange rate or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

The use of derivatives and forward currency transactions by the Fund is not intended to increase the overall risk profile of the Funds compared to similar funds investing directly in securities. However, in unusual market situations their use may lead to higher volatility in the Share Price of the Funds.

- **Leverage risk** - a proportion of the capital of the Fund may be leveraged through borrowing cash or use of derivatives (i.e., the exposure of the Fund to an asset may be greater than the amount invested). While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the Fund's underlying investment would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investment vehicles would result in a substantial loss to capital that would be greater than if capital were not leveraged.
- **Political, economic, convertibility and regulatory risk** - some geographical areas in which the Fund may invest (including but not limited to Asia, the Eurozone and the US) may be affected by economic or political events or measures, changes in government policies, laws or tax regulations, currency convertibility, or by currency redenomination, restrictions on foreign investments, and more generally by economic and financial difficulties. In such contexts, volatility, liquidity, credit and currency risks may increase and adversely impact the Net Asset Value of the Fund.

The ACD and the sub Investment Managers have established procedures and oversight for monitoring client's portfolios to ensure unexpected adverse events or scenarios are managed to mitigate impact it may have on portfolios investment objectives.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- Currency risk - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual Fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

Global markets experienced a rollercoaster 12 months that encapsulated strong bouts of volatility in equity, bond, currency, and commodity markets. Although the impact of COVID-19 lessened, investors continued to be impacted by the ongoing war in Ukraine and new challenges, including a mini banking crisis, a US debt ceiling debacle, a meltdown in the UK bond market, oil production cuts, a disappointing recovery in the Chinese economy, and the threat of recession in various regions. All these issues have been underpinned by a broader concern around the state of the global economy as inflation remains stubbornly high and interest rates are now likely to be higher for longer in most developed economies.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

During the year, the yield on the benchmark 10-year US Treasury note (which moves inversely to price) increased from 2.99% to 3.97%. US Treasury markets were whipsawed throughout the year by the prospects for inflation and ongoing hawkish measures from the US Federal Reserve (Fed) – which has increased the federal funds rate from 0.75% to a range of 5.0% to 5.25% over the year – as well as strong economic data that showed US GDP grew 2% in the first three months of 2023, well above the 1.3% previously forecast.

The yield on the benchmark 10-year German bund rose from -1.28% to 2.36%. In peripheral Europe, the yields on French, Spanish and Italian 10-year government bonds also rose precipitously. Consumer Price Index (CPI) across the eurozone stood at 5.5% in June 2023, which is still far above the European Central Bank's (ECB)'s target and is likely to ensure further ECB rate rises. Persistently high inflation figures led the ECB to raise rates to a 22-year high over the period, with the June 2023 meeting marking its ninth consecutive hike that took the cost of borrowing to 3.5% for the 20 countries that use the euro currency in an unprecedentedly swift campaign to tighten the flow of credit to the economy.

In the UK, a jump in interest rates to a 15-year high has failed to dampen inflation sufficiently. While inflation started the period at 9.4% in June 2022, it actually ticked up back into double digits before dropping again. Inflation stalled at 8.7% in the final two months of the 12 months to end of June 2023 forcing policymakers to up the ante in their monetary tightening. The Bank of England (BoE) had been sufficiently optimistic to follow the Fed and ECB in slowing the pace of rate hikes early in 2023 but as inflation refused to budge, its policy diverged in June and it pushed the pace of interest rate hikes back to 50bps from 25bps, as its US counterparts paused hikes. Interest rates are expected to reach 6.0% by the end of the year as a tight jobs market and strong wage growth – which reached its highest pace on record outside of periods where the data was distorted by COVID-19 furlough payments – exert pressure on the cost of goods and services. In October, the UK sent both global and fixed income markets into a tailspin as political upheaval led to a disastrous mini-Budget. The resignation of prime minister Boris Johnson saw Liz Truss gain control of the Conservative party, with Kwasi Kwarteng becoming her chancellor. A mini-Budget of unfunded tax cuts that sent gilt markets into meltdown, and scuppered equities markets. The proposals were swiftly undone by new prime minister Rishi Sunak and his chancellor Jeremy Hunt but the damage to the bond market and UK pension funds had already been done.

Global credit spreads performed well during the period, albeit negatively affected to varying degrees by local credit events at varying points. The total returns however were influenced by the volatility of the underlying government bond curves. While US assets performed well during the period, UK related assets underperformed in terms of government bond and credit spreads, due to the overhang of confidence after the political events in second half of 2022 and the ongoing sticky inflation environment.

Debt issuance rose sharply in the first half of 2023 as companies, particularly in the US, returned to the bond market. However, debt issuance was not the only measure of corporate activity, and M&A activity in the second half of the period slumped. M&A activity shrank to its lowest level in more than a decade in the first quarter of 2023 as rising interest rates, high inflation, and fears of a recession, soured dealmaking appetite. According to the Bloomberg Global High Yield Total Return Index, high yield bonds rose 4.94% in sterling terms over the past 12 months. The ICE Bank of America Global High Yield Index rose 5.27% in dollar terms over the period. US high-yield bonds outperformed their investment-grade counterparts as high-yield bonds have a lower duration and there are more sensitive to interest rate rises.

During this period, the fund also gained 1.49 % net of fees (Z GBP share class), as the bond markets began to recover after the extreme events of 2022.

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### *Fund activity*

As bond yields continued to rise during the second half of the year, we actively managed the duration exposure with both a long exposure as high as 6 years and as low as zero. During the most volatile period of September and October, we held our lowest ever duration exposure which went some way to protect the fund against negative returns, particularly in the UK, and during Q4 we increased exposure as markets recovered. 2023 has been a slightly different story where we have held high, and more structural exposure to government bond risk, predominantly in US bond curve, although this has both made and lost money as bonds trade in a wide range but essentially moved sideways during the first half of 2023. The driver of this decision has been on expectations of a slowing economy after significant hikes to interest rates albeit this has been slow to materialise.

The general theme for credit exposure has been to increase risk over the period. Whilst an expectation for weaker economic environment is not necessarily reason to increase credit risk, we felt that the asset class could benefit from either a less aggressive weakening of economic conditions than expected, or possibly an asset class benefitting from technical demand after being under owned as returns beat low expectations. As it transpired both factors appear to have played positive roles and offset an underperformance from the government bond component.

#### *Outlook*

2023 has proven to be no less complicated than 2022 in terms of bond market outlook and expectations, although after a significant move higher in yields, lower in price, the asset class now benefits from much more attractive valuations than has been witnessed for many years. On the flip side the outlook is no less complicated with elevated inflation, proving to be stickier than many expected and the expectations for the future path of interest rates and global economic growth is varied, at best. Our own view is that we are close to the peak in interest rate, albeit not at the end, and we are witnessing the volatile period where markets price in both more and less rate rises. Looking further ahead we think that bonds, in particularly higher quality bonds, offer both attractive returns opportunities, and an opportunity to benefit should the global economy weaken. As such we stick with our high duration exposure, particularly concentrated in US government bonds and towards shorter maturities. Whilst we have benefited from a positive return in credit it becomes less obvious how that outperformance continues and we look to cap the increase in allocation to high yield, unless of course the macro-economic environment changes materially. We have seen a number of credit related, negative events as aggressive interest rate rises have taken their toll and deflated various asset class bubbles. It would be wrong not to expect further impact over the coming quarters, and possibly years.

*All performance data source: AXA Investment Managers and Bloomberg.*

*Past performance is not a guide for future performance.*

## AXA Global Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● United Kingdom Gilt 0.125% 31/01/24	3,872	● United Kingdom Gilt 0.125% 31/01/23	3,720
● United Kingdom Gilt 0.125% 31/01/23	2,970	● United Kingdom Gilt 1% 22/04/24	3,394
● United States Treasury Note 1.125% 15/02/31	2,873	● United States Treasury Note 0.25% 15/05/24	3,134
● United Kingdom Gilt 1% 22/04/24	2,647	● United States Treasury Note 0.625% 15/05/30	1,836
● United Kingdom Gilt 0.125% 22/03/26	2,617	● United Kingdom Gilt Inflation Linked 0.125% 22/03/26	1,681

**Nick Hayes**

AXA Investment Managers UK Limited

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 65.18% (30/06/22: 61.05%)</b>			
<b>Australia 1.06% (30/06/22: 0.00%)</b>			
Nufarm Australia 5% 27/01/30	200,000	140	0.10
Scentre Trust 3.875% 16/07/26	GBP 750,000	686	0.48
Vicinity Centres Trust 3.375% 07/04/26	GBP 750,000	684	0.48
<b>Austria 0.43% (30/06/22: 0.65%)</b>			
OMV 2.5% Perpetual	EUR 800,000	616	0.43
<b>Azerbaijan 0.36% (30/06/22: 0.23%)</b>			
State Oil Co of the Azerbaijan Republic 6.95% 18/03/30	625,000	508	0.36
<b>Bermuda 0.22% (30/06/22: 0.24%)</b>			
Investment Energy Resources 6.25% 26/04/29	425,000	310	0.22
<b>Brazil 0.47% (30/06/22: 0.29%)</b>			
BRF 4.875% 24/01/30	1,050,000	665	0.47
<b>British Virgin Islands 0.34% (30/06/22: 0.24%)</b>			
Gold Fields Orogen 6.125% 15/05/29	600,000	479	0.34
<b>Canada 1.29% (30/06/22: 1.47%)</b>			
ATS 4.125% 15/12/28	590,000	418	0.29
Bausch Health 5.5% 01/11/25	100,000	69	0.05
First Quantum Minerals 8.625% 01/06/31	455,000	366	0.26
Garda World Security 6% 01/06/29	300,000	194	0.14
Garda World Security 9.5% 01/11/27	576,000	440	0.31
Intelligent Packaging Finco 6% 15/09/28	200,000	135	0.09
Open Text 6.9% 01/12/27	270,000	217	0.15
<b>Cayman Islands 1.02% (30/06/22: 0.36%)</b>			
DP World Salaam 6% Perpetual	700,000	547	0.38
MAF Global Securities 7.875% 31/12/99Perpetual	750,000	600	0.42
MGM China 4.75% 01/02/27	450,000	321	0.22
<b>Chile 0.45% (30/06/22: 0.49%)</b>			
Celulosa Arauco y Constitucion 4.25% 30/04/29	650,000	464	0.33
Inversiones CMPC 6.125% 23/06/33	217,000	172	0.12
<b>Colombia 0.46% (30/06/22: 0.20%)</b>			
Ecopetrol 4.625% 02/11/31	300,000	181	0.13
Ecopetrol 8.875% 13/01/33	600,000	467	0.33

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Denmark 0.23% (30/06/22: 0.30%)</b>			
Orsted 2.5% 18/02/3021	GBP 500,000	329	0.23
<b>France 1.88% (30/06/22: 1.83%)</b>			
BPCE 0.625% 28/04/25	EUR 900,000	724	0.51
Credit Agricole 4% Perpetual	EUR 900,000	666	0.47
RCI Banque 1.375% 08/03/24	EUR 800,000	674	0.47
Unibail-Rodamco-Westfield 7.25% Perpetual	EUR 800,000	612	0.43
<b>Germany 1.36% (30/06/22: 1.74%)</b>			
Allianz 2.625% Perpetual	EUR 1,200,000	718	0.50
Deutsche Bahn Finance 0.875% 11/07/31	EUR 800,000	571	0.40
Muenchener Rueckversicherungs-Gesellschaft in Muenchen 1.25% 26/05/41	EUR 1,000,000	653	0.46
<b>Ireland 0.43% (30/06/22: 0.00%)</b>			
AIB 2.25% 04/04/28	EUR 800,000	621	0.43
<b>Italy 2.47% (30/06/22: 2.71%)</b>			
Enel 1.375% Perpetual	EUR 950,000	662	0.46
Eni 3.375% Perpetual	EUR 1,000,000	720	0.50
IMA Industria Macchine Automatiche 3.75% 15/01/28	EUR 700,000	525	0.37
Intesa Sanpaolo 5.5% Perpetual	EUR 700,000	501	0.35
Rekeep 7.25% 01/02/26	EUR 600,000	481	0.34
UniCredit 2% 23/09/29	EUR 800,000	647	0.45
<b>Jersey 1.44% (30/06/22: 0.60%)</b>			
CPUK Finance 3.69% 28/08/28	GBP 700,000	591	0.41
Gatwick Funding 6.125% 02/03/26	GBP 750,000	739	0.52
Heathrow Funding 2.625% 16/03/28	GBP 900,000	729	0.51
<b>Kazakhstan 0.41% (30/06/22: 0.20%)</b>			
KazMunayGas National 6.375% 24/10/48	877,000	590	0.41
<b>Liberia 0.44% (30/06/22: 0.16%)</b>			
Royal Caribbean Cruises 5.375% 15/07/27	249,000	183	0.13
Royal Caribbean Cruises 7.25% 15/01/30	324,000	259	0.18
Royal Caribbean Cruises 11.625% 15/08/27	219,000	188	0.13
<b>Luxembourg 1.61% (30/06/22: 0.81%)</b>			
ARD Finance 6.5% 30/06/27	400,000	256	0.18
ContourGlobal Power 3.125% 01/01/28	EUR 500,000	340	0.24
ION Trading Technologies 5.75% 15/05/28	600,000	406	0.28
Logicor Financing 2.75% 15/01/30	GBP 800,000	585	0.41
MHP Lux 6.95% 03/04/26	200,000	87	0.06
Nexa Resources 6.5% 18/01/28	825,000	624	0.44



## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Mauritius 0.42% (30/06/22: 0.00%)</b>			
Greenko Wind Projects Mauritius 5.5% 06/04/25	800,000	605	0.42
<b>Mexico 0.00% (30/06/22: 0.43%)</b>			
<b>Netherlands 2.77% (30/06/22: 2.60%)</b>			
ABN AMRO Bank 4.75% 31/12/99	EUR 900,000	650	0.46
BOI Finance 7.5% 16/02/27	EUR 500,000	368	0.26
Braskem Netherlands Finance 4.5% 31/01/30	800,000	541	0.38
Cooperatieve Rabobank 4.625% 23/05/29	GBP 750,000	656	0.46
IHS Netherlands 8% 18/09/27	400,000	288	0.20
Prosus 2.031% 03/08/32	EUR 350,000	213	0.15
Prosus 3.68% 21/01/30	200,000	132	0.09
Prosus 4.193% 19/01/32	400,000	265	0.19
Shell International Finance 1.75% 10/09/52	GBP 1,200,000	545	0.38
Sigma 7.875% 15/05/26	200,000	135	0.09
Trivium Packaging Finance 5.5% 15/08/26	200,000	152	0.11
<b>Nigeria 0.00% (30/06/22: 0.21%)</b>			
<b>Panama 0.10% (30/06/22: 0.23%)</b>			
Carnival 6% 01/05/29	200,000	141	0.10
<b>Peru 0.00% (30/06/22: 0.20%)</b>			
<b>Poland 0.00% (30/06/22: 0.20%)</b>			
<b>Singapore 0.19% (30/06/22: 0.00%)</b>			
Pfizer Investment Enterprises Pte 4.75% 19/05/33	350,000	274	0.19
<b>Spain 1.98% (30/06/22: 1.22%)</b>			
Abertis Infraestructuras 3.375% 27/11/26	GBP 800,000	711	0.50
Banco Bilbao Vizcaya Argentaria 2.575% 22/02/29	EUR 1,000,000	840	0.59
Banco Santander 1.125% 23/06/27	EUR 800,000	608	0.43
Bankinter 6.25% Perpetual	EUR 800,000	650	0.46
<b>Sweden 0.39% (30/06/22: 0.29%)</b>			
Verisure Midholding 5.25% 15/02/29	EUR 750,000	556	0.39
<b>Turkey 0.58% (30/06/22: 0.45%)</b>			
Aydem Yenilenebilir Enerji 7.75% 02/02/27	450,000	300	0.21
Coca-Cola Icecek 4.5% 20/01/29	750,000	527	0.37

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>United Kingdom 13.92% (30/06/22: 18.73%)</b>			
Aviva 6.875% Perpetual	GBP 639,000	530	0.37
Barclays 3.75% 22/11/30	GBP 800,000	715	0.50
Berkeley 2.5% 11/08/31	GBP 900,000	583	0.41
Bidvest 3.625% 23/09/26	925,000	651	0.46
BP Capital Markets 3.25% Perpetual	EUR 1,000,000	789	0.55
BUPA Finance 4% Perpetual	GBP 1,250,000	736	0.52
Centrica 4.375% 13/03/29	GBP 700,000	631	0.44
Close Brothers 2% 11/09/31	GBP 856,000	687	0.48
Direct Line Insurance 4.75% Perpetual	GBP 900,000	596	0.42
Experian Finance 3.25% 07/04/32	GBP 650,000	539	0.38
Hammerson 6% 23/02/26	GBP 600,000	541	0.38
HSBC 8.201% 16/11/34	GBP 606,000	613	0.43
Investec 9.125% 06/03/33	GBP 700,000	678	0.48
Investec Bank 4.25% 24/07/28	GBP 100,000	99	0.07
Legal & General 5.625% Perpetual	GBP 800,000	614	0.43
Lendlease Europe Finance 3.5% 02/12/33	GBP 368,000	237	0.17
Lloyds Banking 2.707% 03/12/35	GBP 800,000	577	0.40
Marks & Spencer 3.75% 19/05/26	GBP 100,000	90	0.06
Mitchells & Butlers Finance 5.72% 15/12/33	GBP 343,952	295	0.21
Mitchells & Butlers Finance 5.965% 15/12/23	GBP 42,742	42	0.03
Mobico 4.25% Perpetual	GBP 750,000	652	0.46
National Gas Transmission 1.375% 07/02/31	GBP 900,000	637	0.45
Nationwide Building Society 5.75% Perpetual	GBP 700,000	597	0.42
NatWest 3.125% 28/03/27	GBP 750,000	672	0.47
NGG Finance 5.625% 18/06/73	GBP 850,000	805	0.57
OSB 6% Perpetual	GBP 200,000	153	0.11
Pension Insurance 4.625% 07/05/31	GBP 550,000	442	0.31
RL Finance Bonds NO 6 10.125% Perpetual	GBP 650,000	638	0.45
Rothsay Life 5% Perpetual	GBP 700,000	445	0.31
TalkTalk Telecom 3.875% 20/02/25	GBP 400,000	322	0.23
Thames Water Utilities Finance 3.5% 25/02/28	GBP 700,000	597	0.42
TP ICAP Finance 2.625% 18/11/28	GBP 800,000	588	0.41
Tritax Big Box REIT 1.5% 27/11/33	GBP 900,000	570	0.40
Virgin Money 3.375% 24/04/26	GBP 750,000	681	0.48
Vodafone 4.875% 03/10/78	GBP 600,000	560	0.39
Whitbread 3% 31/05/31	GBP 800,000	610	0.43
WPP Finance 2013 2.875% 14/09/46	GBP 1,050,000	596	0.42
<b>United States 28.46% (30/06/22: 23.97%)</b>			
ACCO Brands 4.25% 15/03/29	100,000	67	0.05
AES 1.375% 15/01/26	450,000	317	0.22
AES 3.3% 15/07/25	225,000	168	0.12
Aethon United BR 8.25% 15/02/26	484,000	374	0.26
Agilent Technologies 2.3% 12/03/31	675,000	433	0.30

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Ahead DB 6.625% 01/05/28	182,000	116	0.08
Alcon Finance 5.75% 06/12/52	250,000	204	0.14
Allied Universal 6.625% 15/07/26	319,000	239	0.17
Allied Universal 9.75% 15/07/27	125,000	87	0.06
Alteryx 8.75% 15/03/28	491,000	378	0.26
American Tower 1.25% 21/05/33	EUR 1,000,000	630	0.44
Anheuser-Busch InBev Worldwide 5.55% 23/01/49	700,000	577	0.40
Ardagh Metal Packaging Finance USA 4% 01/09/29	200,000	125	0.09
Aretec Escrow Issuer 7.5% 01/04/29	169,000	115	0.08
Ascent Resources Utica 7% 01/11/26	280,000	215	0.15
AT&T 5.15% 15/11/46	575,000	418	0.29
AthenaHealth 6.5% 15/02/30	973,000	644	0.45
Aviation Capital 1.95% 30/01/26	400,000	282	0.20
Aviation Capital 5.5% 15/12/24	275,000	212	0.15
Avient 7.125% 01/08/30	112,000	89	0.06
Bank of America 2.972% 04/02/33	650,000	424	0.30
Block Financial 2.5% 15/07/28	250,000	167	0.12
Block Financial 3.875% 15/08/30	550,000	382	0.27
Blue Racer Midstream 6.625% 15/07/26	330,000	258	0.18
Bristol-Myers Squibb 4.25% 26/10/49	800,000	552	0.39
Caesars Entertainment 7% 15/02/30	293,000	232	0.16
Capstone Borrower 8% 15/06/30	234,000	183	0.13
Catalent Pharma Solutions 3.5% 01/04/30	400,000	257	0.18
Catalent Pharma Solutions 5% 15/07/27	469,000	340	0.24
CCO 4.5% 01/05/32	636,000	400	0.28
CCO 4.75% 01/02/32	784,000	505	0.35
CD&R Smokey Buyer 6.75% 15/07/25	222,000	162	0.11
CDI Escrow Issuer 5.75% 01/04/30	465,000	342	0.24
Celanese US 6.379% 15/07/32	625,000	492	0.34
Central Parent 7.25% 15/06/29	316,000	247	0.17
Chart Industries 9.5% 01/01/31	406,000	340	0.24
Citizens Bank NA/Providence RI 4.575% 09/08/28	750,000	537	0.38
Clarivate Science 4.875% 01/07/29	707,000	495	0.35
Cloud Software 6.5% 31/03/29	192,000	135	0.09
Cloud Software 9% 30/09/29	368,000	251	0.18
Clydesdale Acquisition 8.75% 15/04/30	427,000	297	0.21
CP Atlas Buyer 7% 01/12/28	162,000	99	0.07
Crestwood Midstream Partners 5.625% 01/05/27	296,000	221	0.15
Crestwood Midstream Partners 7.375% 01/02/31	275,000	215	0.15
Crocs 4.125% 15/08/31	88,000	56	0.04
Crown Americas 5.25% 01/04/30	234,000	176	0.12
CSC 5.75% 15/01/30	200,000	74	0.05
CVS Health 5.875% 01/06/53	350,000	279	0.20
Dave & Buster's 7.625% 01/11/25	621,000	497	0.35
Delek Logistics Partners 7.125% 01/06/28	635,000	464	0.33

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Dun & Bradstreet 5% 15/12/29	608,000	422	0.30
Duquesne Light 2.532% 01/10/30	850,000	534	0.37
First American Financial 4.6% 15/11/24	500,000	386	0.27
First Horizon 4% 26/05/25	425,000	314	0.22
First Horizon Bank 5.75% 01/05/30	500,000	344	0.24
Ford Motor Credit 4% 13/11/30	402,000	271	0.19
Ford Motor Credit 6.95% 10/06/26	200,000	159	0.11
Ford Motor Credit 7.35% 06/03/30	444,000	357	0.25
Fortrea 7.5% 01/07/30	49,000	40	0.03
Garden Spinco 8.625% 20/07/30	300,000	254	0.18
Genesis Energy 7.75% 01/02/28	457,000	343	0.24
Getty Images 9.75% 01/03/27	992,000	775	0.54
Greystar Real Estate Partners 5.75% 01/12/25	436,000	336	0.24
Hanesbrands 9% 15/02/31	102,000	81	0.06
HB Fuller 4.25% 15/10/28	870,000	610	0.43
HealthEquity 4.5% 01/10/29	679,000	474	0.33
Heartland Dental 10.5% 30/04/28	280,000	219	0.15
Helios Software 4.625% 01/05/28	400,000	269	0.19
Hillenbrand 3.75% 01/03/31	338,000	223	0.16
Hilton Domestic Operating 3.625% 15/02/32	468,000	309	0.22
HUB International 7% 01/05/26	357,000	281	0.20
HUB International 7.25% 15/06/30	410,000	335	0.23
Illuminate Buyer 9% 01/07/28	1,112,000	768	0.54
IQVIA 5% 15/10/26	528,000	402	0.28
IQVIA 5% 15/05/27	200,000	152	0.11
JPMorgan Chase 3.509% 23/01/29	900,000	655	0.46
Kinetik 5.875% 15/06/30	271,000	204	0.14
Kraft Heinz Foods 4.875% 01/10/49	550,000	391	0.27
Kronos Acquisition 7% 31/12/27	213,000	148	0.10
LABL 6.75% 15/07/26	514,000	398	0.28
LABL 10.5% 15/07/27	595,000	452	0.32
LBM Acquisition 6.25% 15/01/29	150,000	97	0.07
LSF11 A5 6.625% 15/10/29	397,000	264	0.18
Marathon Oil 6.6% 01/10/37	525,000	409	0.29
Matthews International 5.25% 01/12/25	611,000	463	0.32
Mauser Packaging Solutions 7.875% 15/08/26	562,000	440	0.31
Mauser Packaging Solutions 9.25% 15/04/27	364,000	266	0.19
McAfee 7.375% 15/02/30	100,000	68	0.05
McGraw-Hill Education 8% 01/08/29	184,000	124	0.09
Medline Borrower 5.25% 01/10/29	725,000	497	0.35
Minerals Technologies 5% 01/07/28	739,000	535	0.38
Morgan Stanley 0.864% 21/10/25	500,000	367	0.26
NESCO II 5.5% 15/04/29	682,000	485	0.34
NSTAR Electric 4.55% 01/06/52	450,000	317	0.22
Olympus Water US 6.25% 01/10/29	400,000	228	0.16

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Olympus Water US 9.75% 15/11/28	330,000	251	0.18
Oracle 5.55% 06/02/53	500,000	375	0.26
Park Intermediate 5.875% 01/10/28	434,000	315	0.22
Penske Truck Leasing 1.2% 15/11/25	450,000	316	0.22
Post 5.5% 15/12/29	623,000	454	0.32
Public Service Enterprise 1.6% 15/08/30	850,000	522	0.37
Rackspace Technology Global 5.375% 01/12/28	65,000	16	0.01
Republic Services 5% 01/04/34	300,000	235	0.16
Ritchie Bros 7.75% 15/03/31	258,000	212	0.15
Shift4 Payments 4.625% 01/11/26	744,000	552	0.39
Sirius XM Radio 3.125% 01/09/26	298,000	211	0.15
Solaris Midstream 7.625% 01/04/26	441,000	338	0.24
SRS Distribution 6% 01/12/29	427,000	290	0.20
SS&C Technologies 5.5% 30/09/27	450,000	340	0.24
Summit Midstream 9% 15/10/26	597,000	457	0.32
T-Mobile USA 5.2% 15/01/33	525,000	409	0.29
Unisys 6.875% 01/11/27	242,000	136	0.09
US Acute Care Solutions 6.375% 01/03/26	160,000	108	0.08
US Foods 6.25% 15/04/25	85,000	67	0.05
Varex Imaging 7.875% 15/10/27	148,000	116	0.08
Verscend Escrow 9.75% 15/08/26	885,000	703	0.49
Warnermedia 5.391% 15/03/62	425,000	268	0.19
Watco Finance 6.5% 15/06/27	491,000	367	0.26
Webster Financial 4.1% 25/03/29	750,000	504	0.35
WESCO Distribution 7.125% 15/06/25	265,000	212	0.15
WESCO Distribution 7.25% 15/06/28	295,000	237	0.17
Williams 5.4% 02/03/26	650,000	511	0.36
Windsor III 8.5% 15/06/30	334,000	263	0.18
WR Grace 5.625% 15/08/29	893,000	576	0.40
XPO Escrow Sub 7.5% 15/11/27	58,000	47	0.03
Yum! Brands 5.375% 01/04/32	241,000	181	0.13
ZoomInfo Technologies 3.875% 01/02/29	1,108,000	750	0.53
<b>TOTAL CORPORATE BONDS</b>		<b>92,899</b>	<b>65.18</b>
<b>GOVERNMENT BONDS 27.60% (30/06/22: 35.05%)</b>			
<b>Angola 0.20% (30/06/22: 0.00%)</b>			
Angolan Government International Bond 8.75% 14/04/32	425,000	281	0.20
<b>Bahrain 0.00% (30/06/22: 0.21%)</b>			
<b>Benin 0.17% (30/06/22: 0.17%)</b>			
Benin Government International Bond 4.95% 22/01/35	EUR 400,000	242	0.17

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Bermuda 0.43% (30/06/22: 0.00%)</b>			
Bermuda Government International Bond 5% 15/07/32	800,000	616	0.43
<b>Dominican Republic 0.39% (30/06/22: 0.28%)</b>			
Dominican Republic International Bond 4.875% 23/09/32	825,000	552	0.39
<b>Ecuador 0.00% (30/06/22: 0.14%)</b>			
<b>Egypt 0.17% (30/06/22: 0.16%)</b>			
Egypt Government International Bond 5.625% 16/04/30	EUR 500,000	236	0.17
<b>France 2.64% (30/06/22: 3.46%)</b>			
French Republic Government Bond 0.1% 01/03/25	EUR 2,500,000	2,464	1.73
French Republic Government Bond 0.25% 25/11/26	EUR 1,650,000	1,291	0.91
<b>Gabon 0.20% (30/06/22: 0.00%)</b>			
Gabon Government International Bond 6.625% 06/02/31	450,000	282	0.20
<b>Ghana 0.09% (30/06/22: 0.23%)</b>			
Ghana Government International Bond 8.125% 26/03/32	400,000	134	0.09
<b>Guatemala 0.39% (30/06/22: 0.00%)</b>			
Guatemala Government Bond 3.7% 07/10/33	875,000	557	0.39
<b>Honduras 0.00% (30/06/22: 0.28%)</b>			
<b>Indonesia 0.45% (30/06/22: 0.31%)</b>			
Indonesia Government International Bond 8.5% 12/10/35	625,000	641	0.45
<b>Ivory Coast 0.46% (30/06/22: 0.26%)</b>			
Ivory Coast Government International Bond 4.875% 30/01/32	EUR 700,000	466	0.33
Ivory Coast Government International Bond 6.625% 22/03/48	EUR 300,000	182	0.13
<b>Macedonia 0.00% (30/06/22: 0.23%)</b>			
<b>Morocco 0.48% (30/06/22: 0.17%)</b>			
Morocco Government International Bond 3% 15/12/32	1,100,000	687	0.48
<b>Paraguay 0.00% (30/06/22: 0.21%)</b>			
<b>Oman 0.45% (30/06/22: 0.00%)</b>			
Oman Government International Bond 6.25% 25/01/31	800,000	641	0.45

## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Romania 0.48% (30/06/22: 0.15%)</b>			
Romanian Government International Bond 2.875% 13/04/42	EUR 400,000	210	0.15
Romanian Government International Bond 3.375% 28/01/50	EUR 875,000	468	0.33
<b>Senegal 0.28% (30/06/22: 0.15%)</b>			
Senegal Government International Bond 4.75% 13/03/28	EUR 150,000	111	0.08
Senegal Government International Bond 5.375% 08/06/37	EUR 500,000	285	0.20
<b>Serbia 0.46% (30/06/22: 0.00%)</b>			
Serbia International Bond 1.65% 03/03/33	EUR 1,150,000	655	0.46
<b>Ukraine 0.02% (30/06/22: 0.06%)</b>			
Ukraine Government International Bond 4.375% 27/01/32	EUR 200,000	36	0.02
<b>United Kingdom 8.25% (30/06/22: 11.04%)</b>			
UK Treasury 0.125% 31/01/24	GBP 4,000,000	3,883	2.73
UK Treasury 0.125% 22/03/26	GBP 2,000,000	2,782	1.95
UK Treasury 0.25% 31/07/31	GBP 1,125,000	809	0.57
UK Treasury 0.875% 31/07/33	GBP 500,000	357	0.25
UK Treasury 1% 22/04/24	GBP 2,725,000	2,631	1.85
UK Treasury 1.75% 22/07/57	GBP 450,000	246	0.17
UK Treasury 4.25% 07/06/32	GBP 1,050,000	1,041	0.73
<b>United States 11.19% (30/06/22: 17.54%)</b>			
US Treasury Inflation Indexed Bonds 0.125% 15/04/25	1,500,000	1,323	0.93
US Treasury Inflation Indexed Bonds 0.5% 15/04/24	1,200,000	1,112	0.78
US Treasury Note 0.25% 15/05/24	850,000	642	0.45
US Treasury Note 1.125% 15/02/31	6,700,000	4,339	3.04
US Treasury Note 1.25% 31/07/23	2,450,000	1,931	1.36
US Treasury Note 1.25% 15/05/50	5,700,000	2,489	1.75
US Treasury Note 2% 15/02/50	100,000	53	0.04
US Treasury Note 2.5% 15/02/46	1,900,000	1,141	0.80
US Treasury Note 3% 15/05/47	1,200,000	789	0.55
US Treasury Note 4.5% 15/02/36	2,500,000	2,117	1.49
<b>Uzbekistan 0.40% (30/06/22: 0.00%)</b>			
Republic of Uzbekistan International Bond 3.9% 19/10/31	900,000	570	0.40
<b>TOTAL GOVERNMENT BONDS</b>		<b>39,292</b>	<b>27.60</b>
<b>FORWARD CURRENCY CONTRACTS 1.26% (30/06/22: (2.40%))</b>			
Bought USD1,700,000 for GBP1,350,492 Settlement 07/09/23		(7)	-
Sold EUR26,000,000 for GBP22,547,281 Settlement 07/09/23		168	0.12
Sold EUR600,000 for GBP516,905 Settlement 07/09/23 ^		-	-
Sold USD1,000,000 for GBP805,254 Settlement 07/09/23		15	0.01



## AXA Global Strategic Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Sold USD1,700,000 for GBP1,341,684 Settlement 07/09/23		(2)	-
Sold USD4,500,000 for GBP3,620,177 Settlement 07/09/23		63	0.04
Sold USD500,000 for GBP393,364 Settlement 07/09/23		(2)	-
Sold USD92,800,000 for GBP74,910,055 Settlement 07/09/23		1,552	1.09
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>1,787</b>	<b>1.26</b>
<b>FUTURES (0.69%) (30/06/22: (0.27%))</b>			
<b>Germany (0.10%) (30/06/22: 0.00%)</b>			
Euro-BOBL Futures September 2023	60	(80)	(0.06)
Euro-BUND Futures September 2023	40	(51)	(0.04)
<b>United Kingdom 0.07% (30/06/22: 0.14%)</b>			
UK Long Gilt Futures September 2023	(163)	99	0.07
<b>United States (0.66%) (30/06/22: (0.41%))</b>			
US 10 Year Note (CBT) Futures September 2023	152	(217)	(0.15)
US 10 Year Ultra Bond Futures September 2023	(9)	12	0.01
US 5 Year Note (CBT) Futures September 2023	369	(608)	(0.43)
US 2 Year Note (CBT) Futures September 2023	22	(48)	(0.03)
US Long Bond (CBT) Futures September 2023	123	(87)	(0.06)
US Ultra Bond (CBT) Futures September 2023	(30)	(3)	
<b>TOTAL FUTURES</b>		<b>(983)</b>	<b>(0.69)</b>
<b>SWAPS 0.00% (30/06/22: 0.25%)</b>			
Portfolio of investments		132,995	93.35
Net other assets		9,481	6.65
<b>Total net assets</b>		<b>142,476</b>	<b>100.00</b>

*All bonds are denominated in US dollars (unless otherwise indicated).*

^ The market value of the holdings is below £500 and is therefore rounded down to £0.

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).



## AXA Global Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	B Accumulation~ 30/06/2023 (p)	B Income~ 30/06/2023 (p)
<b>Change in net assets per share</b>		
Opening net asset value per share †	100.00	100.00
Return before operating charges ^	(1.04)	(1.01)
Operating charges ^	(0.24)	(0.24)
Return after operating charges ^	(1.28)	(1.25)
Distributions	(2.25)	(2.25)
Retained distributions on accumulation shares	2.25	-
Closing net asset value per share †	98.72	96.50
*^ after direct transaction costs of:	-	-
<b>Performance</b>		
Return after operating charges	-1.28%	-1.25%
<b>Other information</b>		
Closing net asset value (£) †	4,936	4,825
Closing number of shares	5,000	5,000
Operating charges ^	0.42%	0.42%
Direct transaction costs *	0.00%	0.00%
<b>Prices</b>		
Highest share price #	102.90	102.70
Lowest share price #	98.73	97.58

## AXA Global Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	R Accumulation~ 30/06/2023 (p)	R Income~ 30/06/2023 (p)
<b>Change in net assets per share</b>		
Opening net asset value per share †	100.00	100.00
Return before operating charges ^	(1.04)	(1.02)
Operating charges ^	(0.73)	(0.72)
Return after operating charges ^	(1.77)	(1.74)
Distributions	(1.75)	(1.76)
Retained distributions on accumulation shares	1.75	-
Closing net asset value per share †	98.23	96.50
*^ after direct transaction costs of:	-	-
<b>Performance</b>		
Return after operating charges	-1.77%	-1.74%
<b>Other information</b>		
Closing net asset value (£) †	20,292	4,825
Closing number of shares	20,657	5,000
Operating charges ^	1.27%	1.27%
Direct transaction costs *	0.00%	0.00%
<b>Prices</b>		
Highest share price #	102.80	102.60
Lowest share price #	98.33	97.45

## AXA Global Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	S Accumulation~ 30/06/2023 (p)	S Income~ 30/06/2023 (p)
<b>Change in net assets per share</b>		
Opening net asset value per share †	100.00	100.00
Return before operating charges ^	(1.06)	(1.04)
Operating charges ^	(0.07)	(0.07)
Return after operating charges ^	(1.13)	(1.11)
Distributions	(2.41)	(2.39)
Retained distributions on accumulation shares	2.41	-
Closing net asset value per share †	98.87	96.50
*^ after direct transaction costs of:	-	-
<b>Performance</b>		
Return after operating charges	-1.13%	-1.11%
<b>Other information</b>		
Closing net asset value (£) †	74,168,090	43,853,913
Closing number of shares	75,017,506	45,446,361
Operating charges ^	0.12%	0.12%
Direct transaction costs *	0.00%	0.00%
<b>Prices</b>		
Highest share price #	103.00	102.70
Lowest share price #	98.86	97.61

## AXA Global Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	Z Accumulation			Z Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	88.11	101.40	100.00	85.40	100.40	100.00
Return before operating charges ^	1.88	(12.77)	1.78	1.82	(12.49)	1.79
Operating charges ^	(0.48)	(0.52)	(0.38)	(0.45)	(0.51)	(0.39)
Return after operating charges ^	1.40	(13.29)	1.40	1.37	(13.00)	1.40
Distributions	(2.89)	(2.04)	(1.00)	(2.75)	(2.00)	(1.00)
Retained distributions on accumulation shares	2.89	2.04	1.00	-	-	-
Closing net asset value per share †	89.51	88.11	101.40	84.02	85.40	100.40
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	1.59%	-13.11%	1.40%	1.60%	-12.95%	1.40%
<b>Other information</b>						
Closing net asset value (£) †	13,105,035	1,695,020	2,157,287	266,077	605,609	649,301
Closing number of shares	14,640,920	1,923,751	2,127,573	316,697	709,136	646,745
Operating charges ^	0.52%	0.53%	0.54%	0.52%	0.53%	0.54%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	93.36	102.30	101.60	89.36	101.30	101.20
Lowest share price #	86.46	88.40	99.25	83.36	86.19	99.25

## AXA Global Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	ZI Accumulation			ZI Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	88.33	101.50	100.00	85.40	100.39	100.00
Return before operating charges ^	1.87	(12.80)	1.78	1.81	(12.48)	1.77
Operating charges ^	(0.33)	(0.37)	(0.28)	(0.32)	(0.36)	(0.28)
Return after operating charges ^	1.54	(13.17)	1.50	1.49	(12.84)	1.49
Distributions	(3.00)	(2.19)	(1.11)	(2.85)	(2.15)	(1.10)
Retained distributions on accumulation shares	3.00	2.19	1.11	-	-	-
Closing net asset value per share †	89.87	88.33	101.50	84.04	85.40	100.39
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	1.74%	-12.98%	1.50%	1.74%	-12.79%	1.49%
<b>Other information</b>						
Closing net asset value (£) †	9,305,579	48,890,193	42,113,420	1,741,985	16,905,869	15,294,215
Closing number of shares	10,354,299	55,347,031	41,490,242	2,072,735	19,797,095	15,234,159
Operating charges ^	0.37%	0.38%	0.40%	0.37%	0.38%	0.40%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	93.69	102.40	101.70	89.37	101.30	101.20
Lowest share price #	86.72	88.63	99.26	83.36	86.22	99.26

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

~ Share classes launched on 6 December 2022.

## AXA Global Strategic Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

	Note	30/06/23 £'000	£'000	30/06/22 £'000	£'000
Income:					
Net capital losses	2		(3,783)		(12,040)
Revenue	3	3,719		1,898	
Expenses	4	(261)		(277)	
Interest payable and similar charges		<u>(21)</u>		<u>(2)</u>	
Net revenue before taxation		3,437		1,619	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>3,437</u>		<u>1,619</u>
Total return before distributions			(346)		(10,421)
Distributions	6		(3,437)		(1,619)
Change in net assets attributable to Shareholders from investment activities			<u>(3,783)</u>		<u>(12,040)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

	30/06/23 £'000	£'000	30/06/22 £'000	£'000
Opening net assets attributable to Shareholders		68,097		60,214
Amounts receivable on issue of shares	129,497		27,463	
Amounts payable on cancellation of shares	<u>(54,026)</u>		<u>(8,786)</u>	
		75,471		18,677
Change in net assets attributable to Shareholders from investment activities (see above)		(3,783)		(12,040)
Retained distributions on accumulation shares		2,691		1,246
Closing net assets attributable to Shareholders		<u>142,476</u>		<u>68,097</u>

## AXA Global Strategic Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		134,100	65,908
Current assets:			
Debtors	7	3,317	8,507
Cash and bank balances	8	7,865	3,786
Total assets		<u>145,282</u>	<u>78,201</u>
<b>Liabilities:</b>			
Investment liabilities			
		(1,105)	(2,114)
Creditors:			
Bank overdrafts	10	-	(28)
Distribution payable		(530)	(110)
Other creditors	9	(1,171)	(7,852)
Total liabilities		<u>(2,806)</u>	<u>(10,104)</u>
Net assets attributable to Shareholders		<u>142,476</u>	<u>68,097</u>

## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses comprise:		
Non-derivative securities	(6,351)	(6,751)
Brokers commission on futures	(17)	49
Currency (losses)/gains	(1,680)	611
Derivative contracts	(233)	(216)
Forward currency contracts	4,498	(5,732)
Transaction charges	-	(1)
<b>Net capital losses</b>	<b>(3,783)</b>	<b>(12,040)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	85	2
Interest on debt securities	3,993	2,148
Futures income	(359)	(252)
<b>Total revenue</b>	<b>3,719</b>	<b>1,898</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	241	259
Registration fees	1	1
	<b>242</b>	<b>260</b>
<b>Other expenses</b>		
Audit fees	8	8
Depositary's fees	10	7
Printing fees	-	1
Safe custody fees	1	1
	<b>19</b>	<b>17</b>
<b>Total expenses</b>	<b>261</b>	<b>277</b>

Expenses include irrecoverable VAT where applicable.



## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	3,437	1,619
Net revenue for the year multiplied by the standard rate of corporation tax	687	324
<b>Effects of:</b>		
Relief for indexation on UK Gilts	(42)	(47)
Tax deductible interest distributions	(645)	(277)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	385	372
Second interim	511	373
Third interim	1,240	469
Final	1,616	426
Add: Revenue paid on cancellation of shares	352	48
Deduct: Revenue received on creation of shares	(667)	(69)
<b>Net distribution for the year</b>	<b>3,437</b>	<b>1,619</b>

## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23	30/06/22
	£'000	£'000
Amounts receivable for creation of shares	317	46
Sales awaiting settlement	1,223	7,733
Accrued revenue	1,777	728
<b>Total debtors</b>	<b>3,317</b>	<b>8,507</b>

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	5,238	3,388
Amount held at futures clearing houses and brokers	2,627	398
<b>Total cash and bank balances</b>	<b>7,865</b>	<b>3,786</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	138	64
Purchases awaiting settlement	979	7,731
Accrued annual management charge	40	45
Accrued other expenses	14	12
<b>Total other creditors</b>	<b>1,171</b>	<b>7,852</b>

#### 10. Bank overdrafts

	30/06/23	30/06/22
	£'000	£'000
Amounts overdrawn at futures clearing houses and brokers	-	28
<b>Total bank overdrafts</b>	<b>-</b>	<b>28</b>

#### 11. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% of the Fund's shares (30/06/2022: material shareholders had holdings totalling 38.90%). Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 12. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
B Accumulation	0.40	-	5,000	-	-	5,000
B Income	0.40	-	5,000	-	-	5,000
R Accumulation	1.25	-	20,657	-	-	20,657
R Income	1.25	-	5,000	-	-	5,000
S Accumulation	0.10	-	70,952,604	(1,787,221)	5,852,123	75,017,506
S Income	0.10	-	32,543,133	(1,279,059)	14,182,287	45,446,361
Z Accumulation	0.50	1,923,751	15,858,941	(2,733,899)	(407,873)	14,640,920
Z Income	0.50	709,136	400,498	(792,937)	-	316,697
ZI Accumulation	0.35	55,347,031	11,524,730	(50,487,417)	(6,030,045)	10,354,299
ZI Income	0.35	19,797,095	1,091,168	(2,606,503)	(16,209,025)	2,072,735

#### 13. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 14. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £13,219,007 (2022: £6,561,994). A 10% decrease would have an equal and opposite effect.

## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
Euro	(88)	(655)
US dollar	448	(1,221)
<b>Total</b>	<b>360</b>	<b>(1,876)</b>

#### Foreign exchange risk sensitivity

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

#### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

Currency Assets	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>30/06/23</b>				
Pound sterling	3,553	36,077	102,486	142,116
Euro	885	21,069	(22,042)	(88)
US dollar	3,722	73,771	(77,045)	448
<b>Total</b>	<b>8,160</b>	<b>130,917</b>	<b>3,399</b>	<b>142,476</b>
<b>30/06/22</b>				
Pound sterling	3,669	20,879	45,425	69,973
Euro	5	10,568	(11,228)	(655)
US dollar	392	33,700	(35,313)	(1,221)
<b>Total</b>	<b>4,066</b>	<b>65,147</b>	<b>(1,116)</b>	<b>68,097</b>

## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £7,971,061 (2022: £3,161,467), representing 5.59% of net assets (2022: 4.64%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
Credit Rating	£'000		£'000	
Investment grade (BBB- credit rating and above)	81,005	56.84	46,511	68.27
Below investment grade (below BBB- credit rating)	51,186	35.94	18,804	27.62
Unrated	-	-	140	0.21
<b>Total value of bonds</b>	<b>132,191</b>	<b>92.78</b>	<b>65,455</b>	<b>96.10</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

## AXA Global Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23 Exposure £'000	30/06/22 Exposure £'000
<b>(a) Futures</b>		
Goldman Sachs	(983)	92
<b>Total value of derivatives</b>	<b>(983)</b>	<b>92</b>
<b>(b) Forwards</b>		
BNP Paribas	24,240	11,637
Merrill Lynch	79,445	45,398
<b>Total value of derivatives</b>	<b>103,685</b>	<b>57,035</b>
<b>(c) Swaps</b>		
BNP Paribas	-	165
<b>Total value of swaps</b>	<b>-</b>	<b>165</b>

#### 15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.57% (2022: 0.69%).

#### 16. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

#### 17. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	28,769	(1,094)	22,048	(416)
Level 2 ^^	105,331	(11)	43,860	(1,698)
Level 3 ^^^	-	-	-	-
	<b>134,100</b>	<b>(1,105)</b>	<b>65,908</b>	<b>(2,114)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Global Strategic Bond Fund

### Distribution Table

As at 30 June 2023

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class Z Accumulation</b>				
Group 1	0.464	-	0.464	0.494
Group 2	0.096	0.368	0.464	0.494
<b>Share Class Z Income</b>				
Group 1	0.450	-	0.450	0.490
Group 2	-	0.450	0.450	0.490
<b>Share Class ZI Accumulation</b>				
Group 1	0.499	-	0.499	0.534
Group 2	0.007	0.492	0.499	0.534
<b>Share Class ZI Income</b>				
Group 1	0.482	-	0.482	0.528
Group 2	0.172	0.310	0.482	0.528

## AXA Global Strategic Bond Fund

### Distribution Table

As at 30 June 2023

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class B Accumulation~</b>				
Group 1	0.229	-	0.229	
Group 2	0.229	-	0.229	
<b>Share Class B Income~</b>				
Group 1	0.229	-	0.229	
Group 2	0.229	-	0.229	
<b>Share Class R Accumulation~</b>				
Group 1	0.171	-	0.171	
Group 2	0.171	-	0.171	
<b>Share Class R Income~</b>				
Group 1	0.171	-	0.171	
Group 2	0.171	-	0.171	
<b>Share Class S Accumulation~</b>				
Group 1	0.248	-	0.248	
Group 2	0.248	-	0.248	
<b>Share Class S Income~</b>				
Group 1	0.248	-	0.248	
Group 2	-	0.248	0.248	
<b>Share Class Z Accumulation</b>				
Group 1	0.655	-	0.655	0.477
Group 2	0.300	0.355	0.655	0.477
<b>Share Class Z Income</b>				
Group 1	0.632	-	0.632	0.470
Group 2	0.304	0.328	0.632	0.470
<b>Share Class ZI Accumulation</b>				
Group 1	0.691	-	0.691	0.515
Group 2	0.515	0.176	0.691	0.515
<b>Share Class ZI Income</b>				
Group 1	0.668	-	0.668	0.507
Group 2	0.282	0.386	0.668	0.507



## AXA Global Strategic Bond Fund

### Distribution Table

As at 30 June 2023

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class B Accumulation~</b>				
Group 1	0.952	-	0.952	
Group 2	0.952	-	0.952	
<b>Share Class B Income~</b>				
Group 1	0.952	-	0.952	
Group 2	0.952	-	0.952	
<b>Share Class R Accumulation~</b>				
Group 1	0.739	-	0.739	
Group 2	0.145	0.594	0.739	
<b>Share Class R Income~</b>				
Group 1	0.740	-	0.740	
Group 2	0.740	-	0.740	
<b>Share Class S Accumulation~</b>				
Group 1	1.024	-	1.024	
Group 2	0.548	0.476	1.024	
<b>Share Class S Income~</b>				
Group 1	1.018	-	1.018	
Group 2	0.503	0.515	1.018	
<b>Share Class Z Accumulation</b>				
Group 1	0.834	-	0.834	0.551
Group 2	0.280	0.554	0.834	0.551
<b>Share Class Z Income</b>				
Group 1	0.798	-	0.798	0.540
Group 2	0.550	0.248	0.798	0.540
<b>Share Class ZI Accumulation</b>				
Group 1	0.871	-	0.871	0.588
Group 2	0.367	0.504	0.871	0.588
<b>Share Class ZI Income</b>				
Group 1	0.831	-	0.831	0.576
Group 2	0.334	0.497	0.831	0.576

## AXA Global Strategic Bond Fund

### Distribution Table

As at 30 June 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class B Accumulation~</b>				
Group 1	1.071	-	1.071	
Group 2	1.071	-	1.071	
<b>Share Class B Income~</b>				
Group 1	1.066	-	1.066	
Group 2	1.066	-	1.066	
<b>Share Class R Accumulation~</b>				
Group 1	0.845	-	0.845	
Group 2	0.845	-	0.845	
<b>Share Class R Income~</b>				
Group 1	0.847	-	0.847	
Group 2	0.847	-	0.847	
<b>Share Class S Accumulation~</b>				
Group 1	1.135	-	1.135	
Group 2	0.721	0.414	1.135	
<b>Share Class S Income~</b>				
Group 1	1.121	-	1.121	
Group 2	0.545	0.576	1.121	
<b>Share Class Z Accumulation</b>				
Group 1	0.936	-	0.936	0.516
Group 2	0.445	0.491	0.936	0.516
<b>Share Class Z Income</b>				
Group 1	0.872	-	0.872	0.503
Group 2	0.707	0.165	0.872	0.503
<b>Share Class ZI Accumulation</b>				
Group 1	0.938	-	0.938	0.553
Group 2	0.538	0.400	0.938	0.553
<b>Share Class ZI Income</b>				
Group 1	0.868	-	0.868	0.538
Group 2	0.471	0.397	0.868	0.538

~ Share classes launched on 6 December 2022.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to provide income combined with any capital growth.

#### Investment Policy

The Fund invests primarily (meaning at least 70% of its assets) in a diversified portfolio of investment grade bonds issued by companies. The Manager seeks to reduce the effect of credit risk through its analysis and selection of bonds (with a particular emphasis on industry and issuer) and also positions the Fund to take advantage of the Manager's expectation of interest rate movements.

The Fund is managed with reference to the composition and risk profile of the ICE BofAML Sterling Corporate & Collateralised index. However the Manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index. In particular, the Fund should demonstrate lower sensitivity to movements in market interest rates than the index. The ICE BofAML Sterling Corporate & Collateralised index is designed to measure the performance of sterling corporate bonds (or sterling fixed interest securities). This index best represents the types of bonds in which the Fund predominantly invests.

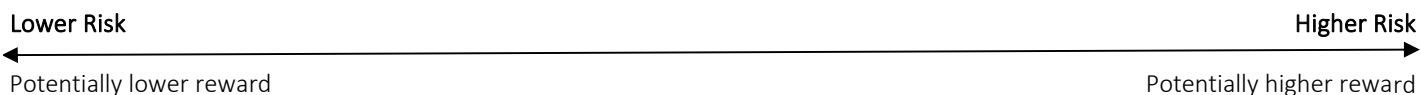
Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

This Fund is actively managed in reference to the ICE BofAML Sterling Corporate & Collateralised index, which will be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 30 June 2023

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.



1	2	3	4	5	6	7
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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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 3 to a category 4.

#### 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.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Key risks

**Under normal market conditions the Fund's key risk factors are:**

- **Credit risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings (credit ratings are an assessment of a borrower's ability to meet its debt obligations (i.e. its ability to pay its debts). A higher credit rating means more confidence that a borrower will be able to pay its debts, which usually means cheaper funding costs for higher rated borrowers (i.e. it is less risky to lend to them, so investors require a smaller premium). There are 10 ratings within investment grade credit ratings, ranging from the highest rating AAA (credit rating agencies S&P and Fitch use this designation, Moody's used Aaa) to the lowest BBB (Baa3 Moody's). Risk level increases markedly for credit ratings below investment grade, considered speculative grade and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- **Prepayment and extension risk** - prepayment risk is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- **Interest rate risk** - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### **Other risks which could have an impact in extreme market conditions include:**

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- Currency risk - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

Our interim report, covering the six months to the end December 2022, described further upward pressure on already uncomfortably high levels of inflation, as energy prices soared over the summer on shortage fears, which had forced central banks to step-up their monetary policy tightening. Sentiment in the UK had plunged under the brief, but disastrous, leadership of Liz Truss, after she sanctioned unfunded fiscal giveaways, leaving Rishi Sunak with the job of restoring confidence and fiscal discipline. Higher interest rates and higher government bond yields made for ugly returns for bond markets, even if the relative borrowing costs for companies (yield spreads) were a little lower.

The latest six months has seen economies resilient despite significantly higher interest rates; energy costs tumbled from the heady levels of last summer, so were neither the drag on growth, nor the boost to inflation that markets had previously panicked about. Inflation remained the main focus.

Central banks emphasised the on-going need for tighter policies to combat inflation, although in the wake of falling inflation (but from very high peaks) and a deteriorating growth outlook in response to higher rates, markets were less convinced about their apparent determination to maintain higher rates. Rate hikes at the start of February were as expected; +25 basis points (bps) to 4.50%-4.75% in the US, +50bps to 4.00% in the UK and +50bps to 2.50% in Europe. Accompanying central bank comments were taken well by markets: The Fed acknowledged that the disinflation process had started (although inflation remained elevated), but still expected further hikes. In the UK, two MPC members voted to hold rates and Bank of England Governor Bailey referred to a deliberate change in its language, suggesting future policy moves would be moderate, although the Bank remained wary of inflationary pressures. The Bank's chief economist suggested much of the impact from rate rises to date had yet to hit, adding that the Bank must guard against doing too much on rates. Dovish sentiment turned sharply, however, after an unexpectedly strong US jobs report, which showed a bumper increase in payrolls and the unemployment rate falling to a new low. Cue the return of more hawkish debate.

Aggressively tighter monetary policies implemented by central banks aiming to slow economic activity and rein-in inflation, contributed to the LDI crisis in the UK last October, illustrating the vulnerability of certain business models to the move away from ultra-low rates. In March, we saw the next major impact from the change in policy regime: Silicon Valley Bank (SVB) in the US, took a loss on its longer duration (but high quality) US treasury bond holdings, indicating poor risk management at the bank. The resulting loss of confidence, never good for a bank, prompted a run on SVB's deposits and forced US regulators to take swift, decisive action to take control of the bank and guarantee its deposits, thereby hoping to contain any contagion. Credit Suisse, not shy of a negative headline in recent years, was back in the firing line as markets moved to risk-off mode following the SVB failure. Supportive measures to underpin sharply deteriorating sentiment proved futile, forcing the Swiss authorities to agree a hasty takeover of CS by its fellow Swiss bank UBS, for a relatively small price. This should have bolstered confidence, but the Swiss authorities' decision to wipe out CS's most subordinated debt (AT1 bonds), shocked the bond market, failing to observe the usual



## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

credit hierarchy, whereby equity must be fully written down before AT1s incur losses. AT1s are a relatively new instrument, but an important part of a bank's capital structure since the financial crisis, so this unexpected development saw markets take fright; Prices of AT1 bonds of all banks fell sharply, as they traded as perpetual bonds, rather than to their call dates, giving investors a different risk/yield outcome than normally expected. Other regulators suggested such a writedown would not happen in their jurisdictions, which helped steady AT1s. This did not sway central banks in their inflation fight: March saw 25bp hikes from the Fed and the Bank of England, while the ECB hiked a further 50bp. By the time US bank First Republic was rescued on 1 May after revealing a massive outflow of customer deposits, markets showed little reaction, suggesting investors believed the authorities had bank issues under control.

With a prolonged banking crisis seemingly averted, central banks' focus sharpened again on their attempts to fight inflation, putting rate hikes firmly back on the agenda. Data released in April showed the rate of consumer price inflation continued to slow, although UK measures disappointed, falling by less than expected. Rates were hiked by 25bps as expected in May, taking rates to 5-5.25% in the US, 4.50% in the UK and 3.25% in Europe. Accompanying statements were closely watched for clues as to future moves. In the US, the Fed removed its hawkish bias, with further policy decisions to be data dependent, suggesting it would pause (i.e. leave rates unchanged) in June, although its outlook did not support the rate cuts expected by markets. The ECB remained hawkish, still concerned about upside inflation risks, and expected more rate hikes, and planned to stop reinvestments from its bond purchase programme. The Bank of England's updated quarterly forecasts, no longer expected the UK economy to contract in 2023, while inflation was predicted to be below target in two- and three-years' time, but with upside risks. Bank Governor Bailey explained that the large share of fixed rate mortgages in the UK meant that its policy hikes to date will weigh more on the UK economy in the coming quarters, and that the Bank takes this lag in the transmission of monetary policy into account in its policy decisions. UK inflation figures again disappointed; the annual rate was lower, but the benefit from base effects (as large energy price increases from last year drop out of the calculations) was not as large as expected, with the rate of core CPI actually increasing. Slower progress in reducing inflation pushed market pricing for the peak in UK rates higher. Inflation continued to come down in the US and Europe, the latter at a faster rate than expected. US debt ceiling worries were finally put to bed, with an agreement reached in late May.

Central banks continued with their hawkish tones in June: The Fed did pause in its rate hiking cycle, as anticipated, but saw rates moving higher than previously expected (50bps higher by year end); the ECB delivered its expected 25bps hike, but with inflation forecasts raised both this year and next, there is more to come. In the UK, strong employment data and another disappointing inflation print (the rate of core CPI picked up again), forced the Bank to step up the pace of its rate hikes, raising base rates by 50bps to 5%. Market UK inflation expectations had been increasing since the release of higher-than-expected inflation figures in May, but reversed most of this gain following the Bank's aggressive rate hike, suggesting the Bank of England's inflation fighting credentials have been somewhat restored. Markets shifted the expected peak in UK rates to 6.19% in early 2024, whereas six months earlier, a peak of 4.70% Q3 2023 was priced-in.

Despite expectations of higher interest rates, yields on government bonds were lower in January, given markets' less hawkish expectations of the path of central bank policies. Yields continued to fall in early February, with dovish reactions to central bank rate hikes, before turning higher after the strong US jobs figures. Hawkish sentiment, as the Fed warned of potentially higher rates, was soon replaced by risk-off sentiment, as banking fears emerged, with safe-haven demand for government bonds pushing yields lower. As US regional bank concerns abated, yields reversed higher, and upward pressure on yields remained, given central banks' on-going hawkishness on inflation and consequences for further monetary policy tightening. In the UK, the reappraisal of the path of interest rates sharply higher, given stubbornly high inflation figures, resulted in a substantial underperformance of gilts against other government bond markets. Benchmark 10 year gilt yields climbed steadily once US bank concerns were set aside, accelerating after the release of inflation data in May, for a rise of 62bps (adjusted for a benchmark change) to 4.39% over the latest six months (+216bps over the 12 months). Comparable yields in the US fell by 3bps to 3.84% and in Germany were 18bp lower at 2.39%. The gilt yield curve shifted higher but flattened dramatically; aggressively higher short term rates are expected to



## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

result in a slowing economy which should help reduce inflation, enabling rates to be cut when that happens - longer bonds better absorb volatility in short rates. Two-year gilt yields rose 169bps to 5.27% (+343bp over 12 months), five-year yields were 105bps higher at 4.67% (+278bp), while 30-year yields were 43bps higher at 4.42% (+186bps). The impact of duration (price sensitivity to a move in yield) is clearly illustrated in performance; despite outperforming in yield terms, long gilts underperformed in total return terms: The ICE BAML Gilt index produced a total return of -3.84% (-15.48% over 12 months), with 0-5 years -1.36% (-3.72%), 5-15 years -3.38% (-12.47%) and Over 15 years -5.77% (-25.01%).

Corporate bonds were firm in January, with new issues meeting healthy buying interest, and remained resilient, even after rates had backed up sharply in February. Banking fears in March, stoked concerns for the broader economy (banks less willing to lend, thereby inhibiting growth), prompting a typical cheapening of corporate bonds, with spreads moving higher. Although US regional bank concerns lingered, markets largely shrugged this off, encouraged by the authorities' actions, which quickly found solutions to those banks worst affected. Improving sentiment soon helped corporate bonds reverse most of March's weakness. Demand for corporate bonds remained healthy, comfortably absorbing the decent supply of new issues and enabling the Bank of England to complete the sale of its corporate bond holdings well ahead of schedule, with spreads continuing their move lower. Towards the end of June, rumours about the commitment of the owners of Thames Water to continue to support the UK's biggest water utility, prompted concerns about its access to debt markets to fund future capex. A significant borrower in the bond market, Thames' relative borrowing costs (spreads) jumped, with a more moderate widening in spreads in sympathy for other water company bonds. This should not be allowed to drag on - a relatively small injection of equity (in context of the size of its assets), would alleviate funding concerns. More positively, sentiment has recovered in the most subordinated bank bond market - AT1s, allowing Spanish bank BBVA to become the first issuer of new bonds (in euros) since Credit Suisse's AT1s were surprisingly written off in March. The relative borrowing cost for companies, the yield spread over government bonds, fell 19bps to +175bps, having troughed in February at +159bps and peaked a month later during bank worries at +202bps. That's an impressive performance, given the sharply higher rates backdrop, which could have negative impact on growth, corporate profitability and balance sheets. However, combined with the jump in gilt yields, corporate bond yields were also sharply higher, rising 85bps to 6.47% (the low in early 2021 was 1.37%), to give a total return on the ICE BAML Sterling Corporates and Collateralised index of -0.96% (-7.14% over 12 months), with 1-5 year -0.65% (-3.15%), 5-15 year -1.40% (-8.47%) and over 15 year -1.62% (-13.64%).

Spreads were tighter across all rating bands, with the weakest rated, BBB bond spreads tightening the most, -22bps to +216bps, a typical move when the market is strong.

The AXA Sterling Corporate Bond Fund provided a total return of -1.60% (Z Acc, net of fees and gross of tax) over the six months to 30 June 2023, -6.03% in the last 12 months.

Despite reasonable new issuance volumes, the fund was relatively quiet on that front, given relative value considerations, although we did buy a new five-year senior bond from Close Brothers in June at a yield close to 8%. Key secondary market purchases included cheapening AT1 bonds from Credit Agricole and Nationwide Building Society (after SVB, but before the CS writedown, so before the very sharp fall and subsequent rally in prices), both on yields of over 9%, Investec tier 2, callable in 2026 on a yield of 9.5%, as well as cheap real estate issuers Logisor and Lendlease (the latter subsequently tendered for some of these bonds at a decent premium to their purchase levels). Many positions were top sliced to fund purchases and for other cash requirements, while a few positions were exited altogether, including bonds from New River REIT, Student Finance, Telereal, UPS, Esure and Hammerson. The move in gilt yields has meant price losses for most sterling based fixed income securities, particularly for those more sensitive to a move in yields i.e. longer duration bonds. After such a big move, and with gilt yields much higher than previously anticipated, the fund has added duration to lock into higher yields. The fund tends to use gilt futures for ease in adjusting our overall duration view, although we have also added some direct long gilt holdings, rather than long dated credit, as credit curves are usually relatively flat (if not inverted) meaning little, if any, extra reward lending to companies for longer.

## AXA Sterling Corporate Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

The resilience of economies, despite aggressive interest rate hikes implemented to reduce inflation, is forcing central banks to continue to talk tough on the extent of required monetary policy tightening. 'Lower for longer', when rates were close to zero and the impact of Covid was the primary concern, has now been replaced by 'even higher for longer'. That said, the peak in rates should be in-sight, even if high levels of current inflation may prevent early rate cuts. The limited pass through of rate hikes, for example via the mortgage market in the UK, where only those having to refinance low fixed rate deals and new buyers are feeling the impact (but heavily so), perhaps helps explain the better-than-expected economic performance. Falling inflation will help reduce the need for higher rates, but progress on this front has not been as quick as expected in the UK. Given the lag in reaction to interest rate changes, there is a risk that policy is overtightened, as central banks assert their anti-inflation commitments, although market pricing of a peak in UK rates over 6% looks too aggressive. While tighter policies risk a bigger knock to economic performance, denting corporate profitability and balance sheets, encouragingly companies are generally starting from a relatively healthy financial position. Still, current spreads don't price in recession. If the economy were to deteriorate significantly, spreads would likely widen to price in more credit risk, although that would likely be accompanied by lower interest rates and government bond yields. What is certain, is that yields on corporate bonds are much more attractive than they have been for a considerable time, offering the prospect of rewarding real returns if central banks achieve their ambitions to lower inflation.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● United Kingdom Gilt 0.625% 22/10/50	425	● NewRiver REIT 3.5% 07/03/28	428
● Logicor Financing 2.75% 15/01/30	273	● Mitchells & Butlers Finance 6.013% 15/12/28	401
● Gatwick Funding 2.5% 15/04/30	247	● Heathrow Funding 7.125% 14/02/24	400
● Credit Agricole 7.5% Perpetual	240	● Student Finance 2.6663% 30/09/24	394
● Nationwide Building Society 5.75% Perpetual	219	● Longstone Finance 4.896% 19/04/31	369

**Phil Roantree**

AXA Investment Managers UK Limited

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 93.67% (30/06/22: 96.35%)</b>			
<b>Australia 0.87% (30/06/22: 1.53%)</b>			
Scentre Group Trust 1 3.875% 16/07/26	200,000	183	0.87
<b>Belgium 0.00% (30/06/22: 0.70%)</b>			
<b>Bermuda 0.67% (30/06/22: 0.67%)</b>			
Hiscox 6.125% 24/11/45	150,000	142	0.67
<b>Canada 0.84% (30/06/22: 0.52%)</b>			
Canadian Imperial Bank of Commerce 1.875% 27/01/26	200,000	178	0.84
<b>Denmark 0.94% (30/06/22: 0.56%)</b>			
Orsted 2.5% 18/02/3021	300,000	198	0.94
<b>Finland 0.00% (30/06/22: 0.33%)</b>			
<b>France 4.97% (30/06/22: 4.48%)</b>			
BNP Paribas 2% 24/05/31	200,000	168	0.79
BPCE 5.25% 16/04/29	200,000	178	0.84
Credit Agricole 7.5% Perpetual	150,000	141	0.67
Electricite de France 6% Perpetual	100,000	91	0.43
Electricite de France 6.125% 02/06/34	150,000	142	0.67
LVMH Moet Hennessy Louis Vuitton 1.125% 11/02/27	100,000	85	0.40
Societe Generale 1.25% 07/12/27	200,000	158	0.75
TotalEnergies Capital International 1.66% 22/07/26	100,000	88	0.42
<b>Germany 0.61% (30/06/22: 0.88%)</b>			
Deutsche Bahn Finance 1.875% 13/02/26	144,000	130	0.61
<b>Ireland 0.00% (30/06/22: 0.38%)</b>			
<b>Italy 0.92% (30/06/22: 0.57%)</b>			
Intesa Sanpaolo 2.625% 11/03/36	300,000	195	0.92
<b>Japan 1.09% (30/06/22: 1.02%)</b>			
East Japan Railway 1.162% 15/09/28	174,000	137	0.65
East Japan Railway 4.75% 08/12/31	100,000	94	0.44
<b>Jersey 4.82% (30/06/22: 4.13%)</b>			
CPUK Finance 3.588% 28/08/25	200,000	184	0.87
CPUK Finance 3.69% 28/08/28	400,000	338	1.60
Gatwick Funding 2.5% 15/04/30	300,000	238	1.13
Gatwick Funding 4.625% 27/03/34	150,000	131	0.62
Heathrow Funding 6.45% 10/12/31	125,000	127	0.60

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Luxembourg 0.87% (30/06/22: 0.00%)</b>			
Logicor Financing 2.75% 15/01/30	250,000	183	0.87
<b>Netherlands 7.59% (30/06/22: 7.30%)</b>			
Cooperatieve Rabobank 1.875% 12/07/28	200,000	167	0.79
Cooperatieve Rabobank 4.625% 23/05/29	250,000	219	1.04
E.ON International Finance 6.25% 03/06/30	250,000	251	1.19
E.ON International Finance 6.375% 07/06/32	150,000	153	0.72
Enel Finance 2.875% 11/04/29	400,000	332	1.57
Mercedes-Benz International Finance 1.625% 11/11/24	200,000	188	0.89
Shell International Finance 1% 10/12/30	180,000	131	0.62
Shell International Finance 1.75% 10/09/52	354,000	162	0.77
<b>Spain 3.93% (30/06/22: 2.67%)</b>			
Abertis Infraestructuras 3.375% 27/11/26	200,000	178	0.84
Banco Bilbao Vizcaya Argentaria 3.104% 15/07/31	300,000	256	1.21
Banco Santander 2.25% 04/0/32	200,000	158	0.75
Telefonica Emisiones 5.445% 08/10/29	250,000	238	1.13
<b>Sweden 1.13% (30/06/22: 0.66%)</b>			
Vattenfall 2.5% 29/06/83	300,000	238	1.13
<b>United Kingdom 58.89% (30/06/22: 62.77%)</b>			
abrdn 5.25% Perpetual	200,000	159	0.75
Anglian Water Services Financing 2.625% 15/06/27	150,000	130	0.62
Aspire Defence Finance 4.674% 31/03/40	120,876	110	0.52
Barclays 3% 08/05/26	250,000	223	1.06
Barclays 3.75% 22/11/30	150,000	134	0.63
Berkeley 2.5% 11/08/31	250,000	162	0.77
BP Capital Markets 4.25% Perpetual	208,000	182	0.86
Broadgate Financing 4.851% 05/04/31	160,346	150	0.71
BUPA Finance 4% Perpetual	400,000	236	1.12
Cadent Finance 2.125% 22/09/28	150,000	121	0.57
Canary Wharf Finance II 6.8% 22/10/33	235,328	226	1.07
Close Brothers 7.75% 14/06/28	100,000	99	0.47
Compass 2% 03/07/29	100,000	82	0.39
Compass 4.375% 08/09/32	201,000	184	0.87
Dignity Finance 3.5456% 31/12/34	259,032	224	1.06
Eastern Power Networks 6.25% 12/11/36	250,000	260	1.23
Folio Residential Finance NO 1 1.246% 31/10/27	280,000	226	1.07
Great Rolling Stock 6.875% 27/07/35	85,080	84	0.40
Greene King Finance 3.593% 15/03/35	345,275	278	1.32
Greene King Finance 5.318% 15/09/31	110,452	99	0.47
HSBC 2.256% 13/11/26	199,000	177	0.84

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
HSBC 6.75% 11/09/28	200,000	194	0.92
Investec 1.875% 16/07/28	157,000	123	0.58
Investec 2.625% 04/01/32	250,000	196	0.93
Land Securities Capital Markets 1.974% 08/02/24	100,000	97	0.46
Legal & General 3.75% 26/11/49	250,000	201	0.95
Legal & General 5.625% Perpetual	200,000	154	0.73
Lendlease Europe Finance 3.5% 02/12/33	225,000	146	0.69
Lloyds Banking 2.707% 03/12/35	250,000	181	0.86
Logicor 2019-1 UK 1.875% 17/11/26	279,000	237	1.12
M&G 5.56% 20/07/55	250,000	213	1.01
M&G 5.625% 20/10/51	250,000	220	1.04
M&G 6.34% 19/12/63	150,000	129	0.61
Marston's Issuer 1.63484% 15/10/27	428,222	385	1.82
Martlet Homes 3% 09/05/52	150,000	97	0.46
Meadowhall Finance 4.986% 12/01/32	107,276	93	0.44
National Grid Gas 1.625% 14/01/43	300,000	148	0.70
Nationwide Building Society 5.75% Perpetual	250,000	214	1.01
Natwest 3.125% 28/03/27	206,000	185	0.88
Next 3.625% 18/05/28	300,000	263	1.24
Next 4.375% 02/10/26	100,000	93	0.44
NIE Finance 6.375% 02/06/26	100,000	99	0.47
Northern Gas Networks Finance 4.875% 30/06/27	175,000	165	0.78
Northern Powergrid Northeast 1.875% 16/06/62	300,000	139	0.66
Northumbrian Water Finance 1.625% 11/10/26	200,000	171	0.81
Notting Hill Genesis 2% 03/06/36	250,000	163	0.77
Notting Hill Genesis 3.75% 20/12/32	250,000	213	1.01
Places for People Homes 3.625% 22/11/28	250,000	218	1.03
Quadgas Finance 3.375% 17/09/29	400,000	316	1.50
Rothsay Life 5% Perpetual	400,000	255	1.21
RSL Finance No 1 6.625% 31/03/38	130,662	139	0.66
Sage 2.875% 08/02/34	158,000	119	0.56
Scottish Widows 7% 16/06/43	150,000	144	0.68
Segro 2.375% 11/10/29	150,000	121	0.57
Southern Gas Networks 1.25% 02/12/31	137,000	94	0.44
Southern Gas Networks 3.1% 15/09/36	319,000	229	1.08
Southern Gas Networks 4.875% 21/03/29	200,000	188	0.89
SP Manweb 4.875% 20/09/27	165,000	156	0.74
SP Transmission 2% 13/11/31	250,000	191	0.90
Tesco Property Finance 2 6.0517% 13/10/39	151,063	144	0.68
Tesco Property Finance 3 5.744% 13/04/40	227,693	211	1.00
Tesco Property Finance 6 5.4111% 13/07/44	294,357	262	1.24
TP ICAP Finance 2.625% 18/11/28	300,000	220	1.04
Vodafone 3% 12/08/56	500,000	277	1.31
Vodafone 4.875% 03/10/78	200,000	187	0.88
Western Power Distribution South West 2.375% 16/05/29	150,000	121	0.57

## AXA Sterling Corporate Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Western Power Distribution South West 5.875% 25/03/27	200,000	196	0.93
Whitbread 3% 31/05/31	100,000	76	0.36
Whitbread 3.375% 16/10/25	150,000	137	0.65
Yorkshire Building Society 3.375% 13/09/28	250,000	208	0.98
Yorkshire Water Finance 1.75% 26/11/26	200,000	170	0.80
<b>United States 5.53% (30/06/22: 7.18%)</b>			
AT&T 4.375% 14/09/29	300,000	270	1.28
Berkshire Hathaway Finance 2.375% 19/06/39	200,000	135	0.64
Digital Stout Holding 3.75% 17/10/30	150,000	122	0.58
Goldman Sachs 3.125% 25/07/29	150,000	125	0.59
MassMutual Global Funding II 1.375% 15/12/26	200,000	169	0.80
McKesson 3.125% 17/02/29	200,000	170	0.80
Verizon Communications 1.875% 03/11/38	300,000	178	0.84
<b>TOTAL CORPORATE BONDS</b>		<b>19,793</b>	<b>93.67</b>
<b>GOVERNMENT BONDS 3.20% (30/06/22: 1.82%)</b>			
<b>United Kingdom 3.20% (30/06/22: 1.82%)</b>			
United Kingdom Gilt 0.5% 22/10/2061	150,000	47	0.22
United Kingdom Gilt 0.625% 22/10/50	1,550,000	630	2.98
<b>TOTAL GOVERNMENT BONDS</b>		<b>677</b>	<b>3.20</b>
<b>FUTURES 0.00% (30/06/22: 0.06%)</b>			
<b>United Kingdom 0.00% (30/06/22: 0.06%)</b>			
Long Gilt Futures September 2023	17	1	-
<b>TOTAL FUTURES</b>		<b>1</b>	<b>-</b>
Portfolio of investments		20,471	96.87
Net other assets		662	3.13
<b>Total net assets</b>		<b>21,133</b>	<b>100.00</b>

*All bonds are denominated in Sterling (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).

## AXA Sterling Corporate Bond Fund

### Comparative Tables

As at 30 June 2023

	B Gross Accumulation			B Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	116.66	133.48	129.06	95.37	112.35	111.50
Return before operating charges ^	(6.55)	(16.25)	5.05	(5.35)	(13.41)	4.36
Operating charges ^	(0.52)	(0.57)	(0.63)	(0.42)	(0.48)	(0.54)
Return after operating charges ^	(7.07)	(16.82)	4.42	(5.77)	(13.89)	3.82
Distributions	(4.00)	(3.71)	(3.47)	(3.22)	(3.09)	(2.97)
Retained distributions on accumulation shares	4.00	3.71	3.47	-	-	-
Closing net asset value per share †	109.59	116.66	133.48	86.38	95.37	112.35
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-6.06%	-12.60%	3.42%	-6.05%	-12.36%	3.43%
<b>Other information</b>						
Closing net asset value (£) †	6,002,044	7,205,934	8,946,525	181,109	250,792	336,727
Closing number of shares	5,476,585	6,176,785	6,702,288	209,661	262,972	299,706
Operating charges ^	0.46%	0.44%	0.48%	0.46%	0.44%	0.48%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	121.70	136.10	136.00	99.48	114.60	116.50
Lowest share price #	100.90	115.90	129.40	81.74	95.54	111.40

## AXA Sterling Corporate Bond Fund

### Comparative Tables

As at 30 June 2023

	H Gross Accumulation		
	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)
<b>Change in net assets per share</b>			
Opening net asset value per share †	160.26	182.57	175.71
Return before operating charges ^	(8.96)	(22.24)	6.91
Operating charges ^	(0.09)	(0.07)	(0.05)
Return after operating charges ^	(9.05)	(22.31)	6.86
Distributions	(6.18)	(5.87)	(5.56)
Retained distributions on accumulation shares	6.18	5.87	5.56
Closing net asset value per share †	151.21	160.26	182.57
*^ after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after operating charges	-5.65%	-12.22%	3.90%
<b>Other information</b>			
Closing net asset value (£) †	4,536	4,808	4,983
Closing number of shares	3,000	3,000	2,729
Operating charges ^	0.06%	0.04%	0.03%
Direct transaction costs *	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price #	167.20	186.30	185.60
Lowest share price #	138.80	159.20	176.20



## AXA Sterling Corporate Bond Fund

### Comparative Tables

As at 30 June 2023

	R Gross Accumulation			R Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	138.85	159.82	155.45	74.79	88.11	87.44
Return before operating charges ^	(7.77)	(19.35)	6.09	(4.18)	(10.52)	3.42
Operating charges ^	(1.42)	(1.62)	(1.72)	(0.76)	(0.88)	(0.96)
Return after operating charges ^	(9.19)	(20.97)	4.37	(4.94)	(11.40)	2.46
Distributions	(3.94)	(3.50)	(3.21)	(2.10)	(1.92)	(1.79)
Retained distributions on accumulation shares	3.94	3.50	3.21	-	-	-
Closing net asset value per share †	129.66	138.85	159.82	67.75	74.79	88.11
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-6.62%	-13.12%	2.81%	-6.61%	-12.94%	2.81%
<b>Other information</b>						
Closing net asset value (£) †	2,067,264	2,555,956	3,593,593	100,671	220,062	319,161
Closing number of shares	1,594,377	1,840,855	2,248,465	148,586	294,257	362,236
Operating charges ^	1.06%	1.04%	1.08%	1.06%	1.04%	1.08%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	144.70	162.90	163.30	77.97	89.79	91.19
Lowest share price #	119.90	138.00	155.80	64.10	74.82	87.28

## AXA Sterling Corporate Bond Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	150.78	172.69	167.13	81.43	95.94	95.22
Return before operating charges ^	(8.45)	(21.00)	6.55	(4.57)	(11.46)	3.72
Operating charges ^	(0.82)	(0.91)	(0.99)	(0.44)	(0.50)	(0.56)
Return after operating charges ^	(9.27)	(21.91)	5.56	(5.01)	(11.96)	3.16
Distributions	(5.02)	(4.63)	(4.31)	(2.67)	(2.55)	(2.44)
Retained distributions on accumulation shares	5.02	4.63	4.31	-	-	-
Closing net asset value per share †	141.51	150.78	172.69	73.75	81.43	95.94
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-6.15%	-12.69%	3.33%	-6.15%	-12.47%	3.32%
<b>Other information</b>						
Closing net asset value (£) †	10,205,239	21,637,188	28,222,208	2,572,584	4,426,024	5,635,600
Closing number of shares	7,211,867	14,350,329	16,342,367	3,488,352	5,435,632	5,873,988
Operating charges ^	0.56%	0.54%	0.58%	0.56%	0.54%	0.58%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	157.30	176.10	176.10	84.93	97.85	99.43
Lowest share price #	130.40	149.80	167.60	69.79	81.56	95.14

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

## AXA Sterling Corporate Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(2,914)		(6,666)
Revenue	3	1,180		1,418	
Expenses	4	(171)		(237)	
Interest payable and similar charges		-		-	
Net revenue before taxation		1,009		1,181	
Taxation	5	-		-	
Net revenue after taxation		1,009		1,181	
Total return before distributions			(1,905)		(5,485)
Distributions	6		(1,009)		(1,181)
Change in net assets attributable to Shareholders from investment activities			(2,914)		(6,666)

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			36,301		47,059
Amounts receivable on issue of shares		2,387		4,669	
Amounts payable on cancellation of shares		(15,457)		(9,777)	
			(13,070)		(5,108)
Change in net assets attributable to Shareholders from investment activities (see above)			(2,914)		(6,666)
Retained distributions on accumulation shares			815		1,016
Unclaimed distributions			1		-
Closing net assets attributable to Shareholders			21,133		36,301

## AXA Sterling Corporate Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		20,471	35,658
Current assets:			
Debtors	7	319	969
Cash and bank balances	8	585	11
Total assets		<u>21,375</u>	<u>36,638</u>
<b>Liabilities:</b>			
Creditors:			
Bank overdrafts	10	-	(94)
Distribution payable		(27)	(38)
Other creditors	9	(215)	(205)
Total liabilities		<u>(242)</u>	<u>(337)</u>
Net assets attributable to Shareholders		<u>21,133</u>	<u>36,301</u>

## AXA Sterling Corporate Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

The net capital losses comprise:

Non-derivative securities

Brokers commission on futures

Derivative contracts

**Net capital losses**

30/06/23 £'000	30/06/22 £'000
(2,743)	(6,420)
-	(1)
(171)	(245)
<b>(2,914)</b>	<b>(6,666)</b>

#### 3. Revenue

Bank interest

Interest on debt securities

Futures Income

**Total revenue**

30/06/23 £'000	30/06/22 £'000
5	-
1,176	1,380
(1)	38
<b>1,180</b>	<b>1,418</b>

#### 4. Expenses

**Payable to the ACD, associates of the ACD, and agents  
of either of them**

Annual management charge

Registration fees

**Other expenses**

Audit fees

Depositary's fees

Printing fees

Safe custody fees

**Total expenses**

30/06/23 £'000	30/06/22 £'000
155	225
4	4
<b>159</b>	<b>229</b>
8	5
3	4
-	(2)
1	1
<b>12</b>	<b>8</b>
<b>171</b>	<b>237</b>

Expenses include irrecoverable VAT where applicable.

## AXA Sterling Corporate Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	1,008	1,181
Net revenue for the year multiplied by the standard rate of corporation tax	202	236
<b>Effects of:</b>		
Tax deductible interest distributions	(202)	(236)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	273	309
Second interim	253	303
Third interim	227	276
Final	199	281
Add: Revenue paid on cancellation of shares	68	30
Deduct: Revenue received on creation of shares	(11)	(18)
<b>Net distribution for the year</b>	<b>1,009</b>	<b>1,181</b>

## AXA Sterling Corporate Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23	30/06/22
	£'000	£'000
Amounts receivable for creation of shares	1	448
Accrued revenue	318	521
<b>Total debtors</b>	<b>319</b>	<b>969</b>

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	514	-
Amount held at futures clearing houses and brokers	71	11
<b>Total cash and bank balances</b>	<b>585</b>	<b>11</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	181	159
Accrued annual management charge	21	33
Accrued other expenses	13	13
<b>Total other creditors</b>	<b>215</b>	<b>205</b>

#### 10. Bank overdrafts

	30/06/23	30/06/22
	£'000	£'000
Bank overdrafts	-	94
<b>Total bank overdrafts</b>	<b>-</b>	<b>94</b>

#### 11. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 material shareholders have holdings totalling 32.96% (30/06/2022: there were no shareholders with holdings over 25%) of the Fund's shares. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

## AXA Sterling Corporate Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 12. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
B Gross Accumulation	0.40	6,176,785	8,085	(708,285)	-	5,476,585
B Gross Income	0.40	262,972	2,068	(55,379)	-	209,661
H Gross Accumulation	Nil	3,000	-	-	-	3,000
R Gross Accumulation	1.00	1,840,855	118,255	(298,699)	(66,034)	1,594,377
R Gross Income	1.00	294,257	2,091	(57,253)	(90,509)	148,586
Z Gross Accumulation	0.50	14,350,329	567,816	(7,766,896)	60,618	7,211,867
Z Gross Income	0.50	5,435,632	1,788,283	(3,818,667)	83,104	3,488,352

#### 13. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 14. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £2,046,981 (2022: £3,563,500). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.



## AXA Sterling Corporate Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>Currency</b>				
<b>30/06/23</b>				
Pound sterling	585	20,470	78	21,133
<b>Total</b>	<b>585</b>	<b>20,470</b>	<b>78</b>	<b>21,133</b>
<b>30/06/22</b>				
Pound sterling	133	35,502	666	36,301
<b>Total</b>	<b>133</b>	<b>35,502</b>	<b>666</b>	<b>36,301</b>

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £1,402,182 (2022: £2,170,172), representing 6.63% of net assets (2022: 5.98%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23 Market Value £'000	%	30/06/22 Market Value £'000	%
<b>Credit Rating</b>				
Investment grade (BBB- credit rating and above)	19,157	90.66	32,447	89.39
Below investment grade (below BBB- credit rating)	1,313	6.21	3,035	8.36
Unrated	-	-	153	0.42
<b>Total value of bonds</b>	<b>20,470</b>	<b>96.87</b>	<b>35,635</b>	<b>98.17</b>

## AXA Sterling Corporate Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23 Exposure £'000	30/06/22 Exposure £'000
<b>Futures</b>		
Goldman Sachs	1	23
<b>Total value of derivatives</b>	<b>1</b>	<b>23</b>

#### 15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.76% (2022: 0.77%).

#### 16. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

#### 17. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	678	-	684	-
Level 2 ^^	19,793	-	34,974	-
Level 3 ^^^	-	-	-	-
	<b>20,471</b>	<b>-</b>	<b>35,658</b>	<b>-</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Sterling Corporate Bond Fund

### Distribution Table

As at 30 June 2023

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.948	-	0.948	0.934
Group 2	0.532	0.416	0.948	0.934
<b>Share Class B Gross Income</b>				
Group 1	0.775	-	0.775	0.786
Group 2	0.775	-	0.775	0.786
<b>Share Class H Gross Accumulation</b>				
Group 1	1.482	-	1.482	1.493
Group 2	1.482	-	1.482	1.493
<b>Share Class R Gross Accumulation</b>				
Group 1	0.919	-	0.919	0.873
Group 2	0.432	0.487	0.919	0.873
<b>Share Class R Gross Income</b>				
Group 1	0.495	-	0.495	0.481
Group 2	0.228	0.267	0.495	0.481
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.187	-	1.187	1.164
Group 2	0.634	0.553	1.187	1.164
<b>Share Class Z Gross Income</b>				
Group 1	0.641	-	0.641	0.647
Group 2	0.299	0.342	0.641	0.647

## AXA Sterling Corporate Bond Fund

### Distribution Table

As at 30 June 2023

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.962	-	0.962	0.943
Group 2	0.569	0.393	0.962	0.943
<b>Share Class B Gross Income</b>				
Group 1	0.779	-	0.779	0.788
Group 2	0.779	-	0.779	0.788
<b>Share Class H Gross Accumulation</b>				
Group 1	1.481	-	1.481	1.497
Group 2	1.481	-	1.481	1.497
<b>Share Class R Gross Accumulation</b>				
Group 1	0.948	-	0.948	0.885
Group 2	0.579	0.369	0.948	0.885
<b>Share Class R Gross Income</b>				
Group 1	0.507	-	0.507	0.485
Group 2	0.200	0.307	0.507	0.485
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.207	-	1.207	1.176
Group 2	0.624	0.583	1.207	1.176
<b>Share Class Z Gross Income</b>				
Group 1	0.646	-	0.646	0.649
Group 2	0.356	0.290	0.646	0.649

## AXA Sterling Corporate Bond Fund

### Distribution Table

As at 30 June 2023

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	1.023	-	1.023	0.900
Group 2	0.606	0.417	1.023	0.900
<b>Share Class B Gross Income</b>				
Group 1	0.822	-	0.822	0.747
Group 2	0.822	-	0.822	0.747
<b>Share Class H Gross Accumulation</b>				
Group 1	1.580	-	1.580	1.424
Group 2	1.580	-	1.580	1.424
<b>Share Class R Gross Accumulation</b>				
Group 1	1.010	-	1.010	0.846
Group 2	0.940	0.070	1.010	0.846
<b>Share Class R Gross Income</b>				
Group 1	0.536	-	0.536	0.462
Group 2	0.212	0.324	0.536	0.462
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.285	-	1.285	1.123
Group 2	0.558	0.727	1.285	1.123
<b>Share Class Z Gross Income</b>				
Group 1	0.682	-	0.682	0.615
Group 2	0.326	0.356	0.682	0.615

## AXA Sterling Corporate Bond Fund

### Distribution Table

As at 30 June 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	1.064	-	1.064	0.937
Group 2	0.717	0.347	1.064	0.937
<b>Share Class B Gross Income</b>				
Group 1	0.847	-	0.847	0.772
Group 2	0.462	0.385	0.847	0.772
<b>Share Class H Gross Accumulation</b>				
Group 1	1.637	-	1.637	1.457
Group 2	1.637	-	1.637	1.457
<b>Share Class R Gross Accumulation</b>				
Group 1	1.059	-	1.059	0.897
Group 2	0.631	0.428	1.059	0.897
<b>Share Class R Gross Income</b>				
Group 1	0.558	-	0.558	0.487
Group 2	0.221	0.337	0.558	0.487
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.337	-	1.337	1.171
Group 2	0.646	0.691	1.337	1.171
<b>Share Class Z Gross Income</b>				
Group 1	0.703	-	0.703	0.637
Group 2	0.474	0.229	0.703	0.637

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to provide income combined with any capital growth over the short term (being a period of three years or less).

#### Investment Policy

The Fund invests at least 70% of its Net Asset Value in sterling-denominated investment grade bonds (meaning bonds with a Standard & Poor's rating of at least BBB- or such equivalent rating by Moody's or Fitch), which are with a bias towards shorter maturities (where the full repayment of the bond by the company is expected to be less than five years). The Manager seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds.

To avoid investing in bonds issued by companies which present excessive degrees of environmental, social and governance (ESG) risk, the Manager applies AXA Investment Manager's (AXA IM's) sector specific investment guidelines relating to responsible investment to the Fund. Such guidelines exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as unsustainable palm oil production, controversial weapons and climate risks). The Manager also applies the AXA IM's ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; certain criteria relating to human rights and anti-corruption as well as other ESG factors. The AXA IM's ESG Standards policy and AXA IM's sector specific investment guidelines are subject to change and the latest copies are available from the Manager on request.

Further, in selecting investments, the Manager will, in addition to the application of the above policies, take into account the issuer's ESG score as one factor within its broader analysis of the issuer to make selections which are expected to generate an income return. It is, however, just one component of the Manager's investment process and ESG scores are not the principal driver of investment decision making. The Manager believes that issuers with higher ESG scores manage risk associated with ESG issues more effectively, contributing to better financial performance of such issuers in the long term. ESG scores are obtained from our selected external provider(s) and may be adjusted by the Manager using its own research. The Manager will not invest in bonds with the lowest ESG scores, save in exceptional circumstances.

If the Manager deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving income and capital growth, the Manager will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.

The Fund may also invest in other transferable securities, cash, deposits, units in collective investment schemes (including funds that are managed by the Manager or its associates) and money market instruments. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority Rules.

The Fund does not have a benchmark to measure its financial performance. SONIA Compounded Index may be used by investors to compare the Fund's financial performance, which the Manager believes best reflects the outcome of the Fund's short duration investment strategy when used to compare the performance of the Fund over a minimum period of three years. Investors should note that the SONIA Compounded Index is a cashbased index, which the Manager has selected as an appropriate comparator given the absence of a suitable bond index, and therefore does not take account of the specific risks relevant to the Fund.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets).

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Risk and Reward Profile

As at 30 June 2023

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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 2 to a category 3.

#### 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.

#### Key risks

Under normal market conditions the Fund's key risk factors are:

- **Credit Risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.



## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **ESG risk** - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on the ESG scoring process (as set out in the AXA Investment Managers' ESG Standards policy) or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the fund manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

- **Interest rate risk** - interest rate risk is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- **Prepayment and extension risk** - prepayment risk is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in repayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### **Other risks which could have an impact in extreme market conditions include:**

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Counterparty Risk** - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- **Currency risk** - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

##### Market Review

Volatility remained very elevated during the review period as investors continued to be impacted by stubbornly high inflation and the ongoing war in Ukraine along with new challenges, including a mini banking crisis, a meltdown in the UK bond market, a disappointing recovery in the Chinese economy, the US debt ceiling saga, and the threat of recession in various regions.

Credit spreads tightened early in the period on hopes of less hawkish central banks. However, these hopes were dashed in late August leading credit spreads to widen in September, with the sterling credit market underperforming significantly on the back of the announcement of a swathe of unfunded tax cuts in the UK's mini-budget. This mini-budget forced the Bank of England (BoE) to initiate an emergency bond buying program to ensure market stability as UK gilt yields spiked to levels last seen in 2008. Credit spreads subsequently tightened supported by expectations that the US Federal Reserve (Fed) may slow the pace of interest rate rises, downside surprises on inflation and the reversal of the mini-budget and subsequent appointment of Rishi Sunak as UK prime minister. However, credit spreads widened substantially in March following the collapse of Silicon Valley Bank and the biggest banking crisis to face the world since the financial crisis of 2008/09 as US regional banks faced instability. As fears over the global banking sector abated, credit spreads tightened again finishing the review period tighter.

The main issue for markets was inflation which remained more resilient to aggressive policy tightening than expected. The Fed had the most success with the US Consumer Price Index (CPI) falling from 9.1% in June 2022 to 3.0% in June 2023, close to the Fed's 2% target. Core inflation, which strips out volatile food and energy costs, was stickier, only falling from 5.9% to 4.8%, and therefore likely to guide policymakers to further rate hikes. The Fed slowed the pace of interest rate rises over the year, moving from 50 basis points (bps) increases to 25bps, before pausing in June 2023 at a range of 5% to 5.25%. However, Fed chair Jerome Powell was keen to stress it was a 'skip' rather than a 'pause' and at a central banks convention that month said that two further rate hikes were still on the table for this year.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

While the European Central Bank (ECB) and BoE have both followed the Fed into steep rate rises, the impact on inflation hasn't been as satisfactory. The CPI rate in the euro area was 5.5% in June 2023, its lowest level since January 2022, helped by a sharp fall in energy prices. However, the core inflation rate revealed a different story, and remained stubbornly high at also 5.5%. Persistently high inflation figures led the ECB to raise rates to a 22-year high over the period, with the June 2023 meeting marking its eighth consecutive hike that took the cost of borrowing to 3.5%.

In the UK, a jump in interest rates to a 15-year high failed to dampen inflation sufficiently. While inflation started the period at 9.4% in June 2022, it ticked up back into double digits before dropping again. Inflation stalled at 8.7% in April and May forcing policymakers to up the ante in their monetary tightening. The BoE had been sufficiently optimistic to follow the Fed and ECB is slowing the pace of rate hikes early in 2023 but as inflation refused to budge, its policy diverged in June and it pushed the pace of interest rate hikes back to 50bps from 25bps, to reach 5%. After this policy meeting, there was good news though for the market as inflation finally started to edge down to 7.9% in June.

Global government bond yields rose sharply during the second half of 2022, with UK gilts underperforming following the mini-budget, as central banks remained hawkish to fight rampant inflation. Curves continued to flatten, with short-dated yields rising more than longer-dated ones, and even inverted in the US, Germany, and UK. US treasury and German bund yields stabilised during the first half of 2023 while UK gilt yields rose again in May and June on back of upside surprises on CPI and strong labour data.

#### ***Fund activity***

The AXA Sterling Credit Short Duration Bond Fund lost -0.41% net of fees (Z GBP share class) during the period as UK gilt yields rose sharply.

Having undertaken some significant re-risking to take advantage of attractive valuations during the first half of 2022, we kept the risk profile of the portfolio broadly unchanged during the summer as credit spreads remained range bound after June's large widening. As such, at a sector level, we retained our bias towards the financial sector, with an average allocation of 43%, as banks and insurance companies continued to directly benefit from the higher interest rate environment. We also retained our bias towards the UK and Core Europe at 36% and 29%, respectively, while keeping a low allocation to emerging markets at only 5%, with all names investment grade rated. We kept our large exposure to BBB-rated debt unchanged at 57% to optimise the average spread of the portfolio while keeping the allocation to high yield unchanged at 4%. Finally, the duration was also stable during the summer at 1.8 years.

As credit spreads widened significantly and UK gilt yields rose sharply in September, we decided to increase not only the overall duration of the portfolio but also our exposure to the UK to benefit from very attractive valuations. As such, we increased our exposure to the UK by 5% to 41%, by the end of December, through both gilts and corporates. We also lengthened the duration by 0.6 years over the same period, reaching 2.4 years, by increasing our exposure to bonds maturing between three and five years by 20% to 51%. Due to several financial bonds maturing in December, our exposure to the financial sector fell by 5% to 38% by the end of the quarter. Our exposure to sovereign debt increased by 5% to 9% following the addition of gilts after the mini-budget and as we invested cash from maturing bonds in December also in gilts and German state-owned KfW, waiting for the primary market to reopen in January to benefit from attractive new issue premia. Otherwise, our allocation to BBB-rated debt, high yield and emerging markets remained broadly unchanged at 57%, 3% and 4% respectively at the end of December.

## AXA Sterling Credit Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

With credit spreads substantially tightening in the fourth quarter of 2022 and January 2023, valuations started to look expensive considering heightened recession risk. As a result, we decided to de-risk the portfolio by reducing our exposure to BBB-rated debt by 9% to 48% between the end of December and end of June, mostly switching out of expensive BBB-rated non-financial names. Over this period, our exposure to financials increased by 5% to 43% while our allocation to cyclicals, defensives and sovereigns was broadly stable at 19%, 17% and 10% respectively. Our exposure to the UK was also unchanged at 41%. We further increased our allocation to bonds maturing between three and five years by 2% to 53% to lengthen the duration by 0.1 year to 2.5 years as to benefit from very attractive short-dated yields. Finally, our allocation to high yield and emerging markets remained broadly unchanged at 2% and 3% respectively at the end of June.

We were active in both the primary and secondary sterling corporate bond markets throughout the review period.

#### Outlook

The macroeconomic outlook remains very uncertain given high (but falling) inflation, rising (but peaking) interest rates, slowing (but resilient so far) growth and tighter lending conditions caused by the recent banking turmoil. As such, we expect market conditions to remain very volatile with an increased likelihood of a global recession in the second half of this year as central banks' ability to cut interest rates to support growth is curtailed by elevated inflation.

As a result, we plan to continue reducing the level of credit risk so that we could benefit from a potential widening in credit spreads in the second half of 2023 by re-risking the portfolio at much better levels.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales / Redemptions	Proceeds (£'000)
● UK Treasury 0.125% 31/01/28	41,227	● UK Treasury 1.25% 22/07/27	17,307
● UK Treasury 1.25% 22/07/27	19,380	● UK Treasury 4.25% 07/12/2027	9,914
● Kreditanstalt fuer Wiederaufbau 0.75% 07/12/27	12,887	● Student Finance 2.6663% 30/09/24	9,534
● UK Treasury 4.25% 07/12/2027	9,726	● Aeroporti di Roma 5.441% 20/02/23	7,500
● Intesa Sanpaolo 6.5% 14/03/29	7,806	● CPUK Finance 7.239% 28/02/24	7,014

**Nicolas Trindade**

AXA Investment Managers UK Limited

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 90.59% (30/06/22: 94.99%)</b>			
<b>Australia 3.81% (30/06/22: 4.64%)</b>			
Australia & New Zealand Banking 1.809% 16/09/31	3,000,000	2,452	0.35
National Australia Bank 1.699% 15/09/31	7,489,000	6,105	0.87
Scentre Trust 3.875% 16/07/26	2,176,000	1,991	0.28
Toyota Finance Australia 3.92% 28/06/27	3,846,000	3,531	0.50
Vicinity Centres Trust 3.375% 07/04/26	6,667,000	6,084	0.87
Westfield America Management 2.125% 30/03/25	7,260,000	6,577	0.94
<b>Austria 0.62% (30/06/22: 0.00%)</b>			
Raiffeisen Bank International 4.75% 26/01/27	EUR 5,200,000	4,365	0.62
<b>Belgium 0.93% (30/06/22: 0.52%)</b>			
KBC 1.25% 21/09/27	2,900,000	2,431	0.35
KBC 5.5% 20/09/28	4,300,000	4,070	0.58
<b>Bermuda 0.44% (30/06/22: 1.12%)</b>			
Hiscox 6% 22/09/27	3,193,000	3,093	0.44
<b>Canada 3.70% (30/06/22: 2.28%)</b>			
Bank of Nova Scotia 1.375% 05/12/23	4,101,000	4,018	0.57
Bank of Nova Scotia 2.875% 03/05/27	1,450,000	1,266	0.18
Canadian Imperial Bank of Commerce 1.875% 27/01/26	4,629,000	4,124	0.59
CPPIB Capital 4.375% 02/03/26	3,532,000	3,399	0.49
CPPIB Capital 6% 07/06/25	7,000,000	6,986	1.00
Royal Bank of Canada 5% 24/01/28	2,750,000	2,580	0.37
Toronto-Dominion Bank 2.875% 05/04/27	4,010,000	3,502	0.50
<b>China 0.68% (30/06/22: 1.90%)</b>			
Industrial & Commercial Bank of China 1.625% 28/12/25	5,500,000	4,724	0.68
<b>Denmark 0.67% (30/06/22: 0.88%)</b>			
Danske Bank 4.625% 13/04/27	4,972,000	4,683	0.67
<b>Finland 1.40% (30/06/22: 1.73%)</b>			
Balder Finland 1% 18/01/27	EUR 4,264,000	2,745	0.39
Nordea Bank 1.625% 09/12/32	2,000,000	1,552	0.22
OP Corporate Bank 3.375% 14/01/26	3,842,000	3,549	0.51
OP Corporate Bank plc 1.375% 04/09/26	2,327,000	1,955	0.28
<b>France 5.57% (30/06/22: 7.81%)</b>			
Banque Federative du Credit Mutuel 4.875% 25/09/25	3,000,000	2,876	0.41
Banque Federative du Credit Mutuel 5% 19/01/26	3,300,000	3,162	0.45
Banque Federative du Credit Mutuel FRN 5.0409% 26/01/25	1,600,000	1,590	0.23
BNP Paribas 2% 24/05/31	7,100,000	5,960	0.85



## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
BNP Paribas 3.375% 23/01/26	2,305,000	2,118	0.30
BPCE 2.5% 30/11/32	3,500,000	2,765	0.40
Bpifrance 4% 30/01/26	3,000,000	2,856	0.41
Credit Agricole 1.25% 02/10/24	2,600,000	2,437	0.35
Credit Agricole 5.75% 29/11/27	3,900,000	3,744	0.54
Credit Agricole 7.375% 18/12/23	3,750,000	3,750	0.54
La Banque Postale 5.625% 21/09/28	4,000,000	3,722	0.53
Nexans 5.5% 05/04/28	EUR 800,000	704	0.10
Societe Nationale SNCF 0.875% 28/12/26	3,800,000	3,199	0.46
<b>Germany 7.00% (30/06/22: 7.02%)</b>			
Commerzbank 1.5% 22/11/24	3,900,000	3,610	0.52
Deutsche Bank 2.625% 16/12/24	1,500,000	1,393	0.20
Deutsche Bank 4% 24/06/26	3,900,000	3,603	0.52
Deutsche Bank 5.375% 11/01/29	EUR 4,900,000	4,172	0.60
Hamburg Commercial Bank 0.5% 22/09/26	EUR 1,900,000	1,349	0.19
Hamburg Commercial Bank 4.875% 17/03/25	EUR 4,924,000	4,198	0.60
Kreditanstalt fuer Wiederaufbau 0.125% 30/12/26	19,500,000	16,192	2.32
Kreditanstalt fuer Wiederaufbau 0.75% 07/12/27	15,000,000	12,328	1.76
Kreditanstalt fuer Wiederaufbau 1.125% 04/07/25	2,229,000	2,033	0.29
<b>Ireland 0.34% (30/06/22: 0.00%)</b>			
Bank of Ireland 4.875% 16/07/28	EUR 2,770,000	2,371	0.34
<b>Italy 1.91% (30/06/22: 1.54%)</b>			
Intesa Sanpaolo 6.5% 14/03/29	7,828,000	7,350	1.05
UniCredit 4.45% 16/02/29	EUR 7,241,000	6,015	0.86
<b>Japan 0.00% (30/06/22: 1.31%)</b>			
<b>Jersey 2.67% (30/06/22: 3.43%)</b>			
CPUK Finance 3.588% 28/08/25	500,000	460	0.07
CPUK Finance 5.876% 28/08/27	2,725,000	2,582	0.37
Gatwick Funding 5.25% 23/01/24	743,000	738	0.11
Gatwick Funding 6.125% 02/03/26	3,600,000	3,546	0.51
Heathrow Funding 2.625% 16/03/28	851,000	690	0.10
Heathrow Funding 6.75% 03/12/26	2,232,000	2,226	0.32
Heathrow Funding 7.125% 14/02/24	3,750,000	3,752	0.54
Porterbrook Rail Finance 7.125% 20/10/26	4,500,000	4,573	0.65
<b>Luxembourg 0.88% (30/06/22: 1.25%)</b>			
Logicor Financing 0.625% 17/11/25	EUR 2,214,000	1,662	0.24
Logicor Financing 0.75% 15/07/24	EUR 5,446,000	4,446	0.64



## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Netherlands 8.09% (30/06/22: 10.70%)</b>			
ABN AMRO Bank 1.375% 16/01/25	3,600,000	3,337	0.48
ABN AMRO Bank 5.125% 22/02/28	7,000,000	6,536	0.93
BMW International Investment 1.375% 01/10/24	3,900,000	3,684	0.53
BMW International Investment 1.875% 11/09/23	3,000,000	2,978	0.43
BMW International Investment 5.5% 06/06/26	4,000,000	3,929	0.56
Citycon Treasury 1.25% 08/09/26	EUR 3,223,000	2,189	0.31
Citycon Treasury 2.5% 01/10/24	EUR 1,200,000	985	0.14
Cooperatieve Rabobank UA 1.875% 12/07/28	5,000,000	4,184	0.60
E.ON International Finance 5.625% 06/12/23	3,200,000	3,190	0.46
EDP Finance 8.625% 04/01/24	6,700,000	6,767	0.97
Enel Finance International 1% 20/10/27	4,300,000	3,446	0.49
Mercedes-Benz International Finance 2% 04/09/23	1,500,000	1,490	0.21
PACCAR Financial Europe 2.375% 15/03/25	5,100,000	4,782	0.68
Toyota Motor Finance Netherlands 4.625% 08/06/26	3,338,000	3,186	0.46
Volkswagen Financial Services 3.25% 13/04/27	3,000,000	2,633	0.38
Volkswagen International Finance 3.375% 16/11/26	3,600,000	3,218	0.46
<b>New Zealand 0.87% (30/06/22: 1.32%)</b>			
Fonterra Co-operative 9.375% 04/12/23	6,000,000	6,063	0.87
<b>Norway 1.47% (30/06/22: 1.67%)</b>			
DNB Bank 1.375% 02/12/25	1,733,000	1,607	0.23
DNB Bank 2.625% 10/06/26	4,083,000	3,773	0.54
DNB Bank 4% 17/08/27	5,348,000	4,887	0.70
<b>Spain 4.11% (30/06/22: 5.73%)</b>			
Abertis Infraestructuras 3.375% 27/11/26	7,900,000	7,019	1.00
Banco Bilbao Vizcaya Argentaria 3.104% 15/07/31	5,700,000	4,869	0.70
Banco de Sabadell 2.625% 24/03/26	EUR 1,600,000	1,304	0.19
Banco Santander 1.375% 31/07/24	2,500,000	2,366	0.34
Banco Santander 1.5% 14/04/26	600,000	516	0.07
Banco Santander 2.25% 04/10/32	2,000,000	1,579	0.23
Banco Santander 3.125% 06/10/26	2,800,000	2,536	0.36
CaixaBank 3.5% 06/04/28	3,400,000	2,956	0.42
CaixaBank SA 1.5% 03/12/26	2,600,000	2,245	0.32
Telefonica Emisiones 5.375% 02/02/26	3,500,000	3,391	0.48
<b>Sweden 2.62% (30/06/22: 0.00%)</b>			
Svenska Handelsbanken 4.625% 23/08/32	5,916,000	5,251	0.75
Swedbank 7.272% 15/11/32	5,211,000	5,046	0.72
Volvo Treasury 4.75% 15/06/26	3,105,000	2,965	0.42
Volvo Treasury 6.125% 22/06/28	5,153,000	5,125	0.73

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>United Arab Emirates 0.59% (30/06/22: 1.05%)</b>			
First Abu Dhabi Bank 0.875% 09/12/25	2,423,000	2,134	0.31
First Abu Dhabi Bank 1.125% 07/09/26	2,300,000	1,982	0.28
<b>United Kingdom 35.62% (30/06/22: 33.09%)</b>			
A2D Funding II 4.5% 30/09/26	2,794,300	2,623	0.38
ABP Finance 6.25% 14/12/26	2,950,000	2,878	0.41
Admiral 5.5% 25/07/24	1,700,000	1,680	0.24
Anglian Water Osprey Financing 4% 08/03/26	6,700,000	5,997	0.86
Anglian Water Services Financing 2.625% 15/06/27	4,000,000	3,463	0.50
Anglian Water Services Financing 4.5% 22/02/26	4,000,000	3,818	0.55
Arqiva Financing 7.21% 30/06/28	3,513,000	3,500	0.50
Babcock International 1.875% 05/10/26	7,580,000	6,439	0.92
Barclays 3% 08/05/26	2,500,000	2,230	0.32
Barclays 3.25% 12/02/27	200,000	175	0.03
Barclays 3.75% 22/11/30	5,950,000	5,318	0.76
Barclays 8.407% 14/11/32	427,000	423	0.06
BUPA Finance 5% 08/12/26	3,940,000	3,650	0.52
Centrica 6.4% 04/09/26	600,000	587	0.08
Close Brothers 2% 11/09/31	7,650,000	6,137	0.88
Close Brothers 7.75% 14/06/28	886,000	875	0.13
Compass 3.85% 26/06/26	3,000,000	2,830	0.40
Coventry Building Society 5.2993% 13/11/23	2,500,000	2,502	0.36
DWR Cymru Financing 6.015% 31/03/28	3,500,000	3,466	0.50
Eversholt Funding 6.359% 02/12/25	1,600,000	1,583	0.23
Go-Ahead 2.5% 06/07/24	4,990,000	4,744	0.68
Greene King Finance 5.318% 15/09/31	5,350,295	4,791	0.69
Hammerson 3.5% 27/10/25	987,000	856	0.12
Hammerson 6% 23/02/26	6,510,000	5,876	0.84
HSBC 3% 22/07/28	8,800,000	7,545	1.08
Inchcape 6.5% 09/06/28	5,231,000	5,075	0.73
InterContinental Hotels 2.125% 24/08/26	1,300,000	1,124	0.16
Investec 1.875% 16/07/28	3,519,000	2,753	0.39
Investec Bank 4.25% 24/07/28	701,000	696	0.10
Just 9% 26/10/26	6,160,000	6,419	0.92
Land Securities Capital Markets 1.974% 08/02/24	8,275,000	8,052	1.15
Liberty Living Finance 2.625% 28/11/24	7,100,000	6,636	0.95
Lloyds Bank Corporate Markets 1.75% 11/07/24	4,804,000	4,579	0.65
Logicor 2019-1 1.875% 17/11/26	3,223,000	2,741	0.39
London & Quadrant Housing Trust 2.625% 28/02/28	4,479,000	3,828	0.55
London Power Networks 6.125% 07/06/27	3,200,000	3,151	0.45
Manchester Airport Funding 4.125% 02/04/24	4,100,000	4,030	0.58
Marks & Spencer 3.75% 19/05/26	2,700,000	2,428	0.35
Marston's Issuer 5.905% 15/10/27	4,205,114	3,785	0.54
Mitchells & Butlers Finance 5.695% 15/12/28	1,413,375	1,265	0.18

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Mitchells & Butlers Finance 5.965% 15/12/23	482,985	478	0.07
Mitchells & Butlers Finance 6.013% 15/12/28	809,763	723	0.10
Mobico 2.5% 11/11/23	4,882,000	4,813	0.69
Motability Operations 4.375% 08/02/27	5,500,000	5,189	0.74
National Grid Electricity Transmission 4% 08/06/27	6,600,000	6,024	0.86
Nationwide Building Society 5.1594% 10/01/24	4,133,000	4,142	0.59
Nationwide Building Society 6.178% 07/12/27	3,696,000	3,575	0.51
NatWest 2.105% 28/11/31	3,600,000	2,960	0.42
NatWest 2.875% 19/09/26	200,000	181	0.03
NatWest 3.622% 14/08/30	1,825,000	1,678	0.24
NatWest Markets 6.375% 08/11/27	2,044,000	2,006	0.29
NatWest Markets 6.625% 22/06/26	3,630,000	3,596	0.51
Next 4.375% 02/10/26	1,400,000	1,307	0.19
Northumbrian Water Finance 2.375% 05/10/27	6,400,000	5,418	0.77
Pension Insurance 6.5% 03/07/24	3,425,000	3,383	0.48
Pension Insurance 8% 23/11/26	3,060,000	3,045	0.44
Rothsay Life 5.5% 17/09/29	3,786,000	3,671	0.52
Rothsay Life 8% 30/10/25	2,860,000	2,849	0.41
Santander 7.098% 16/11/27	4,200,000	4,119	0.59
Segro 6.75% 23/02/24	1,861,000	1,861	0.27
Sky 6% 21/05/27	7,000,000	6,960	1.00
Society of Lloyd's 4.75% 30/10/24	4,325,000	4,186	0.60
SP Manweb 4.875% 20/09/27	3,000,000	2,839	0.41
Stagecoach 4% 29/09/25	7,520,000	6,888	0.98
Tritax Big Box REIT 2.625% 14/12/26	8,800,000	7,633	1.09
Unilever 2.125% 28/02/28	3,700,000	3,185	0.46
Virgin Money 2.625% 19/08/31	3,650,000	2,952	0.42
Virgin Money 3.375% 24/04/26	1,000,000	909	0.13
Westfield Stratford City Finance 1.642% 04/08/26	4,700,000	3,967	0.57
Whitbread 2.375% 31/05/27	2,200,000	1,827	0.26
Whitbread 3.375% 16/10/25	6,500,000	5,951	0.85
<b>United States 6.60% (30/06/22: 6.00%)</b>			
AT&T 5.5% 15/03/27	6,000,000	5,768	0.82
Athene Global Funding 1.125% 02/09/25	EUR 2,786,000	2,193	0.31
Citigroup 1.75% 23/10/26	100,000	86	0.01
Citigroup 2.75% 24/01/24	2,522,000	2,474	0.35
Digital Stout 2.75% 19/07/24	1,021,000	978	0.14
Discovery Communications 2.5% 20/09/24	3,000,000	2,850	0.41
Equitable Financial Life Global Funding 6.375% 02/06/28	4,992,000	4,925	0.70
Ford Motor Credit 2.748% 14/06/24	2,000,000	1,907	0.27
General Motors Financial 2.25% 06/09/24	625,000	592	0.07
General Motors Financial 5.15% 15/08/26	2,561,000	2,426	0.34
Harley-Davidson Financial Services 5.125% 05/04/26	EUR 1,747,000	1,512	0.22
Nestle 2.125% 04/04/27	7,273,000	6,380	0.91

## AXA Sterling Credit Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Pacific Life Global Funding II 5% 12/01/28	7,555,000	7,146	1.01
Protective Life Global Funding 5.248% 13/01/28	6,203,000	5,912	0.84
Realty Income 1.875% 14/01/27	1,668,000	1,412	0.20
<b>TOTAL CORPORATE BONDS</b>		<b>633,526</b>	<b>90.59</b>
<b>GOVERNMENT BONDS 6.08% (30/06/22: 0.00%)</b>			
<b>United Kingdom 6.08% (30/06/22: 0.00%)</b>			
UK Treasury 0.125% 31/01/28	EUR 49,000,000	39,696	5.68
UK Treasury 1.25% 22/07/27	3,200,000	2,778	0.40
<b>TOTAL GOVERNMENT BONDS</b>		<b>42,474</b>	<b>6.08</b>
<b>FORWARD CURRENCY CONTRACTS 0.04% (30/06/22: (0.25%))</b>			
Sold EUR1,700,000 for GBP1,466,486 Settlement 07/09/2023		3	-
Sold EUR49,000,000 for GBP42,457,255 Settlement 07/09/2023		283	0.04
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>286</b>	<b>0.04</b>
<b>FUTURES 0.04% (30/06/22: 0.02%)</b>			
<b>Germany 0.04% (30/06/22: 0.02%)</b>			
Euro-BOBL Futures September 2023	(81)	60	0.01
Euro-SCHATZ Futures September 2023	(188)	234	0.03
<b>TOTAL FUTURES</b>		<b>294</b>	<b>0.04</b>
Portfolio of investments		676,580	96.75
Net other assets		22,723	3.25
<b>Total net assets</b>		<b>699,303</b>	<b>100.00</b>

*All bonds are denominated in Sterling (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).

## AXA Sterling Credit Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	A Gross Accumulation			A Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	108.38	113.09	109.88	95.72	101.46	99.95
Return before operating charges ^	(0.12)	(4.31)	3.62	(0.10)	(3.84)	3.30
Operating charges ^	(0.39)	(0.40)	(0.41)	(0.34)	(0.36)	(0.37)
Return after operating charges ^	(0.51)	(4.71)	3.21	(0.44)	(4.20)	2.93
Distributions	(3.12)	(1.73)	(1.56)	(2.73)	(1.54)	(1.42)
Retained distributions on accumulation shares	3.12	1.73	1.56	-	-	-
Closing net asset value per share †	107.87	108.38	113.09	92.55	95.72	101.46
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-0.47%	-4.16%	2.92%	-0.46%	-4.14%	2.93%
<b>Other information</b>						
Closing net asset value (£) †	1,975,779	1,821,576	2,301,695	58,025	58,637	98,222
Closing number of shares	1,831,656	1,680,777	2,035,198	62,695	61,259	96,813
Operating charges ^	0.36%	0.36%	0.37%	0.36%	0.36%	0.37%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	111.70	113.40	113.20	97.46	101.70	102.20
Lowest share price #	103.80	108.30	110.10	91.31	96.05	100.20

## AXA Sterling Credit Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	H Gross Accumulation		
	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)
<b>Change in net assets per share</b>			
Opening net asset value per share †	128.65	133.78	129.52
Return before operating charges ^	(0.15)	(5.12)	4.28
Operating charges ^	(0.01)	(0.01)	(0.02)
Return after operating charges ^	(0.16)	(5.13)	4.26
Distributions	(4.16)	(2.51)	(2.31)
Retained distributions on accumulation shares	4.16	2.51	2.31
Closing net asset value per share †	128.49	128.65	133.78
*^ after direct transaction costs of:	-	-	-
<b>Performance</b>			
Return after operating charges	-0.12%	-3.83%	3.29%
<b>Other information</b>			
Closing net asset value (£) †	1,088,220	1,049,654	621,911
Closing number of shares	846,897	815,901	464,877
Operating charges ^	0.01%	0.01%	0.02%
Direct transaction costs *	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price #	132.80	134.20	133.90
Lowest share price #	123.30	128.50	129.80

## AXA Sterling Credit Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	R Gross Accumulation			R Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	116.40	122.08	119.20	98.30	104.18	102.64
Return before operating charges ^	(0.12)	(4.65)	3.93	(0.10)	(3.93)	3.37
Operating charges ^	(1.00)	(1.03)	(1.05)	(0.84)	(0.88)	(0.90)
Return after operating charges ^	(1.12)	(5.68)	2.88	(0.94)	(4.81)	2.47
Distributions	(2.76)	(1.26)	(1.09)	(2.31)	(1.07)	(0.93)
Retained distributions on accumulation shares	2.76	1.26	1.09	-	-	-
Closing net asset value per share †	115.28	116.40	122.08	95.05	98.30	104.18
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-0.96%	-4.65%	2.42%	-0.96%	-4.62%	2.41%
<b>Other information</b>						
Closing net asset value (£) †	4,143,611	5,316,015	8,101,414	164,188	269,266	241,851
Closing number of shares	3,594,450	4,567,034	6,636,397	172,738	273,924	232,138
Operating charges ^	0.86%	0.86%	0.87%	0.86%	0.86%	0.87%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	119.60	122.30	122.20	100.00	104.40	104.90
Lowest share price #	111.40	116.30	119.40	93.76	98.53	102.80

## AXA Sterling Credit Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	122.38	127.77	124.20	98.18	104.06	102.52
Return before operating charges ^	(0.13)	(4.88)	4.10	(0.10)	(3.93)	3.37
Operating charges ^	(0.50)	(0.51)	(0.53)	(0.40)	(0.42)	(0.43)
Return after operating charges ^	(0.63)	(5.39)	3.57	(0.50)	(4.35)	2.94
Distributions	(3.46)	(1.89)	(1.70)	(2.75)	(1.53)	(1.40)
Retained distributions on accumulation shares	3.46	1.89	1.70	-	-	-
Closing net asset value per share †	121.75	122.38	127.77	94.93	98.18	104.06
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-0.51%	-4.22%	2.87%	-0.51%	-4.18%	2.87%
<b>Other information</b>						
Closing net asset value (£) †	253,143,022	213,232,353	260,157,969	126,670,420	92,888,033	90,553,918
Closing number of shares	207,921,685	174,237,293	203,613,338	133,435,361	94,608,615	87,018,238
Operating charges ^	0.41%	0.41%	0.42%	0.41%	0.41%	0.42%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	126.10	128.10	127.90	99.96	104.30	104.80
Lowest share price #	117.20	122.30	124.50	93.65	98.51	102.70



## AXA Sterling Credit Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	ZI Gross Accumulation			ZI Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	101.87	106.20	103.07	94.31	99.96	98.48
Return before operating charges ^	(0.11)	(4.06)	3.41	(0.11)	(3.78)	3.24
Operating charges ^	(0.27)	(0.27)	(0.28)	(0.24)	(0.25)	(0.27)
Return after operating charges ^	(0.38)	(4.33)	3.13	(0.35)	(4.03)	2.97
Distributions	(3.03)	(1.73)	(1.57)	(2.78)	(1.62)	(1.49)
Retained distributions on accumulation shares	3.03	1.73	1.57	-	-	-
Closing net asset value per share †	101.49	101.87	106.20	91.18	94.31	99.96
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-0.37%	-4.08%	3.04%	-0.37%	-4.03%	3.02%
<b>Other information</b>						
Closing net asset value (£) †	209,330,206	129,192,689	114,811,737	102,730,022	47,634,404	37,000,998
Closing number of shares	206,255,155	126,823,392	108,113,980	112,668,714	50,509,776	37,016,491
Operating charges ^	0.26%	0.26%	0.27%	0.26%	0.26%	0.27%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	105.00	106.50	106.30	96.03	100.20	100.70
Lowest share price #	97.61	101.80	103.30	89.96	94.66	98.68

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

## AXA Sterling Credit Short Duration Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(19,647)		(29,501)
Revenue	3	19,854		9,657	
Expenses	4	(2,081)		(1,818)	
Interest payable and similar charges		<u>(9)</u>		<u>(6)</u>	
Net revenue before taxation		17,764		7,833	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>17,764</u>		<u>7,833</u>
Total return before distributions			(1,883)		(21,668)
Distributions	6		(17,764)		(7,833)
Change in net assets attributable to Shareholders from investment activities			<u>(19,647)</u>		<u>(29,501)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

	30/06/23		30/06/22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		491,463		513,890
Amounts receivable on issue of shares	375,443		140,946	
Amounts payable on cancellation of shares	<u>(160,531)</u>		<u>(139,694)</u>	
		214,912		1,252
Change in net assets attributable to Shareholders from investment activities (see above)		(19,647)		(29,501)
Retained distributions on accumulation shares		12,575		5,822
Unclaimed distributions		-		-
Closing net assets attributable to Shareholders		<u>699,303</u>		<u>491,463</u>

## AXA Sterling Credit Short Duration Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		676,580	466,974
Current assets:			
Debtors	7	18,715	10,669
Cash and bank balances	8	24,221	17,054
Total assets		<u>719,516</u>	<u>494,697</u>
<b>Liabilities:</b>			
Investment liabilities			
		-	(1,275)
Creditors:			
Bank overdrafts	10	-	(69)
Distribution payable		(2,075)	(607)
Other creditors	9	(18,138)	(1,283)
Total liabilities		<u>(20,213)</u>	<u>(3,234)</u>
Net assets attributable to Shareholders		<u>699,303</u>	<u>491,463</u>

## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses comprise:		
Non-derivative securities	(21,195)	(27,543)
Brokers commission on futures	(2)	(2)
Currency gains	301	702
Derivative contracts	1,174	1,021
Forward currency contracts	75	(3,679)
<b>Net capital losses</b>	<b>(19,647)</b>	<b>(29,501)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	195	9
Interest on debt securities	19,669	9,758
Futures income	(10)	(110)
<b>Total revenue</b>	<b>19,854</b>	<b>9,657</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	2,042	1,787
Registration fees	4	3
	<b>2,046</b>	<b>1,790</b>
<b>Other expenses</b>		
Audit fees	9	5
Depositary's fees	20	18
Printing fees	-	(1)
Safe custody fees	6	6
	<b>35</b>	<b>28</b>
<b>Total expenses</b>	<b>2,081</b>	<b>1,818</b>

Expenses include irrecoverable VAT where applicable.

## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	17,764	7,833
Net revenue for the year multiplied by the standard rate of corporation tax	3,553	1,567
<b>Effects of:</b>		
Tax deductible interest distributions	(3,553)	(1,567)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	2,453	1,637
Second interim	4,417	1,654
Third interim	5,406	2,412
Final	6,274	2,112
Add: Revenue paid on cancellation of shares	608	303
Deduct: Revenue received on creation of shares	(1,394)	(285)
<b>Net distribution for the year</b>	<b>17,764</b>	<b>7,833</b>

## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23	30/06/22
	£'000	£'000
Amounts receivable for creation of shares	8,600	4,406
Accrued revenue	10,115	6,263
<b>Total debtors</b>	<b>18,715</b>	<b>10,669</b>

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	23,941	17,054
Amount held at futures clearing houses and brokers	280	-
<b>Total cash and bank balances</b>	<b>24,221</b>	<b>17,054</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	7,200	947
Purchases awaiting settlement	10,503	-
Accrued annual management charge	398	300
Accrued other expenses	37	36
<b>Total other creditors</b>	<b>18,138</b>	<b>1,283</b>

#### 10. Bank overdrafts

	30/06/23	30/06/22
	£'000	£'000
Amounts overdrawn at futures clearing houses and brokers	-	69
<b>Total bank overdrafts</b>	<b>-</b>	<b>69</b>

#### 11. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% of the Fund's shares (30/06/2022: material shareholders had holdings totalling 32.30%). Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 12. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
A Gross Accumulation	0.35	1,680,777	1,586,365	(1,435,486)	-	1,831,656
A Gross Income	0.35	61,259	9,477	(8,041)	-	62,695
H Gross Accumulation	Nil	815,901	30,996	-	-	846,897
R Gross Accumulation	0.85	4,567,034	1,042,462	(1,974,102)	(40,944)	3,594,450
R Gross Income	0.85	273,924	76,136	(184,575)	7,253	172,738
Z Gross Accumulation	0.40	174,237,293	88,679,262	(54,707,379)	(287,491)	207,921,685
Z Gross Income	0.40	94,608,615	73,785,621	(34,792,293)	(166,582)	133,435,361
ZI Gross Accumulation	0.25	126,823,392	112,002,325	(32,966,089)	395,527	206,255,155
ZI Gross Income	0.25	50,509,776	85,489,449	(23,492,196)	161,685	112,668,714

#### 13. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 14. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £67,599,987 (2022: £46,790,077). A 10% decrease would have an equal and opposite effect.

## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
Euro	(151)	(2,141)
US dollar	4	(7,111)
<b>Total</b>	<b>(147)</b>	<b>(9,252)</b>

#### Foreign exchange risk sensitivity

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

#### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

Currency Assets	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest	Total £'000
			£'000	
<b>30/06/23</b>				
Pound sterling	32,019	626,291	41,140	699,450
Euro	2,697	40,210	(43,058)	(151)
US dollar	4	-	-	4
<b>Total</b>	<b>34,720</b>	<b>666,501</b>	<b>(1,918)</b>	<b>699,303</b>
<b>30/06/22</b>				
Pound sterling	27,833	405,636	67,246	500,715
Euro	2,586	34,151	(38,878)	(2,141)
US dollar	12,583	-	(19,694)	(7,111)
<b>Total</b>	<b>43,002</b>	<b>439,787</b>	<b>8,674</b>	<b>491,463</b>



## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £16,697,197 (2022: £8,916,933), representing 2.39% of net assets (2022: 1.81%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
Credit Rating	£'000		£'000	
Investment grade (BBB- credit rating and above)	664,671	95.05	442,414	90.00
Below investment grade (below BBB- credit rating)	11,329	1.62	16,869	3.45
Unrated	-	-	7,572	1.54
<b>Total value of bonds</b>	<b>676,000</b>	<b>96.67</b>	<b>466,855</b>	<b>94.99</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

## AXA Sterling Credit Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23 Exposure £'000	30/06/22 Exposure £'000
<b>(a) Futures</b>		
Goldman Sachs	294	110
<b>Total value of derivatives</b>	<b>294</b>	<b>110</b>
<b>(b) Forwards</b>		
BNP Paribas	42,174	40,538
Merrill Lynch	1,463	19,738
<b>Total value of derivatives</b>	<b>43,637</b>	<b>60,276</b>

#### 15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.35% (2022: 0.40%).

#### 16. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

#### 17. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	294	-	110	-
Level 2 ^^	676,286	-	466,864	(1,275)
Level 3 ^^^	-	-	-	-
	<b>676,580</b>	<b>-</b>	<b>466,974</b>	<b>(1,275)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Sterling Credit Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	0.537	-	0.537	0.372
Group 2	0.202	0.335	0.537	0.372
<b>Share Class A Gross Income</b>				
Group 1	0.476	-	0.476	0.334
Group 2	0.476	-	0.476	0.334
<b>Share Class H Gross Accumulation</b>				
Group 1	0.751	-	0.751	0.558
Group 2	0.751	-	0.751	0.558
<b>Share Class R Gross Accumulation</b>				
Group 1	0.430	-	0.430	0.247
Group 2	0.265	0.165	0.430	0.247
<b>Share Class R Gross Income</b>				
Group 1	0.364	-	0.364	0.211
Group 2	0.134	0.230	0.364	0.211
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.591	-	0.591	0.404
Group 2	0.266	0.325	0.591	0.404
<b>Share Class Z Gross Income</b>				
Group 1	0.474	-	0.474	0.329
Group 2	0.175	0.299	0.474	0.329
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.531	-	0.531	0.376
Group 2	0.284	0.247	0.531	0.376
<b>Share Class ZI Gross Income</b>				
Group 1	0.492	-	0.492	0.354
Group 2	0.303	0.189	0.492	0.354

## AXA Sterling Credit Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	0.728	-	0.728	0.358
Group 2	0.602	0.126	0.728	0.358
<b>Share Class A Gross Income</b>				
Group 1	0.640	-	0.640	0.321
Group 2	0.083	0.557	0.640	0.321
<b>Share Class H Gross Accumulation</b>				
Group 1	0.976	-	0.976	0.543
Group 2	0.976	-	0.976	0.543
<b>Share Class R Gross Accumulation</b>				
Group 1	0.637	-	0.637	0.233
Group 2	0.249	0.388	0.637	0.233
<b>Share Class R Gross Income</b>				
Group 1	0.536	-	0.536	0.198
Group 2	0.218	0.318	0.536	0.198
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.807	-	0.807	0.389
Group 2	0.473	0.334	0.807	0.389
<b>Share Class Z Gross Income</b>				
Group 1	0.644	-	0.644	0.316
Group 2	0.363	0.281	0.644	0.316
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.709	-	0.709	0.363
Group 2	0.413	0.296	0.709	0.363
<b>Share Class ZI Gross Income</b>				
Group 1	0.654	-	0.654	0.341
Group 2	0.440	0.214	0.654	0.341

## AXA Sterling Credit Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	0.891	-	0.891	0.532
Group 2	0.475	0.416	0.891	0.532
<b>Share Class A Gross Income</b>				
Group 1	0.778	-	0.778	0.474
Group 2	0.778	-	0.778	0.474
<b>Share Class H Gross Accumulation</b>				
Group 1	1.174	-	1.174	0.745
Group 2	1.174	-	1.174	0.745
<b>Share Class R Gross Accumulation</b>				
Group 1	0.807	-	0.807	0.424
Group 2	0.408	0.399	0.807	0.424
<b>Share Class R Gross Income</b>				
Group 1	0.675	-	0.675	0.361
Group 2	0.387	0.288	0.675	0.361
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.990	-	0.990	0.585
Group 2	0.367	0.623	0.990	0.585
<b>Share Class Z Gross Income</b>				
Group 1	0.785	-	0.785	0.474
Group 2	0.442	0.343	0.785	0.474
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.864	-	0.864	0.526
Group 2	0.367	0.497	0.864	0.526
<b>Share Class ZI Gross Income</b>				
Group 1	0.790	-	0.790	0.491
Group 2	0.389	0.401	0.790	0.491

## AXA Sterling Credit Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class A Gross Accumulation</b>				
Group 1	0.961	-	0.961	0.465
Group 2	0.648	0.313	0.961	0.465
<b>Share Class A Gross Income</b>				
Group 1	0.833	-	0.833	0.412
Group 2	0.833	-	0.833	0.412
<b>Share Class H Gross Accumulation</b>				
Group 1	1.258	-	1.258	0.666
Group 2	0.617	0.641	1.258	0.666
<b>Share Class R Gross Accumulation</b>				
Group 1	0.881	-	0.881	0.352
Group 2	0.516	0.365	0.881	0.352
<b>Share Class R Gross Income</b>				
Group 1	0.732	-	0.732	0.299
Group 2	0.465	0.267	0.732	0.299
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.069	-	1.069	0.510
Group 2	0.443	0.626	1.069	0.510
<b>Share Class Z Gross Income</b>				
Group 1	0.841	-	0.841	0.411
Group 2	0.370	0.471	0.841	0.411
<b>Share Class ZI Gross Accumulation</b>				
Group 1	0.930	-	0.930	0.463
Group 2	0.410	0.520	0.930	0.463
<b>Share Class ZI Gross Income</b>				
Group 1	0.843	-	0.843	0.431
Group 2	0.295	0.548	0.843	0.431

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to provide income and capital growth, with the objective of reducing the negative effect of inflation over a period of 5 years or more.

#### Investment Policy

The Fund invests primarily (meaning at least 70% of its assets) in a portfolio of index-linked bonds issued by the UK government. The Manager also seeks to increase performance of the Fund by investing in non-governmental, non-index-linked, and non Sterling denominated bonds where these offer better value.

The Fund is managed with reference to the composition and risk profile of the FTSE Actuaries UK index-Linked Gilts Over 5 Years index. However, the Manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index. The FTSE Actuaries UK index-Linked Gilts Over 5 Years index is designed to measure the performance of UK Government index-linked bonds with over 5 years maturity. This index best represents the types of bonds in which the Fund predominantly invests.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

This Fund is actively managed in reference to the FTSE Actuaries UK index- Linked Gilts Over 5 Years index, which may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 30 June 2023

By investing in a fund which invests primarily in indexed-linked fixed interest stocks you are likely to be looking for an investment which will generate a steady and predictable income whilst providing some protection against inflation. 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 and you would be investing for a period of at least five years.

**Lower Risk** **Higher Risk**

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 5 to a category 6.

#### 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 level of variation which, may result in gains or losses.

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Key risks

Under normal market conditions the Fund's key risk factors are:

- Interest rate risk - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- Index-linked bonds risk - are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

Index-linked bonds risk is an inherent risk of investing in index-linked bonds. Exposure to this risk is managed by the allocation decision on the proportion of the portfolio to invest in index-linked bonds, as well as the amount of remaining maturity of these bonds, which will affect their sensitivity in value, to changes in expected inflation levels.

- Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully



## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### Other risks which could have an impact in extreme market conditions include:

- **Credit Risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- **ESG risk** - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Counterparty risk** - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- **Currency risk** - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

##### Overview

Fixed Income markets endured another volatile period for the 12 months to the end of June 2023 as global Central Banks continued to aggressively tighten monetary policy in their quest to bring inflation levels back below the recent generational high readings and aim to restore price stability. In addition, markets dealt with several shockwaves over the review period. UK asset markets suffered unprecedented levels of turmoil in the Autumn, while in the Spring the global financial sector suffered its most significant stress since the GFC, with several US regional banks encountering funding issues alongside the Swiss authorities orchestrating the takeover of the region's second largest bank.

Looking at the period in more detail, the second half of 2022 began with the continued pattern of strong economic data releases and global Central Banks continued to deliver outsized rate hikes. At their July meeting the ECB raised rates for the first time since 2011, hiking by 0.5% which was above market expectations and their previous guidance for an initial 0.25% move. In the US, the Federal Open Market Committee ('FOMC') delivered its second consecutive 75 basis points (bps) move although Chair Powell appeared to adopt a more dovish stance at his press conference, refusing to rule out the prospect of a recession, stating that any future moves would be more data dependant with policy to be set on a meeting-by-meeting basis. In the UK, after significant pressures from within his party, Boris Johnson resigned as PM setting off a leadership contest for leader of the Conservative party, while Italy also saw some political turmoil following the resignation of Prime Minister Draghi.

The month of August saw the Bank of England step up their rate hike increments, raising rates by 50bps to 1.75%, the first hike of this magnitude since 1995, while maintaining their guidance that they stand ready to act "forcefully" if indicators of more persistent inflation emerged. The keenly anticipated Jackson Hole symposium saw Chair Powell row back on any apparent dovish pivot, instead he talked up the likelihood of a restrictive policy stance for some time, seemingly dismissing the possibility of any early loosening in policy as previously implied by market pricing.

September proved to be a month to remember for markets and particularly so for UK fixed income. Strong US inflation readings with both headline and core above expectations, reinforced the view that the US Federal Reserve ('Fed') would need to continue to move aggressively to rein in inflation, with the FOMC following through and delivering their third successive 75bps rate hike. In the UK, Liz Truss was announced as the winner of the Conservative Party leadership contest and thus became the new Prime Minister on 5 September. Within days the country entered a period of national mourning following the passing of Queen Elizabeth II, leaving 10 days of policy vacuum for any announcements by the new administration. At their delayed MPC meeting on 22 September, the Bank of England announced their second consecutive 50bps hike with three members voting for 75bps along with the committee repeating that they would respond as forcefully as necessary if inflation pressures became more persistent. The following day the new Chancellor Kwarteng unveiled the largest fiscal expansion package in 50 years, reversing previously announced corporate and national insurance tax increases, while also unveiling personal tax cuts including a very controversial cut in the top 45% tax rate. The market reaction to the announcement was powerful with Sterling and UK assets under severe pressure. Cable (the Sterling/Dollar rate) reached new lows of 1.035 in early trading on 26 September, with Gilt yields rising sharply. With much speculation around the

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Bank of England's reaction function and an expectation of an emergency rate hike, Gilt yields moved significantly higher over the following days triggering a wave of collateral calls for Pension Funds and LDI (Liability-Driven Investment) strategies. What followed was a crazy period for sterling rates eventually forcing the Bank of England to intervene on 28 September, postponing the start of their Gilt sales programme (quantitative tightening) and announcing a market stabilisation operation to buy up to £5bn of long dated Gilts per day for 13 days. In Europe, the ECB raised rates by 75bps in line with expectations.

October began with the chaotic UK political environment remaining centre stage, alongside ongoing concerns around pension fund liquidity issues which saw the Bank of England increasing the size of their emergency stability operation while also including index linked bonds. Following the sacking of Kwasi Kwarteng on 14 October, Jeremy Hunt was installed as the new Chancellor, and he quickly reversed most of the policies announced at the infamous mini budget, thus setting in motion the end of the Truss premiership. Liz Truss did resign as PM on 20 October, marking the shortest ever premiership and yet another Conservative leadership contest began, although this contest proved short lived with Rishi Sunak quickly being announced as the sole candidate and winner. Sunak became the UK's fifth Prime Minister in six years on 25 October and quickly set about trying to restore the UK's credibility. Meanwhile in Europe the ECB raised rates 75bps as expected, while signalling that they expected to raise rates further.

November saw some cautious optimism creep back into bond markets as once again the question of a Fed pivot arose with US inflation readings appearing to have moved past the peak, alongside a calmer geopolitical backdrop. The month started with the FOMC delivering another well telegraphed 75bps hike in rates along with a communication that rates are likely to be "higher for longer" which saw yields rise. The much-anticipated US mid-term elections resulted in the Democrats retaining their control of the Senate while the Republicans regained control of the House. Markets were reassured as the risk of a Republican sweep failed to materialise and there was relief that Trump endorsed candidates had polled relatively poorly. US CPI for October came in below expectations at 7.7% vs 7.9% forecast and was down from the previous months 8.2%. In the UK, the new Sunak administration continued to rebuild the UK's credibility as the Autumn statement outlined the difficult period ahead for the UK economy, while imposing another round of austerity measures which was broadly well received by the markets. The Bank of England voted 7 – 2 to raise rates by 75bps, the first hike of this magnitude in 33 years.

The positive momentum from November reversed through December on renewed Central Bank hawkishness. At their December FOMC meeting the Fed tightened monetary policy by a further 50bps taking the cumulative rate hikes to 4.25% over the course of 2022. In their forecasts, the committee lowered their growth outlook but raised inflation forecasts and in his press conference Chair Powell took a hawkish tone, keen to row back on the recent easing in financial conditions. The Bank of England raised rates by 50bps as expected, although with a three-way split of one vote for a 75bp hike and two members voting for unchanged rates highlighting the growing divergence of opinions within the committee. The same day the ECB provided a much more hawkish backdrop for markets raising rates by 50bps with a resolutely hawkish tone intending to get rates into restrictive territory as inflation was forecast to be above target in 2025. Not to be outdone in terms of central bank surprises the following week the Bank of Japan astonished illiquid Christmas markets by announcing an adjustment to its yield curve control (YCC) policy, widening the trading band on 10-year bond yields to the upper limit of 50bps from 25bps.

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

In January the new year got off to a strong start for markets on improving risk sentiment as the global growth outlook was upgraded following news of China reopening, helped also by weaker energy prices leading to a moderating in peak interest rate expectations. In the US, a hawkish set of FOMC minutes and better than expected payrolls report released early in the month were largely discounted as markets drew comfort from the continued decline in headline CPI to 6.5%, down from the previous month's 7.1% while core also dropped from 6% to 5.7%. In the Euro area better than expected activity data and lower energy prices fuelled positivity about the outlook, with European equity markets in particular benefitting from this optimism. In the UK, employment data released pointed to the continued tightness in the labour market while strike action across many different sectors dominated the media headlines. Disappointing economic releases later in the month with weak retail sales alongside a sharp fall in consumer confidence, led to continued concerns around the outlook for the UK although the continued cost of living pressures appeared to be easing as wholesale gas prices were marked sharply lower.

February saw the optimistic outlook of the new year reverse with robust data releases through the month leading investors to pare back expectations of any near-term pause in central bank tightening amidst increasing concerns around the persistence of inflation. The month started with the Federal Reserve slowing their pace of rate hikes to 25bps, along with the Bank of England and ECB both raising rates by 50bps broadly in line with expectations. The MPC struck a dovish tone signalling rates were approaching their peak with 2 dissenters on the committee voting for no change in policy, while the ECB's communication was more nuanced committing to another 50bps increase in March. However, sentiment decidedly shifted following the release of a surprisingly strong US jobs report showing payrolls had risen by 517k in January making it the strongest report in six months along with an unemployment rate of just 3.4%, a 53-year low. US inflation data came in above expectations at 6.4% with the core component displaying continued strength. Fed speak that followed over the month suggested a possible reacceleration in the pace of hikes, while ECB hawks continued to underscore the need for a more restrictive policy. In the UK, CPI remained at elevated levels at 10.1% although down from 10.5% previously, while RPI was unchanged at 13.4%. The strength of the UK labour market continued with annualised pay growth of 6% and the unemployment rate at just 3.7%.

March started with Fed Chair Powell suggesting that the FOMC may need to increase the pace of rate hikes once again as economic data continued to highlight the resilience of the US economy. This hawkish testimony triggered a sharp repricing of rates with the sell-off in yields seeing the two-year note reaching a new cycle high of over 5% and 10-year yields moving back above 4%. However, this hawkish sentiment proved short lived as one of the larger US regional banks Silicon Valley Bank (SVB) collapsed following a flight of deposits, as revelations of losses due to a duration mismatch in their books and a subsequent failed funding round triggered a flight to quality with deposits flowing into the largest banks and short dated sovereign bonds. The authorities quickly stepped in guaranteeing deposits at the affected institutions and in the UK the BoE orchestrated the takeover of SVB's UK branch by HSBC. Concerns about the financial sector quickly crossed the Atlantic with focus turning to European banks, Credit Suisse in particular in the spotlight, which ultimately triggered the Swiss government to step in and force UBS to take over the ailing institution. The decision was taken to wipe out AT1 bond holders which caused additional stress on the banking sector in the immediate aftermath. Despite the turmoil, Central banks were very keen to draw the distinction between monetary policy and financial stability with the ECB remaining on course to fight inflation, raising rates by 50bps on 16 March along with both the FOMC and Bank of England raising rates by 25bps the following week. After a relatively calm month for markets in April, May saw central banks once again continue their monetary policy tightening as the Fed, ECB and BoE all raised rates by 25bps although their forward guidance became more nuanced, with the FOMC's statement removing the comment that "some additional policy firming may be appropriate". Gilts were once again in the media spotlight for the wrong reasons in May, as yields moved sharply higher, underperforming other developed markets as inflation readings for April did not fall as much as most had expected, headline CPI falling from 10.1% to 8.7% against a consensus forecast of 8.2%.

## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Central Banks continued to adopt a hawkish tone through June, emphasising the need for rates to remain higher for longer to combat core inflation persisting at the current elevated levels. This hawkish tone translated into a sharp bear flattening of curves across markets, pricing out any potential cuts materialising in the immediate horizon. In the UK, this repricing was most pronounced following strong labour market data and another upside surprise in inflation readings. At its June meeting, the Bank of England surprised markets by increasing the pace of its rate hikes again, raising base rates by 50bps to 5% for its 13th consecutive rate rise. In the US, the Fed kept rates unchanged at its June meeting as anticipated, with Chair Powell emphasising that it was a “skip” rather than a “pause” while in their summary of economic projections the FOMCs “dot plot” suggested a further 50bps in tightening over the coming months. At their June meeting, the ECB raised rates by 25bps with President Lagarde reiterating that the hiking journey is not done yet, attributing the stronger persistence in inflation to rising unit labour costs, despite data releases suggesting a slowdown materialising in the Eurozone economy.

#### ***Global Government Bonds***

Global developed government bond yields moved higher over the period given the macro backdrop, with front end yields suffering the brunt of the repricing of terminal rate expectations as yield curves flattened. In the US, the yield on the benchmark 10-year treasury bond rose from 3% at the start of the review period to just under 3.9% by the end of December 2022, having traded above 4.2% in October. The US yield curve which is seen as a barometer of markets expectations on the economic outlook, continued to flatten aggressively over the period, with the 2s vs 10s curve closing over 100bps flatter to -100bps.

As already mentioned, Gilts endured a tumultuous period given the political backdrop and persistence of elevated inflation and underperformed other developed markets, with 10-year yields closing over 200bps higher at 4.4% having tested above 4.5% in both early October and again during June. The gilt yield curve also flattened aggressively with the 2s vs 10s curve 130bps flatter.

Over the 12 months to 30 June 2023, UK gilts returned a negative 14.5%, as measured by the FTSE Actuaries UK Government All Stocks Index.

#### ***Index-linked Gilts***

Inflation remained the focus for markets throughout the period, with investors and commentators continuing to debate the timing of the peak in headline inflation while the risks around second round effects came more into focus as core inflation readings continued to increase. The UK's rate of inflation (measured by the consumer price index) fell over the review period from 9.1% at the start of the period to 8.7% for the June 2023 release.

The Retail Price Index, which is more relevant for index-linked bonds, fell from 11.8% in June 2022 to 11.3% for the June 2023 release.

UK breakeven rates were generally wider over the period, with 10yr breakeven levels moving from 3.7% to just below 3.9%.

Over the 12 months to 30 June 2023, Index-linked gilts returned a negative 17%, as measured by the FTSE Actuaries Index Linked All Stocks Index, underperforming its Gilt all stock equivalent.

#### ***Fund Activity***

We entered the review period with a slight overweight duration (a measure of sensitivity of a bond's price to a change in interest rates) exposure relative to the comparative benchmark as well as a yield curve flattening bias. We actively managed our duration risk during the very volatile period aiming to take advantage of moves to the extremes of our anticipated ranges. Our yield curve exposure, generally favoured a flattening bias on the curve, was particularly effective around the very limited supply periods and we took advantage of opportunities around the limited number of auctions. We also have had an active breakeven strategy, which has proved beneficial to the fund over the period.



## AXA Sterling Index Linked Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### *Fund performance and Outlook*

During the 12 months to 30 June 2023, the AXA Sterling Index Linked Bond Fund provided a total return of negative 21.35% (Z Acc, net of fees and gross of tax), compared with the FTSE Actuaries UK Govt Index-Linked 5 years+ index return of negative 19.98%.

Since the start of 2022 bond markets have significantly repriced as Central Banks embarked on an aggressive path of policy tightening to combat the risks of a prolonged period of high inflation. We would anticipate that we are now close to the end of this radical monetary tightening phase as inflation appears to moderate with central bankers moving beyond peak hawkishness. We would expect further limited policy tightening to be delivered over the coming months which is largely priced by markets. Going forward as we expect to reach terminal rates in the second half 2023, markets are likely to focus more on the deteriorating economic outlook and endure lower levels of volatility than in 2022, which should provide an improving backdrop for fixed income to perform.

*All performance data source: AXA Investment Managers and Bloomberg.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 0.125% IL 22/03/26	20,885	● UK Treasury 0.125% IL 22/03/26	18,545
● UK Treasury 0.25% 31/01/25	7,463	● UK Treasury 0.125% IL 10/08/31	7,566
● UK Treasury 0.125% IL 10/08/31	5,193	● UK Treasury 0.25% 31/01/25	7,411
● UK Treasury 0.5% 22/10/61	3,362	● UK Treasury 0.75% IL 22/03/34	7,006
● UK Treasury 0.125% IL 22/03/51	3,173	● UK Treasury 0.125% IL 22/03/29	6,167

**Nick Hayes**

AXA Investment Managers UK Limited

## AXA Sterling Index Linked Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>GOVERNMENT BONDS 1.84% (30/06/22: 0.40%)</b>			
<b>United Kingdom 1.84% (30/06/22: 0.40%)</b>			
UK Treasury 0.125% 31/01/24	100,000	97	0.14
UK Treasury 0.25% 31/01/25	100,000	92	0.13
UK Treasury 0.5% 22/10/61	3,300,000	1,044	1.44
UK Treasury 4% 22/10/63	100,000	96	0.13
<b>TOTAL GOVERNMENT BONDS</b>		<b>1,329</b>	<b>1.84</b>
<b>INDEX LINKED GOVERNMENT BONDS 94.12% (30/06/22: 94.83%)</b>			
<b>United Kingdom 94.12% (30/06/22: 94.83%)</b>			
UK Treasury 0.125% IL 22/03/24	100,000	151	0.21
UK Treasury 0.125% IL 22/03/26	4,500,000	6,263	8.65
UK Treasury 0.125% IL 10/08/28	1,000,000	1,283	1.77
UK Treasury 0.125% IL 22/03/29	2,000,000	3,011	4.16
UK Treasury 0.125% IL 10/08/31	100,000	123	0.17
UK Treasury 0.125% IL 22/11/36	1,500,000	1,984	2.74
UK Treasury 0.125% IL 22/03/39	3,000,000	3,325	4.59
UK Treasury 0.125% IL 10/08/41	1,500,000	1,743	2.41
UK Treasury 0.125% IL 22/03/44	3,000,000	3,868	5.35
UK Treasury 0.125% IL 22/03/46	3,400,000	4,028	5.57
UK Treasury 0.125% IL 10/08/48	3,400,000	3,725	5.15
UK Treasury 0.125% IL 22/03/51	3,000,000	3,020	4.17
UK Treasury 0.125% IL 22/11/56	1,600,000	1,768	2.44
UK Treasury 0.125% IL 22/03/58	1,200,000	1,371	1.90
UK Treasury 0.125% IL 22/11/65	1,200,000	1,360	1.88
UK Treasury 0.125% IL 22/03/68	2,200,000	2,599	3.59
UK Treasury 0.125% IL 22/03/73	1,000,000	1,020	1.41
UK Treasury 0.25% IL 22/03/52	1,150,000	1,461	2.02
UK Treasury 0.375% IL 22/03/62	1,200,000	1,640	2.27
UK Treasury 0.5% IL 22/03/50	2,100,000	3,251	4.49
UK Treasury 0.625% IL 22/03/40	1,500,000	2,483	3.43
UK Treasury 0.625% IL 22/11/42	1,000,000	1,666	2.30
UK Treasury 0.625% IL 22/03/45	500,000	472	0.65
UK Treasury 0.75% IL 22/03/34	500,000	811	1.12
UK Treasury 0.75% IL 22/11/47	2,000,000	3,386	4.68
UK Treasury 1.125% IL 22/11/37	2,000,000	3,851	5.32
UK Treasury 1.25% IL 22/11/27	100,000	194	0.27
UK Treasury 1.25% IL 22/11/32	100,000	183	0.25
UK Treasury 1.25% IL 22/11/55	600,000	1,277	1.77
UK Treasury 2% IL 26/01/35	1,441,000	3,459	4.78
UK Treasury 4.125% IL 22/07/30	1,000,000	3,338	4.61
<b>TOTAL INDEX LINKED GOVERNMENT BONDS</b>		<b>68,114</b>	<b>94.12</b>



## AXA Sterling Index Linked Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>INDEX LINKED CORPORATE BONDS 3.53% (30/06/22: 4.11%)</b>			
<b>Canada 0.62% (30/06/22: 0.00%)</b>			
CPPIB Capital 4.375% IL 02/03/26	468,000	450	0.62
<b>United Kingdom 2.91% (30/06/22: 4.11%)</b>			
Network Rail Infrastructure Finance 1.375% IL 22/11/37	956,000	1,802	2.49
Network Rail Infrastructure Finance 1.9618% IL 01/12/25	160,000	306	0.42
<b>TOTAL INDEX LINKED CORPORATE BONDS</b>		<b>2,558</b>	<b>3.53</b>
<b>FUTURES 0.00% (30/06/22: 0.00%)</b>			
<b>United Kingdom 0.00% (30/06/22: 0.00%)</b>			
Long Gilt Futures September 2023	10	-	-
<b>TOTAL FUTURES</b>		<b>-</b>	<b>-</b>
Portfolio of investments		72,001	99.49
Net other assets		369	0.51
<b>Total net assets</b>		<b>72,370</b>	<b>100.00</b>

*All bonds are denominated in Sterling (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).

## AXA Sterling Index Linked Bond Fund

### Comparative Tables

As at 30 June 2023

	A Gross Accumulation			H Gross Accumulation		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	129.48	160.88	168.11	240.10	297.61	310.23
Return before operating charges ^	(27.19)	(30.96)	(6.78)	(50.47)	(57.46)	(12.53)
Operating charges ^	(0.31)	(0.44)	(0.45)	(0.05)	(0.05)	(0.09)
Return after operating charges ^	(27.50)	(31.40)	(7.23)	(50.52)	(57.51)	(12.62)
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share †	101.98	129.48	160.88	189.58	240.10	297.61
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-21.24%	-19.52%	-4.30%	-21.04%	-19.32%	-4.07%
<b>Other information</b>						
Closing net asset value (£) †	2,884,710	4,553,425	5,567,177	5,005,893	5,509,830	6,838,539
Closing number of shares	2,828,703	3,516,789	3,460,548	2,640,520	2,294,788	2,297,838
Operating charges ^	0.27%	0.27%	0.28%	0.02%	0.02%	0.03%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	142.70	187.00	170.10	264.70	346.40	314.00
Lowest share price #	85.37	124.00	148.40	158.40	229.90	274.30

## AXA Sterling Index Linked Bond Fund

### Comparative Tables

As at 30 June 2023

	R Gross Accumulation			Z Gross Accumulation		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	216.94	270.89	284.51	260.86	324.29	339.04
Return before operating charges ^	(45.47)	(51.81)	(11.50)	(54.80)	(62.38)	(13.68)
Operating charges ^	(1.45)	(2.14)	(2.12)	(0.73)	(1.05)	(1.07)
Return after operating charges ^	(46.92)	(53.95)	(13.62)	(55.53)	(63.43)	(14.75)
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share †	170.02	216.94	270.89	205.33	260.86	324.29
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-21.63%	-19.92%	-4.79%	-21.29%	-19.56%	-4.35%
<b>Other information</b>						
Closing net asset value (£) †	1,687,658	2,729,385	4,493,049	62,791,761	114,245,482	150,439,187
Closing number of shares	992,597	1,258,113	1,658,597	30,580,158	43,796,217	46,389,665
Operating charges ^	0.77%	0.76%	0.78%	0.32%	0.32%	0.33%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	239.00	314.20	287.80	287.50	376.90	343.10
Lowest share price #	142.90	207.70	250.30	172.00	249.80	299.20

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

## AXA Sterling Index Linked Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(24,036)		(32,735)
Revenue	3	(567)		(1,676)	
Expenses	4	(309)		(560)	
Interest payable and similar charges		-		-	
Net expense before taxation		(876)		(2,236)	
Taxation	5	-		-	
Net expense after taxation			(876)		(2,236)
Total return before equalisation			(24,912)		(34,971)
Equalisation	6		-		-
Change in net assets attributable to Shareholders from investment activities			(24,912)		(34,971)

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			127,038		167,338
Amounts receivable on issue of shares		6,835		31,088	
Amounts payable on cancellation of shares		(36,591)		(36,417)	
			(29,756)		(5,329)
Change in net assets attributable to Shareholders from investment activities (see above)			(24,912)		(34,971)
Closing net assets attributable to Shareholders			72,370		127,038

## AXA Sterling Index Linked Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		-	126,196
Current assets:			
Investments		72,001	-
Debtors	7	131	1,544
Cash and bank balances	8	995	2,183
<b>Total assets</b>		<b>73,127</b>	<b>129,923</b>
<b>Liabilities:</b>			
Creditors:			
Other creditors	9	(757)	(2,885)
<b>Total liabilities</b>		<b>(757)</b>	<b>(2,885)</b>
<b>Net assets attributable to Shareholders</b>		<b>72,370</b>	<b>127,038</b>

## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses		
Non-derivative securities	(22,142)	(32,995)
Brokers commission on futures	(1)	(1)
Derivative contracts	(1,892)	263
Transaction charges	(1)	(2)
<b>Net capital losses</b>	<b>(24,036)</b>	<b>(32,735)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	14	1
Interest on debt securities	(563)	(1,681)
Futures Income	(25)	4
HMRC interest	7	-
<b>Total revenue</b>	<b>(567)</b>	<b>(1,676)</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	287	538
Registration fees	2	2
	<b>289</b>	<b>540</b>
<b>Other expenses</b>		
Audit fees	9	5
Depositary's fees	10	17
Printing fees	-	(3)
Safe custody fees	1	1
	<b>20</b>	<b>20</b>
<b>Total expenses</b>	<b>309</b>	<b>560</b>

Expenses include irrecoverable VAT where applicable.

## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net expense before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net expense before taxation	(876)	(2,236)
Net expense for the year multiplied by the standard rate of corporation tax	(175)	(447)
<b>Effects of:</b>		
Movement in excess management expenses	2,358	4,225
Relief for indexation on UK Gilts	(2,183)	(3,778)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

##### (d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £15,381,299 (2022: £13,022,735) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 6. Equalisation

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	-	-
Second interim	-	-
Third interim	-	-
Final	-	-
Add: Revenue paid on cancellation of shares	-	-
Deduct: Revenue received on creation of shares	-	-
<b>Net distribution for the year</b>	<b>-</b>	<b>-</b>

#### Reconciliation of net expense after taxation to distributions

Net expense after taxation	(876)	(2,236)
Revenue deficit	11,792	21,127
Indexation on UK Government Index-Linked Bonds	(10,916)	(18,891)
<b>Net distribution for the year</b>	<b>-</b>	<b>-</b>

#### 7. Debtors

	30/06/23 £'000	30/06/22 £'000
Amounts receivable for creation of shares	2	-
Sales awaiting settlement	-	1,392
Accrued revenue	129	152
<b>Total debtors</b>	<b>131</b>	<b>1,544</b>

#### 8. Cash and bank balances

	30/06/23 £'000	30/06/22 £'000
Cash and bank balances	952	2,156
Amount held at futures clearing houses and brokers	43	27
<b>Total cash and bank balances</b>	<b>995</b>	<b>2,183</b>

#### 9. Other creditors

	30/06/23 £'000	30/06/22 £'000
Amounts payable for cancellation of shares	704	2,795
Accrued annual management charge	37	74
Accrued other expenses	16	16
<b>Total other creditors</b>	<b>757</b>	<b>2,885</b>



## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% (30/06/2022: there were no shareholders with holdings over 25%) of the Fund's shares. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

#### 11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	<b>Annual Management Charge rate (%)</b>	<b>30/06/22</b>	<b>Issued</b>	<b>Cancelled</b>	<b>Converted</b>	<b>30/06/23</b>
A Gross Accumulation	0.25	3,516,789	54,686	(742,772)	-	2,828,703
H Gross Accumulation	Nil	2,294,788	345,732	-	-	2,640,520
R Gross Accumulation	0.75	1,258,113	95,803	(300,484)	(60,835)	992,597
Z Gross Accumulation	0.30	43,796,217	2,542,686	(15,809,239)	50,494	30,580,158

#### 12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £7,200,041 (2022: £12,619,554). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

##### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

##### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>Currency</b>				
<b>30/06/23</b>				
Pound sterling	994	72,001	(625)	72,370
<b>Total</b>	<b>994</b>	<b>72,001</b>	<b>(625)</b>	<b>72,370</b>
<b>30/06/22</b>				
Pound sterling	2,184	126,196	(1,342)	127,038
<b>Total</b>	<b>2,184</b>	<b>126,196</b>	<b>(1,342)</b>	<b>127,038</b>

## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £13,507,277 (2022: £27,182,520), representing 18.66% of net assets (2022: 24.40%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
	£'000		£'000	
<b>Credit Rating</b>				
Investment grade (BBB- credit rating and above)	72,001	99.49	126,196	99.34
Below investment grade (below BBB- credit rating)	-	-	-	-
Unrated	-	-	-	-
<b>Total value of bonds</b>	<b>72,001</b>	<b>99.49</b>	<b>126,196</b>	<b>99.34</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23	30/06/22
	Exposure	Exposure
	£'000	£'000
<b>Futures</b>		
Goldman Sachs	-	-
<b>Total value of derivatives</b>	<b>-</b>	<b>-</b>

## AXA Sterling Index Linked Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.30% (2022: 0.41%).

#### 15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

#### 16. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	69,443	-	120,976	-
Level 2 ^^	2,558	-	5,220	-
Level 3 ^^^	-	-	-	-
	<b>72,001</b>	<b>-</b>	<b>126,196</b>	<b>-</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

This Fund closed on 27 April 2023 and is no longer available for investment.

#### Investment Objective

The aim of the Fund is to provide an income combined with any capital growth over the long-term.

#### Investment Policy

The Fund invests primarily (meaning at least 70% of its assets) in a diversified portfolio of sterling denominated, investment grade bonds issued by companies and governments. The Manager seeks to reduce the effect of credit risk through its analysis and selection of bonds (with a particular emphasis on industry and issuer) and also positions the Fund to take advantage of its expectation of interest rate movements.

The Fund is managed with reference to the composition and risk profile of the ICE BofAML Sterling Broad Market index. However the Manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index. The ICE BofAML Sterling Broad Market index is designed to measure the performance of gilts and sterling non-gilt fixed interest securities. This index best represents the types of bonds in which the Fund predominantly invests.

Where bonds are denominated in a currency other than Sterling, the Fund aims to reduce the risk of movements in exchange rates between such currency and Sterling through the use of derivatives (financial instruments which derive their value from the value of other assets). The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM).

This Fund is actively managed in reference to the ICE BofAML Sterling Broad Market index, which may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 30 June 2023

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. You are aware that investing a proportion of your money in sub investment grade bonds increases the potential income but also increases risk to your investment. Typically you would be investing for a period of at least five years.

**Lower Risk** **Higher Risk**

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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. There has been no change from prior year.

#### 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 level of variation which, may result in gains or losses.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Key risks

**Under normal market conditions the Fund's key risk factors are:**

- **Credit risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- **Interest Rate risk** - interest rate risk is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### Other risks which could have an impact in extreme market conditions include:

- Prepayment and extension risk - prepayment risk is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- Liquidity risk - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The ACD may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral a Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of this Prospectus for more information.

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.

- Currency risk - assets of a Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of a Fund through the use of currency exchange transactions. A Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities



## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

Our interim report, covering the six months to the end December 2022, discussed further upward pressure on already uncomfortably high levels of inflation, as energy prices soared over the summer on shortage fears, which had forced central banks to step-up their monetary policy tightening. Sentiment in the UK had plunged under the brief, but disastrous leadership of Liz Truss, after she sanctioned unfunded fiscal giveaways, leaving Rishi Sunak with the job of restoring confidence and fiscal discipline. Higher interest rates and higher government bond yields made for ugly returns for bond markets, even if the relative borrowing costs for companies (yield spreads) were a little lower.

The latest six months has seen economies resilient despite significantly higher interest rates; energy costs tumbled from the heady levels of last summer, so were neither the drag on growth, nor the boost to inflation, that markets had previously panicked about. Inflation remained the focus.

Central banks emphasised the on-going need for tighter policies to combat inflation, although in the wake of falling inflation (but from very high peaks) and a deteriorating growth outlook in response to higher rates, markets were less convinced about their apparent determination to maintain higher rates. Rate hikes at the start of February were as expected; +25 basis point (bps) to 4.50%-4.75% in the US, +50bps to 4.00% in the UK and +50bps to 2.50% in Europe. Accompanying central bank comments were taken well by markets: The Fed acknowledged that the disinflation process had started (although inflation remained elevated), but still expected further hikes. In the UK, two MPC members voted to hold rates and Bank of England Governor Bailey referred to a deliberate change in its language, suggesting future policy moves would be moderate, although the Bank remained wary of inflationary pressures. The Bank's chief economist suggested much of the impact from rate rises to date had yet to hit, adding that the Bank must guard against doing too much on rates. Dovish sentiment turned sharply, however, after an unexpectedly strong US jobs report, which showed a bumper increase in payrolls and the unemployment rate falling to a new low. Cue the return of more hawkish debate.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Aggressively tighter monetary policies implemented by central banks aiming to slow economic activity and rein-in inflation, contributed to the LDI crisis in the UK last October, illustrating the vulnerability of certain business models to the move away from ultra-low rates. In March, we saw the next major impact from the change in policy regime: Silicon Valley Bank (SVB) in the US, took a loss on its longer duration (but high quality) US treasury bond holdings, indicating poor risk management at the bank. The resulting loss of confidence, never good for a bank, prompted a run on SVB's deposits and forced US regulators to take swift, decisive action to take control of the bank and guarantee its deposits, thereby hoping to contain any contagion. Credit Suisse, not shy of a negative headline in recent years, was back in the firing line as markets moved to risk-off mode following the SVB failure. Supportive measures to underpin sharply deteriorating sentiment proved futile, forcing the Swiss authorities to agree a hasty takeover of CS by its fellow Swiss bank UBS, for a relatively small price. This should have bolstered confidence, but the Swiss authorities' decision to wipe out CS's most subordinated debt (AT1 bonds), shocked the bond market, failing to observe the usual credit hierarchy, whereby equity must be fully written down before AT1s incur losses. AT1s are a relatively new instrument, but an important part of a bank's capital structure since the financial crisis, so this unexpected development saw markets take fright; Prices of AT1 bonds of all banks fell sharply, as they traded as perpetual bonds, rather than to their call dates, giving investors a different risk/yield outcome than normally expected. Other regulators suggested such a write-down would not happen in their jurisdictions, which helped steady AT1s. By the time US bank First Republic was rescued on 1 May after revealing a massive outflow of customer deposits, markets showed little reaction, suggesting investors believed the authorities had bank issues under control.

With a prolonged banking crisis seemingly averted, central banks' focus sharpened again on their attempts to fight inflation, putting rate hikes firmly back on the agenda. Data released in April showed the rate of consumer price inflation continued to slow, although UK measures disappointed, falling by less than expected. Rates were hiked by 25bp as expected in May, taking rates to 5-5.25% in the US, 4.50% in the UK and 3.25% in Europe. Accompanying statements were closely watched for clues as to future moves. In the US, the Fed removed its hawkish bias, with further policy decisions to be data dependent, suggesting it would pause (i.e. leave rates unchanged) in June, although its outlook did not support the rate cuts expected by markets. The ECB remained hawkish, still concerned about upside inflation risks, and expected more rate hikes, and planned to stop reinvestments from its bond purchase programme. The Bank of England's updated quarterly forecasts, no longer expected the UK economy to contract in 2023, while inflation was predicted to be below target in two- and three-years' time, but with upside risks. Bank Governor Bailey explained that the large share of fixed rate mortgages in the UK meant that its policy hikes to date will weigh more on the UK economy in the coming quarters, and that the Bank takes this lag in the transmission of monetary policy into account in its policy decisions. UK inflation figures again disappointed; the annual rate was lower, but the benefit from base effects (as large energy price increases from last year drop out of the calculations) was not as large as expected, with the rate of core CPI actually increasing. Slower progress in reducing inflation pushed market pricing for the peak in UK rates higher. Inflation continued to come down in the US and Europe, the latter at a faster rate than expected. US debt ceiling worries were finally put to bed, with an agreement reached in late May.

Central banks continued with their hawkish tones in June: The Fed did pause in its rate hiking cycle, as anticipated, but saw rates moving higher than previously expected (50bps higher by year end); the ECB delivered its expected 25bps hike, but with inflation forecasts raised both this year and next, there is more to come. In the UK, strong employment data and another disappointing inflation print (the rate of core CPI picked up again), forced the Bank to step up the pace of its rate hikes, raising base rates by 50bps to 5%. Market UK inflation expectations had been increasing since the release of higher-than-expected inflation figures in May, but reversed most of this gain following the Bank's aggressive rate hike, suggesting the Bank of England's inflation fighting credentials have been somewhat restored. Markets shifted the expected peak in UK rates to 6.19% in early 2024, whereas six months earlier, a peak of 4.70% Q3 2023 was priced-in.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Despite expectations of higher interest rates, yields on government bonds were lower in January, given markets' less hawkish expectations of the path of central bank policies. Yields continued to fall in early February, with dovish reactions to central bank rate hikes, before turning higher after the strong US jobs figures. Hawkish sentiment, as the Fed warned of potentially higher rates, was soon replaced by risk-off sentiment, as banking fears emerged, with safe-haven demand for government bonds pushing yields lower. As US regional bank concerns abated, yields reversed higher, and upward pressure on yields remained, given central banks' on-going hawkishness on inflation and consequences for further monetary policy tightening. In the UK, the reappraisal of the path of interest rates sharply higher, given stubbornly high inflation figures, resulted in a substantial underperformance of gilts against other government bond markets. Benchmark 10-year gilt yields climbed steadily once US bank concerns were set aside, accelerating after the release of inflation data in May, for a rise of 62bps (adjusted for a benchmark change) to 4.39% over the latest six months (+216bps over the 12 months). Comparable yields in the US fell by 3bps to 3.84% and in Germany were 18bps lower at 2.39%. The gilt yield curve shifted higher but flattened dramatically; aggressively higher short term rates are expected to result in a slowing economy which should help reduce inflation, enabling rates to be cut when that happens - longer bonds better absorb volatility in short rates. Two-year gilt yields rose 169bp to 5.27% (+343bps over 12 months), five-year yields were 105bps higher at 4.67% (+278bps), while 30-year yields were 43bps higher at 4.42% (+186bps). The impact of duration (price sensitivity to a move in yield) is clearly illustrated in performance; despite outperforming in yield terms, long gilts underperformed in total return terms: The ICE BAML Gilt index produced a total return of -3.84% (-15.48% over 12 months), with 0-5 years -1.36% (-3.72%), 5-15 years -3.38% (-12.47%) and Over 15 years -5.77% (-25.01%).

Corporate bonds were firm in January, with new issues meeting healthy buying interest, and remained resilient, even after rates had backed up sharply in February. Banking fears in March, stoked concerns for the broader economy (banks less willing to lend, thereby inhibiting growth), prompting a typical cheapening of corporate bonds, with spreads moving higher. Although US regional bank concerns lingered, markets largely shrugged this off, encouraged by the authorities' actions, which quickly found solutions to those banks worst affected. Improving sentiment soon helped corporate bonds reverse most of March's weakness. Demand for corporate bonds remained healthy, comfortably absorbing the decent supply of new issues and enabling the Bank of England to complete the sale of its corporate bond holdings well ahead of schedule, with spreads continuing their move lower. Towards the end of June, rumours about the commitment of the owners of Thames Water to continue to support the UK's biggest water utility, prompted concerns about its access to debt markets to fund future capex. A significant borrower in the bond market, Thames' relative borrowing costs (spreads) jumped, with a more moderate widening in spreads in sympathy for other water company bonds. This should not be allowed to drag on - a relatively small injection of equity (in context of the size of its assets), would alleviate funding concerns. More positively, sentiment has recovered in the most subordinated bank bond market - AT1s, allowing Spanish bank BBVA to become the first issuer of new bonds (in euros) since Credit Suisse's AT1s were surprisingly written off in March. The relative borrowing cost for companies, the yield spread over government bonds, fell 15p to +146bps, having troughed in February at +136bps and peaked a month later during bank worries at +167bps. That's an impressive performance, given the sharply higher rates backdrop, which could have negative impact on growth, corporate profitability and balance sheets. However, combined with the jump in gilt yields, corporate bond yields were also sharply higher, rising 96bps to 6.24% (the low in early 2021 was 1.16%), to give a total return on the ICE BAML Sterling Non-Gilts index of -1.05% (-7.10% over 12 months), with 1-5 year -0.65% (-3.15%), 5-15 year -1.40% (-8.47%) and over 15 year -1.62% (-13.64%). The ICE BAML Sterling Broad index (gilts and corporate bonds) fell 3.05% (-13.16% over 12 months).

Spreads were tighter across all rating bands, with the weakest rated, BBB bond spreads tightening the most, -22bps to +216bps, a typical move when the market is strong.

## AXA Sterling Strategic Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

The AXA Sterling Strategic Bond Fund provided a total return of +1.52% (Z Acc, net of fees and gross of tax) from our interim report (31/12/2022) up until closure on 27 April 2023 (-8.34% from our last annual report, 30 June 2022). Comparable figures for the ICE BAML Sterling Broad index were +0.47% and -10.00% respectively.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● UK Treasury 1% 22/04/24	3,366	● UK Treasury IL 0.125% 22/03/26	4,589
● UK Treasury 4.75% 07/12/30	1,612	● UK Treasury 1.5% 22/07/26	4,024
● UK Treasury 4.5% 07/12/42	1,287	● UK Treasury 1% 22/04/24	3,400
● UK Treasury 1.5% 22/07/26	1,163	● UK Treasury 0.875% 31/07/33	3,108
● UK Treasury 1.625% 22/10/28	1,035	● UK Treasury 4.25% 07/03/36	2,747

**Phil Roantree**

AXA Investment Managers UK Limited

The AXA Sterling Strategic Bond Fund was closed on 27 April 2023.

## **AXA Sterling Strategic Bond Fund**

### **Portfolio Statement**

As at 30 June 2023

The AXA Sterling Strategic Bond Fund closed on 27 April 2023. There are no holdings as at 30 June 2023.

## AXA Sterling Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	B Gross Accumulation			B Gross Income		
	27/04/2023~	30/06/2022	30/06/2021	27/04/2023~	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	105.34	123.97	129.16	94.42	112.83	119.20
Return before operating charges ^	(8.82)	(18.12)	(4.76)	(7.92)	(16.35)	(4.34)
Operating charges ^	(0.35)	(0.51)	(0.43)	(0.31)	(0.46)	(0.43)
Return after operating charges ^	(9.17)	(18.63)	(5.19)	(8.23)	(16.81)	(4.77)
Distributions	(1.58)	(1.77)	(1.75)	(1.41)	(1.60)	(1.60)
Retained distributions on accumulation shares	1.58	1.77	1.75	-	-	-
Funds returned to shareholders	(96.17)	-	-	(84.78)	-	-
Closing net asset value per share †	-	105.34	123.97	-	94.42	112.83
*^ after direct transaction costs of:	0.00	-	-	0.00	-	-
<b>Performance</b>						
Return after operating charges	-8.71%	-15.03%	-4.02%	-8.72%	-14.90%	-4.00%
<b>Other information</b>						
Closing net asset value (£) †	-	32,202,350	42,299,976	-	390,347	482,017
Closing number of shares	-	30,569,882	34,121,498	-	413,435	427,213
Operating charges ^	0.43%	0.42%	0.43%	0.43%	0.42%	0.43%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	111.25	129.10	131.10	99.71	117.10	120.50
Lowest share price #	85.57	103.10	121.10	76.30	92.84	110.80

## AXA Sterling Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	H Gross Accumulation		
	27/04/2023~	30/06/2022	30/06/2021
	(p)	(p)	(p)
<b>Change in net assets per share</b>			
Opening net asset value per share †	149.25	174.91	181.45
Return before operating charges ^	(12.52)	(25.63)	(6.53)
Operating charges ^	(0.03)	(0.03)	(0.01)
Return after operating charges ^	(12.55)	(25.66)	(6.54)
Distributions	(2.68)	(3.21)	(3.22)
Retained distributions on accumulation shares	2.68	3.21	3.22
Funds returned to shareholders	(136.70)	-	-
Closing net asset value per share †	-	149.25	174.91
*^ after direct transaction costs of:	0.00	-	-
<b>Performance</b>			
Return after operating charges	-8.41%	-14.67%	-3.60%
<b>Other information</b>			
Closing net asset value (£) †	-	4,851	8,745
Closing number of shares	-	3,250	5,000
Operating charges ^	0.03%	0.02%	0.01%
Direct transaction costs *	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price #	157.68	182.50	184.50
Lowest share price #	121.38	146.10	170.70

## AXA Sterling Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	R Gross Accumulation			R Gross Income		
	27/04/2023~	30/06/2022	30/06/2021	27/04/2023~	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	123.39	146.45	153.87	84.44	100.88	106.57
Return before operating charges ^	(10.28)	(21.26)	(6.14)	(7.06)	(14.59)	(3.86)
Operating charges ^	(1.21)	(1.80)	(1.28)	(0.83)	(1.24)	(1.28)
Return after operating charges ^	(11.49)	(23.06)	(7.42)	(7.89)	(15.83)	(5.14)
Distributions	(1.11)	(88.00)	(0.80)	(0.76)	(0.61)	(0.55)
Retained distributions on accumulation shares	1.11	88.00	0.80	-	-	-
Funds returned to shareholders	(111.90)	-	-	(75.79)	-	-
Closing net asset value per share †	-	123.39	146.45	-	84.44	100.88
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-9.31%	-15.75%	-4.82%	-9.34%	-15.69%	-4.82%
<b>Other information</b>						
Closing net asset value (£) †	-	1,315,730	2,018,412	-	30,853	66,377
Closing number of shares	-	1,066,337	1,378,256	-	36,538	65,797
Operating charges ^	1.28%	1.27%	1.28%	1.28%	1.27%	1.28%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	130.21	152.00	155.60	87.69	104.60	107.60
Lowest share price #	99.99	120.80	143.40	69.72	82.87	98.95



## AXA Sterling Strategic Bond Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	27/04/2023~	30/06/2022	30/06/2021	27/04/2023~	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	154.22	181.68	189.39	95.76	114.44	120.90
Return before operating charges ^	(12.89)	(26.54)	(7.18)	(8.03)	(16.59)	(4.42)
Operating charges ^	(0.63)	(0.92)	(0.53)	(0.39)	(0.58)	(0.53)
Return after operating charges ^	(13.52)	(27.46)	(7.71)	(8.42)	(17.17)	(4.95)
Distributions	(2.20)	(2.42)	(2.38)	(1.36)	(1.51)	(1.51)
Retained distributions on accumulation shares	2.20	2.42	2.38	-	-	-
Funds returned to shareholders	(140.70)	-	-	(85.98)	-	-
Closing net asset value per share †	-	154.22	181.68	-	95.76	114.44
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-8.77%	-15.11%	-4.07%	-8.79%	-15.00%	-4.09%
<b>Other information</b>						
Closing net asset value (£) †	-	41,266,712	101,805,767	-	88,682	305,392
Closing number of shares	-	26,757,496	56,035,010	-	92,604	266,847
Operating charges ^	0.53%	0.52%	0.53%	0.53%	0.52%	0.53%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	162.85	189.20	192.20	101.13	118.80	122.20
Lowest share price #	125.24	151.00	177.50	77.39	94.15	112.30

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

~ The AXA Sterling Strategic Bond Fund closed on 27 April 2023. All data in the comparative tables are up to this date only.

## AXA Sterling Strategic Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

	Note	30/06/23 £'000	£'000	30/06/22 £'000	£'000
Income:					
Net capital losses	2		(5,642)		(21,685)
Revenue	3	1,111		2,459	
Expenses	4	(212)		(646)	
Interest payable and similar charges		-		-	
Net revenue before taxation		899		1,813	
Taxation	5	-		-	
Net revenue after taxation			899		1,813
Total return before distributions			(4,743)		(19,872)
Distributions	6		(888)		(1,813)
Change in net assets attributable to Shareholders from investment activities			(5,631)		(21,685)

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

	30/06/23 £'000	£'000	30/06/22 £'000	£'000
Opening net assets attributable to Shareholders		75,300		146,987
Amounts receivable on issue of shares	12,298		4,429	
Amounts payable on cancellation of shares	(82,698)		(56,075)	
		(70,400)		(51,646)
Change in net assets attributable to Shareholders from investment activities (see above)		(5,631)		(21,685)
Retained distributions on accumulation shares		731		1,644
Closing net assets attributable to Shareholders		-		75,300

## AXA Sterling Strategic Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		-	73,803
Current assets:			
Debtors	7	-	614
Cash and bank balances	8	25	1,251
<b>Total assets</b>		<b>25</b>	<b>75,668</b>
<b>Liabilities:</b>			
Investment liabilities		-	(51)
Creditors:			
Distribution payable		-	(2)
Other creditors	9	(25)	(315)
<b>Total liabilities</b>		<b>(25)</b>	<b>(368)</b>
<b>Net assets attributable to Shareholders</b>		<b>-</b>	<b>75,300</b>

## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses comprise:		
Non-derivative securities	(6,105)	(22,254)
Brokers commission on futures	(1)	(1)
Derivative contracts	477	571
Transaction charges	-	(1)
Return to shareholders	(13)	-
<b>Net capital losses</b>	<b>(5,642)</b>	<b>(21,685)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	10	1
Interest on debt securities	1,130	2,514
Futures Income	(29)	(56)
<b>Total revenue</b>	<b>1,111</b>	<b>2,459</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	199	628
Registration fees	1	1
	<b>200</b>	<b>629</b>
<b>Other expenses</b>		
Audit fees	9	5
Depositary's fees	5	12
Regulatory fees	(1)	-
Printing fees	-	(2)
Safe custody fees	(1)	2
	<b>12</b>	<b>17</b>
<b>Total expenses</b>	<b>212</b>	<b>646</b>

Expenses include irrecoverable VAT where applicable.

## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	899	1,812
Net revenue for the year multiplied by the standard rate of corporation tax	180	362
<b>Effects of:</b>		
Relief for indexation on UK Gilts	-	(3)
Tax deductible interest distributions	(180)	(359)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	281	457
Second interim	278	445
Third interim	179	427
Final	-	325
Add: Revenue paid on cancellation of shares	161	164
Deduct: Revenue received on creation of shares	(11)	(5)
<b>Net distribution for the year</b>	<b>888</b>	<b>1,813</b>
<b>Reconciliation of net revenue after taxation to distributions</b>		
Net revenue after taxation	899	1,813
Deficit taken from capital	(11)	-
<b>Net distribution for the year</b>	<b>888</b>	<b>1,813</b>

## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23 £'000	30/06/22 £'000
Amounts receivable for creation of shares	-	1
Accrued revenue	-	613
<b>Total debtors</b>	<b>-</b>	<b>614</b>

#### 8. Cash and bank balances

	30/06/23 £'000	30/06/22 £'000
Cash and bank balances	25	1,094
Amount held at futures clearing houses and brokers	-	157
<b>Total cash and bank balances</b>	<b>25</b>	<b>1,251</b>

#### 9. Other creditors

	30/06/23 £'000	30/06/22 £'000
Amounts payable for cancellation of shares	-	210
Accrued annual management charge	-	88
Accrued other expenses	12	17
Return to shareholders	13	-
<b>Total other creditors</b>	<b>25</b>	<b>315</b>

#### 10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% of the Fund's shares (30/06/2022: material shareholders had holdings totalling 50.50% and 32.70%). Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
B Gross Accumulation	0.40	30,569,882	8,573	(30,578,455)	-	-
B Gross Income	0.40	413,435	-	(413,435)	-	-
H Gross Accumulation	Nil	3,250	-	(3,250)	-	-
R Gross Accumulation	1.25	1,066,337	202,484	(1,191,138)	(77,683)	-
R Gross Income	1.25	36,538	229	(36,767)	-	-
Z Gross Accumulation	0.50	26,757,496	9,193,951	(36,013,375)	61,928	-
Z Gross Income	0.50	92,604	19,427	(112,031)	-	-

#### 12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £Nil (2022: £7,380,293). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

The functional currency of the Fund is Sterling. All assets and liabilities of the Fund are denominated in Pound sterling. There was no direct foreign currency exposure within the Fund at the balance sheet date.

##### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>Currency Assets</b>				
<b>30/06/23</b>				
Pound sterling	25	-	(25)	-
<b>Total</b>	<b>25</b>	<b>-</b>	<b>(25)</b>	<b>-</b>
<b>30/06/22</b>				
Pound sterling	1,251	73,803	246	75,300
<b>Total</b>	<b>1,251</b>	<b>73,803</b>	<b>246</b>	<b>75,300</b>

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £Nil (2022: £7,321,251), representing nil% of net assets (2022: 9.72%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.



## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
	£'000		£'000	
<b>Credit Rating</b>				
Investment grade (BBB- credit rating and above)	-	-	70,950	94.22
Below investment grade (below BBB- credit rating)	-	-	2,853	3.79
Unrated	-	-	-	-
<b>Total value of bonds</b>	<b>-</b>	<b>-</b>	<b>73,803</b>	<b>98.01</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23	30/06/22
	Exposure	Exposure
	£'000	£'000
<b>Futures</b>		
Goldman Sachs	-	(51)
<b>Total value of derivatives</b>	<b>-</b>	<b>(51)</b>

#### 14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was Nil (2022: 0.39%).

#### 15. Post balance sheet events

There are no post balance sheet events which require adjustments or disclosure.

## AXA Sterling Strategic Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 16. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	-	-	48,591	(51)
Level 2 ^^	-	-	25,212	-
Level 3 ^^^	-	-	-	-
	-	-	<b>73,803</b>	<b>(51)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA Sterling Strategic Bond Fund

### Distribution Table

As at 30 June 2023

First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.473	-	0.473	0.424
Group 2	0.254	0.219	0.473	0.424
<b>Share Class B Gross Income</b>				
Group 1	0.424	-	0.424	0.386
Group 2	0.424	-	0.424	0.386
<b>Share Class H Gross Accumulation</b>				
Group 1	0.828	-	0.828	0.787
Group 2	0.828	-	0.828	0.787
<b>Share Class R Gross Accumulation</b>				
Group 1	0.294	-	0.294	0.181
Group 2	0.198	0.096	0.294	0.181
<b>Share Class R Gross Income</b>				
Group 1	0.202	-	0.202	0.125
Group 2	0.054	0.148	0.202	0.125
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.657	-	0.657	0.575
Group 2	0.187	0.470	0.657	0.575
<b>Share Class Z Gross Income</b>				
Group 1	0.407	-	0.407	0.362
Group 2	0.163	0.244	0.407	0.362

## AXA Sterling Strategic Bond Fund

### Distribution Table

As at 30 June 2023

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.526	-	0.526	0.435
Group 2	0.296	0.230	0.526	0.435
<b>Share Class B Gross Income</b>				
Group 1	0.469	-	0.469	0.395
Group 2	0.469	-	0.469	0.395
<b>Share Class H Gross Accumulation</b>				
Group 1	0.887	-	0.887	0.803
Group 2	0.887	-	0.887	0.803
<b>Share Class R Gross Accumulation</b>				
Group 1	0.379	-	0.379	0.198
Group 2	0.303	0.076	0.379	0.198
<b>Share Class R Gross Income</b>				
Group 1	0.260	-	0.260	0.136
Group 2	0.090	0.170	0.260	0.136
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.735	-	0.735	0.591
Group 2	0.616	0.119	0.735	0.591
<b>Share Class Z Gross Income</b>				
Group 1	0.455	-	0.455	0.371
Group 2	0.209	0.246	0.455	0.371

## AXA Sterling Strategic Bond Fund

### Distribution Table

As at 30 June 2023

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	0.579	-	0.579	0.437
Group 2	0.337	0.242	0.579	0.437
<b>Share Class B Gross Income</b>				
Group 1	0.514	-	0.514	0.395
Group 2	0.514	-	0.514	0.395
<b>Share Class H Gross Accumulation</b>				
Group 1	0.970	-	0.970	0.792
Group 2	0.970	-	0.970	0.792
<b>Share Class R Gross Accumulation</b>				
Group 1	0.436	-	0.436	0.220
Group 2	0.385	0.051	0.436	0.220
<b>Share Class R Gross Income</b>				
Group 1	0.297	-	0.297	0.152
Group 2	0.126	0.171	0.297	0.152
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.813	-	0.813	0.597
Group 2	0.716	0.097	0.813	0.597
<b>Share Class Z Gross Income</b>				
Group 1	0.500	-	0.500	0.374
Group 2	0.395	0.105	0.500	0.374

## AXA Sterling Strategic Bond Fund

### Distribution Table

As at 30 June 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class B Gross Accumulation</b>				
Group 1	-	-	-	0.475
Group 2	-	-	-	0.475
<b>Share Class B Gross Income</b>				
Group 1	-	-	-	0.428
Group 2	-	-	-	0.428
<b>Share Class H Gross Accumulation</b>				
Group 1	-	-	-	0.830
Group 2	-	-	-	0.830
<b>Share Class R Gross Accumulation</b>				
Group 1	-	-	-	0.282
Group 2	-	-	-	0.282
<b>Share Class R Gross Income</b>				
Group 1	-	-	-	0.194
Group 2	-	-	-	0.194
<b>Share Class Z Gross Accumulation</b>				
Group 1	-	-	-	0.653
Group 2	-	-	-	0.653
<b>Share Class Z Gross Income</b>				
Group 1	-	-	-	0.408
Group 2	-	-	-	0.408

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to: (i) generate an income and capital return (net of fees) over the long term (being a period of five years or more) in line with the sterling denominated investment grade corporate bond market, as represented by the ICE BofAML Sterling Non-Gilt index (the Index); and (ii) keep its weighted average carbon intensity (WACI)<sup>1</sup> lower than the Manager's carbon emissions benchmark (the Emissions Benchmark), while maintaining a low turnover of bonds held by the Fund. The Emissions Benchmark is calculated initially as a 30% reduction of the WACI of the Index as at 31st December 2021. Thereafter, the Emissions Benchmark will be calculated as a further 7% reduction of the WACI of the Emissions Benchmark per year, based on the WACI of the Emissions Benchmark from the previous year.

#### Investment Policy

The Fund seeks to achieve its investment objective by investing at least 70% of its Net Asset Value in sterling-denominated investment grade corporate bonds (meaning bonds with a credit rating of at least BBB- by Standard & Poor or equivalent rating by Moody's or Fitch or, if unrated, an equivalent rating as deemed by the Manager) but may also invest in non-sterling denominated investment grade corporate bonds hedged back into sterling. Investment will be made globally, largely in more developed markets, but may also be made in emerging markets. The Fund is managed in a way that seeks to limit turnover and therefore avoids unnecessary trading costs. The Manager also focuses on avoiding downgrades and defaults through its analysis and selection of issuers and bonds and, by diversifying the Fund's portfolio across different corporate sectors, it aims to mitigate the risks associated with any particular sector.

To seek to achieve the Fund's decarbonisation objective, the Manager takes into account the decarbonisation goals of an issuer, their level of commitment to and progress towards these goals to differentiate and select between bonds of a similar profile in terms of sector, credit risk and duration. The Manager will use certain carbon metrics provided by our selected external providers, as well as its own research to determine whether an issuer: (i) is aligned or aligning to net zero carbon emissions; (ii) is providing climate solutions (being investments in projects or businesses that directly enable the transition to a net zero world, such as green bonds); (iii) is not aligned or providing climate solutions; or (iv) does not yet have any suitable data available. The "Responsible Investment" section of the Fund's prospectus contains details on our selected external provider(s) and the carbon metrics used. The Manager may invest in an issuer which falls within categories (iii) and (iv) above if it determines, from the available carbon metrics and/or its own research, that such issuer has a clear and credible commitment to achieving net zero carbon emissions. The Manager may also engage with such issuers to define clear climate objectives such as decarbonisation targets and will monitor the actions taken by such issuers to achieve these objectives. The Manager will not invest in an issuer whose impact on the climate it deems as high where such issuer does not show a clear and credible commitment to achieving net zero carbon emissions and/or climate solutions, unless such issuer is responsive to our engagement efforts and has produced a clear and credible commitment to achieving net zero carbon emissions as a result.

In addition, the Manager will consider the issuer's environmental, social and governance (ESG) score as one factor within its broader analysis of the issuer to identify bonds which are expected to generate both income and capital growth. ESG scores are obtained from our selected external provider (s) and adjusted by the Manager using its own research. The Manager will not invest in bonds with the lowest ESG scores.

To avoid investing in bonds which present excessive degrees of ESG risk, the Manager applies AXA IM Group's sector specific investment guidelines and AXA IM's ESG Standards policy relating to responsible investment to the Fund. These policies are subject to change and the latest copies are accessible via the links provided in the "Responsible Investment" section of the Fund's prospectus and are available from the Manager on request.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

If the Manager deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving income and capital growth and/or the Fund's decarbonisation objective, the Manager will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.

The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may reference the composition and the risk profile of the ICE BofAML Sterling Non-Gilt index (the Index). The average credit quality and duration<sup>2</sup> of the bonds held by the Fund are expected to be very similar to the average credit quality and duration of the Index but otherwise the Manager has complete discretion to take positions which are different from the Index. The Index is designed to measure the performance of sterling corporate and other sterling non-gilt fixed interest securities. This Index best represents the types of bonds in which the Fund predominantly invests.

The Fund may also invest in other transferable securities, cash, deposits, units in collective investment schemes (including those that are managed by the Manager or its associates) and money market instruments. The Fund may also use derivatives in an attempt to reduce the overall risks of its investments, reduce the costs of investing or generate additional capital or income (known as Efficient Portfolio Management - EPM). The Fund may use derivatives for investment purposes but does not currently do so. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority Rules.

The Fund is actively managed in reference to the Index, which may be used by investors to compare the Fund's financial performance. The Fund seeks to have a WACI that is lower than the Emissions Benchmark, which the Manager deems an appropriate target by reason of its alignment with internationally recognised climate targets.

<sup>1</sup>Weighted Average Carbon Intensity (WACI) of a fund or index is used to show the fund's or the index's exposure to carbon-intensive companies and is calculated by summing each holding's carbon emissions (measured in tons of carbon dioxide emissions per USD 1 million of their revenue) by its portfolio weight. For more detail on how the WACI is calculated, please refer to the "Responsible Investment" section of the Fund's prospectus.

<sup>2</sup>The duration of a bond refers to its price sensitivity to a change in interest rates.

#### Risk and Reward Profile

As at 30 June 2023

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.





## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

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. There has been no change from prior year.

#### 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 level of variation which, may result in gains or losses.

#### Key risks

Under normal market conditions the Fund's key risk factors are:

- **ESG risk** - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on the ESG scoring process (as set out in the AXA Investment Managers' ESG Standards policy) or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

- **Carbon transition risk** - the Fund implement a carbon transition criteria within their responsible investment approach, which may use, where stated in a Fund's investment policy, criteria aimed at selecting issuers either with a low carbon emissions intensity or with a clear and credible commitment to reduce their carbon emissions intensity. As a result, their respective performance may be different from a fund implementing a similar investment strategy which does not apply a carbon transition criteria within their responsible investment approach. The selection of assets may in part rely on third party data provided at the time of investment that may evolve over time.

- **Credit risk** - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual Fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- Interest rate risk - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual Fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

#### Other risks which could have an impact in extreme market conditions include:

- Prepayment and extension risk - is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- Liquidity risk - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The ACD may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

- Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform their obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- Currency risk - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual Fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

Our interim report, covering the six months to the end December 2022, discussed upward pressure on already uncomfortably high levels of inflation, as energy prices soared over the summer on shortage fears, which had forced central banks to step-up their monetary policy tightening. Sentiment in the UK had plunged under the brief, but disastrous, leadership of Liz Truss, after she sanctioned unfunded fiscal giveaways, leaving Rishi Sunak with the job of restoring confidence and fiscal discipline. Higher interest rates and higher government bond yields made for ugly returns for bond markets, even if the relative borrowing costs for companies (yield spreads) were a little lower.

The latest six months has seen economies resilient despite significantly higher interest rates; energy costs tumbled from the heady levels of last summer, so were neither the drag on growth, nor the boost to inflation, that markets had previously panicked about. Inflation remained the focus.

Central banks emphasised the on-going need for tighter policies to combat inflation, although in the wake of falling inflation (but from very high peaks) and a deteriorating growth outlook in response to higher rates, markets were less convinced about their apparent determination to maintain higher rates. Rate hikes at the start of February were as expected; +25 basis points (bps) to 4.50%-4.75% in the US, +50bps to 4.00% in the UK and +50bps to 2.50% in Europe. Accompanying central bank comments were taken well by markets: The US Federal Reserve ('Fed') acknowledged that the disinflation process had started (although inflation remained elevated), but still expected further hikes. In the UK, two Monetary Policy Committee ('MPC') members voted to hold rates and Bank of England Governor Bailey referred to a deliberate change in its language, suggesting future policy moves would be moderate, although the Bank remained wary of inflationary pressures. The Bank's chief economist suggested much of the impact from rate rises to date had yet to hit, adding that the Bank must guard against doing too much on rates. Dovish sentiment turned sharply, however, after an unexpectedly strong US jobs report, which showed a bumper increase in payrolls and the unemployment rate falling to a new low. Cue the return of more hawkish debate.

Aggressively tighter monetary policies implemented by central banks aiming to slow economic activity and rein-in inflation, contributed to the LDI crisis in the UK last October, illustrating the vulnerability of certain business models to the move away from ultra-low rates. In March, we saw the next major impact from the change in policy regime: Silicon Valley Bank (SVB) in the US, took a loss on its longer duration (but high quality) US treasury bond holdings, indicating poor risk management at the bank. The resulting loss of confidence, never good for a bank, prompted a run on SVB's deposits and forced US regulators to take swift, decisive action to take control of the bank and guarantee its deposits, thereby hoping to contain any contagion. Credit Suisse, not shy of a negative headline in recent years, was back in the firing line as markets moved to risk-off mode following the SVB failure. Supportive measures to underpin sharply deteriorating sentiment proved futile, forcing the Swiss authorities to agree a hasty takeover of CS by its fellow Swiss bank UBS, for a relatively small price. This should have bolstered confidence, but the Swiss authorities' decision to wipe out CS's most subordinated debt (AT1 bonds), shocked the bond market, failing to observe the usual

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

credit hierarchy, whereby equity must be fully written down before AT1s incur losses. AT1s are a relatively new instrument, but an important part of a bank's capital structure since the financial crisis, so this unexpected development saw markets take fright; Prices of AT1 bonds of all banks fell sharply, as they traded as perpetual bonds, rather than to their call dates, giving investors a different risk/yield outcome than normally expected. Other regulators suggested such a write-down would not happen in their jurisdictions, which helped steady AT1s. By the time US bank First Republic was rescued on 1 May after revealing a massive outflow of customer deposits, markets showed little reaction, suggesting investors believed the authorities had bank issues under control.

With a prolonged banking crisis seemingly averted, central banks' focus sharpened again on their attempts to fight inflation, putting rate hikes firmly back on the agenda. Data released in April showed the rate of consumer price inflation continued to slow, although UK measures disappointed, falling by less than expected. Rates were hiked by 25bps as expected in May, taking rates to 5-5.25% in the US, 4.50% in the UK and 3.25% in Europe. Accompanying statements were closely watched for clues as to future moves. In the US, the Fed removed its hawkish bias, with further policy decisions to be data dependent, suggesting it would pause (i.e. leave rates unchanged) in June, although its outlook did not support the rate cuts expected by markets. The ECB remained hawkish, still concerned about upside inflation risks, and expected more rate hikes, and planned to stop reinvestments from its bond purchase programme. The Bank of England's updated quarterly forecasts, no longer expected the UK economy to contract in 2023, while inflation was predicted to be below target in two- and three-year's time, but with upside risks. Bank Governor Bailey explained that the large share of fixed rate mortgages in the UK meant that its policy hikes to date will weigh more on the UK economy in the coming quarters, and that the Bank takes this lag in the transmission of monetary policy into account in its policy decisions. UK inflation figures again disappointed; the annual rate was lower, but the benefit from base effects (as large energy price increases from last year drop out of the calculations) was not as large as expected, with the rate of core CPI actually increasing. Slower progress in reducing inflation pushed market pricing for the peak in UK rates higher. Inflation continued to come down in the US and Europe, the latter at a faster rate than expected. US debt ceiling worries were finally put to bed, with an agreement reached in late May.

Central banks continued with their hawkish tones in June: The Fed did pause in its rate hiking cycle, as anticipated, but saw rates moving higher than previously expected (50bps higher by year end); the ECB delivered its expected 25bp hike, but with inflation forecasts raised both this year and next, there is more to come. In the UK, strong employment data and another disappointing inflation print (the rate of core CPI picked up again), forced the Bank to step up the pace of its rate hikes, raising base rates by 50bps to 5%. Market UK inflation expectations had been increasing since the release of higher-than-expected inflation figures in May, but reversed most of this gain following the Bank's aggressive rate hike, suggesting the Bank of England's inflation fighting credentials have been somewhat restored. Markets shifted the expected peak in UK rates to 6.19% in early 2024, whereas six months earlier, a peak of 4.70% Q3 2023 was priced-in.

Despite expectations of higher interest rates, yields on government bonds were lower in January, given markets' less hawkish expectations of the path of central bank policies. Yields continued to fall in early February, with dovish reactions to central bank rate hikes, before turning higher after the strong US jobs figures. Hawkish sentiment, as the Fed warned of potentially higher rates, was soon replaced by risk-off sentiment, as banking fears emerged, with safe-haven demand for government bonds pushing yields lower. As US regional bank concerns abated, yields reversed higher, and upward pressure on yields remained, given central banks' on-going hawkishness on inflation and consequences for further monetary policy tightening. In the UK, the reappraisal of the path of interest rates sharply higher, given stubbornly high inflation figures, resulted in a substantial underperformance of gilts against other government bond markets. Benchmark 10-year gilt yields climbed steadily once US bank concerns were set aside, accelerating after the release of inflation data in May, for a rise of 62bps (adjusted for a benchmark change) to 4.39% over the latest six months (+216bps over the 12 months). Comparable yields in the US fell by 3bps to 3.84% and in Germany were 18bps lower at 2.39%. The gilt yield curve shifted higher but flattened dramatically; aggressively higher short term rates are expected to result in a slowing economy which should help reduce inflation, enabling rates to be cut when that happens - longer bonds better

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

absorb volatility in short rates. Two-year gilt yields rose 169bps to 5.27% (+343bps over 12 months), 5-year yields were 105bps higher at 4.67% (+278bp), while 30-year yields were 43bps higher at 4.42% (+186bps). The impact of duration (price sensitivity to a move in yield) is clearly illustrated in performance; despite outperforming in yield terms, long gilts underperformed in total return terms: The ICE BAML Gilt index produced a total return of -3.84% (-15.48% over 12 months), with 0-5 years -1.36% (-3.72%), 5-15 years -3.38% (-12.47%) and Over 15 years -5.77% (-25.01%).

Corporate bonds were firm in January, with new issues meeting healthy buying interest, and remained resilient, even after rates had backed up sharply in February. Banking fears in March, stoked concerns for the broader economy (banks less willing to lend, thereby inhibiting growth), prompting a typical cheapening of corporate bonds, with spreads moving higher. Although US regional bank concerns lingered, markets largely shrugged this off, encouraged by the authorities' actions, which quickly found solutions to those banks worst affected. Improving sentiment soon helped corporate bonds reverse most of March's weakness. Demand for corporate bonds remained healthy, comfortably absorbing the decent supply of new issues and enabling the Bank of England to complete the sale of its corporate bond holdings well ahead of schedule, with spreads continuing their move lower. Towards the end of June, rumours about the commitment of the owners of Thames Water to continue to support the UK's biggest water utility, prompted concerns about its access to debt markets to fund future capex. A significant borrower in the bond market, Thames' relative borrowing costs (spreads) jumped, with a more moderate widening in spreads in sympathy for other water company bonds. This should not be allowed to drag on - a relatively small injection of equity (in context of the size of its assets), would alleviate funding concerns. More positively, sentiment has recovered in the most subordinated bank bond market – AT1s, allowing Spanish bank BBVA to become the first issuer of new bonds (in euros) since Credit Suisse's AT1s were surprisingly written off in March. The relative borrowing cost for companies, the yield spread over government bonds, fell 19p to +175bps, having troughed in February at +159bps and peaked a month later during bank worries at +202bps. That's an impressive performance, given the sharply higher rates backdrop, which could have negative impact on growth, corporate profitability, and balance sheets. However, combined with the jump in gilt yields, corporate bond yields were also sharply higher, rising 85bps to 6.47% (the low in early 2021 was 1.37%), to give a total return on the ICE BAML Sterling Corporates and Collateralised index of -0.96% (-7.14% over 12 months), with 1-5 year -0.65% (-3.15%), 5-15 year -1.40% (-8.47%) and over 15-year -1.62% (-13.64%).

Spreads were tighter across all rating bands, with the weakest rated, BBB bond spreads tightening the most, -22bps to +216bps, a typical move when the market is strong.

As part of our usual ESG reporting, we have incorporated some slides which provide more detail on the improvement in ESG analytics, the decarbonization of the fund, and reduction of climate laggards within the portfolio. Also, the increase in use-of-proceeds bonds which are used to fund green, social and sustainable projects (we note that as part of our investment process the structure and use-of-proceeds for all labelled bonds is reviewed by AXA IM before investment). The report shows the progress that has been made over the past year in relation to these metrics, with a WACI reduction, increase in climate alignment and an increase in labelled bonds to 13% of the fund. Improvement in these metrics has mainly been achieved naturally through new flows, however we note that positive engagement results has also seen an improvement in these metrics. The latest ESG Report for the fund can be found here: <https://funds.axa-im.co.uk/en/individual/fund/axa-act-carbon-transition-sterling-buy-and-maintain-credit-fund-z-g-accumulation-gbp/#documents>

The AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund returned -6.08% net of fees (Z GBP share class) during the period, outperforming its Benchmark the ICE BofAML Sterling Non-Gilt Index (return of -7.02%).



## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Investment Manager's Report

For the year ended 30 June 2023

The fund doubled in size over the period, and we refocussed investments on relatively better valued Sterling denominated credit, diluting exposure to Euro and USD credit. We've also increased the impact bond allocation benefiting from Housing Association, Utilities but also banks who issued Green, Social and Sustainable bonds. We view these bonds as more defensive and technically well supported in expected more volatile credit market. Our financial exposure, especially allocation to well rated insurance bonds performed well year-to-date, and we expect to dilute exposure through new flows in the coming months. The Thames Water exposure with the Fund remains similar at 0.5%. The Fund holds the Operating Company Class A bonds and the ring-fenced structure of the OpCo does afford a good degree of bondholder protection for senior bonds with liquidity buffers remaining robust. We have not bought or sold any of the exposure however with some new flows and market movements the position has been marginally diluted. Regarding our future positioning, we continue to monitor the situation carefully but at this moment remain comfortable with our position. We would consider a sale, which would currently crystalize mark-to-market losses, if we were concerned about credit losses but that is not our central view. For that our view on the credit would have to fundamentally change as we expect class A debt to remain investment grade rated and protected from any nationalisation/restructuring prospects.

The resilience of economies, despite aggressive interest rate hikes implemented to reduce inflation, is forcing central banks to continue to talk tough on the extent of required monetary policy tightening. 'Lower for longer', when rates were close to zero and the impact of Covid was the primary concern, has now been replaced by 'even higher for longer'. That said, the peak in rates should be in-sight, even if high levels of current inflation may prevent early rate cuts. The limited pass through of rate hikes, for example via the mortgage market in the UK, where only those having to refinance low fixed rate deals and new buyers are feeling the impact (but heavily so), perhaps helps explain the better-than-expected economic performance. Falling inflation will help reduce the need for higher rates, but progress on this front has not been as quick as expected in the UK. Given the lag in reaction to interest rate changes, there is a risk that policy is overtightened, as central banks assert their anti-inflation commitments, although market pricing of a peak in UK rates over 6% looks too aggressive. While tighter policies risk a bigger knock to economic performance, denting corporate profitability and balance sheets, encouragingly companies are generally starting from a relatively healthy financial position. Still, current spreads don't price in recession. If the economy were to deteriorate significantly, spreads would likely widen to price in more credit risk, although that would likely be accompanied by lower interest rates and government bond yields. What is certain, is that yields on corporate bonds are much more attractive than they have been for a considerable time, offering the prospect of rewarding real returns if central banks achieve their ambitions to lower inflation.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● DNB Bank 4% 17/08/27	2,045	● Student Finance 2.6663% 30/09/24	1,207
● Scottish Hydro Electric Transmission 1.5% 24/03/28	1,789	● Volkswagen Financial Services 2.125% 18/01/28	1,153
● Greensquareaccord 5.25% 30/11/47	1,733	● EDP Finance 8.625% 04/01/24	1,070
● Mizuho Financial 5.628% 13/06/28	1,701	● Lloyds Bank 7.625% 22/04/25	1,060
● Protective Life Global Funding 5.248% 13/01/28	1,693	● Capital One Financial 1.65% 12/06/29	1,055

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AXA Investment Managers UK Limited

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 92.99% (30/06/22: 97.41%)</b>			
<b>Australia 3.61% (30/06/22: 2.87%)</b>			
APA Infrastructure 2.5% 15/03/36	2,100,000	1,368	0.71
APA Infrastructure 3.5% 22/03/30	200,000	166	0.09
Macquarie Bank 1.125% 15/12/25	1,740,000	1,527	0.80
Scentre Trust 3.875% 16/07/26	1,507,000	1,379	0.72
Vicinity Centres Trust 3.375% 07/04/26	1,383,000	1,262	0.66
Westpac Banking 2.125% 02/05/25	1,300,000	1,204	0.63
<b>Belgium 0.60% (30/06/22: 0.44%)</b>			
Anheuser-Busch 4% 24/09/25	1,200,000	1,143	0.60
<b>Bermuda 0.75% (30/06/22: 0.00%)</b>			
Hiscox 6% 22/09/27	1,471,000	1,425	0.75
<b>Canada 1.91% (30/06/22: 1.60%)</b>			
Bank of Montreal 1% 09/09/26	1,397,000	1,177	0.61
Royal Bank of Canada 1.125% 15/12/25	400,000	350	0.18
Royal Bank of Canada 5% 24/01/28	767,000	720	0.38
Toronto-Dominion Bank 2.875% 05/04/27	1,629,000	1,423	0.74
<b>Cayman Islands 0.53% (30/06/22: 0.83%)</b>			
Lunar Funding I 5.75% 18/10/33	850,000	841	0.44
Southern Water Services Finance 6.64% 31/03/26	166,000	164	0.09
<b>China 0.00% (30/06/22: 0.13%)</b>			
<b>Denmark 0.71% (30/06/22: 0.65%)</b>			
Orsted 2.5% 16/05/33	1,829,000	1,367	0.71
<b>Finland 0.75% (30/06/22: 0.29%)</b>			
OP Corporate Bank 1.375% 04/09/26	1,699,000	1,428	0.75
<b>France 7.23% (30/06/22: 7.80%)</b>			
Banque Federative du Credit Mutuel 0.875% 07/12/27	200,000	158	0.08
Banque Federative du Credit Mutuel 1.5% 07/10/26	600,000	511	0.27
Banque Federative du Credit Mutuel 1.875% 26/10/28	700,000	563	0.29
Banque Federative du Credit Mutuel 5.375% 25/05/28	300,000	285	0.15
BNP Paribas 1.25% 13/07/31	1,500,000	1,028	0.54
BNP Paribas 3.375% 23/01/26	400,000	368	0.19
BPCE 5.25% 16/04/29	1,300,000	1,155	0.60
BPCE 6.125% 24/05/29	400,000	383	0.20
Credit Agricole 4.875% 23/10/29	800,000	744	0.39
Credit Agricole 5.75% 29/11/27	500,000	480	0.25
Engie 5% 01/10/60	100,000	87	0.05



## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
La Banque Postale 5.625% 21/09/28	1,500,000	1,396	0.73
Orange 5.625% 23/01/34	518,000	516	0.27
Orange 8.125% 20/11/28	280,000	306	0.16
Societe Generale 1.25% 07/12/27	1,900,000	1,498	0.78
Societe Nationale SNCF 5.375% 18/03/27	522,000	513	0.27
Sodexo 1.75% 26/06/28	1,330,000	1,083	0.57
Veolia Environnement 5.375% 02/12/30	1,400,000	1,354	0.71
Vinci 2.25% 15/03/27	700,000	613	0.32
Vinci 2.75% 15/09/34	1,000,000	781	0.41
<b>Germany 1.24% (30/06/22: 2.07%)</b>			
Commerzbank 1.75% 22/01/25	1,400,000	1,281	0.67
Deutsche Bank 1.875% 22/12/28	1,400,000	1,092	0.57
<b>Ireland 0.00% (30/06/22: 0.70%)</b>			
<b>Italy 2.03% (30/06/22: 0.79%)</b>			
A2A 4.375% 03/02/34	EUR 1,500,000	1,267	0.66
ACEA 3.875% 24/01/31	EUR 1,500,000	1,255	0.66
Intesa Sanpaolo 6.625% 31/05/33	1,418,000	1,357	0.71
<b>Japan 1.56% (30/06/22: 0.14%)</b>			
East Japan Railway 4.5% 25/01/36	1,500,000	1,342	0.70
Mizuho Financial 5.628% 13/06/28	1,722,000	1,638	0.86
<b>Jersey 1.35% (30/06/22: 2.73%)</b>			
Gatwick Funding 6.5% 02/03/41	1,160,000	1,171	0.61
Heathrow Funding 4.625% 31/10/46	278,000	225	0.12
Porterbrook Rail Finance 4.625% 04/04/29	1,310,000	1,185	0.62
<b>Mexico 0.87% (30/06/22: 0.80%)</b>			
America Movil 5% 27/10/26	300,000	287	0.15
America Movil 5.75% 28/06/30	1,400,000	1,380	0.72
<b>Netherlands 6.09% (30/06/22: 6.56%)</b>			
ABN AMRO Bank 5.125% 22/02/28	1,600,000	1,494	0.78
Aegon 6.625% 16/12/39	1,100,000	1,177	0.61
Allianz Finance II 4.5% 13/03/43	800,000	728	0.38
Cooperatieve Rabobank 4.625% 23/05/29	1,344,000	1,177	0.61
Deutsche Telekom International Finance 7.625% 15/06/30	1,125,000	1,247	0.65
E.ON International Finance 4.75% 31/01/34	100,000	89	0.05
E.ON International Finance 6.125% 06/07/39	1,050,000	1,031	0.54
Enel Finance International 2.875% 11/04/29	432,000	358	0.19
Enel Finance International 5.75% 14/09/40	600,000	564	0.29
ING 1.125% 07/12/28	1,700,000	1,332	0.70

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Siemens 3.75% 10/09/42	900,000	750	0.39
Toyota Motor Finance Netherlands 4.625% 08/06/26	717,000	684	0.36
Vonovia Finance 2.125% 22/03/30	EUR 1,500,000	1,043	0.54
<b>Norway 0.71% (30/06/22: 0.11%)</b>			
DNB Bank 4% 17/08/27	1,494,000	1,365	0.71
<b>Spain 1.71% (30/06/22: 2.87%)</b>			
Banco Santander 2.958% 25/03/31	USD 400,000	259	0.14
Banco Santander 5.125% 25/01/30	500,000	466	0.24
CaixaBank SA 1.5% 03/12/26	1,600,000	1,381	0.72
Telefonica Emisiones 5.375% 02/02/26	1,200,000	1,163	0.61
<b>Sweden 0.76% (30/06/22: 0.18%)</b>			
Volvo Treasury 4.75% 15/06/26	1,285,000	1,227	0.64
Volvo Treasury 6.125% 22/06/28	221,000	220	0.12
<b>Switzerland 0.46% (30/06/22: 0.81%)</b>			
UBS 3.126% 13/08/30	USD 1,334,000	880	0.46
<b>United Kingdom 44.87% (30/06/22: 46.34%)</b>			
ABP Finance 6.25% 14/12/26	1,200,000	1,171	0.61
Anchor Hanover 2% 21/07/51	2,950,000	1,539	0.80
Anglian Water Services Financing 2.75% 26/10/29	1,400,000	1,162	0.61
Anglian Water Services Financing 6% 20/06/39	144,000	144	0.08
Aspire Defence Finance 4.674% 31/03/40	750,237	680	0.36
Associated British Foods 2.5% 16/06/34	247,000	188	0.10
Aster Treasury 5.412% 20/12/32	1,680,000	1,675	0.87
AstraZeneca 5.75% 13/11/31	400,000	415	0.22
Babcock International 1.875% 05/10/26	800,000	680	0.36
Barclays 3.25% 12/02/27	500,000	438	0.23
Barclays 3.25% 17/01/2033	1,000,000	746	0.39
Berkeley 2.5% 11/08/31	609,000	396	0.21
Broadgate Financing 4.999% 05/10/31	710,000	649	0.34
BUPA Finance 4.125% 14/06/35	100,000	74	0.04
BUPA Finance 5% 08/12/26	1,150,000	1,065	0.56
Canary Wharf Finance II 5.952% 22/01/35	580,000	564	0.29
Cardiff University 3% 07/12/55	474,000	317	0.17
Centrica 4.375% 13/03/29	900,000	811	0.42
Compass 2% 03/07/29	400,000	326	0.17
Compass 4.375% 08/09/32	1,300,000	1,192	0.62
Connect Plus M25 Issuer 2.607% 31/03/39	1,465,176	1,129	0.59
Coventry Building Society 1% 21/09/25	400,000	352	0.18
Coventry Building Society 2% 20/12/30	220,000	161	0.08
Diageo Finance 1.25% 28/03/33	364,000	252	0.13

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Diageo Finance 2.75% 08/06/38	950,000	690	0.36
DWR Cymru Financing 1.375% 31/03/33	265,000	182	0.10
DWR Cymru Financing 2.5% 31/03/36	600,000	430	0.22
DWR Cymru Financing 6.015% 31/03/28	166,000	164	0.09
ENW Finance 1.415% 30/07/30	952,000	703	0.37
ENW Finance 4.893% 24/11/32	944,000	868	0.45
Experian Finance 3.25% 07/04/32	500,000	416	0.22
Experian Finance 4.25% 01/02/29	USD 1,000,000	745	0.39
Genfinance II 6.064% 21/12/39	250,000	253	0.13
GlaxoSmithKline Capital 5.25% 19/12/33	53,000	53	0.03
GlaxoSmithKline Capital 6.375% 09/03/39	540,000	589	0.31
Great Rolling Stock 6.5% 05/04/31	1,252,345	1,224	0.64
Greensquareaccord 5.25% 30/11/47	1,686,000	1,530	0.80
Haleon UK Capital 3.375% 29/03/38	1,559,000	1,176	0.61
High Speed Rail Finance 1 4.375% 01/11/38	1,163,000	997	0.52
HSBC 3% 22/07/28	100,000	86	0.04
HSBC 5.75% 20/12/27	751,000	711	0.37
Hyde Housing Association 5.125% 23/07/40	240,000	227	0.12
Juturna European Loan Conduit No 16 5.0636% 10/08/33	722,039	676	0.35
Legal & General Finance 5.875% 05/04/33	388,000	389	0.20
Legal & General Finance 5.875% 11/12/31	495,000	500	0.26
Liberty Living Finance 2.625% 28/11/24	1,058,000	989	0.52
Lloyds Bank 6.5% 17/09/40	108,000	121	0.06
Lloyds Banking 2% 12/04/28	900,000	746	0.39
London Power Networks 2.625% 01/03/29	650,000	541	0.28
London Stock Exchange 1.625% 06/04/30	1,402,000	1,092	0.57
Longstone Finance 4.896% 19/04/31	680,000	601	0.31
Manchester Airport Funding 2.875% 31/03/39	292,000	199	0.10
Manchester Airport Group Funding 4.75% 31/03/34	1,100,000	995	0.52
Meadowhall Finance 4.986% 12/01/32	901,118	782	0.41
Mobico 2.375% 20/11/28	1,478,000	1,199	0.63
Motability Operations 1.5% 20/01/41	552,000	312	0.16
Motability Operations 1.75% 03/07/29	700,000	561	0.29
Motability Operations 2.125% 18/01/42	1,200,000	746	0.39
National Gas Transmission 1.375% 07/02/31	1,490,000	1,056	0.55
National Grid Electricity Distribution South West 2.375% 16/05/29	900,000	727	0.38
National Grid Electricity Transmission 7.375% 13/01/31	445,000	465	0.24
Nationwide Building Society 3.25% 20/01/28	850,000	754	0.39
Nats En Route 1.375% 31/03/31	1,502,000	1,221	0.64
NatWest 2.875% 19/09/26	1,650,000	1,496	0.78
NatWest Markets 7.5% 29/04/24	160,000	161	0.08
Next 3% 26/08/25	1,362,000	1,266	0.66
NIE Finance 5.875% 01/12/32	1,182,000	1,165	0.61
Northern Gas Networks Finance 4.875% 15/11/35	1,000,000	881	0.46
Northern Gas Networks Finance 4.875% 30/06/27	185,000	175	0.09

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Northern Gas Networks Finance 6.125% 02/06/33	363,000	358	0.19
Northern Powergrid Northeast 1.875% 16/06/62	2,920,000	1,354	0.71
Octagon Healthcare Funding 5.333% 31/12/35	756,055	727	0.38
Omnicom Capital 2.25% 22/11/33	1,659,000	1,194	0.62
Onward Homes 2.125% 25/03/53	807,000	411	0.21
Peabody Capital No 2 3.25% 14/09/48	500,000	334	0.17
Places For People Treasury 2.875% 17/08/26	383,000	342	0.18
Prudential Funding Asia 6.125% 19/12/31	1,660,000	1,592	0.83
Rio Tinto Finance 4% 11/12/29	300,000	270	0.14
Rothsay Life 8% 30/10/25	1,500,000	1,494	0.78
RSL Finance No 1 6.625% 31/03/38	96,029	102	0.05
Sage 2.875% 08/02/34	1,706,000	1,282	0.67
Sanctuary Capital 2.375% 14/04/50	367,000	208	0.11
Sanctuary Capital 6.697% 23/03/39	440,000	488	0.25
Santander 3.625% 14/01/26	1,750,000	1,598	0.83
Scottish Hydro Electric Transmission 1.5% 24/03/28	1,650,000	1,342	0.70
Scottish Widows 7% 16/06/43	1,242,000	1,191	0.62
Segro 2.375% 11/10/29	900,000	725	0.38
Segro 2.875% 11/10/37	300,000	211	0.11
Segro 5.125% 06/12/41	300,000	272	0.14
Severn Trent Utilities Finance 2.75% 05/12/31	600,000	472	0.25
Society of Lloyd's 4.75% 30/10/24	1,549,000	1,499	0.78
South Eastern Power Networks 1.75% 30/09/34	1,548,000	1,041	0.54
Southern Gas Networks 3.1% 15/09/36	1,473,000	1,057	0.55
Southern Gas Networks 6.375% 15/05/40	350,000	349	0.18
Southern Housing 2.375% 08/10/36	1,000,000	683	0.36
Sovereign Housing Capital 5.705% 10/09/39	286,000	288	0.15
SP Manweb 4.875% 20/09/27	850,000	804	0.42
Standard Chartered 5.125% 06/06/34	1,100,000	939	0.49
Sunderland SHG Finance 6.38% 31/03/42	177,072	181	0.09
Tesco Property Finance 1 7.6227% 13/07/39	1,244,958	1,320	0.69
Thames Water Utilities Finance 5.5% 11/02/41	400,000	341	0.18
Thames Water Utilities Finance 6.75% 16/11/28	120,000	113	0.06
Thames Water Utilities Finance 7.738% 09/04/58	400,000	427	0.22
THFC Funding No 2 6.35% 08/07/39	540,000	574	0.30
Transport for London 3.875% 23/07/42	550,000	439	0.23
Transport for London 4.5% 31/03/31	350,000	324	0.17
Tritax Big Box REIT 1.5% 27/11/33	2,115,000	1,344	0.70
Unilever 1.875% 15/09/29	400,000	324	0.17
Unilever 2.125% 28/02/28	1,000,000	861	0.45
United Utilities Water Finance 0.875% 28/10/29	1,100,000	803	0.42
United Utilities Water Finance 1.75% 10/02/38	384,000	231	0.12
United Utilities Water Finance 2% 03/07/33	769,000	548	0.29
University College London 1.625% 04/06/61	200,000	95	0.05
University of Leeds 3.125% 19/12/50	700,000	500	0.26

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
University of Liverpool 3.375% 25/06/55	213,000	157	0.08
University of Manchester 4.25% 04/07/53	320,000	281	0.15
University of Oxford 2.544% 08/12/17	1,000,000	519	0.27
University of Southampton 2.25% 11/04/57	559,000	307	0.16
Vodafone 5.125% 02/12/52	1,650,000	1,394	0.73
Wales & West Utilities Finance 3% 03/08/38	1,800,000	1,284	0.67
Wellcome Trust 1.5% 14/07/71	1,000,000	392	0.20
Westfield Stratford City Finance 1.642% 04/08/26	1,701,000	1,436	0.75
Wheatley Capital 4.375% 28/11/44	704,000	593	0.31
White City Property Finance 5.1202% 17/04/35	674,164	638	0.33
Yorkshire Water Finance 6.375% 19/08/39	970,000	985	0.51
<b>United States 15.25% (30/06/22: 18.70%)</b>			
American Honda Finance 0.75% 25/11/26	800,000	669	0.35
American Honda Finance 1.5% 19/10/27	978,000	814	0.43
Amgen 4% 13/09/29	1,350,000	1,213	0.63
Apple 3.05% 31/07/29	715,000	631	0.33
AT&T 4.25% 01/06/43	600,000	457	0.24
AT&T 7% 30/04/40 I	100,000	105	0.05
AT&T 7% 30/04/40 II	100,000	105	0.05
Bank of America 7% 31/07/28	1,300,000	1,325	0.69
Citigroup 1.75% 23/10/26	189,000	163	0.09
Citigroup 4.5% 03/03/31	1,174,000	1,025	0.54
Comcast 1.875% 20/02/36	300,000	200	0.10
Comcast 5.5% 23/11/29	700,000	689	0.36
Eli Lilly 1.625% 14/09/43	209,000	118	0.06
Fidelity National Information Services 3.36% 21/05/31	300,000	246	0.13
Fiserv 3% 01/07/31	1,300,000	1,041	0.54
General Motors Financial 5.15% 15/08/26	1,426,000	1,351	0.71
Goldman Sachs 3.125% 25/07/29	216,000	180	0.09
Goldman Sachs 4.25% 29/01/26	650,000	612	0.32
JPMorgan Chase 3.5% 18/12/26	1,300,000	1,190	0.62
MassMutual Global Funding II 1.375% 15/12/26	1,500,000	1,267	0.66
McKesson 3.125% 17/02/29	1,500,000	1,272	0.66
Metropolitan Life Global Funding I 3.5% 30/09/26	850,000	776	0.41
Metropolitan Life Global Funding I 5% 10/01/30	800,000	758	0.40
Morgan Stanley 2.625% 09/03/27	1,351,000	1,181	0.62
New York Life Global Funding 0.75% 14/12/28	1,696,000	1,296	0.68
Pacific Life Global Funding II 5% 12/01/28	1,500,000	1,419	0.74
PepsiCo 3.55% 22/07/34	1,400,000	1,191	0.62
Procter & Gamble 1.8% 03/05/29	1,100,000	911	0.48
Prologis 2.25% 30/06/29	1,343,000	1,075	0.56
Protective Life Global Funding 5.248% 13/01/28	1,700,000	1,620	0.85
Toyota Motor Credit 0.75% 19/11/26	655,000	548	0.29

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
United Parcel Service 5.125% 12/02/50	500,000	498	0.26
Verizon Communications 3.375% 27/10/36	1,704,000	1,295	0.68
Walmart 5.625% 27/03/34	800,000	825	0.43
Welltower 4.8% 20/11/28	1,235,000	1,112	0.58
<b>TOTAL CORPORATE BONDS</b>		<b>178,083</b>	<b>92.99</b>
<b>FORWARDS CURRENCY CONTRACTS 0.01% (30/06/22: (0.27%))</b>			
Sold EUR4,490,000 for GBP3,860,601 Settlement 08/09/2023		(4)	-
Sold USD2,530,000 for GBP2,010,261 Settlement 08/09/2023		21	0.01
<b>TOTAL FORWARDS CURRENCY CONTRACTS</b>		<b>17</b>	<b>0.01</b>
<b>FUTURES 0.03% (30/06/22: 0.06%)</b>			
<b>Germany 0.03% (30/06/22: (0.05%))</b>			
Euro-BOBL September 2023	(53)	54	0.03
<b>United Kingdom (0.01%) (30/06/22: 0.05%)</b>			
Long Gilt Futures September 2023	(24)	(23)	(0.01)
<b>United States 0.01% (30/06/22: 0.06%)</b>			
US 10 Year Treasury Note September 2023	(18)	28	0.01
<b>TOTAL FUTURES</b>		<b>59</b>	<b>0.03</b>
Portfolio of investments		178,159	93.03
Net other assets		13,346	6.97
<b>Total net assets</b>		<b>191,505</b>	<b>100.00</b>

*All bonds are denominated in Sterling (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Comparative Tables

As at 30 June 2023

	T Gross Accumulation ~ 30/06/2023 (p)	T Gross Income ~ 30/06/2023 (p)
<b>Change in net assets per share</b>		
Opening net asset value per share †	100.00	100.00
Return before operating charges ^	(3.41)	(5.24)
Operating charges ^	(0.03)	(0.03)
Return after operating charges ^	(3.44)	(5.27)
Distributions	0.92	0.91
Retained distributions on accumulation shares	(0.92)	-
Closing net asset value per share †	96.56	95.64
*^ after direct transaction costs of:	-	-
<b>Performance</b>		
Return after operating charges	-3.44%	-5.27%
<b>Other information</b>		
Closing net asset value (£) †	4,828	65,018,592
Closing number of shares	5,000	67,985,795
Operating charges ^	0.11%	0.11%
Direct transaction costs *	0.00%	0.00%
<b>Prices</b>		
Highest share price #	101.10	101.10
Lowest share price #	96.67	96.66

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	126.85	146.52	144.26	89.78	105.86	106.37
Return before operating charges ^	(7.91)	(19.46)	2.48	(5.26)	(13.81)	1.83
Operating charges ^	(0.07)	(0.21)	(0.22)	(0.37)	(0.15)	(0.16)
Return after operating charges ^	(7.98)	(19.67)	2.26	(5.63)	(13.96)	1.67
Distributions	(3.78)	(2.95)	(2.98)	(2.65)	(2.12)	(2.18)
Retained distributions on accumulation shares	3.78	2.95	2.98	-	-	-
Closing net asset value per share †	118.87	126.85	145.52	81.50	89.78	105.86
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	-6.29%	-13.42%	1.57%	-6.27%	-13.19%	1.57%
<b>Other information</b>						
Closing net asset value (£) †	56,084,506	67,825,808	128,863,917	70,397,460	84,082,447	40,235,350
Closing number of shares	47,180,624	53,467,466	87,948,926	86,382,360	93,653,759	38,007,831
Operating charges ^	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	132.80	150.00	151.20	94.02	108.40	110.70
Lowest share price #	108.90	126.20	143.50	76.51	89.89	104.60

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

~ T classes launched on 31 March 2023.



## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(18,350)		(25,003)
Revenue	3	4,192		3,460	
Expenses	4	(186)		(222)	
Interest payable and similar charges		<u>(2)</u>		<u>(2)</u>	
Net revenue before taxation		4,004		3,236	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>4,004</u>		<u>3,236</u>
Total return before distributions			(14,346)		(21,767)
Distributions	6		(4,004)		(3,236)
Change in net assets attributable to Shareholders from investment activities			<u>(18,350)</u>		<u>(25,003)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			151,908		169,099
Amounts receivable on issue of shares		116,377		58,735	
Amounts payable on cancellation of shares		<u>(59,726)</u>		<u>(52,958)</u>	
			56,651		5,777
Change in net assets attributable to Shareholders from investment activities (see above)			(18,350)		(25,003)
Retained distributions on accumulation shares			1,296		2,035
Closing net assets attributable to Shareholders			<u>191,505</u>		<u>151,908</u>

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		178,186	148,154
Current assets:			
Debtors	7	10,210	2,071
Cash and bank balances	8	4,490	4,521
Total assets		<u>192,886</u>	<u>154,746</u>
<b>Liabilities:</b>			
Investment liabilities		(27)	(498)
Creditors:			
Bank overdrafts	10	-	(120)
Distribution payable		(1,259)	(521)
Other creditors	9	(95)	(1,699)
Total liabilities		<u>(1,381)</u>	<u>(2,838)</u>
<b>Net assets attributable to Shareholders</b>		<u>191,505</u>	<u>151,908</u>

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses comprise:		
Non-derivative securities	(18,266)	(24,889)
Brokers commission on futures	(2)	(4)
Currency (losses)/gains	(51)	40
Derivative contracts	679	1,550
Forward currency contracts	(703)	(1,693)
Transaction charges	(7)	(7)
<b>Net capital losses</b>	<b>(18,350)</b>	<b>(25,003)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	56	1
Interest on debt securities	4,196	3,758
Futures Income	(60)	(299)
<b>Total revenue</b>	<b>4,192</b>	<b>3,460</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	164	203
Registration fees	1	1
	<b>165</b>	<b>204</b>
<b>Other expenses</b>		
Audit fees	8	6
Depositary's fees	13	14
Printing fees	-	(4)
Safe custody fees	-	2
	<b>21</b>	<b>18</b>
<b>Total expenses</b>	<b>186</b>	<b>222</b>

Expenses include irrecoverable VAT where applicable.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	4,004	3,236
Net revenue for the year multiplied by the standard rate of corporation tax	801	647
<b>Effects of:</b>		
Tax deductible interest distributions	(801)	(647)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	948	763
Second interim	790	765
Third interim	799	970
Final	1,764	938
Add: Revenue paid on cancellation of shares	234	117
Deduct: Revenue received on creation of shares	(531)	(317)
<b>Net distribution for the year</b>	<b>4,004</b>	<b>3,236</b>

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23	30/06/22
	£'000	£'000
Amounts receivable for creation of shares	7,255	8
Accrued revenue	2,955	2,063
<b>Total debtors</b>	<b>10,210</b>	<b>2,071</b>

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	4,126	4,392
Amount held at futures clearing houses and brokers	364	129
<b>Total cash and bank balances</b>	<b>4,490</b>	<b>4,521</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	27	1,634
Accrued annual management charge	35	35
Accrued other expenses	33	30
<b>Total other creditors</b>	<b>95</b>	<b>1,699</b>

#### 10. Bank overdrafts

	30/06/23	30/06/22
	£'000	£'000
Amounts overdrawn at futures clearing houses and brokers	-	120
<b>Total bank overdrafts</b>	<b>-</b>	<b>120</b>

#### 11. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% (30/06/2022: there were no shareholders with holdings over 25%) of the Fund's shares. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 12. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
T Gross Accumulation	0.09	-	5,000	-	-	5,000
T Gross Income	0.09	-	67,997,336	(11,541)	-	67,985,795
Z Gross Accumulation	0.13	53,467,466	27,995,096	(34,281,938)	-	47,180,624
Z Gross Income	0.13	93,653,759	17,397,492	(24,668,891)	-	86,382,360

#### 13. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 14. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £17,808,381 (2022: £14,798,369). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
Euro	(18)	(549)
US dollar	(33)	(465)
<b>Total</b>	<b>(51)</b>	<b>(1,014)</b>

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Foreign exchange risk sensitivity

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

#### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>Currency Assets</b>				
<b>30/06/23</b>				
Pound sterling	4,216	172,634	14,706	191,556
Euro	229	3,565	(3,812)	(18)
US dollar	45	1,884	(1,962)	(33)
<b>Total</b>	<b>4,490</b>	<b>178,083</b>	<b>8,932</b>	<b>191,505</b>
<b>30/06/2022</b>				
Pound sterling	4,261	132,079	16,582	152,922
Euro	(57)	4,394	(4,886)	(549)
US dollar	(63)	11,510	(11,912)	(465)
<b>Total</b>	<b>4,141</b>	<b>147,983</b>	<b>(216)</b>	<b>151,908</b>

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £9,972,694 (2022: £9,678,133), representing 5.21% of net assets (2022: 6.37%). A 1% decrease would have an equal and opposite effect.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
	£'000		£'000	
<b>Credit Rating</b>				
Investment grade (BBB- credit rating and above)	178,083	92.99	147,983	97.41
Below investment grade (below BBB- credit rating)	-	-	-	-
Unrated	-	-	-	-
<b>Total value of bonds</b>	<b>178,083</b>	<b>92.99</b>	<b>147,983</b>	<b>97.41</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.



## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23 Exposure £'000	30/06/22 Exposure £'000
<b>(a) Futures</b>		
Goldman Sachs	59	83
<b>Total value of derivatives</b>	<b>59</b>	<b>83</b>
<b>(b) Forwards</b>		
BNP Paribas	17	-
Merrill Lynch	-	(410)
<b>Total value of derivatives</b>	<b>17</b>	<b>(410)</b>

#### 15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.62% (2022: 0.82%).

#### 16. Stock Lending

The Fund enters into stock lending arrangements with various counterparties. At the balance sheet date the bid value of securities on loan was £735,223 (2022: £0). The value of collateral held in respect of securities on loan was £748,054 (2022: £0).

	30/06/23		30/06/22	
	Value of stock on loan £'000	Cash collateral £'000	Value of stock on loan £'000	Cash collateral £'000
<b>Counterparty</b>				
Merrill Lynch	735	748	-	-
	<b>735</b>	<b>748</b>	<b>-</b>	<b>-</b>
<b>Collateral held</b>		30/06/23 £'000		30/06/22 £'000
Bonds		748		-
		<b>748</b>		<b>-</b>

#### 17. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 18. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	82	(23)	161	(78)
Level 2 ^^	178,104	(4)	147,993	(420)
Level 3 ^^^	-	-	-	-
	<b>178,186</b>	<b>(27)</b>	<b>148,154</b>	<b>(498)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Distribution Table

As at 30 June 2023

#### First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)	Distribution paid 30/11/21 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.856	-	0.856	0.705
Group 2	0.631	0.225	0.856	0.705
<b>Share Class Z Gross Income</b>				
Group 1	0.605	-	0.605	0.510
Group 2	0.401	0.204	0.605	0.510

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.911	-	0.911	0.721
Group 2	0.625	0.286	0.911	0.721
<b>Share Class Z Gross Income</b>				
Group 1	0.640	-	0.640	0.518
Group 2	0.397	0.243	0.640	0.518

## AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

### Distribution Table

As at 30 June 2023

#### Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	0.946	-	0.946	0.742
Group 2	0.293	0.653	0.946	0.742
<b>Share Class Z Gross Income</b>				
Group 1	0.660	-	0.660	0.531
Group 2	0.287	0.373	0.660	0.531

#### Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class T Gross Accumulation ~</b>				
Group 1	0.916	-	0.916	-
Group 2	0.916	-	0.916	-
<b>Share Class T Gross Income ~</b>				
Group 1	0.910	-	0.910	-
Group 2	0.470	0.440	0.910	-
<b>Share Class Z Gross Accumulation</b>				
Group 1	1.071	-	1.071	0.780
Group 2	0.347	0.724	1.071	0.780
<b>Share Class Z Gross Income</b>				
Group 1	0.741	-	0.741	0.556
Group 2	0.544	0.197	0.741	0.556

~ T classes launched at 31 March 2023.

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of this Fund is: (i) to provide income and capital growth over the medium term (being three years); and (ii) to invest in bonds which finance projects which will generate an environmental benefit, known as “green bonds”.

#### Investment Policy

The Fund seeks to achieve its objective by investing at least 75% of its Net Asset Value in “green bonds” issued by governments and companies anywhere in the world, with a bias towards corporate bonds. Investment will be made largely in more developed markets but may also be made in emerging markets. The Fund invests at least 75% of its Net Asset Value in investment grade bonds (meaning bonds with a rating of at least BBB- by Standard & Poor or equivalent rating by Moody's or Fitch), with a maximum of 10% in sub-investment grade bonds. At least 70% of the Fund's Net Asset Value will be invested in bonds of shorter (i) maturities (where the full repayment of the bond is expected to occur within five years of its purchase by the Fund) and (ii) duration, the price sensitivity of a bond (or a portfolio of bonds) to a change in interest rates (where the duration of the Fund is expected to be between 0 and 5 years), with the aim of reducing the effect of fluctuations in interest rates. The Manager will aim to hedge any non-sterling denominated bonds back to sterling. The Manager selects bonds by carrying out comprehensive analysis of the global economic markets in order to (i) decide the asset allocation across different types of bonds, issuers, sectors and geographical location; (ii) to manage the risk of changes in yields on the price of the bonds in the Fund and (iii) identify “green bonds” by applying its proprietary Green Bonds Framework. When applying its proprietary Green Bonds Framework. The Manager evaluates the relevant bond and its issuer against the following four pillars:

(i) the quality of the issuer's Environmental, Social and Governance (ESG) practices; (ii) whether the projects undertaken and financed by the issuer will generate an environmental benefit; (iii) the controls that the issuer has in place to manage and allocate proceeds of the bonds to eligible projects; and (iv) the reporting that the issuer provides on the impact of eligible projects.

The Manager will deem a bond as generating an environmental benefit where such bond finances a project which: (i) addresses an environmental theme, such as low carbon transport or smart energy, which either directly or indirectly contributes to one or more of the environmentally focussed UN Sustainable Development Goals (UN SDG), with a focus on UN SDG 11 (Sustainable cities and communities) and UN SDG 13 (Climate action); (ii) does not significantly harm any UN SDG and (iii) can demonstrate such contribution against the relevant environmental theme and UN SDG, by showing a positive impact of the project against relevant environmental key performance indicators.

In addition, the Manager will consider the issuer's ESG score as one factor within its broader analysis of the issuer in order to identify bonds which are expected to generate: (i) both income and capital growth; and (ii) an environmental benefit. ESG scores are produced by our selected external provider(s), as detailed in the “Responsible Investment” section of the prospectus. The Manager will not invest in bonds with the lowest ESG scores.

To avoid investing in bonds which present excessive degrees of ESG risk, the Manager applies AXA IM Group's sector specific investment guidelines relating to responsible investment to the Fund. Such guidelines exclude investment in (or exposure to) certain companies based on their involvement in specific sectors, such as soft commodity derivatives, palm oil (including deforestation and natural ecosystems conversion), controversial weapons and climate risks.

The Manager also applies the AXA Investment Managers' ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; human rights; anti corruption and other environmental, social and governance (ESG) factors. The AXA Investment Managers' ESG Standards policy and AXA IM Group's sector specific investment guidelines are subject to change.

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

If the Manager deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving income and capital growth and/or generating an environmental benefit, the Manager will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.

In selecting the bonds for the Fund, the Manager may reference the composition and risk profile of the ICE BofAML Green Bond 0-5Y. However the Manager invests on a discretionary basis with a significant degree of freedom to take positions which are different from the index. The ICE BofAML Green Bond 0-5Y is designed to measure the performance of the green bond universe with a maturity of between 0-5 years. This index best represents the types of bonds in which the Fund predominantly invests. The Fund may also invest at the Manager's discretion in other transferable securities (for example, fixed income investments), cash, deposits, units in collective investment schemes (including funds managed by the Manager and its associates) and money market instruments. The Fund may use derivatives (such as credit default swaps, interest rate futures and foreign exchange swaps) for investment purposes as well as for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.

The ICE BofAML Green Bond 0-5Y may be used by investors to compare the Fund's performance.

#### Risk and Reward Profile

As at 30 June 2023



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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 4 to a category 3.

#### 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 level of variation which, may result in gains or losses.

#### Key risks

Under normal market conditions the Fund's key risk factors are:

- ESG risk - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

- Credit risk - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

- Interest rate risk - is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- Prepayment and extension risk - prepayment is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

- Index-linked bonds risk - are fixed interest securities whose capital repayment amounts and interest payments are adjusted in line with movements in inflation indices. They are designed to mitigate the effects of inflation on the value of a portfolio. The market value of index-linked bonds is determined by the market's expectations of future movements in both interest rates and inflation rates.

As with other bonds, the value of index-linked bonds will generally fall when expectations of interest rates rise and vice versa. However, when the market anticipates a rise in inflation rates, index-linked bonds will generally outperform other bonds, and vice versa.

Index-linked bonds bought in the secondary market (i.e., not directly from the issuer) whose capital values have been adjusted upward due to inflation since issuance, may decline in value if there is a subsequent period of deflation.

Due to the sensitivity of these bonds to interest rates and expectations of future inflation, there is no guarantee that the value of these bonds will correlate with inflation rates in the short to medium term.

Index-linked bonds risk is an inherent risk of investing in index-linked bonds. Exposure to this risk is managed by the allocation decision on the proportion of the portfolio to invest in index-linked bonds, as well as the amount of remaining maturity of these bonds, which will affect their sensitivity in value, to changes in expected inflation levels.

- High Yield Bonds risk - high yield bonds risk (also known as sub-investment grade bonds) - are fixed interest securities issued by companies or governments with lower credit ratings (Ba1 and below (Moody's) or BB+ and below (Standard & Poor's and Fitch Ratings)). They are potentially more risky than investment grade bonds which have higher ratings. The issuers of high yield bonds will be at greater risk of default or ratings downgrades. The capital value of the Fund's investment in high yield bonds and the level of income it receives may fall as a result of such issuers ceasing to trade. The Fund will endeavour to mitigate the risks associated with high yield bonds, by diversifying their holdings by issuer, industry and credit quality.

This is an inherent risk for funds invested within high yield bonds. Internal investment guidelines (which may include measures of credit quality, measures of sensitivity to credit spread moves and diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Risks linked to investment in sovereign debt - the Fund may invest in bonds issued by countries and governments (sovereign debt). The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the capital and/or interest when due in accordance with the terms of such debt. In such a scenario, the value of investments of the Funds may be adversely affected. A governmental entity's willingness or ability to repay capital and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such issuers under which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain countries are especially large debtors to commercial banks and foreign governments. Investment in sovereign debt issued or guaranteed by such countries (or their governments or governmental entities) involves a higher degree of risk than investment in other sovereign debt.



## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Certain funds may be further subject to the risk of high concentration in bonds issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated which is also subject to higher credit risk. In the event of a default of the sovereign issuer, the Fund may suffer significant loss.

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Emerging Markets risk - investment in Emerging Markets (countries that are transitioning towards more advanced financial and economic structures) may involve a higher risk than those inherent in established markets. Emerging Markets and their currencies may experience unpredictable and dramatic fluctuations from time to time. Investors should consider whether or not investment in such funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in Emerging Markets may not be subject to:

- a. accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- b. the same level of government supervision and regulation of markets as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in Emerging Markets may preclude investment in certain securities by the funds referred to above and, as a result, limit investment opportunities for those funds. Substantial government involvement in, and influence on, the economy, as well as a lack of political or social stability, may affect the value of securities in certain Emerging Markets.

The reliability of trading and settlement systems in some Emerging Markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain Emerging Markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

This is an inherent risk for funds invested within Emerging Markets. Internal investment guidelines (such a diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- Stock lending risk - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### Other risks which could have an impact in extreme market conditions include:

- Liquidity risk - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

- Counterparty risk - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

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.

- **Currency risk** - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual Fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

In the first half of 2023, when headline inflation figures had already begun to decline, the difficulty of forecasting a significant fall in underlying inflation and a labour market that was still particularly buoyant led central banks to continue their tightening cycle, albeit on a more measured scale. At the same time, the difficulties encountered by US regional banks, penalised by the abrupt rise in interest rates, heightened uncertainty about the stability of the financial system in the face of such a cycle of monetary tightening. The Fed and the ECB raised rates by 75bps and 150bps respectively, ending the period at 5.25% and 3.50%, while gradually softening their stance to suggest a pause from the second half of 2023.

## AXA ACT Green Short Duration Bond Fund

### Investment Manager's Report

For the year ended 30 June 2023

Against this backdrop, yields stabilised, with the US 10-year rate ending the period at 3.84%, down 4 basis points ('bps'), and the German 10-year rate at 2.39%, down 18bps over the period. This rebound was accompanied by a sharp flattening of the 2-10 year segment of the yield curve (-47bps and -43bps respectively on the US and German curves), which inverted over the period. At the same time, the resilience of the economy combined with the prospect of the end of the monetary tightening cycle benefited credit. The ICE Euro Corporate Index tightened by 5bps to end June at 161bps, while the ICE US Corporate Index tightened by 8bps to close at 130bps.

The AXA ACT Green Short Duration Bond Fund gained +1.35% net of fees (Z GBP share class) during the period.

The Fund started the period with an underweight in terms of duration compared to the index, coming mostly from euro rates. This position was brought back almost to neutrality over the month of November following the sharp rebound of rates, as markets acknowledged that central banks were not yet close to their peak rate. As rates rallied into year-end, we took advantage of this move to reinitiate a short position, again via euro rates, which we kept until April, with a short period of neutralisation over February and early March. From April, we progressively increased the duration of the portfolio via US and then Euro rates to end the period with an overweight in terms of duration compared to the index.

In terms of country allocation, the portfolio started with a defensive positioning on peripheral sovereign debts mostly via Italy, which we kept during most of the period. Yet, the overall positioning on peripheral debt was overweight when considering credit debts. In addition, the portfolio kept an underweight on France while being overweight on Belgium, starting in June, mostly for valuation reason.

With regards to asset allocation, the portfolio favoured an overweight on credit (both senior and subordinated) over the period, with a preference for financial debts.

We can also confirm that the non-financial Investment Objective of the fund, outlined on page 250, has been met. We focused exclusively on Green bonds validated by our proprietary framework, ensuring the portfolio invested only in meaningful projects from companies with credible net zero transition strategies. Our monthly impact reports enables to further deep dive into the benefit of the strategy and its sustainable benefit. For more information please visit <https://funds.axa-im.co.uk/en/individual/fund/axa-act-green-short-duration-bond-fund-z-q-accumulation-gbp/#documents>

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● European Investment Bank 2.375% 24/05/27	2,246	● Bundesobligation 1.3% 15/10/27	813
● Bundesrepublik Deutschland Bundesanleihe 2.3% 15/02/33	1,102	● European Investment Bank 2.5% 15/10/24	553
● Bundesobligation 1.3% 15/10/27	821	● European Investment Bank 2.125% 13/04/26	445
● Hong Kong Government International Bond 4.5% 11/01/28	475	● Transport for London 2.125% 24/04/25	330
● Kreditanstalt fuer Wiederaufbau 1% 01/10/26	452	● Leasys SpA 0% 22/07/24	327

Johann Plé, Rui Li

AXA Investment Managers UK Limited

## AXA ACT Green Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 83.41% (30/06/22: 88.04%)</b>			
<b>Australia 1.66% (30/06/22: 1.90%)</b>			
Australia & New Zealand Banking Group 1.125% 21/11/29	300,000	241	0.80
Westpac Banking 0.766% 13/05/31	350,000	260	0.86
<b>Belgium 0.76% (30/06/22: 0.87%)</b>			
KBC Group 0.375% 16/06/27	300,000	230	0.76
<b>China 0.47% (30/06/22: 6.78%)</b>			
Bank of China USD 1.4% 28/04/26	USD 200,000	142	0.47
<b>Cayman Islands 0.00% (30/06/22: 0.58%)</b>			
<b>Denmark 2.40% (30/06/22: 0.92%)</b>			
Orsted 1.75% 09/12/3019	300,000	219	0.73
Orsted 2.125% 17/05/27	GBP 200,000	173	0.58
Orsted 2.25% 24/11/3017	400,000	327	1.09
<b>Finland 0.51% (30/06/22: 0.58%)</b>			
Kojamo 2% 31/03/26	201,000	152	0.51
<b>France 12.49% (30/06/22: 12.35%)</b>			
Banque Stellantis France 3.875% 19/01/26	300,000	255	0.85
BNP Paribas 0.375% 14/10/27	500,000	377	1.25
BNP Paribas 0.5% 04/06/26	300,000	239	0.79
BNP Paribas 1.675% 30/06/27	USD 400,000	278	0.92
BPCE 0.5% 14/01/28	500,000	369	1.23
Covivio 1.875% 20/05/26	400,000	321	1.07
Electricite de France 1% 13/10/26	300,000	235	0.78
Electricite de France 3.625% 13/10/25	USD 400,000	303	1.01
Electricite de France 3.625% 13/10/25	USD 400,000	303	1.01
Gecina 1.5% 20/01/25	300,000	247	0.82
ICADE 1.5% 13/09/27	300,000	228	0.76
RCI Banque 4.75% 06/07/27	300,000	256	0.85
RCI Banque 4.875% 14/06/28	166,000	142	0.47
Unibail-Rodamco-Westfield 1% 14/03/25	250,000	203	0.68
<b>Germany 3.13% (30/06/22: 5.76%)</b>			
Berlin Hyp AG 1.125% 25/10/27	300,000	226	0.75
Commerzbank 0.75% 24/03/26	300,000	239	0.79
Deutsche Bank 1.875% 23/02/28	400,000	303	1.01
Landesbank Baden-Wuerttemberg 1.125% 08/12/25	GBP 200,000	173	0.58

## AXA ACT Green Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Ireland 3.53% (30/06/22: 2.99%)</b>			
AIB Group 0.5% 17/11/27	350,000	261	0.87
AIB Group 2.875% 30/05/31	350,000	272	0.90
AIB Group 5.75% 16/02/29	300,000	265	0.88
Bank of Ireland Group 0.375% 10/05/27	350,000	264	0.88
<b>Italy 5.82% (30/06/22: 6.34%)</b>			
A2A SpA 2.5% 15/06/26	141,000	116	0.39
ACEA SpA 0% 28/09/25	300,000	234	0.78
Ferrovie dello Stato Italiane 1.125% 09/07/26	350,000	275	0.91
Ferrovie dello Stato Italiane 3.75% 14/04/27	214,000	180	0.60
Intesa Sanpaolo 4% 19/05/26	295,000	251	0.83
Intesa Sanpaolo 4.75% 06/09/27	400,000	344	1.14
UniCredit 5.85% 15/11/27	400,000	351	1.17
<b>Japan 1.02% (30/06/22: 2.30%)</b>			
Nidec 0.046% 30/03/26	400,000	307	1.02
<b>Luxembourg 8.07% (30/06/22: 2.12%)</b>			
European Investment Bank 2.375% 24/05/27	USD 3,000,000	2,195	7.30
Segro Capital Sarl 1.25% 23/03/26	300,000	233	0.77
<b>Netherlands 15.55% (30/06/22: 14.90%)</b>			
ABN AMRO Bank 2.375% 01/06/27	300,000	240	0.80
ABN AMRO Bank 4% 16/01/28	200,000	168	0.56
ABN AMRO Bank 5.125% 22/02/28	GBP 200,000	187	0.62
Cooperatieve Rabobank 1.106% 24/02/27	USD 400,000	278	0.92
CTP 2.125% 01/10/25	350,000	270	0.90
de Volksbank 0.25% 22/06/26	400,000	302	1.00
de Volksbank 1.75% 22/10/30	300,000	233	0.77
de Volksbank 7% Perpetual	200,000	142	0.47
EDP Finance 0.375% 16/09/26	400,000	307	1.02
Enel Finance International 1.5% 21/07/25	300,000	245	0.81
Iberdrola International 1.45% Perpetual	200,000	148	0.49
ING Groep 0.875% 09/06/32	300,000	217	0.72
ING Groep 1.4% 01/07/26	USD 300,000	216	0.72
ING Groep 2.125% 23/05/26	300,000	245	0.81
ING Groep 4.625% 06/01/26	USD 400,000	308	1.02
Koninklijke Philips 0.5% 22/05/26	350,000	271	0.90
LeasePlan 0.25% 07/09/26	250,000	188	0.63
Mercedes-Benz International Finance 3.5% 30/05/26	227,000	194	0.65
Naturgy Finance 0.875% 15/05/25	300,000	242	0.81
TenneT Holding 2.374% Perpetual	350,000	281	0.93

## AXA ACT Green Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>Philippines 1.45% (30/06/22: 0.88%)</b>			
Asian Development Bank 1.75% 14/08/26	USD 600,000	436	1.45
<b>Portugal 2.61% (30/06/22: 2.57%)</b>			
Caixa Geral de Depositos 2.875% 15/06/26	300,000	247	0.82
EDP - Energias de Portugal 1.7% 20/07/80	400,000	313	1.04
EDP - Energias de Portugal 1.875% 02/08/81	300,000	226	0.75
<b>South Korea 0.93% (30/06/22: 2.30%)</b>			
Hyundai Capital Services 1.25% 08/02/26	USD 400,000	280	0.93
<b>Spain 8.73% (30/06/22: 8.97%)</b>			
Banco Bilbao Vizcaya Argentaria 1% 21/06/26	300,000	235	0.78
Banco Bilbao Vizcaya Argentaria 6% Perpetual	400,000	321	1.07
Banco de Sabadell 1.125% 11/03/27	400,000	310	1.03
Banco de Sabadell 2.625% 24/03/26	300,000	245	0.81
Banco Santander 0.3% 04/10/26	300,000	229	0.76
Banco Santander 1.125% 23/06/27	300,000	228	0.76
CaixaBank 0.375% 18/11/26	400,000	309	1.03
CaixaBank 0.5% 09/02/29	300,000	213	0.71
CaixaBank 1.25% 18/06/31	400,000	299	0.99
Merlin Properties Socimi 2.375% 13/07/27	300,000	236	0.79
<b>Sweden 2.46% (30/06/22: 2.51%)</b>			
Telia 1.375% 11/05/81	300,000	229	0.76
Vattenfall 0.05% 15/10/25	300,000	236	0.79
Vattenfall 0.5% 24/06/26	350,000	272	0.91
<b>United Kingdom 4.10% (30/06/22: 5.71%)</b>			
Barclays 1.7% 03/11/26	GBP 350,000	307	1.02
National Grid Electricity Transmission 0.19% 20/01/25	400,000	323	1.07
NatWest Group 4.067% 06/09/28	400,000	332	1.10
Vodafone Group 0.9% 24/11/26	350,000	274	0.91
<b>United States 7.72% (30/06/22: 6.71%)</b>			
AES 5.45% 01/06/28	USD 300,000	232	0.77
Alexandria Real Estate 3.8% 15/04/26	USD 450,000	340	1.13
Bank of America 2.456% 22/10/25	USD 350,000	263	0.88
Fifth Third Bancorp 1.707% 01/11/27	USD 300,000	202	0.67
Georgia Power 3.25% 01/04/26	USD 400,000	299	0.99
Healthpeak 1.35% 01/02/27	USD 300,000	205	0.68



## AXA ACT Green Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Jabil 4.25% 15/05/27	USD 300,000	225	0.75
Prudential Financial 1.5% 10/03/26	USD 300,000	216	0.72
VF 4.125% 07/03/26	400,000	340	1.13
<b>TOTAL CORPORATE BONDS</b>		<b>25,093</b>	<b>83.41</b>
<b>GOVERNMENT BONDS 13.59% (30/06/22: 10.10%)</b>			
<b>Canada 2.00% (30/06/22: 1.12%)</b>			
Province of Quebec Canada 1.85% 13/02/27	CAD 1,100,000	602	2.00
<b>France 1.32% (30/06/22: 1.93%)</b>			
Bpifrance SACA 2.125% 29/11/27	200,000	163	0.54
Regie Autonome des Transports Parisiens 0.875% 25/05/27	300,000	234	0.78
<b>Germany 5.08% (30/06/22: 0.00%)</b>			
Bundesrepublik Deutschland Bundesanleihe 2.3% 15/02/33	1,300,000	1,105	3.67
Kreditanstalt fuer Wiederaufbau 1% 01/10/26	USD 600,000	424	1.41
<b>Hong Kong 2.81% (30/06/22: 1.45%)</b>			
Hong Kong Government International Bond 0% 24/11/26	300,000	228	0.76
Hong Kong Government International Bond 4.5% 11/01/28	USD 600,000	476	1.58
Industrial & Commercial Bank of China 1.625% 28/10/26	USD 200,000	141	0.47
<b>Indonesia 0.00% (30/06/22: 1.77%)</b>			
<b>Norway 0.00% (30/06/22: 0.91%)</b>			
<b>South Korea 1.77% (30/06/22: 1.19%)</b>			
Korea International Bond 0% 15/10/26	400,000	303	1.01
Korea Water Resources 3.5% 27/04/25	USD 300,000	228	0.76
<b>Spain 0.00% (30/06/22: 1.73%)</b>			
<b>United Kingdom 0.61% (30/06/22: 0.00%)</b>			
Transport for London 2.125% 24/04/25	GBP 200,000	185	0.61
<b>TOTAL GOVERNMENT BONDS</b>		<b>4,089</b>	<b>13.59</b>
<b>FORWARD CURRENCY CONTRACTS 0.95% (30/06/22: 1.39%)</b>			
Bought EUR150,000 for GBP128,325 Settlement 10/07/2023		-	-
Bought USD150,000 for GBP119,190 Settlement 10/07/2023		(1)	-
Sold CAD1,070,000 for GBP640,866 Settlement 10/07/2023		3	0.01
Sold EUR390,000 for GBP336,354 Settlement 10/07/2023		2	0.01
Sold EUR22,790,000 for GBP19,693,158 Settlement 10/07/2023		130	0.43
Sold USD150,000 for GBP118,708 Settlement 10/07/2023		-	-



## AXA ACT Green Short Duration Bond Fund

### Portfolio Statement

As at 30 June 2023

Holding	Market Value £'000	% of Total Net Assets
Sold USD180,000 for GBP145,403 Settlement 10/07/2023	3	0.01
Sold USD10,210,000 for GBP8,219,967 Settlement 10/07/2023	147	0.49
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>	<b>284</b>	<b>0.95</b>
<b>FUTURES 0.00% (30/06/22: (0.04%))</b>		
Portfolio of investments	29,466	97.95
Net other assets	617	2.05
<b>Total net assets</b>	<b>30,083</b>	<b>100.00</b>

*All bonds are denominated in Euro (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker.

## AXA ACT Green Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	Z Accumulation~		Z Income~	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>				
Opening net asset value per share †	93.10	100.00	92.83	100.00
Return before operating charges ^	1.71	(6.66)	1.72	(6.66)
Operating charges ^	(0.42)	(0.24)	(0.43)	(0.24)
Return after operating charges ^	1.29	(6.90)	1.29	(6.90)
Distributions	(1.26)	(0.27)	(1.25)	(0.27)
Retained distributions on accumulation shares	1.26	0.27	-	-
Closing net asset value per share †	94.39	93.10	92.87	92.83
*^ after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after operating charges	1.39%	-6.90%	1.39%	-6.90%
<b>Other information</b>				
Closing net asset value (£) †	713,358	5,992,316	221,649	5,985
Closing number of shares	755,754	6,436,604	238,673	6,447
Operating charges ^	0.45%	0.51%	0.45%	0.51%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price #	95.37	100.00	95.10	100.00
Lowest share price #	90.75	92.82	90.29	92.71

## AXA ACT Green Short Duration Bond Fund

### Comparative Tables

As at 30 June 2023

	ZI Accumulation~		ZI Income~	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>				
Opening net asset value per share †	93.16	100.00	92.83	100.00
Return before operating charges ^	1.72	(6.67)	1.75	(6.65)
Operating charges ^	(0.29)	(0.17)	(0.28)	(0.17)
Return after operating charges ^	1.43	(6.84)	1.47	(6.82)
Distributions	(1.40)	(0.34)	(1.43)	(0.35)
Retained distributions on accumulation shares	1.40	0.34	-	-
Closing net asset value per share †	94.59	93.16	92.87	92.83
*^ after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after operating charges	1.53%	-6.84%	1.58%	-6.82%
<b>Other information</b>				
Closing net asset value (£) †	29,143,527	20,539,643	4,643	4,642
Closing number of shares	30,809,018	22,048,026	5,000	5,000
Operating charges ^	0.30%	0.36%	0.30%	0.36%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price #	95.45	100.00	95.13	100.00
Lowest share price #	90.85	92.87	90.29	92.75

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

~ Data are shown since inception 5 January 2022.

## AXA ACT Green Short Duration Bond Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(2)		(1,646)
Revenue	3	532		123	
Expenses	4	(93)		(41)	
Interest payable and similar charges		<u>(4)</u>		<u>(1)</u>	
Net revenue before taxation		435		81	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>435</u>		<u>81</u>
Total return before distributions			433		(1,565)
Distributions	6		(435)		(81)
Change in net assets attributable to Shareholders from investment activities			<u>(2)</u>		<u>(1,646)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			26,543		-
Amounts receivable on issue of shares		12,623		32,530	
Amounts payable on cancellation of shares		<u>(9,520)</u>		<u>(4,433)</u>	
			3,103		28,097
Change in net assets attributable to Shareholders from investment activities (see above)			(2)		(1,646)
Retained distributions on accumulation shares			439		92
Closing net assets attributable to Shareholders			<u>30,083</u>		<u>26,543</u>

## AXA ACT Green Short Duration Bond Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		29,467	26,071
Current assets:			
Debtors	7	552	243
Cash and bank balances	8	517	675
<b>Total assets</b>		<b>30,536</b>	<b>26,989</b>
<b>Liabilities:</b>			
Investment liabilities		(1)	(401)
Creditors:			
Distribution payable		(1)	-
Other creditors	9	(451)	(45)
<b>Total liabilities</b>		<b>(453)</b>	<b>(446)</b>
<b>Net assets attributable to Shareholders</b>		<b>30,083</b>	<b>26,543</b>

## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital losses

	30/06/23 £'000	30/06/22 £'000
The net capital losses comprise:		
Non-derivative securities	(916)	(603)
Brokers commission on futures	(1)	(1)
Currency (losses)/gains	(105)	183
Derivative contracts	290	109
Forward currency contracts	732	(1,333)
Transaction charges	(2)	(1)
<b>Net capital losses</b>	<b>(2)</b>	<b>(1,646)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	14	-
Interest on debt securities	541	140
Interest futures	1	-
Overseas dividends	-	1
Futures Income	(24)	(16)
<b>Total revenue</b>	<b>532</b>	<b>125</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	79	30
	<b>79</b>	<b>30</b>
<b>Other expenses</b>		
Audit fees	8	9
Depository's fees	4	1
Safe custody fees	2	1
	<b>14</b>	<b>11</b>
<b>Total expenses</b>	<b>93</b>	<b>41</b>

Expenses include irrecoverable VAT where applicable.

## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	435	81
Net revenue for the year multiplied by the standard rate of corporation tax	87	16
<b>Effects of:</b>		
Tax deductible interest distributions	(87)	(16)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
First interim	73	-
Second interim	93	-
Third interim	121	-
Final	154	91
Add: Revenue paid on cancellation of shares	21	3
Deduct: Revenue received on creation of shares	(27)	(13)
<b>Net distribution for the period</b>	<b>435</b>	<b>81</b>

## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 7. Debtors

	30/06/23	30/06/22
	£'000	£'000
Amounts receivable for creation of shares	41	105
Sales awaiting settlement	280	-
Accrued revenue	231	138
<b>Total debtors</b>	<b>552</b>	<b>243</b>

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	517	622
Amount held at futures clearing houses and brokers	-	53
<b>Total cash and bank balances</b>	<b>517</b>	<b>675</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	20	21
Purchases awaiting settlement	403	-
Accrued annual management charge	13	13
Accrued other expenses	15	11
<b>Total other creditors</b>	<b>451</b>	<b>45</b>

#### 10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 there are no shareholders with holdings over 25% (30/06/2022: there were no holdings no shareholders with holdings over 25%) of the Fund's shares. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.



## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
Z Accumulation	0.40	6,436,604	1,318,806	(3,056,712)	(3,942,944)	755,754
Z Income	0.40	6,447	241,504	(9,278)	-	238,673
ZI Accumulation	0.25	22,048,026	7,894,383	(3,070,826)	3,937,435	30,809,018
ZI Income	0.25	5,000	-	-	-	5,000

#### 12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

#### 13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £2,918,120 (2022: £2,625,891). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
Canadian dollar	(9)	(46)
Euro	(53)	(120)
US dollar	(54)	(148)
<b>Total</b>	<b>(116)</b>	<b>(314)</b>

## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Foreign exchange risk sensitivity

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

#### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>Currency Assets</b>				
<b>30/06/23</b>				
Pound sterling	596	1,025	28,578	30,199
Canadian dollar	22	602	(633)	(9)
Euro	110	19,565	(19,728)	(53)
US dollar	119	7,990	(8,163)	(54)
<b>Total</b>	<b>847</b>	<b>29,182</b>	<b>54</b>	<b>30,083</b>
<b>30/06/22</b>				
Pound sterling	412	1,030	25,415	26,857
Canadian dollar	-	297	(343)	(46)
Euro	16	18,139	(18,275)	(120)
US dollar	37	6,582	(6,767)	(148)
<b>Total</b>	<b>465</b>	<b>26,048</b>	<b>30</b>	<b>26,543</b>

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £860,845 (2022: £664,247), representing 2.86% of net assets (2022: 2.50%). A 1% decrease would have an equal and opposite effect.

## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
Credit Rating	Market Value	%	Market Value	%
	£'000		£'000	
Investment grade (BBB- credit rating and above)	26,836	89.21	24,024	90.52
Below investment grade (below BBB- credit rating)	2,346	7.79	2,024	7.62
Unrated				
<b>Total value of bonds</b>	<b>29,182</b>	<b>97.00</b>	<b>26,048</b>	<b>98.14</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23	30/06/22
(a) Futures	Exposure	Exposure
	£'000	£'000
Goldman Sachs	-	9
<b>Total value of derivatives</b>	<b>-</b>	<b>9</b>
 (b) Forwards		
Merrill Lynch	29,117	(369)
<b>Total value of derivatives</b>	<b>29,117</b>	<b>(369)</b>

## AXA ACT Green Short Duration Bond Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.37% (2022: 0.43%).

#### 15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

#### 16. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	1,105	-	3	(12)
Level 2 ^^	28,362	(1)	26,068	(389)
Level 3 ^^^	-	-	-	-
	<b>29,467</b>	<b>(1)</b>	<b>26,071</b>	<b>(401)</b>

^ Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^^ Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^^^ Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA ACT Green Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

#### First Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 30 September 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/22 (p)
<b>Share Class Z Accumulation~</b>			
Group 1	0.209	-	0.209
Group 2	0.087	0.122	0.209
<b>Share Class Z Income~</b>			
Group 1	0.201	-	0.201
Group 2	0.201	-	0.201
<b>Share Class ZI Accumulation~</b>			
Group 1	0.245	-	0.245
Group 2	0.110	0.135	0.245
<b>Share Class ZI Income~</b>			
Group 1	0.256	-	0.256
Group 2	0.256	-	0.256

#### Second Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2022

Group 2 Shares purchased on or after 1 October 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)
<b>Share Class Z Accumulation~</b>			
Group 1	0.264	-	0.264
Group 2	0.126	0.138	0.264
<b>Share Class Z Income~</b>			
Group 1	0.266	-	0.266
Group 2	0.266	-	0.266
<b>Share Class ZI Accumulation~</b>			
Group 1	0.300	-	0.300
Group 2	0.202	0.098	0.300
<b>Share Class ZI Income~</b>			
Group 1	0.303	-	0.303
Group 2	0.303	-	0.303

## AXA ACT Green Short Duration Bond Fund

### Distribution Table

As at 30 June 2023

#### Third Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 31 March 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/23 (p)	Distribution paid 31/05/22 (p)
<b>Share Class Z Accumulation~</b>				
Group 1	0.339	-	0.339	0.108
Group 2	0.220	0.119	0.339	0.108
<b>Share Class Z Income~</b>				
Group 1	0.335	-	0.335	0.112
Group 2	0.099	0.236	0.335	0.112
<b>Share Class ZI Accumulation~</b>				
Group 1	0.374	-	0.374	0.137
Group 2	0.153	0.221	0.374	0.137
<b>Share Class ZI Income~</b>				
Group 1	0.370	-	0.370	0.144
Group 2	0.370	-	0.370	0.144

#### Final Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2023

Group 2 Shares purchased on or after 1 April 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class Z Accumulation~</b>				
Group 1	0.448	-	0.448	0.166
Group 2	0.198	0.250	0.448	0.166
<b>Share Class Z Income~</b>				
Group 1	0.444	-	0.444	0.161
Group 2	0.267	0.177	0.444	0.161
<b>Share Class ZI Accumulation~</b>				
Group 1	0.486	-	0.486	0.202
Group 2	0.253	0.233	0.486	0.202
<b>Share Class ZI Income~</b>				
Group 1	0.499	-	0.499	0.202
Group 2	0.499	-	0.499	0.202

~ Share classes launched as at 5 January 2022.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the year ended 30 June 2023

#### Investment Objective

The aim of the Fund is to generate income by investing in high yield debt securities (being sub-investment grade corporate bonds) while seeking to avoid the risk of default.

#### Investment Policy

The Fund aims to deliver a return by investing at least 60 per cent of its Net Asset Value in high yield bonds (being sub-investment grade corporate bonds, meaning bonds with a rating of BB+ and below by Standard & Poor or equivalent rating by Moody's or Fitch) with a bias towards shorter maturities (where the full repayment of the bond by the company is expected to be less than three years), issued primarily by companies with their predominant place of business in the US. The Fund may also invest in such bonds denominated in US Dollars and issued by non-US companies. The Manager seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds.

To avoid investing in bonds issued by companies which present excessive degrees of environmental, social and governance (ESG) risk, the Manager applies AXA Investment Manager's (AXA IM's) sector specific investment guidelines relating to responsible investment to the Fund. Such guidelines exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as unsustainable palm oil production, controversial weapons and climate risks). The Manager also applies the AXA IM's ESG Standards policy. This policy excludes investment in companies based on: tobacco production; manufacture of white phosphorus weapons; certain criteria relating to human rights and anti-corruption as well as other ESG factors. The AXA IM's ESG Standards policy and AXA IM's sector specific investment guidelines are subject to change and the latest copies are available from the Manager on request.

Further, in selecting investments, the Manager will, in addition to the application of the above policies, take into account the issuer's ESG score as one factor within its broader analysis of the issuer to make selections which are expected to generate an income return over the long term. It is, however, just one component of the Manager's investment process and ESG scores are not the principal driver of investment decision making. The Manager believes that issuers with higher ESG scores manage risk associated with ESG issues more effectively, contributing to better financial performance of such issuers in the long term. ESG scores are obtained from our selected external provider(s) and may be adjusted by the Manager using its own research. The Manager will not invest in bonds with the lowest ESG scores, save in exceptional circumstances.

If the Manager deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving income and capital growth, the Manager will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.

The Fund does not have a benchmark to measure its financial performance. SONIA Compounded Index may be used by investors to compare the Fund's financial performance, which the Manager believes best reflects the outcome of the Fund's short duration investment strategy when used to compare the performance of the Fund over a minimum period of three years. Investors should note that the SONIA Compounded Index is a cash based index, which the Manager has selected as an appropriate comparator given the absence of a suitable bond index, and therefore does not take account of the specific risks relevant to the Fund. The Fund may also invest in other transferable securities (including, but not limited to, high yield debt securities, investment grade debt securities, convertibles, tbills), cash, deposits, units in collective investment schemes (including funds that are managed by the Manager or its associates) and money market instruments. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority Rules.

## AXA US Short Duration High Yield Fund

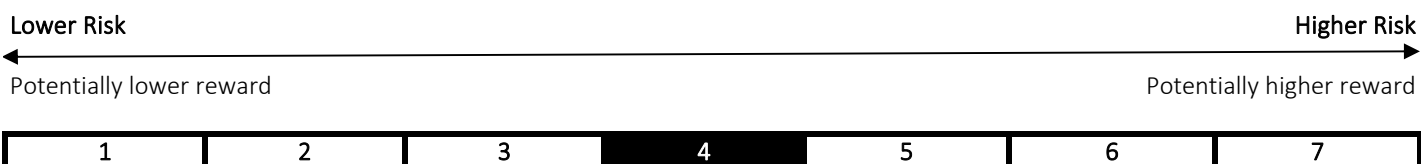
### Investment Manager's Report

For the year ended 30 June 2023

#### Risk and Reward Profile

As at 30 June 2023

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 had 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. You are aware that investing in a fund which has a US remit can increase risk because of currency movements in return for greater potential reward. You are also aware that investing in sub investment grade bonds may increase the potential income but also increases risk to your investment. 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. The risk category is recalculated weekly and for the period under review the risk category changed from a category 3 to a category 4.

#### 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 level of variation which, may result in gains or losses.

#### Key risks

Under normal market conditions the Fund's key risk factors are:

- Credit risk - all bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market. Generally, an increased level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings). See further below under "High yield bonds risk".

Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.



## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **ESG risk** - applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

- **High Yield Bonds risk** - high yield bonds (also known as sub-investment grade bonds) are fixed interest securities issued by companies or governments with lower credit ratings (Ba1 and below (Moody's) or BB+ and below (Standard & Poor's and Fitch Ratings)). They are potentially more risky than investment grade bonds which have higher ratings. The issuers of high yield bonds will be at greater risk of default or ratings downgrades. The capital value of the Fund's investment in high yield bonds and the level of income it receives may fall as a result of such issuers ceasing to trade. The Fund will endeavour to mitigate the risks associated with high yield bonds, by diversifying their holdings by issuer, industry and credit quality.

This is an inherent risk for funds invested within high yield bonds. Internal investment guidelines (which may include measures of credit quality, measures of sensitivity to credit spread moves and diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with each individual fund's investment objectives and investment policy.

- **Interest Rate risk** - interest rate risk is the risk that the market value of bonds held by the Fund could fall as a result of higher market rates (yields). Yields can change as a result of, among other things, the economic and inflation outlook which also affects supply and demand as well as future interest rate expectations, without necessarily a change in official central bank short term interest rates. Higher yields result in a decline in the value of bonds. Conversely, lower yields tend to increase the value of bonds. Duration (a measure based on the coupon and maturity payments schedule of a bond) is an important concept in understanding how the price of that bond might change for a 1% move in its redemption yield. A bond with a longer duration is more sensitive to a change in yields and, generally speaking, will experience more volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

- **Prepayment and extension risk** - prepayment risk is the risk associated with the early unscheduled return of capital (i.e., repayment of the debt) by the issuer on a bond. Prepayment generally occurs in a declining interest rate environment. When capital is returned early, no future interest payments will be paid on that part of the capital. If the bond was purchased at a premium (i.e., at a price greater than the value of the capital), the return on the bond will be less than what was estimated at the time of purchase.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the year ended 30 June 2023

The opposite of prepayment risk is extension risk which is the risk of a bond's expected maturity lengthening in duration due to a slowdown in prepayments of capital. Extension risk is mainly the result of rising interest rates. If the bond was purchased in anticipation of an early repayment of capital, an extension of the maturity could impact the price of the bond.

The portfolio tends to hold a mixture of callable and non-callable positions.

- **Stock lending risk** - the Fund may participate in a stock lending programme managed by an affiliate of the ACD (acting as stock lending agent) for the purpose of lending a Fund's securities via entering into a stock lending authorisation agreement. If a Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending a Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

#### **Other risks which could have an impact in extreme market conditions include:**

- **Liquidity risk** - under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, smaller company shares may trade infrequently and in small volumes and corporate and emerging market bonds may be affected by the demand in the market for such securities carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The Manager may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the year ended 30 June 2023

- **Counterparty risk** - at any one time, the Fund may be exposed to the creditworthiness and stability of the counterparties to transactions entered into by the Fund (including derivative and stock lending and repo/reverse repo transactions). The Fund will be subject to the risk of the inability of its counterparties to perform its obligations under such transactions (default), whether due to insolvency, bankruptcy or other causes. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value, to that invested, in full. The Fund may receive assets or cash from the counterparty (collateral) to protect against any such adverse effect. Where relevant, a counterparty will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund under a transaction or to purchase replacement securities that were lent to the counterparty under a stock lending arrangement. In relation to stock lending arrangements, there is also the risk that while cash is recovered in the event of a default, the actual stock cannot be repurchased. Furthermore, to the extent that collateral is not present to cover part or all of the debt, a counterparty default may result in losses for the affected Fund. To assist in managing these types of risks, the ACD sets criteria around the types of eligible collateral the Fund may accept. Please see the paragraph entitled "Treatment of Collateral" in the "Investment and borrowing powers applicable to the Funds" section in Appendix II of the Prospectus for more information.

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.

- **Currency risk** - assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The ACD aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing a Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the year ended 30 June 2023

entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

Internal investment guidelines are set, if necessary, to ensure currency risk is maintained within a range deemed suitable based on the individual fund's investment objectives and investment policy.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

#### Investment Review

The High Yield market posted a positive return in the twelve months ending on June 30, 2023, as the ICE B of A Merrill Lynch U.S. High Yield Index generated a total return of +8.87% for the period. Over the last 12 months, high yield bonds provided a strong return in the face of inflationary risks, the regional banking crisis, and a potential recession. The US economy has thus far avoided a downturn due to upside surprises in earnings, an increase in capital markets activity, and healthy balance sheets being able to absorb higher rates. Flows into the high yield market were negative for the period, with roughly -\$13.2 billion of outflows. The second half of 2022 saw an outflow of -\$2.0 billion while the first half of 2023 saw an outflow of -\$11.2 billion. There was roughly \$131.1 billion of primary market activity over the last twelve months, with roughly \$95.6 billion coming in 1H2023. There was \$22.6 billion of high yield default volume during the period, and the par weighted high yield default rate as of June 30, 2023 was 1.64%, up from 0.76% at the beginning of the period.

During the twelve months ending on June 30, 2023, U.S. High Yield outperformed US Corporates (+1.41%) and US Treasuries (-2.47%), but underperformed US Equities (S&P 500 +19.56%). Within U.S. High Yield, CCC-and-lower rated credits (+10.85%) outperformed single-B rated credits (+9.65%) and double-B rated credits (+7.73%). From a sector perspective, all 18 sectors posted positive total returns over the period. Leisure (+15.02%), Capital Goods (+12.48%) and Basic Industry (+12.32%) were the best performing sectors. On a relative basis, Banking (+0.06%), Media (+1.92%), and Telecommunications (+3.51%) were the worst performing sectors. During the period, the High Yield Index's Option Adjusted Spread tightened from 587 basis points to 405 basis points. The yield-to-worst of the High Yield Index decreased from 8.94% at the beginning of the period to 8.56% at the end of the period. The High Yield Index's average price was \$88.71 on June 30, 2023, up from the \$85.58 average price at the start of the period.

AXA IM's U.S. Short Duration High Yield Fund generated a very strong return during the volatile year ending Jun 30, 2023, capturing over 80% of the market's +8.87% return (gross and net of fees, USD). From a GBP perspective, the AXA US Short Duration High Yield Fund gained +4.98% net of fees (Z GBP share class) during the period. While performance was solid, it was somewhat limited by security selection within the leisure sector (lack of ownership of cruise lines) and cash drag. During the fiscal year ending June 30, 2023, the yield-to-worst of the Fund (exclusive of cash) tightened by 70 bps to 7.41%, while the market yield tightened by 38 bps to 8.56%. The Option Adjusted Spread of the Fund tightened by 258 bps to 240 bps. The overall Fund duration (using a calculation of modified duration-to-worst) decreased from 3.1 to 2.3, while the market duration decreased from 4.6 to 3.9.

## AXA US Short Duration High Yield Fund

### Investment Manager's Report

For the year ended 30 June 2023

Position count increased slightly during the fiscal year and the Fund remains well diversified. We believe that diversification of portfolio holdings is important for the Fund and helps to manage credit risk. Our top holding as of June 30, 2023, a 1.3% position, was IRB Holding Corp. At fiscal year-end, approximately 41% of the portfolio was invested in securities in excess of three years, but which we expect to be redeemed early. Market technicals were fairly mixed during the year as flows were negative, while primary market issuance was more active but still moderate. While inflationary pressures have improved and the Fed is nearing (or at) the end of its rate hiking cycle, the full impact of this higher interest rate regime has yet to be determined. That being said, the overall economy has been resilient, raising hopes for a soft landing. Even if the US does enter a mild recession, we believe the high yield market is well positioned with healthy corporate credit metrics and a relatively benign default rate outlook. We expect interest rates and inflation expectations to continue to drive near-term market movements, however even after solid performance over the last year, valuations are attractive and represent a buying opportunity. With markets focused on the trajectory of interest rates and the potential for a US recession, we believe the Short Duration Fund remains well positioned in this market environment.

*All performance data source: AXA Investment Managers and Morningstar.*

*Past performance is not a guide for future performance.*

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
● Avient 5.75% 15/05/25	8,983	● OPENLANE 5.125% 01/06/25	14,288
● XPO 6.25% 01/06/28	8,853	● Change Healthcare 5.75% 01/03/25	13,703
● OPENLANE 5.125% 01/06/25	8,208	● Mauser Packaging Solutions 5.5% 15/04/24	10,436
● WESCO Distribution 7.125% 15/06/25	7,581	● Tenet Healthcare 4.625% 01/09/24	9,774
● US Treasury Bills 0% 13/10/22	7,379	● Level 3 Financing 5.25% 15/03/26	9,286

**Peter Vecchio**

AXA Investment Managers

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>CORPORATE BONDS 95.33% (30/06/22: 98.81%)</b>			
<b>Canada 2.16% (30/06/22: 5.11%)</b>			
Garda World Security 4.625% 15/02/27	5,610,000	4,051	0.47
Garda World Security 9.5% 01/11/27	2,266,000	1,730	0.20
GFL Environmental 3.75% 01/08/25	5,591,000	4,197	0.48
GFL Environmental 4.25% 01/06/25	4,272,000	3,245	0.37
GFL Environmental 5.125% 15/12/26	1,655,000	1,261	0.15
New Red Finance 5.75% 15/04/25	679,000	536	0.06
NOVA Chemicals 4.875% 01/06/24	2,845,000	2,196	0.25
NOVA Chemicals 5% 01/05/25	750,000	563	0.06
Open Text 6.9% 01/12/27	1,343,000	1,079	0.12
<b>Cayman Islands 1.58% (30/06/22: 0.21%)</b>			
GGAM Finance 7.75% 15/05/26	8,710,000	6,888	0.79
GGAM Finance 8% 15/06/28	4,355,000	3,402	0.39
Sable International Finance 5.75% 07/09/27	2,110,000	1,560	0.18
Seagate HDD Cayman 4.75% 01/01/25	2,420,000	1,876	0.22
<b>France 0.35% (30/06/22: 0.45%)</b>			
Altice France 8.125% 01/02/27	4,565,000	3,077	0.35
<b>Ireland 1.95% (30/06/22: 1.93%)</b>			
Ardagh Packaging Finance 4.125% 15/08/26	11,590,000	8,496	0.98
Ardagh Packaging Finance 5.25% 30/04/25	11,017,000	8,492	0.97
<b>Luxembourg 1.12% (30/06/22: 2.26%)</b>			
Altice France 10.5% 15/05/27	5,375,000	2,562	0.29
Camelot Finance 4.5% 01/11/26	6,205,000	4,609	0.53
Dana Financing Luxembourg 5.75% 15/04/25	3,404,000	2,650	0.30
<b>Netherlands 1.79% (30/06/22: 2.10%)</b>			
Trivium Packaging Finance 5.5% 15/08/26	10,010,000	7,599	0.87
Trivium Packaging Finance 8.5% 15/08/27	2,290,000	1,744	0.20
Ziggo 6% 15/01/27	8,675,000	6,282	0.72
<b>Poland 0.00% (30/06/22: 0.19%)</b>			
<b>United Kingdom 1.96% (30/06/22: 1.44%)</b>			
eG Global Finance 8.5% 30/10/25	4,004,000	3,075	0.35
INEOS Quattro Finance 2 3.375% 15/01/26	7,605,000	5,472	0.63
International Game Technology 4.125% 15/04/26	5,744,000	4,307	0.49
International Game Technology 6.5% 15/02/25	2,123,000	1,682	0.19
Rolls-Royce 3.625% 14/10/25	3,538,000	2,629	0.30

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
<b>United States 84.42% (30/06/22: 85.12%)</b>			
Academy 6% 15/11/27	5,215,000	3,960	0.45
ACI Worldwide 5.75% 15/08/26	10,137,000	7,815	0.90
AECOM 5.125% 15/03/27	2,980,000	2,273	0.26
Aethon United 8.25% 15/02/26	3,825,000	2,956	0.34
Albertsons 3.25% 15/03/26	6,750,000	4,941	0.57
Albertsons Cos 6.5% 15/02/28	5,270,000	4,151	0.48
Allied Universal 6.625% 15/07/26	6,380,000	4,775	0.55
Allied Universal 9.75% 15/07/27	5,430,000	3,780	0.43
Amkor Technology 6.625% 15/09/27	6,725,000	5,318	0.61
Aramark Services 5% 01/04/25	10,040,000	7,749	0.89
Aramark Services 6.375% 01/05/25	13,857,000	10,961	1.26
Ardagh Metal Packaging Finance USA 6% 15/06/27	1,339,000	1,038	0.12
Avient 5.75% 15/05/25	9,983,000	7,773	0.89
B&G Foods 5.25% 01/04/25	13,194,000	9,980	1.15
Beacon Roofing Supply 4.5% 15/11/26	7,570,000	5,675	0.65
Berry Global 4.5% 15/02/26	6,159,000	4,638	0.53
Berry Global 4.875% 15/07/26	405,000	308	0.04
Berry Global 5.625% 15/07/27	1,435,000	1,110	0.13
Blackstone Mortgage Trust 3.75% 15/01/27	3,830,000	2,537	0.29
Block 2.75% 01/06/26	1,668,000	1,198	0.14
Blue Racer Midstream 7.625% 15/12/25	6,845,000	5,471	0.63
Bread Financial 4.75% 15/12/24	4,775,000	3,671	0.42
Bread Financial 7% 15/01/26	7,065,000	5,272	0.61
Brink's 4.625% 15/10/27	1,130,000	829	0.10
Brink's 5.5% 15/07/25	13,085,000	10,217	1.17
Caesars Entertainment 6.25% 01/07/25	10,675,000	8,410	0.97
Caesars Entertainment 8.125% 01/07/27	3,330,000	2,687	0.31
Caesars Resort Collection 5.75% 01/07/25	6,655,000	5,327	0.61
Catalent Pharma Solutions 5% 15/07/27	8,386,000	6,079	0.70
CCO 5.125% 01/05/27	5,325,000	3,911	0.45
CCO 5.5% 01/05/26	8,605,000	6,635	0.76
CD&R Smokey Buyer 6.75% 15/07/25	10,377,000	7,590	0.87
CDW 4.125% 01/05/25	1,383,000	1,053	0.12
Churchill Downs 5.5% 01/04/27	7,840,000	5,954	0.68
Clarios Global 6.75% 15/05/28	3,463,000	2,727	0.31
Cogent Communications 3.5% 01/05/26	11,307,000	8,271	0.95
CommScope 6% 01/03/26	11,815,000	8,707	1.00
CommScope Technologies 6% 15/06/25	11,684,000	8,588	0.99
Crestwood Midstream Partners 5.75% 01/04/25	12,310,000	9,563	1.10
Crown Americas 4.75% 01/02/26	1,010,000	772	0.09
CrownRock 5.625% 15/10/25	10,611,000	8,251	0.95
CSC 5.5% 15/04/27	10,535,000	6,921	0.79
Darling Ingredients 5.25% 15/04/27	795,000	608	0.07
Dave & Buster's 7.625% 01/11/25	7,295,000	5,843	0.67



## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
DCP Midstream Operating 5.375% 15/07/25	870,000	682	0.08
Delek Logistics Partners 6.75% 15/05/25	2,745,000	2,121	0.24
Dell International 5.85% 15/07/25	1,362,000	1,080	0.12
Energizer Holdings 6.5% 31/12/27	2,642,000	1,996	0.23
Ford Motor Credit 2.3% 10/02/25	8,775,000	6,458	0.74
Ford Motor Credit 4.95% 28/05/27	2,280,000	1,693	0.19
Ford Motor Credit 5.584% 18/03/24	3,350,000	2,632	0.30
Ford Motor Credit 6.95% 06/03/26	2,887,000	2,289	0.26
Ford Motor Credit 6.95% 10/06/26	4,031,000	3,197	0.37
Gen Digital 5% 15/04/25	9,775,000	7,558	0.87
Gen Digital 6.75% 30/09/27	7,955,000	6,262	0.72
General Motors Financial 3.8% 07/04/25	1,187,000	905	0.10
Getty Images 9.75% 01/03/27	5,437,000	4,246	0.49
Gray Television 5.875% 15/07/26	13,035,000	9,088	1.04
Gray Television 7% 15/05/27	10,480,000	6,946	0.80
Greystar Real Estate Partners 5.75% 01/12/25	12,113,000	9,332	1.07
Hanesbrands 4.875% 15/05/26	8,625,000	6,329	0.73
HCA 5.375% 01/02/25	815,000	638	0.07
Herbalife Nutrition 7.875% 01/09/25	11,355,000	8,195	0.94
Hillenbrand 5.75% 15/06/25	1,221,000	948	0.11
Hilton Domestic Operating 5.375% 01/05/25	864,000	674	0.08
HUB International 7% 01/05/26	8,385,000	6,601	0.76
Icahn Enterprises 4.75% 15/09/24	6,878,000	5,186	0.60
Icahn Enterprises 6.25% 15/05/26	9,070,000	6,520	0.75
Icahn Enterprises 6.375% 15/12/25	10,398,000	7,608	0.87
IQVIA 5% 15/05/27	7,185,000	5,455	0.63
IQVIA 5% 15/10/26	4,995,000	3,805	0.44
IQVIA 5.7% 15/05/28	1,541,000	1,205	0.14
IRB 7% 15/06/25	13,902,000	10,992	1.26
JELD-WEN 4.625% 15/12/25	9,504,000	7,289	0.84
JELD-WEN 6.25% 15/05/25	835,000	667	0.08
LABL 6.75% 15/07/26	13,315,000	10,323	1.19
Level 3 Financing 4.625% 15/09/27	3,805,000	2,093	0.24
Live Nation Entertainment 4.875% 01/11/24	3,591,000	2,793	0.32
Live Nation Entertainment 6.5% 15/05/27	3,579,000	2,844	0.33
Lumen Technologies 5.125% 15/12/26	2,844,000	1,559	0.18
Lumen Technologies 5.625% 01/04/25	3,940,000	2,679	0.31
Magnum Management 5.5% 01/05/25	1,050,000	823	0.09
Mattel 3.375% 01/04/26	4,590,000	3,335	0.38
Matthews International 5.25% 01/12/25	14,308,000	10,847	1.25
Mauser Packaging Solutions 7.875% 15/08/26	7,553,000	5,918	0.68
MPT Operating Partnership 5% 15/10/27	1,620,000	1,070	0.12
MPT Operating Partnership 5.25% 01/08/26	8,570,000	6,001	0.69
NCR 5.75% 01/09/27	220,000	173	0.02
Newell Brands 4.45% 01/04/26	5,060,000	3,744	0.43



## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Newell Brands 4.875% 01/06/25	2,295,000	1,741	0.20
Newell Brands 6.375% 15/09/27	2,302,000	1,739	0.20
Nexstar Broadcasting 5.625% 15/07/27	7,515,000	5,526	0.63
Novelis 3.25% 15/11/26	9,473,000	6,769	0.78
NuStar Logistics 5.75% 01/10/25	9,570,000	7,353	0.84
Olin 5.125% 15/09/27	2,340,000	1,761	0.20
OPENLANE 5.125% 01/06/25	2,980,000	2,309	0.27
Oracle 5.8% 10/11/25	874,000	698	0.08
Outfront Media Capital 5% 15/08/27	3,110,000	2,212	0.25
Outfront Media Capital 6.25% 15/06/25	8,069,000	6,349	0.73
Owens-Brockway Glass Container 6.375% 15/08/25	7,980,000	6,326	0.73
Owens-Brockway Glass Container 6.625% 13/05/27	5,509,000	4,311	0.49
Park Intermediate 7.5% 01/06/25	6,785,000	5,378	0.62
Penske Automotive 3.5% 01/09/25	2,763,000	2,081	0.24
Performance Food 5.5% 15/10/27	4,025,000	3,067	0.35
Performance Food 6.875% 01/05/25	5,067,000	4,004	0.46
Picasso Finance 6.125% 15/06/25	13,381,000	10,500	1.21
Post 5.75% 01/03/27	5,692,000	4,392	0.50
PRA Health Sciences 2.875% 15/07/26	2,814,000	2,014	0.23
Prime Security Services Borrower 5.25% 15/04/24	5,349,000	4,193	0.48
Prime Security Services Borrower 5.75% 15/04/26	9,885,000	7,658	0.88
PTC 3.625% 15/02/25	4,627,000	3,533	0.41
Raptor Acquisition 4.875% 01/11/26	7,889,000	5,890	0.68
Regal Rexnord 6.05% 15/02/26	2,673,000	2,114	0.24
Ritchie Bros 6.75% 15/03/28	1,629,000	1,300	0.15
RLJ Lodging Trust 3.75% 01/07/26	11,695,000	8,472	0.97
Rocket Mortgage 2.875% 15/10/26	7,530,000	5,239	0.60
SBA Communications 3.875% 15/02/27	1,535,000	1,112	0.13
Sealed Air 4% 01/12/27	2,260,000	1,618	0.19
Sealed Air Corp/Sealed Air Corp US 6.125% 01/02/28	2,313,000	1,815	0.21
Shift4 Payments 4.625% 01/11/26	8,595,000	6,373	0.73
Sirius XM Radio 3.125% 01/09/26	8,835,000	6,251	0.72
Sirius XM Radio 5% 01/08/27	11,615,000	8,442	0.97
Six Flags Entertainment 4.875% 31/07/24	7,995,000	6,303	0.72
Six Flags Theme Parks 7% 01/07/25	920,000	734	0.08
Solaris Midstream 7.625% 01/04/26	2,045,000	1,569	0.18
Specialty Building Products 6.375% 30/09/26	9,325,000	6,951	0.80
Spectrum Brands 5.75% 15/07/25	10,468,000	8,277	0.95
Sprint 7.125% 15/06/24	3,660,000	2,921	0.34
Sprint 7.875% 15/09/23	4,261,000	3,379	0.39
SS&C Technologies 5.5% 30/09/27	9,001,000	6,806	0.78
Standard Industries 5% 15/02/27	11,710,000	8,778	1.01
Starwood Property Trust 3.625% 15/07/26	2,945,000	2,004	0.23
Starwood Property Trust 3.75% 31/12/24	9,325,000	6,876	0.79
Starwood Property Trust 4.375% 15/01/27	3,580,000	2,413	0.28

## AXA US Short Duration High Yield Fund

### Portfolio Statement

As at 30 June 2023

	Holding	Market Value £'000	% of Total Net Assets
Starwood Property Trust 5.5% 01/11/23	3,231,000	2,536	0.29
Stericycle 5.375% 15/07/24	11,628,000	9,062	1.04
Sunoco 6% 15/04/27	2,445,000	1,905	0.22
Surgery Center 10% 15/04/27	2,208,000	1,785	0.20
Surgery Center 6.75% 01/07/25	2,242,000	1,765	0.20
Targa Resources Partners 6.5% 15/07/27	3,120,000	2,461	0.28
TEGNA 4.75% 15/03/26	5,855,000	4,432	0.51
Tenet Healthcare 4.875% 01/01/26	5,500,000	4,227	0.49
Tenet Healthcare 6.25% 01/02/27	5,880,000	4,601	0.53
T-Mobile USA 2.25% 15/02/26	1,109,000	806	0.09
T-Mobile USA 2.625% 15/04/26	690,000	506	0.06
Unisys 6.875% 01/11/27	7,864,000	4,427	0.51
Univar Solutions USA 5.125% 01/12/27	1,240,000	1,001	0.11
Univision Communications 5.125% 15/02/25	8,457,000	6,531	0.75
US Foods 6.25% 15/04/25	11,845,000	9,358	1.07
Vail Resorts 6.25% 15/05/25	1,673,000	1,324	0.15
Verscend Escrow 9.75% 15/08/26	12,988,000	10,310	1.18
VICI Properties 3.5% 15/02/25	6,969,000	5,260	0.60
VICI Properties 4.625% 15/06/25	2,573,000	1,967	0.23
VICI Properties 5.625% 01/05/24	6,705,000	5,266	0.60
Watco Finance 6.5% 15/06/27	11,159,000	8,344	0.96
WESCO Distribution 7.125% 15/06/25	11,286,000	9,012	1.03
XHR 6.375% 15/08/25	12,470,000	9,662	1.11
XPO 6.25% 01/06/28	11,020,000	8,553	0.98
Zayo 4% 01/03/27	2,558,000	1,426	0.16
<b>TOTAL CORPORATE BONDS</b>		<b>830,430</b>	<b>95.33</b>
<b>FORWARD CURRENCY CONTRACTS 0.38% (30/06/22: (2.99%))</b>			
Sold USD12,714,170 for GBP10,000,000 Settlement 17/07/2023		(52)	(0.01)
Sold USD1,078,087,312 for GBP855,738,270 Settlement 17/07/2023		3,359	0.39
<b>TOTAL FORWARD CURRENCY CONTRACTS</b>		<b>3,307</b>	<b>0.38</b>
Portfolio of investments		833,737	95.71
Net other assets		37,329	4.29
<b>Total net assets</b>		<b>871,066</b>	<b>100.00</b>

*All bonds are denominated in US dollars (unless otherwise indicated).*

At 30 June 2023, there were no investments in the Fund which were valued using a quote from a single broker (30/06/22 : £nil).

## AXA US Short Duration High Yield Fund

### Comparative Tables

As at 30 June 2023

	Z Gross Accumulation			Z Gross Income		
	30/06/2023 (p)	30/06/2022 (p)	30/06/2021 (p)	30/06/2023 (p)	30/06/2022 (p)	30/06/2021 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	138.07	148.14	138.93	80.60	90.32	87.92
Return before operating charges ^	8.23	(8.96)	10.31	4.75	(5.33)	6.49
Operating charges ^	(1.08)	(1.11)	1.10	(0.62)	(0.67)	(0.69)
Return after operating charges ^	7.15	10.07	9.21	4.13	(6.00)	5.80
Distributions	(6.17)	(6.16)	(5.42)	(3.57)	(3.72)	(3.40)
Retained distributions on accumulation shares	6.17	6.16	5.42	-	-	-
Closing net asset value per share †	145.22	138.07	148.14	81.16	80.60	90.32
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	5.18%	-6.80%	6.63%	5.12%	-6.64%	6.60%
<b>Other information</b>						
Closing net asset value (£) †	76,593,823	79,721,732	81,570,599	34,674,196	31,211,668	33,905,639
Closing number of shares	52,741,770	57,741,148	55,063,926	42,723,123	38,721,880	37,538,966
Operating charges ^	0.75%	0.75%	0.76%	0.75%	0.75%	0.76%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	145.90	150.00	148.40	84.79	91.49	92.20
Lowest share price #	137.00	138.50	139.30	79.96	82.77	88.18

## AXA US Short Duration High Yield Fund

### Comparative Tables

As at 30 June 2023

	ZI Gross Accumulation			ZI Gross Income		
	30/06/2023	30/06/2022	30/06/2021	30/06/2023	30/06/2022	30/06/2021
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per share</b>						
Opening net asset value per share †	143.01	152.98	143.05	80.39	90.09	87.69
Return before operating charges ^	8.54	(9.28)	10.62	4.73	(5.32)	6.49
Operating charges ^	(0.67)	(0.69)	(0.69)	(0.37)	(0.40)	(0.42)
Return after operating charges ^	7.87	(9.97)	9.93	4.36	(5.72)	6.07
Distributions	(6.85)	(6.83)	(6.04)	(3.81)	(3.98)	(3.67)
Retained distributions on accumulation shares	6.85	6.83	6.04	-	-	-
Closing net asset value per share †	150.88	143.01	152.98	80.94	80.39	90.09
*^ after direct transaction costs of:	-	-	-	-	-	-
<b>Performance</b>						
Return after operating charges	5.50%	-6.52%	6.94%	5.42%	-6.35%	6.92%
<b>Other information</b>						
Closing net asset value (£) †	432,118,994	399,083,235	426,546,019	327,679,357	245,393,997	250,255,155
Closing number of shares	286,404,722	279,055,688	278,818,729	404,833,451	305,254,412	277,776,460
Operating charges ^	0.45%	0.45%	0.46%	0.45%	0.45%	0.46%
Direct transaction costs *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>						
Highest share price #	151.50	155.20	153.30	84.59	91.39	92.10
Lowest share price #	142.00	143.40	143.50	79.81	82.69	87.96

† Valued at bid-market prices.

# High and low price disclosures are based on quoted share prices (Mid Market Price). Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return.

\* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

The figures used within the table have been calculated against the average net asset value for the accounting year.

## AXA US Short Duration High Yield Fund

### Statement of Total Return

For the year ended 30 June 2023

		30/06/23		30/06/22	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		1,484		(90,100)
Revenue	3	42,583		40,325	
Expenses	4	(4,118)		(4,077)	
Interest payable and similar charges		<u>(155)</u>		<u>-</u>	
Net revenue before taxation		38,310		36,248	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>38,310</u>		<u>36,248</u>
Total return before distributions			39,794		(53,852)
Distributions	6		(38,310)		(36,248)
Change in net assets attributable to Shareholders from investment activities			<u>1,484</u>		<u>(90,100)</u>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 June 2023

		30/06/23		30/06/22	
		£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders			755,411		792,277
Amounts receivable on issue of shares		362,126		198,724	
Amounts payable on cancellation of shares		<u>(269,680)</u>		<u>(168,309)</u>	
			92,446		30,415
Change in net assets attributable to Shareholders from investment activities (see above)			1,484		(90,100)
Retained distributions on accumulation shares			21,717		22,819
Unclaimed distributions			8		-
Closing net assets attributable to Shareholders			<u>871,066</u>		<u>755,411</u>

## AXA US Short Duration High Yield Fund

### Balance Sheet

As at 30 June

	Note	30/06/23 £'000	30/06/22 £'000
<b>Assets:</b>			
Fixed assets:			
Investments		833,789	746,802
Current assets:			
Debtors	7	15,513	19,578
Cash and bank balances	8	36,110	25,716
Total assets		<u>885,412</u>	<u>792,096</u>
<b>Liabilities:</b>			
Investment liabilities			
		(52)	(22,948)
Creditors:			
Distribution payable		(8,469)	(7,060)
Other creditors	9	(5,825)	(6,677)
Total liabilities		<u>(14,346)</u>	<u>(36,685)</u>
Net assets attributable to Shareholders		<u>871,066</u>	<u>755,411</u>

## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 300 - 304.

#### 2. Net capital gains/(losses)

	30/06/23 £'000	30/06/22 £'000
The net capital gains/(losses) comprise:		
Non-derivative securities	(12,552)	17,549
Currency (losses)/gains	(34,138)	5,239
Forward currency contracts	48,176	(112,886)
Transaction charges	(2)	(2)
<b>Net capital gains/(losses)</b>	<b>1,484</b>	<b>(90,100)</b>

#### 3. Revenue

	30/06/23 £'000	30/06/22 £'000
Bank interest	599	6
Interest on debt securities	41,984	40,319
<b>Total revenue</b>	<b>42,583</b>	<b>40,325</b>

#### 4. Expenses

	30/06/23 £'000	30/06/22 £'000
<b>Payable to the ACD, associates of the ACD, and agents of either of them</b>		
Annual management charge	4,082	4,049
Registration fees	4	4
<b>Other expenses</b>		
Audit fees	9	5
Depository's fees	19	18
Regulatory fees	(1)	-
Printing fees	-	(3)
Safe custody fees	5	4
	32	24
<b>Total expenses</b>	<b>4,118</b>	<b>4,077</b>

Expenses include irrecoverable VAT where applicable.

## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 5. Taxation

##### (a) Analysis of the tax charge in the year

There is no corporation tax charge in the current year or prior year.

##### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation. The differences are explained below:

	30/06/23 £'000	30/06/22 £'000
Net revenue before taxation	38,310	36,248
Net revenue for the year multiplied by the standard rate of corporation tax	7,662	7,250
<b>Effects of:</b>		
Tax deductible interest distributions	(7,662)	(7,250)
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

##### (c) Deferred taxation:

There is no provision required for deferred taxation at the balance sheet date in the current year or prior year.

#### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	30/06/23 £'000	30/06/22 £'000
Interim	18,417	17,748
Final	20,034	18,927
Add: Revenue paid on cancellation of shares	3,575	1,793
Deduct: Revenue received on creation of shares	(3,716)	(2,220)
<b>Net distribution for the year</b>	<b>38,310</b>	<b>36,248</b>

#### 7. Debtors

	30/06/23 £'000	30/06/22 £'000
Amounts receivable for creation of shares	2,935	7,520
Accrued revenue	12,578	12,058
<b>Total debtors</b>	<b>15,513</b>	<b>19,578</b>



## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 8. Cash and bank balances

	30/06/23	30/06/22
	£'000	£'000
Cash and bank balances	36,110	25,716
<b>Total cash and bank balances</b>	<b>36,110</b>	<b>25,716</b>

#### 9. Other creditors

	30/06/23	30/06/22
	£'000	£'000
Amounts payable for cancellation of shares	4,738	5,983
Purchases awaiting settlement	701	-
Accrued annual management charge	353	663
Accrued other expenses	33	31
<b>Total other creditors</b>	<b>5,825</b>	<b>6,677</b>

#### 10. Related party transactions

The ACD is related to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Annual management charge paid to the ACD and Registration fees are disclosed in Note 4 and amounts due at the year end are disclosed in Note 9.

Monies received and paid by the ACD through the creation and cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the year end are disclosed in Notes 7 and 9.

The ACD and its associates (including other authorised investment Funds managed by the ACD) have no shareholdings in the Company at the year end.

As at 30 June 2023 material shareholders have holdings totalling 27.28% (30/06/2022: there were no shareholders with holdings over 25%) of the Fund's shares. Other than disclosed elsewhere in the financial statements, there were no material transactions between the Fund and related parties during the year.

#### 11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's annual management charges applicable to each class, is shown below:

	Annual Management Charge rate (%)	30/06/22	Issued	Cancelled	Converted	30/06/23
Z Gross Accumulation	0.75	57,741,148	32,694,558	(26,205,024)	(11,488,912)	52,741,770
Z Gross Income	0.75	38,721,880	19,071,656	(14,479,165)	(591,248)	42,723,123
ZI Gross Accumulation	0.45	279,055,688	106,355,306	(110,086,024)	11,079,752	286,404,722
ZI Gross Income	0.45	305,254,412	157,629,929	(58,642,995)	592,105	404,833,451

#### 12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2022: nil).

## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 13. Derivatives and other financial instruments

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are outlined below.

##### Market price risk

The Fund invests principally in fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 30 June 2022).

##### Market price risk sensitivity

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £83,043,001 (2022: £74,640,262). A 10% decrease would have an equal and opposite effect.

##### Foreign currency risk

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Net foreign currency exposure	
	30/06/23 £'000	30/06/22 £'000
US dollar	(12,454)	(27,827)
<b>Total</b>	<b>(12,454)</b>	<b>(27,827)</b>

##### Foreign exchange risk sensitivity

As at balance sheet date there was no significant exposure to foreign currency therefore no foreign exchange rate sensitivity analysis is disclosed.

##### Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital, with the exception of index linked bonds which are protected against the effect of inflation.

## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Interest rate risk profile of financial assets and liabilities

The table below shows the interest rate risk profile at the balance sheet date:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>Currency Assets</b>				
<b>30/06/23</b>				
Pound sterling	15,861	-	867,659	883,520
US dollar	20,249	830,430	(863,133)	(12,454)
<b>Total</b>	<b>36,110</b>	<b>830,430</b>	<b>4,526</b>	<b>871,066</b>
<b>30/06/22</b>				
Pound sterling	25,716	-	757,522	783,238
US dollar	-	746,403	(774,230)	(27,827)
<b>Total</b>	<b>25,716</b>	<b>746,403</b>	<b>(16,708)</b>	<b>755,411</b>

#### Sensitivity analysis

Changes in interest rates or changes in expectations of future interest rates may result in a move in bond yields, causing an increase or decrease in the market value of the investments held. Based on the fund's current duration, a 1% increase in the yield would have the effect of decreasing the value of the fund by £17,189,901 (2022: £20,973,914), representing 1.97% of net assets (2022: 2.78%). A 1% decrease would have an equal and opposite effect.

#### Credit risk

The Fund runs a very low credit risk in respect of unsettled investment transactions as these are normally settled as cash against delivery.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each fund.

Transactions in securities may expose a fund to the risk that the counterparty will not settle the transaction or do so on a timely basis.

All transactions in the funds are conducted through counterparties approved by the ACD.

## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

A breakdown of the investment portfolio by credit rating is disclosed on the table below:

	30/06/23		30/06/22	
	Market Value	%	Market Value	%
	£'000		£'000	
<b>Credit Rating</b>				
Investment grade (BBB- credit rating and above)	42,102	4.82	25,138	3.33
Below investment grade (below BBB- credit rating)	771,108	88.53	707,477	93.65
Unrated	17,220	1.98	13,788	1.83
<b>Total value of bonds</b>	<b>830,430</b>	<b>95.33</b>	<b>746,403</b>	<b>98.81</b>

#### Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties. Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

#### Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties was as follows:

	30/06/23	30/06/22
	Exposure	Exposure
	£'000	£'000
<b>Forwards</b>		
Barclays Bank	-	277,782
BNP Paribas	10,053	-
Credit Suisse	-	223,490
JP Morgan	-	285,016
Merrill Lynch	852,379	-
<b>Total value of derivatives</b>	<b>862,432</b>	<b>786,288</b>

#### 14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 June 2023 (2022: Nil).

At the balance sheet date the average portfolio dealing spread was 0.23% (2022: 0.57%).

#### 15. Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

## AXA US Short Duration High Yield Fund

### Notes to the Financial Statements

For the year ended 30 June 2023

#### 16. Fair value disclosure

Valuation technique	30/06/23		30/06/22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 <sup>^</sup>	-	-	-	-
Level 2 <sup>^^</sup>	833,789	(52)	746,802	(22,948)
Level 3 <sup>^^^</sup>	-	-	-	-
	<b>833,789</b>	<b>(52)</b>	<b>746,802</b>	<b>(22,948)</b>

<sup>^</sup> Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

<sup>^^</sup> Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

<sup>^^^</sup> Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the Fund's investments has been determined using the hierarchy above.

## AXA US Short Duration High Yield Fund

### Distribution Table

As at 30 June 2023

#### Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2022

Group 2 Shares purchased on or after 1 July 2022 to 31 December 2022

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/23 (p)	Distribution paid 28/02/22 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	3.054	-	3.054	2.921
Group 2	1.439	1.615	3.054	2.921
<b>Share Class Z Gross Income</b>				
Group 1	1.783	-	1.783	1.781
Group 2	0.799	0.984	1.783	1.781
<b>Share Class ZI Gross Accumulation</b>				
Group 1	3.386	-	3.386	3.251
Group 2	1.958	1.428	3.386	3.251
<b>Share Class ZI Gross Income</b>				
Group 1	1.903	-	1.903	1.915
Group 2	0.956	0.947	1.903	1.915

#### Final Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2023

Group 2 Shares purchased on or after 1 January 2023 to 30 June 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/08/23 (p)	Distribution paid 31/08/22 (p)
<b>Share Class Z Gross Accumulation</b>				
Group 1	3.118	-	3.118	3.242
Group 2	2.207	0.911	3.118	3.242
<b>Share Class Z Gross Income</b>				
Group 1	1.784	-	1.784	1.939
Group 2	0.551	1.233	1.784	1.939
<b>Share Class ZI Gross Accumulation</b>				
Group 1	3.464	-	3.464	3.582
Group 2	1.699	1.765	3.464	3.582
<b>Share Class ZI Gross Income</b>				
Group 1	1.904	-	1.904	2.067
Group 2	0.882	1.022	1.904	2.067

## Accounting Policies

For the year ended 30 June 2023

### 1. Accounting Basis and Policies

#### (a) Basis of accounting

The Financial Statements of the Company comprise the Financial Statements of each of the sub-funds and have been prepared on a historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association ("IMA") in May 2014, and amended in June 2017. The Financial Statements are prepared in accordance with the Instrument of Incorporation and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

The ACD is confident that the Company as a whole will continue in operation for the foreseeable future. There are no material events that have been identified that may cast significant doubt about the sub-funds' (other than AXA Sterling Strategic Bond Fund and AXA Sterling Index Linked Bond Fund) ability to continue as a going concern for the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the sub-funds (other than AXA Sterling Strategic Bond Fund and AXA Sterling Index Linked Bond Fund) have adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

As a result, the Financial Statements of the Company and its sub-funds (other than AXA Sterling Strategic Bond Fund and AXA Sterling Index Linked Bond Fund) as a whole have been prepared on a going concern basis. The financial statements of the AXA Sterling Strategic Bond Fund and the AXA Sterling Index Linked Bond Fund have been prepared on a break-up basis. This is because the AXA Sterling Strategic Bond Fund closed on the 27th April 2023 and is no longer available for investment, whilst the ACD has submitted an application to the FCA to close the AXA Sterling Index Linked Bond Fund. Under this basis assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the sub-fund will be borne by the ACD.

#### (b) Recognition of revenue

Revenue on debt securities (including allowance for interest bought and sold) is accounted for on an accruals basis. Where it is considered that a bond has a likelihood of default appropriate provisions are made against any accrued revenue. Revenue from debt securities is accounted for on a basis which takes account of the amortisation of any discount or premium between the purchase price and the expected final maturity price over the remaining life of the security. Accrued interest on purchase and sale contracts is recognised as revenue and transferred to revenue or capital as appropriate.

Interest on bank and other cash deposits is recognised on an accruals basis.

Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

#### (c) Treatment of expenses

Expenses of the Funds are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Funds. Accrued interest on purchase and sale contracts is recognised as revenue and transferred to revenue or capital as appropriate.

#### (d) Allocation of revenue and expenses to multiple share classes and Funds

Any revenue or expenses not directly attributable to a particular share class or fund will normally be allocated pro-rata to the net assets of the relevant share classes and funds.

## Accounting Policies

For the year ended 30 June 2023

### (e) Taxation

Tax is provided for using tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

Corporation tax is provided for on the income liable to corporation tax less deductible expenses.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

### (f) Distribution policy

The net revenue after taxation, as disclosed in the Financial Statements, after adjustment for items of a capital nature, is distributable to shareholders as dividend distributions. Any revenue deficit is deducted from capital.

In addition, the portfolio transaction charges will be charged wholly to the capital of all Funds. Accordingly, the imposition of such charges may constrain the capital growth of every Fund.

Where the revenue from investments exceeds the expenses of a Fund, transfers are made to capital on behalf of all holders of Accumulation shares in all Funds. Tax vouchers will be issued to shareholders.

Funds which predominantly hold Index-Linked securities will disregard the amounts recognised in respect of indexation when determining the amount available for distribution.

### (g) Basis of valuation of investments

All investments are valued at their fair value price as at 4:30pm (UK time) on 30 June 2023, being the last business day of the accounting period (with the exception of Global High Income Fund, US Short Duration High Yield Fund, AXA Global Strategic Bond Fund, AXA ACT Green Short Duration Bond Fund & Global Short Duration Fund which value at midday (UK time)).

The value of derivative contracts is calculated with reference to the price/value of the underlying asset(s) and other relevant factors such as interest rates and volatility.

### (h) Exchange rates

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into Sterling at the closing mid market exchange rates ruling on that date.

### (i) Dilution adjustment

The ACD may require a dilution adjustment on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be charged in the following circumstances: where the scheme property is in continual decline; on a Fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution adjustment.



## Accounting Policies

For the year ended 30 June 2023

### (i) Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares.

After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for Capital Gains tax purposes.

### 2. Derivatives and other financial instruments

In pursuing the investment objectives a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Company's holdings of financial instruments are discussed below, the ACD's policy for managing these risks are shown in the individual Fund Investment Manager's Report.

### (a) Foreign currency risk

A significant portion of the Company's assets may be denominated in a currency other than the base currency of the Company or Class. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which shares of the relevant Fund are valued and priced. Foreign currency risk is analysed within the financial statements of each individual sub-fund.

### (b) Interest rate risk profile of financial assets and liabilities

The interest rate risk is the risk that the value of the Company's investments will fluctuate due to changes in the interest rate. Cashflows from floating rate securities, bank balances, or bank overdrafts will be affected by the changes in interest rates. These cashflows are considered to be of secondary importance and are not actively managed.

The Company did not have any long term financial liabilities at the balance sheet date.

Interest rate risk is analysed within the financial statements of each individual sub-fund.

### (c) Credit risk

All bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market.

Generally, a higher level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody's, Standard & Poor's and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody's), AAA (Standard & Poor's and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate "investment grade" bonds as Baa3 or above (Moody's) or BBB- or above (Standard & Poor's or Fitch Ratings).

## Accounting Policies

For the year ended 30 June 2023

### (d) Liquidity risk

Subject to the Regulations, the Company may invest up to and including 10% of the Scheme Property of the Company in transferable securities which are not approved securities (essentially transferable securities which are admitted to official listing in an EEA state or traded on or under the rules of an eligible securities market). Such securities and instruments are generally not publicly traded, may be unregistered for securities law purposes and may only be able to be resold in privately negotiated transactions with a limited number of purchasers. The difficulties and delays associated with such transactions could result in the Company's inability to realise a favourable price upon disposal of such securities, and at times might make disposition of such securities and instruments impossible. To the extent the Company invests in securities and instruments the terms of which are privately negotiated, the terms of such securities and instruments may contain restrictions regarding resale and transfer.

In addition, certain listed securities and instruments, particularly securities and instruments of smaller capitalised or less seasoned issuers, may from time to time lack an active secondary market and may be subject to more abrupt or erratic price movements than securities of larger, more established companies or stock market averages in general. In the absence of an active secondary market the Company's ability to purchase or sell such securities at a fair price may be impaired or delayed.

Under certain market conditions, it may be difficult to buy or sell investments for the Fund. For example, corporate and emerging market bonds may be affected by the demand in the market for such bonds carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The ACD may be forced to buy or sell such investments as a consequence of shareholders buying or selling shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

Analysis does not suggest that liquidity risk is currently a concern to any of the sub-funds and therefore no numerical analysis is presented. Regular monitoring is conducted to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements.

### (e) Market price risk

The Company invests principally in fixed income securities. The value of these instruments fluctuate which may be the result of a specific factor affecting the value or caused by general market factors which can affect the entire portfolio. The main risks affecting the value of the portfolio are the credit, interest rates and currency risk. The Investment Manager monitors and seeks to minimize these risks as a part of the overall investment process and in accordance with investment guidelines and to investment and borrowing powers set out in the Prospectus. For example, the Investment Manager will focus on credit analysis to create a portfolio that seeks diversification so that it improves resilience against default. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as prior year).

### (f) Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

## Accounting Policies

For the year ended 30 June 2023

**(g) Inflation risk**

Inflation Linked Bond Risk: unlike other bonds, an inflation protected security (such as index linked gilts) reduces the negative effect of inflation on its real value. The market value of such securities will be affected both by the market's perception of future movements in interest rates and the future rate of inflation. Therefore the market value of such securities (and the value of the Fund) may not move in line with inflation rates in the short to medium term.

**(h) Fair value of financial assets and financial liabilities**

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

**(i) Stock lending**

Any income arising from stock lending is treated as revenue on an accruals basis and is disclosed in the notes to the Financial Statements net of directly attributable fees. The value of the collateral must always exceed the value of the stock on loan. The accepted collateral includes cash, equities, certain types of bonds and money market instruments as agreed with the Depositary.

## Statement of the Authorised Corporate Director's ("ACD") Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook ("COLL") require the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of its net revenue/(expense) and the net capital gains/(losses) on the property of the Company for the period. In preparing the financial statements the ACD is required to:

- Select suitable accounting policies and then apply them consistently;
- Conform with the disclosure requirements of the Statement of Recommended Practice - Financial statements of UK Authorised Funds issued by the Investment Management Association ("IMA SORP 2014") in May 2014, and amended in June 2017;
- Follow generally accepted accounting principles and applicable accounting standards;
- Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the sub-funds will continue in operation. For reasons stated in the ACD's report and Note 1 (a), the financial statements have been prepared on a break-up basis for the AXA Sterling Strategic Bond Fund and the AXA Sterling Index Linked Bond Fund.

The ACD is responsible for the management of each portfolio in accordance with the Instrument of Incorporation, Prospectus and COLL.

The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the AXA Investment Managers UK Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors approval

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

*Marion Le Morhedec*

Marion Le Morhedec  
Director

*Jane Wadia*

Jane Wadia  
Director

24th October 2023

24th October 2023

## **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the AXA Fixed Interest Investment ICVC ("the Company") for the year ended 30th June 2023.**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and

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

HSBC Bank PLC

24th October 2023

## **Independent Auditor's Report to the members of AXA Fixed Interest Investment ICVC**

### **Opinion**

We have audited the financial statements of AXA Fixed Interest Investment ICVC ("the Company") comprising each of its sub-funds for the year ended 30 June 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 30 June 2023 and of the net revenue/expense and the net capital gains/losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – financial statements prepared on a break-up basis**

We draw attention to Note 1 (a) of the financial statement which explains that the financial statements of the AXA Sterling Strategic Bond Fund and the AXA Sterling Index Linked Bond Fund have been prepared on a break-up basis as the AXA Sterling Strategic Bond Fund closed on 27th April 2023 and is no longer available for investment, whilst the ACD has submitted an application to close the AXA Sterling Index Linked Bond Fund. Accordingly, the financial statements for these sub-funds only, have been prepared on a break-up basis as described in Note 1 (a). The financial statements for the Company as a whole remain prepared on a going concern basis. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubts on the remaining sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the remaining sub-funds' ability to continue as a going concern.

## **Independent Auditor's Report to the members of AXA Fixed Interest Investment ICVC**

### **Other Information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")**

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 FCA and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

### **Responsibilities of the ACD**

As explained more fully in the ACDs responsibilities statement set out on page 305, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

## **Independent Auditor's Report to the members of AXA Fixed Interest Investment ICVC**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## **Independent Auditor's Report to the members of AXA Fixed Interest Investment ICVC**

### **Use of our report**

This report is made solely to the Company's Shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Company's Shareholders 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 Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP  
Statutory Auditor  
Edinburgh  
24th October 2023

## Further Information (unaudited)

### Classes of Shares

The Company can issue different classes of shares in respect of any Fund. Holders of Income shares are entitled to be paid the revenue attributable to such shares, in respect of each annual or accounting period. Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

All investments are valued at their fair value price as at 4:30pm on 30 June 2023 being the last business day of the accounting period (with the exception of Global High Income Fund, US Short Duration High Yield Fund, AXA Global Short Duration Bond Fund, AXA ACT Green Short Duration Bond Fund & AXA Global Strategic Bond Fund which are valued at midday). The fair value for non-derivative securities is bid price. Other investments have been stated at the Manager's valuation and this has been indicated in the portfolio statements.

## Significant Information

### Remuneration policy of the ACD

The ACD has approved and adopted AXA IM's Global Remuneration Policy, in accordance with the Regulations, which is consistent with, and promotes, sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profiles of the Funds or the Instrument of Incorporation, and does not impair compliance of the ACD's duty to act in the best interests of each of the Funds.

AXA IM's Global Remuneration Policy, which has been approved by the AXA IM Remuneration Committee, sets out the principles relating to remuneration within all entities of AXA IM (including the ACD) and takes into account AXA IM's business strategy, objectives, and risk tolerance, as well as the long-term interests of AXA IM's shareholders, employees and clients (including the Funds). The AXA IM Remuneration Committee is responsible for determining and reviewing the AXA IM remuneration guidelines, including the AXA IM Global Remuneration Policy, as well as reviewing the annual remuneration of senior executives of the AXA IM Group and senior officers in control functions.

AXA IM provides both fixed and variable remuneration. An employee's fixed remuneration is structured to reward organizational responsibility, professional experience and the individual's capability to perform the duties of the role. Variable remuneration is based on performance and may be awarded annually on both a non-deferred and, for certain employees, a deferred basis. Non-deferred variable remuneration may be awarded in cash or, where appropriate and subject to local laws and regulation, in instruments linked to the performance of AXA IM Funds. Deferred remuneration is awarded through various instruments structured to reward medium and long-term value creation for clients and AXA IM and long-term value creation for the AXA Group. AXA IM ensures appropriate balances between fixed and variable remuneration and deferred and non-deferred remuneration.

Details of the up-to-date Global Remuneration Policy are published online at <https://www.axa-im.com/remuneration>. This includes the description of how remuneration and benefits are awarded for employees, and further information on the AXA IM remuneration committee. A paper copy of the up-to-date Global Remuneration Policy is also available from the ACD free of charge upon request.

## Further Information (unaudited)

Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2022 <sup>(1)</sup>	
Fixed Pay <sup>(2)</sup> (£'000)	220,567
Variable Pay <sup>(3)</sup> (£'000)	274,564
Number of employees <sup>(4)</sup>	2,675

<sup>(1)</sup> Excluding social charges

<sup>(2)</sup> Fixed Pay amount is based on 2021/22 compensation review final data

<sup>(3)</sup> Variable compensation, includes:

- the amounts awarded for the performance of the previous year and fully paid over the financial year under review ,
- deferred variable remuneration,
- and long-term incentives set up by the AXA Group.

<sup>(4)</sup> Number of employees includes Permanent and Temporary contracts excluding internships (based on Staff list as of 31/12/2022)

### Remuneration to Identified Employee:

Aggregate amount of compensation paid and / or allocated to risk takers and senior management whose activities have a significant impact on the risk profile of investment vehicles			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)	136,672	76,261	212,933
Number of employees	277	62	339

### UK Identified Employee Remuneration:

Weighted amount of compensation paid and / or allocated to UK based risk takers and senior management whose activities have a significant impact on the risk profile of all investment vehicles where AXA IM UK act as Authorised Fund Manager or Alternative Investment Fund Manager			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)	2,239	1,249	3,488
Number of employees	69	13	82

### Other Information

The Instrument of Incorporation, Prospectus and the most recent and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application. Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

### Report

The annual report of the Company will be published within four months of each annual accounting period and the report will be published within two months of each accounting period.

Interim accounts

period ended 31 December

Annual accounts

year ended 30 June

## Further Information (unaudited)

### Data Protection

The details you have provided will be held on computer by the Funds' Registrar but will not be used for any purpose except to fulfil its obligations to shareholders.

### Effects of Personal Taxation

Investors should be aware that unless their shares are held within an ISA, or switched between Funds in this OEIC, selling shares is treated as a disposal for the purpose of Capital Gains tax.

### Risk Warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them may fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency of a fund are subject to fluctuation in exchange rates, which may be favourable or unfavourable.

### Annual Management Charge and Ongoing Charges

#### AXA Global High Income Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
A Gross Accumulation	0.45	0.46
A Gross Income	0.45	0.47
H Gross Accumulation	Nil	0.02
R Gross Accumulation	1.25	1.27
R Gross Income	1.25	1.27
Z Gross Accumulation	0.50	0.52
Z Gross Income	0.50	0.52

#### AXA Global Short Duration Bond Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
S Gross Accumulation	0.20	0.19
S Gross Income	0.20	0.18
Z Gross Accumulation	0.40	0.44
Z Gross Income	0.40	0.44
ZI Gross Accumulation	0.25	0.29
ZI Gross Income	0.25	0.29

## Further Information (unaudited)

### AXA Global Strategic Bond Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
B Accumulation	0.40	0.42
B Income	0.40	0.42
R Accumulation	1.25	1.27
R Income	1.25	1.27
S Accumulation	0.10	0.13
S Income	0.10	0.13
Z Accumulation	0.50	0.52
Z Income	0.50	0.52
ZI Accumulation	0.35	0.37
ZI Income	0.35	0.37

### AXA Sterling Corporate Bond Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
B Gross Accumulation	0.40	0.44
B Gross Income	0.40	0.44
H Gross Accumulation	Nil	0.04
R Gross Accumulation	1.00	1.04
R Gross Income	1.00	1.04
Z Gross Accumulation	0.50	0.54
Z Gross Income	0.50	0.54

### AXA Sterling Credit Short Duration Bond Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
A Gross Accumulation	0.35	0.35
A Gross Income	0.35	0.35
H Gross Accumulation	Nil	0.01
R Gross Accumulation	0.85	0.85
R Gross Income	0.85	0.85
Z Gross Accumulation	0.40	0.40
Z Gross Income	0.40	0.40
ZI Gross Accumulation	0.25	0.25
ZI Gross Income	0.25	0.25

### AXA Sterling Index Linked Bond Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
A Gross Accumulation	0.25	0.27
H Gross Accumulation	Nil	0.02
R Gross Accumulation	0.75	0.77
Z Gross Accumulation	0.30	0.32

## Further Information (unaudited)

### AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
T Gross Accumulation	0.09	0.10
T Gross Income	0.09	0.10
Z Gross Accumulation	0.13	0.14
Z Gross Income	0.13	0.14

### AXA ACT Green Short Duration Bond Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
Z Accumulation	0.40	0.47
Z Income	0.40	0.46
ZI Accumulation	0.25	0.33
ZI Income	0.25	0.31

### AXA US Short Duration High Yield Fund

Class name	Annual Management Charge (%)	Ongoing Charges Figures (%)
Z Gross Accumulation	0.75	0.75
Z Gross Income	0.75	0.75
ZI Gross Accumulation	0.45	0.45
ZI Gross Income	0.45	0.45

#### Preliminary Charge

There is currently no initial charge on Class A Shares, Class B Shares, Class R Shares, Class S Shares, Z classes (only for US Short Duration High Yield Fund there is initial charge 5%) and Class ZI Shares (only for US Short Duration High Yield Fund there is initial charge 5%); for Class H Shares there is initial charge 5%.

#### Value Assessment

It is our duty as Authorised Corporate Director ("ACD") to act in the best interests of our investors. As part of fulfilling this duty, we need to consider whether the charges taken from our funds are justified in the context of the overall service and value that we provide to our investors.

The FCA have introduced new rules requiring the Boards of ACDs to consider robustly and in detail whether they are delivering value for money to their investors and to explain the assessment annually in a Value Statement made available to the public.

The Value Statement report is available on the AXA IM website: <https://retail.axa-im.co.uk/fund-centre>

#### The Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps required on all reports & accounts published after 13 January 2017.

## Further Information (unaudited)

### Securities Financing Transactions (SFTs)

For the year ended 30 June 2023

#### AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

##### 1. Global Data

Proportion of securities and commodities on loan	£'000	%
Total lendable assets excluding cash and cash equivalents:	137,816	
Securities and commodities on loan	735	0.53
Assets engaged in SFTs and total return swaps	£'000	%
Fund assets under management (AUM)	181,358	
Absolute value of assets engaged in:		
Securities lending	735	0.41

##### 2. Concentration Data

###### Top 10 Collateral Issuers

Name and value of collateral and commodities received	£'000
European Investment Bank	748

###### Top 10 Counterparties

Name and value of outstanding transactions	£'000
Securities lending	
Merrill Lynch	735

##### 3. Aggregate transaction data

###### Type, Quality and Currency of Collateral

Type	Quality	Currencies
Securities lending		
Bonds	Investment Grade	GBP

###### Maturity Tenor of Collateral (remaining period to maturity)

Type	Less than one day	One day to one week	One week to one month	One to three months	Three months to one year	Above one year	Open maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Securities lending	-	-	-	-	-	748	-	748
	-	-	-	-	-	748	-	748

## Further Information (unaudited)

### Securities Financing Transactions (SFTs)

For the year ended 30 June 2023

#### AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

##### Counterparty details

Type	Countries of counterparty establishment	Settlement and clearing
Securities lending	GB	Bilateral, Triparty

##### Maturity Tenor of SFTs and Total Return Swaps (remaining period to maturity)

Type	Less than one day	One day to one week	One week to one month	One to three months	Three months to one year	Above one year	Open transactions	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Securities lending	-	-	-	-	-	-	735	735
	-	-	-	-	-	-	735	735

#### 4. Re-use of Collateral

Re-use of collateral received	%
Maximum allowable cash collateral re-use	100.00

#### 5. Safekeeping of Collateral Received

Names and value of custodians safekeeping collateral	£'000
Euroclear	748

Number of custodians safekeeping collateral	1
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#### 6. Safekeeping of Collateral Granted

Proportion of collateral held in:	%
Segregated accounts	100.00

#### 7. Return and Cost

	Collective Investment £	Manager of Collective £	Third Parties £	Total £
<b>Securities lending</b>				
Gross return	306.39	0.00	102.13	408.51
% of total gross return	75.00%	0.00%	25.00%	100.00%
Cost	0.00	0.00	0.00	0.00