Annual Long Report and Audited Financial Statements
Year ended
31 March 2022

AXA Framlington UK Equity Income Fund

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

Contents Page

* These collectively comprise the Authorised Fund Manager's ("the Manager's") Report for the Trust.

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

Fund Objective & Investment Policy

The aim of AXA Framlington UK Equity Income Fund (“the Fund’) is to produce higher than average income with long-term growth of income and capital. The Manager also intends to achieve a yield of distributable income in excess of 100% of the FTSE All Share yield at the Fund's year end on a rolling 3 year basis, and in excess of 90% on an annual basis.

The Fund has at least 70% of its investments in shares of companies domiciled, incorporated or having significant business in the UK, which the Manager believes are leading companies within their sector and will provide above-average returns. The Fund has at least 51% of its investments in large companies which are in the FTSE 100 index. The Manager selects shares based upon analysis of a company's prospects for future growth in dividend payments, financial status, quality of its management, expected profitability and prospects for growth. The Manager expects that the Fund's portfolio will typically consist of shares of between 30-50 different companies, although the actual number of holdings could be greater or less than this range. The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration the FTSE 350 Total Return index. The FTSE 350 Total Return index is designed to measure the performance of the shares of the 350 largest UK listed companies. This index best represents the types of companies in which the Fund predominantly invests.

The Fund may also invest in other transferable securities, cash, deposits units in collective investment schemes (including those managed or operated by, or whose authorised corporate director is the Manager or one of its associates) and money market instruments. The Fund may use derivatives 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 Fund invests in shares of companies primarily listed in the UK. This Fund is actively managed in reference to the FTSE 350 Total Return index, which may be used by investors to compare the Fund's performance.

Important Events During the Year

The Russian invasion of Ukraine launched on 24 February 2022 has been negative for the global economy primarily as a result of the disruption it has caused in the supply of energy and other commodities. Inflation had already arisen as a concern following supply issues related to COVID and energy price hikes resulting from the conflict have worsened the situation. This, and the continuing geopolitical uncertainties raised by the war have led to high levels of market volatility. Bond yields have risen in anticipation of interest rate hikes, credit spreads have increased and there have been pronounced swings in equity prices as investors digest how the unpredictable news flow affects company earnings and countries’ projected growth rates.

Investment Review

Fund Performance

The Fund (Z class, accumulation units, net of fees) rose 10.4% over the 12 months to the 31 March 2022. In comparison the FTSE 350 Index (Total Return) gained 13.3%.

The Fund made a satisfactory return, 10.4%, in absolute terms in the year to the 31 March 2022 but admittedly lagged its benchmark. We offer no guarantee of outperformance over every time period, but we aspire to compound your investment in the Fund (net of fees) ahead of the FTSE 350 Index (total return) over the medium to long term. We believe the best way to do this is to invest in proven businesses with high barriers to entry, good returns on capital and which generate enough free cashflow to invest back into the business and pay dividends. We would hope that you will judge the Fund's performance over time periods longer than one year and more towards three and five years. Our three-year returns are ahead of the Index, but our five-year returns are behind the index.

Top Ten Holdings as at 31 March 2022	%
AstraZeneca *Health Care*	8.66
GlaxoSmithKline *Health Care*	6.05
Rio Tinto *Basic Materials*	5.05
Diageo *Consumer Staples*	4.94
RELX *Consumer Discretionary*	4.80
Games Workshop *Consumer Discretionary*	4.50
Unilever *Consumer Staples*	4.03
Imperial Brands *Consumer Staples*	3.71
Sabre Insurance *Financials*	3.68
St James's Place *Financials*	3.60

Fund Returns vs Benchmark

	Annualised Return			Cumulative Return		
	1 year	3 years	5 years	1 year	3 years	5 years
AXA Framlington UK Equity Income Fund*	10.4%	6.8%	4.3%	10.4%	21.9%	23.2%
FTSE 350 Index (Total Return)	13.3%	5.1%	4.6%	13.3%	16.1%	25.1%
Relative performance	-2.9%	1.7%	-0.3%	-2.9%	5.8%	-1.9%

(* Z class units, Accumulation, total return)

As a reminder, in November 2018 we changed the Fund Manager and implemented an investment process that focuses on investing in businesses that we think have resilient barriers to entry, which generate good returns on capital and pay dividends. Since then, a period of just under three and half years, the Fund returns are ahead of the benchmark. We appreciate we have more to do in delivering long-term returns ahead of the benchmark. We thank unitholders for their support.

Investment Review (Continued)

Drivers of performance

Top 5 contributors: 12m to 31st March 2022	Contribution to fund return
AstraZeneca	+0.7%
RELX	+0.7%
GlaxoSmithKline	+0.5%
Telecom Plus	+0.3%
Rio Tinto	+0.3%

Bottom 5 contributors: 12m to 31st March 2022	Contribution to fund return
Games Workshop	-2.4%
Shell	-1.1%
Prudential	-0.9%
Redrow	-0.9%
Lancashire	-0.8%

The elephant in the room in terms of negative contribution to fund performance is Games Workshop, the designer, manufacturer, distributor and retailer of fantasy miniatures. The shares have fallen 24% over the past 12 months. Despite the share price fall, the business appears in fine fettle. 'The hobby', as it refers to itself, is continuing to expand its customer base across its formats (Warhammer 40k, Age of Sigmar), recruiting collectors and new players both online and in-store. It offers something very different to many companies as it has comparatively few direct competitors and a global appeal. If you want a new jumper there are a plethora of clothing retailers you can go to, both online and on the high street. However, if you want to play fantasy figurine battles there really isn't much choice outside of Games Workshop. It also has some of the most developed intellectual property (IP) in the novels and back stories it publishes. These tie in with the figurines, making it difficult for any small competitor to launch models without the backstories. Management has licenced its "grim dark" IP to video games developers with titles such as Total War: Warhammer III and Warhammer 40,000: Chaos Gate – Daemonhunters. Management feels there is further potential from licencing the IP, which made up over 10% of profits in 2021. All this combines to make a company with excellent returns on capital. Given relatively low capital investment needed to fund growth, the business can pay out the majority of earnings as dividends. Dividends per share grew 60% in 2021.

The Fund's relatively low exposure to commodities hampered returns in a year that saw raw materials such as crude oil rise sharply. We have underweight positions in Basic Materials and the Oil and Gas sector. These sectors performed well as higher commodity prices fed through into higher cashflows. In general, we tend to have relatively low exposure to these sectors. Commodity producers tend to be very capital hungry to fund their growth. A new mine or oil field will easily run into the hundreds of millions of dollars while commodity prices such as oil or iron ore can be volatile. This places heavy demands on capital expenditure to grow and management teams frequently must choose between maintaining the dividend or sustaining capital expenditures during periods of low prices. It is often the dividend that is sacrificed. Given the potential swings in commodity prices we look for lower cost producers within these sectors. Specifically, those companies that have low operating costs per unit relative to their peers and can remain profitable despite the vicissitudes of the commodity price. Diversified Energy (a natural gas producer) and Rio Tinto (an iron ore producer) fit firmly into the lower-cost producer bracket. Both are towards the low point of their respective cost curves, allowing them to generate cash and pay the dividend under much worse economic circumstances.

The past 12 months have seen economies across the globe recover from the effects of COVID-19. The pace of economic recovery, though, has been far from uniform and has been very dependent on the approach taken by national governments. Some have prioritised reopening while others such as China continue to pursue a zero Covid approach. A key variable that has informed the approach taken has been the effectiveness of vaccines used and ability of healthcare systems to vaccinate and re-vaccinate large numbers of people. One of the Fund's holdings, AstraZeneca, has played a

Investment Review (Continued)

key role in rapidly developing a highly effective vaccine. AstraZeneca has also distributed this vaccine at cost globally. As shareholders we should be proud that the company has developed this vaccine while continuing to grow its for profit speciality medicines.

We sold out of Lancashire during the year. We had assumed that following several lean years in natural catastrophe underwriting, that excess capital had been washed out of the system. It would appear that capital has remained more plentiful than our original thesis, resulting in pricing of risk that does not adequately reward the underwriters. We took the decision to exit the position rather than hang on.

Our biggest purchase was in banking group NatWest. It is the largest commercial & business bank in the UK and has a good position in UK residential mortgages. Higher interest rates will benefit NatWest's net interest income and we see the potential for further write-backs of Covid provisions that have not been utilised. Furthermore, the Group has excess capital over the minimum demanded by banking regulators to the tune of £7-8bn. NatWest intends to return this excess capital to shareholders via share buybacks or special dividends. Banks can be fiendishly complicated, so we are attracted to the relative simplicity of NatWest's business and high level of capitalisation. Trading on less than 1x book value we felt the risk reward at purchase looked attractive.

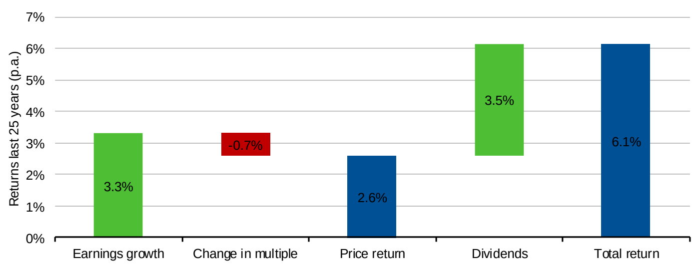
The other purchase of note was Hilton Foods, a business which primarily operates dedicated low-cost processing and packaging facilities for supermarkets. Hilton has invested in highly automated, scale operations. Renewed labour inflation continues to widen the gap between the higher cost of manual processing compared to more mechanised processing. Hilton operates on a cost-plus basis for most clients and the investment in mechanisation has saved one of its clients over £200m over the last 20 years. That is a type of triple win scenario we look for: first class product at a competitive price for the end consumer, excellent economics for the client, while allowing Hilton to earn an attractive return on its investment.

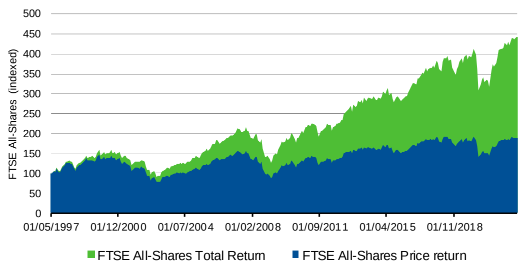
The death of equity income?

Equity income used to be the mainstay of many long-term savings portfolios. Its appeal has waned in recent years. Some wealth managers see it as a bit outdated, unfashionable; selecting from a pool of dividend-paying investments, often from out-of-favour sectors. It has none of the excitement of investing in high growth sectors like Technology and, to be frank, the returns have lagged the growthier indices over the past 10 years. Indeed, one well known investor wrote in an op-ed for the Financial Times "The City of London is in danger of becoming a sort of Jurassic Park where fund managers dedicate themselves to clipping coupons rather than encouraging growth and innovation."

While maybe unfashionable, dividends should not be discounted as a valuable source of returns. Over the past 25 years, dividends have accounted for over half of the FTSE All Share's total return of 6.1% p.a. The picture is similar over 10 years. The All Share index has returned 7.2% p.a. of which 3.8% p.a. was generated by dividends.

FTSE All Share source of return: Last 25 years





Our starting point for the Fund is to look for robust businesses with strong barriers to entry and which generate cash (we prefer oodles of it). Why do we start with cash generative companies rather than high dividend payers? Because any dividends should be paid out of cash generated by the company. The more cash generated the better; this gives the company more options to utilise it.

Investment Review (Continued)

There are in essence three options at a Board's disposal:

- Reinvest the cash flows into the company: by investing for organic growth, inorganically via acquisitions or increasing the per share value through buying back shares
- Paying down debt or
- distributing dividends to shareholders

Some companies will do all three in one year – invest in growing the business through capital expenditure ahead of depreciation, paying down some debt and using the remainder to pay a dividend. Like a big inheritance though, a company with lot of cash and a management team in a hurry can be more of a curse on shareholders than a boon. One only has to remember Marconi's mad dash into telecom equipment following the sale of its defence arm. A big cash pile became a small one very quickly. Suffice to say, the cash needs to be invested wisely.

The reverse is also true. The less cash generated by a company, the fewer the options at its disposal. While generating little or no cash over sustained periods often leaves a company with Hobson's choice ie none!

We look to invest in companies generating enough cash to grow AND pay dividends. Maintaining the health of the company should be the main priority for all long-term investors, whether income or growth orientated. Companies should be encouraged to constantly reinvest, refreshing capital assets or spending on technology upgrades to allow them to compete both now and in the future.

The essence of the growth investor's arguments are that *assuming* a company can generate a superior return on capital, and let's say 15%, then it should reinvest all the cash it generates into the business. The key word is 'assuming'. Capital in the growthier parts of the stock market has been free flowing in the past 10 years given record low interest rates (which lower the opportunity cost of investment) and buoyed by the returns generated by some well-known Technology stocks. There must be a risk that too much capital has flowed into these areas, depressing future returns.

In a similar vein, the push into 'cleantech' and 'impact investing' will bring some excellent results for the planet I hope, but I do wonder how investors will fare? Too much capital chasing too few opportunities tends to lead to high initial prices and often years of subsequent disappointment. Beyond Meat soared 163% on IPO in May 2019 and finished its first day as a publicly traded company with a market cap $3.8 bn. Within three months this vegan meat alternative's market cap had tripled AGAIN to just below $15 bn. As of mid-April 2022, the market cap is down to $2.2 bn as a number of competitors have launched similar products and despite its initial popularity, Beyond Meat remains loss making. Investors have inbuilt biases and there is nothing like a 'new story' to get the investing juices flowing, often leaving rationality at the door. Much as we try and rid ourselves of these biases they keep cropping up and consign investors to making sub-optimal decisions. Leuthold Group estimated in March 2020 that over 200 of the 1,500 NASDAQ constituents had not been profitable in any of the prior three years, yet had a combined capitalisation of $2.3 trillion. Yes, you read that right $2.3 trillion. That's a lot of capital tied up in loss-making companies. Conversely, investing in dividend-paying companies, with their typically lower valuations, can provide diversification for investors, offsetting their holdings in growth companies.

Clients often ask what is an acceptable dividend payout ratio for a company? (this is the ratio of what is paid out in dividends compared to the earnings of the company). Essentially, they are asking how much of its earnings a company should retain for growth and how much should be paid out to investors. Personally, I do not think there is a set formula that applies to all companies when it comes to dividend pay-out ratios. Much depends on the industry in which a company operates and its capital structure. Does the company require large one-off investments to grow or can marginal capacity be added each year? Does demand and hence cashflow fluctuate a lot? It certainly focuses the finance director's mind on cash generation and collecting debtors when faced with the prospect of paying out a dividend. Maybe I will be accused of living in fairy tale land if I say that dividend payments should be "just about right, not too little and not too much"?

Take for example an oil company. In order to grow production volumes from a single field, it is difficult to significantly increase current production without compromising the longer-term integrity of the field. The company's overall

Investment Review (Continued)

production volumes will remain relatively stable until new fields are discovered and brought on-line. Developing a new oil field involves capital expenditure…and *lots* of it, often hundreds of millions of dollars. An oil company may see years of stable production and associated cashflows, but then go through a period of heavy capital expenditure where all the cashflows from the existing operations (and more) are reinvested into developing a new field. Bearing this in mind, does management distribute all of the company's earnings as dividends while the business is not developing a new field then cut the dividend when it is? Or should the distribution policy be set with future growth aspirations in mind?

Some companies – ie those whose financial structure or business model requires little capital for growth – lend themselves very well to income investing. They can pay out most of the post-tax cashflow as dividends. Admiral Insurance has grown its customer base from 1.1 mn policyholders in 2005 to 8.4m by the end of 2021, up a remarkable seven and a half times. The recipe for success for winning these policy holders has involved offering great prices to consumers mixed in with a healthy serving of innovation. Admiral was one of the first insurers to really embrace the internet, even starting its own comparison site confused.com and branched into new products such as multi-car policies. Its innovation did not stop at products but also extended into its financing. Through reinsurance and co-insurance relationships with third-party insurers, Admiral hasn't had to retain huge amounts of capital to finance its growth. Admiral effectively utilises the balance sheets of its partners to do most of the underwriting and it earns a profit commission based on the profitability of the underwriting. Its partners benefit from diversification credits on their solvency capital and also earn a profit stream from the underwriting. So, unlike an oil company where the growth is dependent on intermittent but sizeable capital expenditure, Admiral has been able to grow strongly without onerous capital requirements. Admiral's earnings have increased over five times in the last 15 years while the dividend payout ratio has exceeded 90% in every one of those years. This combination of income and growth is what can make income investing a powerful, long term compounding strategy.

Management teams (and investors) need to be realistic though. Consumer tastes change, regulations get tougher, the competitive environment may worsen due to an influx of start-ups with cash to burn. There is no point adopting an ostrich mentality, keep paying an unchanged dividend while hoping things will improve. Where excessive cashflow is being paid out as dividends, investors should be prepared to forego some of this income.

It may seem strange, but we have advocated for certain companies to cut their dividends to allow greater reinvestment into the business. GlaxoSmithKline has laboured under an unchanged dividend since 2014. The Board's decision to cut the dividend this year is in the best interests of the company as it splits into a global specialist pharma company and a global consumer healthcare company ('Haleon') later this year. The reduced cash demands from the dividend will give both companies more financial flexibility to execute their growth plans. Better to have a lower dividend today from a business with a brighter future, than bleed the company into administration.

Sage is another example of a company that has taken the decision to reinvest a greater proportion of its free cashflow to accelerate the technology transition of its accounting software from on-premises to in the cloud. The decision appears to be bearing fruit. Investment in cloud enabled products and increased marketing has generated positive feedback from implementation partners, independent consulting firms like Gartner Group and most importantly strong customer uptake. This investment necessitated cuts to Group earnings when first announced in 2019 and while the dividend has not been cut, we do expect dividend growth to lag earnings growth over the next few years.

We have said in the past that we avoid companies with high levels of debt or those which need lots of debt to make their business model work. This is because the availability of debt may not be there when the company most needs it or at the right price. As interest rates start to increase from record low levels, companies will have to refinance at higher coupons, which will eat into their free cashflow. On a look through basis over the past three years, the Fund's holdings have had consistently lower net debt than the FTSE 350 benchmark and much higher returns on capital. We intend to keep it this way.

We also won't invest in loss making companies, no matter how transformative the technology. We aim to compound our unitholder's money. Starting with a loss making company more often than not ends with a loss making company in our experience (meanwhile management often seems to do pretty well out of the situation, while investors are frequently

Investment Review (Continued)

asked to support "one last equity raise before profitability"). We will leave those opportunities to venture investors with specialist skills that we don't pretend to possess.

We believe that income investing can have a positive change on society. As custodians of our investor's capital, the asset management industry is key to promoting change especially on environmental, social and governance (ESG) issues. The industry has long promoted governance issues, but there is a realisation that more needs to be done on social and environmental issues. The industry, as individual asset management firms and collectively via industry bodies, is increasingly taking management teams to task where it feels companies are falling short of best practice. Income investing has a prominent role to play given much of the sector's assets tend to be focused in cash generative, dividend-paying companies which are often in some of more established industries. However, there is a growing realisation that investors need to be pragmatic as well as principled.

The Russian invasion of Ukraine has brought this issue into the spotlight. Western European governments are desperately trying to wean themselves off their diet of cheap Russian gas, while ensuring there is adequate electricity generation to keep economies moving. Listed Oil and Gas companies need to be recognised as part of the long-term solution. Society must encourage the development of renewable energy sources and the adoption of electric vehicles (and effective charging networks!), but any holistic solution needs to include the Oil and Gas industry. We cannot just turn off fossil fuel usage today. As well as reducing emissions such as carbon dioxide and methane associated with the production of oil and gas such as leaks, we need to reduce the emissions as the oil and gas is used. This will involve investment into carbon capture and storage systems. These systems capture carbon dioxide emissions at source, such as in power stations as the gas or oil is burned to the heat boilers, then purify and compress the gas. The gas is then injected it into impermeable rock formations underground to trap it there. The infrastructure spend needed to facilitate such a network will be huge. We cannot rely solely on governments to sponsor this development but will need the Oil and Gas industry to play its part. How do funds, which eschew investing in sectors like Oil and Gas, influence the course of action taken? As Dr Myles Allen, one of the authors of the UN Intergovernmental Panel on Climate Change (IPCC) for its 3rd, 4th and 5th Assessments says *"If you work or invest in the fossil fuel industry, don't walk away from the problem by selling off your fossil fuel assets to someone else who cares less than you do. You own this problem, you need to fix it. Decarbonising your portfolio helps no-one but your conscience. You must decarbonise your product".* Our role as income investors is to encourage our holdings to improve their sustainability. The world will benefit from new technology, but the path to holding climate change at +1.5C by 2050 will need the established companies and their shareholders to play their part.

Equity income investing may be going through a lull, but it's far too early to write an obituary. I firmly believe it brings good disciplines which will generate long term rewards to the patient investor. Dividends have accounted for over 50% of the return from the FTSE All Share over the last 10 and 25 years. The flow of capital out of the unfashionable sectors over the last five years have left valuations at attractive levels, both in absolute terms and relative to supercharged growth companies. Furthermore, income investors have a role to play in driving the sustainability agenda of our investments.

Inflation

Inflation remains the overriding issue facing consumers, governments, and companies. The on-going military action in Ukraine and renewed outbreaks of Covid in China, particularly around the Port of Shanghai, the world's largest port which handles 17% of China's cargo, are putting further pressure on supply chains. Supply chains have struggled to regain equilibrium following the reopening of economies and the net effect will likely further exacerbate inflationary pressures. The tone from most company management teams we have met in the last three months is one of cautious optimism. They have been able to pass on cost increases to customers further down the chain, indeed, we heard of one company that put through nine price increases in 2021. I suspect this is unlikely to last.

We appear to be in a goldilocks period where employment is full and consumers have built up a savings buffer following Covid lockdowns in 2020 and 2021. Consequently, we have seen most parts of the value chain able to absorb and pass on cost increases to their customers. History suggests this situation may not persist for much longer. Energy bills in the

Investment Review (Continued)

UK rose by over 40% in April, food inflation is picking up and the jump in the crude oil price has rapidly translated into record fuel prices. An average family petrol car costs an extra £10 a week to fill up since the start of the year[1].

This widespread inflation will surely start to eat into household budgets. In his Spring Statement, chancellor of the exchequer Rishi Sunak said he expected inflation to average 7.4 per cent in the UK this year. Commenting on the impact of such elevated levels of inflation, the Office for Budget Responsibility (OBR) wrote: "The rise in inflation to a 40-year high this year is expected to [produce] the biggest fall in living standards in any single financial year since ONS records began in 1956-57".

As ever the outcome of tightened household budgets will be far from straightforward. We should expect some consumers to trade down from branded to own label products in such areas as food and household goods. Others may dispense of certain goods to prioritise others. Consumers will be forced to make choices: what matters most – cut out a Costa coffee a week or forgo the monthly Spotify subscription? An after-work pint in the local gastropub or drink the same beer in the cheaper Wetherspoons? Domestos or own-label bleach?

Offering great value to customers will become more important than ever. At its annual results, Tesco's (not held) management emphasized the need to keep prices at attractive levels to retain customer trust, despite rising cost inflation. What Tesco's Finance Director did not spell out is the operational gearing in a business such as Tesco. If Tesco can retain and win customers, then its buying teams can negotiate improved terms with suppliers who value the increased volumes and can eke out efficiencies of their own. These buying gains can be passed on to consumers as improved pricing, creating a virtuous cycle. Where many businesses suffer is the operational leverage working in reverse as volumes shrink. Tesco used its UK business as an ATM to fund overseas expansion a decade ago. In the need to generate cash, it pushed up prices and gave oxygen to discounters like Aldi and Lidl, whom up to that point had been struggling. It lost market share and volumes went backwards. In any business, especially those with a high element of fixed costs, negative volume growth creates as real problem as fewer units are amortised over an increasing cost base. The results can get quite ugly, quite fast and are difficult to rectify quickly. Tesco's UK profits fell by 75% over a three year period. In committing to remain 'laser focused on price' I suspect Tesco has learnt the lessons from its past.

Benefitting from the growth of food retailers are suppliers like Hilton Group. It's a low-cost producer and packager operating in the UK, Europe and Australia. It is highly automated and has pass through mechanisms in place as raw material costs rise, protecting it to an extent from inflation. But like all good businesses it works with its customers to cut costs to benefit both parties. Packaging for steaks has been cut from 600 microns thickness to 450 microns, with further a reduction to 300 microns expected. This has the added benefit of reducing the total quantum of packaging used which is great for the environment. Just under 80% of all Hilton's packaging is from 100% recycled material and it aims to take this to 100% over time. At a time when food security of supply is rising it is good to see well invested businesses like Hilton Foods innovating and working with its customers.

We should not ignore the power of winning customers in tricky markets. This was exemplified in a recent statement from Dunelm (not held) which highlighted: *"c.85% of our growth over the past five years has been driven through market share gains. Given our broad product range, low average item and basket values, coupled with our focus on providing great value at all price points, we feel well placed despite the uncertainties in the current environment."* To put this in context, Dunelm has grown its revenues by over 5% p.a. of which over 4% have come from share gains. Markets don't have to be growing all that fast for differentiated businesses to take advantage.

The market reaction to ever increasing inflation prints has been pretty straightforward: sell consumer discretionary sectors such as housebuilders and general retailers and buy more economically defensive sectors such as healthcare and utilities. Perceived inflation hedges such as the energy and basic materials sectors have performed well over the last year. The Fund's holdings in healthcare, which account for just under 15% of the Fund, performed well in this context with AstraZeneca returning 43% and GlaxoSmithKline 35%. We had the opportunity to visit AstraZeneca's new global Discovery Centre in Cambridge in March. The facility is impressive with laboratory space for around 2,500 research scientists and is equipped with the latest robotics and high throughput screening technologies. It has also been designed with sustainability at front of mind, with geothermal heating from boreholes providing over 70% of the building's heating

Investment Review (Continued)

requirement. The visit highlighted the investment in UK science that AstraZeneca is making which we believe will benefit not just the UK economy but patients all over the world.

As cost inflation starts to bite, we will really see which companies have pricing power and those that have not. We will see who can pass on cost increases and who will see margins come under pressure. Don't be surprised to see profit warnings in the second half of the year as companies are unable to pass on cost increases to more financially stretched consumers. Another consequence will be to make demand management more unpredictable, at a time when further supply chain issues will impact manufacturers and distributors. The best organised companies will be able to manage these twin threats while others will be squeezed from both sides.

Fund Distributions

We have stated our rationale for investing in businesses with robust business models and there is nothing like a recession to put a business through its paces. The coronavirus pandemic in 2020 was one such scenario. UK GDP fell 9.8% in 2020, the worst decline in 300 years. The speed and severity of the downturn was such that a number of the Fund's holdings cut or suspended dividends. The Fund's distributions for the 12 months to 31 March 2021 fell 16%. Obviously, this is not what we are aiming for, but compares favourably with the FTSE All Share where dividends fell 34% over the same period.

It is therefore pleasing to report that the income class shares (Z Income, R Income, A Income) will see their distributions rise between 25% and 26% for the year ending 31 March 2022. On a two-year basis (ie against a mostly pre-pandemic period), the Fund's distributions for the income classes are up between 5 and 7%, while the FTSE All Share's dividend distribution is down a cumulative 17%.

	Annual % change†		2 year change
	2021	2022	2020-2022
AXA Framlington UK Equity Income Fund*	-16%	26%	7%
FTSE All Share Index	-35%	28%	-17%

* Z class, Income units
† 12 months to 31st March

At the 31st March 2022 the Fund (Z class, income) had a distribution yield of 4.1%.

Engagement

We engaged with a number of the Fund's holdings during the year. While we do not have an explicit sustainability mandate, we believe that encouraging better environmental, social and governance will lead to better outcomes for society and shareholders. We engaged with six of the Fund's holdings regarding environmental issues, two concerning social issues and three around governance. We plan to do more engagement on ESG matters in 2022 on your behalf.

Investment Review (Continued)

Fund Voting

As stewards of your capital we vote at annual general meetings (AGMs) and extraordinary general meetings (EGMs). Voting is carried out internally and not outsourced to third parties. We voted in all meetings, whether AGM or EGM, where we were able. At the year end, the Fund had 37 holdings. We voted in 43 out of the 44 meetings where we were able to vote. In 28% of the meetings we voted against at least one member of management. This is down from 42% in 2021. Chief issues were: where we had concerns over an individual's time commitments, lack of board diversity or where we felt that remuneration was not aligned with long term shareholder interests. We take no pleasure from voting against management but we aim to promote good governance. We will happily engage with companies on contentious issues.
Here is a breakdown of our voting on your behalf:

Summary	
Total Number of meetings	44
Number of Voted Meetings	43
Number of Meetings with at leat one vote Against Management	12
% of meetings with at least one vote Against Management	28%
Number of Resolutions	741
Number of Votes Against Management	24
% of Votes Against Management	3%

AXA IM UK Ltd
31 March 2022

Source of all performance data: AXA Investment Managers, Morningstar to 31 March 2022.

Past performance is not a guide to future performance. All performance figures calculated as follows: Single Priced NAV (Net Asset Value) with net income reinvested, net of fees in GBP, gross of tax. Performance is representative of Z Acc Class.

Portfolio Changes

For the year ended 31 March 2022

Major Purchases	Cost (£'000)
NatWest	2,271
Hilton Food	1,427
Ferguson	905
3i	506
Imperial Brands	342
Admiral	321
Sage	317
Compass	185
Goodwin	173
Diversified Energy	172
Other purchases	436
Total purchases for the year	**7,055**

Major Sales	Proceeds (£'000)
Lancashire	1,538
Pagegroup	1,091
RELX	897
Advanced Medical Solutions	890
GlaxoSmithKline	813
Shell	709
AstraZeneca	706
Hipgnosis Songs Fund	682
St James's Place	641
Diageo	636
Other sales	1,793
Total sales for the year	**10,396**

Managing Risks

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

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

RISK PROFILE

The Fund invests its assets mainly in companies within the FTSE 350 Index. The value of investments and the revenue from them is not guaranteed and can go down as well as up. The annual management charge is charged to capital, and while this will increase the distributable revenue, it may accordingly constrain capital growth.

EQUITY RISK

The value of shares in which the Fund invests fluctuate pursuant to market expectations. The value of such shares will go up and down and equity markets have historically been more volatile than fixed interest markets. Should the price of shares in which the Fund has invested fall, the Net Asset Value of the Fund will also fall.

Funds investing in shares are generally more volatile than funds investing in bonds or a combination of shares and bonds, but may also achieve greater returns.

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

CONCENTRATION RISK

The Fund may hold a small number of stocks. This can give rise to more risk than where investments are spread over a larger number of companies. Whilst this may increase the potential gains, it may also increase the risk of loss to the Fund as a result of the Fund's greater exposure to the performance of individual companies.

Internal investment guidelines seek to ensure suitable levels of diversification based on the Fund's investment objectives and investment policy.

RISK AND REWARD PROFILE

Lower Risk ⟷ **Higher Risk**

Potentially lower reward — Potentially higher reward

1	2	3	4	**5**	6	7

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. The risk category changed from category 6 to 5 during the 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.

ADDITIONAL RISKS

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 unitholders buying or selling units 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.

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

Fund Information

FIVE YEAR PERFORMANCE

In the five years to 31 March 2022, the price of Z Accumulation units, with net income reinvested rose by +23.24%. The FTSE 350 Index (Total Return) increased by +25.05% over the same time period. During the same period, the price of Z Income units, with zero income reinvested, rose by +0.21%. (Source: AXA Investment Managers and Morningstar) (Prices in GBP).

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

Date	AXA Framlington UK Equity Income Z Acc Net	FTSE 350 Total Return Gross
31 Mar 2017 - 31 Mar 2018	-2.31%	+1.07%
31 Mar 2018 - 31 Mar 2019	+3.48%	+6.57%
31 Mar 2019 - 31 Mar 2020	-11.64%	-18.43%
31 Mar 2020 - 31 Mar 2021	+25.00%	+25.63%
31 Mar 2021 - 31 Mar 2022	+10.38%	+13.30%

Source: AXA Investment Managers & Morningstar. Basis: Single Price NAV, with net revenue reinvested, net of fees in GBP.

Past performance is not a guide to future performance.

YIELD

A Inc	4.15%
A Acc	4.10%
R Inc	4.17%
R Acc	4.12%
Z Inc	4.15%
Z Acc	4.11%

CHARGES

	Initial Charge	Annual Management Charge+
A*	Nil	0.60%
R	Nil	1.50%
Z	Nil	0.75%

+ Charged to capital. Note that while this will increase the amount of income (which may be taxable) available for distribution to unitholders in the Fund, it may constrain capital growth or even result in capital erosion over time.

* Units in Class A are only available at the Manager’s discretion by contractual agreement.

ONGOING CHARGES**

A Inc	0.69%
A Acc	0.69%
R Inc	1.59%
R Acc	1.59%
Z Inc	0.84%
Z Acc	0.84%

** For more information on AXA's fund charges and costs please use the following link:
https://retail.axa-im.co.uk/fund-charges-and-costs

UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS

The AXA Framlington UK Equity Income Fund is available as a Stocks and Shares ISA through the AXA Investment Managers Stocks and Shares ISA.

Comparative Tables

Change in net assets per unit	A Acc 31/03/2022 (p)	A Acc 31/03/2021 (p)	A Acc 31/03/2020 (p)	A Inc 31/03/2022 (p)	A Inc 31/03/2021 (p)	A Inc 31/03/2020 (p)
Opening net asset value per unit†	132.68	105.88	119.80	101.00	83.63	98.98
Return before operating charges^	14.87	27.67	(13.03)	11.31	21.68	(10.34)
Operating charges	(0.99)	(0.87)	(0.89)	(0.75)	(0.68)	(0.73)
Return after operating charges^	13.88	26.80	(13.92)	10.56	21.00	(11.07)
Distributions	(6.02)	(4.61)	(5.19)	(4.56)	(3.63)	(4.28)
Retained distributions on accumulation units	6.02	4.61	5.19	-	-	-
Closing net asset value per unit†	**146.56**	**132.68**	**105.88**	**107.00**	**101.00**	**83.63**
*^after direct transaction costs of:	0.07	0.13	0.07	0.05	0.10	0.06
Performance						
Return after charges	10.46%	25.31%	-11.62%	10.46%	25.11%	-11.18%
Other Information						
Closing net asset value† (£'000)	9,719	9,762	8,447	5	5	5
Closing number of units	6,631,320	7,357,942	7,977,970	4,554	4,854	5,814
Operating charges	0.69%	0.71%	0.70%	0.69%	0.71%	0.70%
Direct transaction costs*	0.05%	0.10%	0.05%	0.05%	0.10%	0.05%
Prices						
Highest unit price #	151.10	135.40	139.10	113.10	105.00	112.80
Lowest unit price #	129.80	103.30	93.24	97.12	81.50	75.61

Comparative Tables (Continued)

	R Acc			R Inc		
Change in net assets per unit	31/03/2022 (p)	31/03/2021 (p)	31/03/2020 (p)	31/03/2022 (p)	31/03/2021 (p)	31/03/2020 (p)
Opening net asset value per unit†	287.95	231.86	264.73	176.34	147.35	175.70
Return before operating charges^	32.22	60.41	(28.38)	19.65	38.01	(17.92)
Operating charges	(4.93)	(4.32)	(4.49)	(2.98)	(2.71)	(2.94)
Return after operating charges^	27.29	56.09	(32.87)	16.67	35.30	(20.86)
Distributions	(13.01)	(10.05)	(11.42)	(7.87)	(6.31)	(7.49)
Retained distributions on accumulation units	13.01	10.05	11.42	-	-	-
Closing net asset value per unit†	**315.24**	**287.95**	**231.86**	**185.14**	**176.34**	**147.35**
*^after direct transaction costs of:	0.15	0.27	0.15	0.09	0.17	0.10
Performance						
Return after charges	9.48%	24.19%	-12.42%	9.45%	23.96%	-11.87%
Other Information						
Closing net asset value† (£'000)	35,348	35,035	29,827	7,188	7,334	6,535
Closing number of units	11,213,103	12,167,096	12,863,975	3,882,152	4,159,276	4,435,066
Operating charges	1.59%	1.61%	1.60%	1.59%	1.61%	1.60%
Direct transaction costs*	0.05%	0.10%	0.05%	0.05%	0.10%	0.05%
Prices						
Highest unit price #	325.60	294.40	305.20	195.30	182.60	197.40
Lowest unit price #	279.30	226.10	204.20	167.10	143.60	132.10

Comparative Tables (Continued)

	Z Acc			Z Inc		
Change in net assets per unit	31/03/2022 (p)	31/03/2021 (p)	31/03/2020 (p)	31/03/2022 (p)	31/03/2021 (p)	31/03/2020 (p)
Opening net asset value per unit†	183.90	146.97	166.54	123.52	102.43	121.37
Return before operating charges^	20.61	38.40	(18.07)	13.81	26.52	(12.65)
Operating charges	(1.67)	(1.47)	(1.50)	(1.11)	(1.01)	(1.08)
Return after operating charges^	18.94	36.93	(19.57)	12.70	25.51	(13.73)
Distributions	(8.34)	(6.40)	(7.21)	(5.55)	(4.42)	(5.21)
Retained distributions on accumulation units	8.34	6.40	7.21	-	-	-
Closing net asset value per unit†	202.84	183.90	146.97	130.67	123.52	102.43
*^after direct transaction costs of:	0.10	0.17	0.10	0.06	0.12	0.07
Performance						
Return after charges	10.30%	25.13%	-11.75%	10.28%	24.90%	-11.31%
Other Information						
Closing net asset value† (£'000)	15,468	14,859	9,549	9,576	9,370	7,426
Closing number of units	7,626,087	8,080,116	6,497,149	7,328,067	7,585,576	7,249,552
Operating charges	0.84%	0.86%	0.85%	0.84%	0.86%	0.85%
Direct transaction costs*	0.05%	0.10%	0.05%	0.05%	0.10%	0.05%
Prices						
Highest unit price #	209.20	187.70	193.20	138.10	128.30	137.90
Lowest unit price #	179.60	143.30	129.40	118.50	99.83	92.41

† Valued at bid-market prices.

High and low price disclosures are based on quoted unit prices. 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.

Portfolio Statement

The AXA Framlington UK Equity Income Fund portfolio as at 31 March 2022 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding		Market value £'000	Total net assets (%)
	UNITED KINGDOM: 97.63% (31/03/2021: 94.19%)		
	BASIC MATERIALS: 5.05% (31/03/2021: 4.66%)		
	Industrial Metals & Mining: 5.05% (31/03/2021: 4.66%)		
63,999	Rio Tinto	3,900	5.05
		3,900	**5.05**
	CONSUMER DISCRETIONARY: 14.80% (31/03/2021: 16.04%)		
	Consumer Services: 2.86% (31/03/2021: 2.32%)		
133,342	Compass	2,213	2.86
		2,213	**2.86**
	Household Goods & Home Construction: 2.64% (31/03/2021: 3.22%)		
390,324	Redrow	2,039	2.64
		2,039	**2.64**
	Leisure Goods: 4.50% (31/03/2021: 5.92%)		
47,552	Games Workshop	3,481	4.50
		3,481	**4.50**
	Media: 4.80% (31/03/2021: 4.58%)		
154,276	RELX	3,712	4.80
		3,712	**4.80**
	CONSUMER STAPLES: 17.79% (31/03/2021: 15.48%)		
	Beverages: 4.94% (31/03/2021: 4.58%)		
98,061	Diageo	3,819	4.94
		3,819	**4.94**

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
	Food Producers: 2.06% (31/03/2021: 0.00%)		
127,918	Hilton Food	1,591	2.06
		1,591	2.06
	Personal Care, Drug & Grocery: 5.56% (31/03/2021: 6.27%)		
47,738	Greggs	1,186	1.53
88,616	Unilever	3,116	4.03
		4,302	5.56
	Tobacco: 5.23% (31/03/2021: 4.63%)		
36,576	British American Tobacco	1,172	1.52
177,425	Imperial Brands	2,868	3.71
		4,040	5.23
	ENERGY: 6.53% (31/03/2021: 6.11%)		
	Oil, Gas & Coal: 6.53% (31/03/2021: 6.11%)		
124,362	BP	467	0.61
1,904,405	Diversified Energy	2,221	2.87
112,591	Shell	2,358	3.05
		5,046	6.53
	FINANCIALS: 24.41% (31/03/2021: 23.85%)		
	Banks: 2.72% (31/03/2021: 0.00%)		
959,373	NatWest	2,106	2.72
		2,106	2.72
	Investment Banking & Brokerage: 9.81% (31/03/2021: 9.99%)		
170,173	3i	2,365	3.06
59,365	Hargreaves Lansdown	612	0.79
131,775	IntegraFin	557	0.72
207,072	M&G	466	0.60
127,590	Polar Capital	805	1.04
191,321	St James's Place	2,780	3.60
		7,585	9.81

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
	Life Insurance: 5.31% (31/03/2021: 6.72%)		
675,069	Legal & General	1,848	2.39
199,930	Prudential	2,260	2.92
		4,108	**5.31**
	Non-Life Insurance: 6.57% (31/03/2021: 7.14%)		
86,140	Admiral	2,235	2.89
1,238,068	Sabre Insurance	2,841	3.68
		5,076	**6.57**
	HEALTH CARE: 15.13% (31/03/2021: 14.20%)		
	Medical Equipment & Services: 0.00% (31/03/2021: 0.91%)		
	Pharmaceuticals & Biotechnology: 15.13% (31/03/2021: 13.29%)		
65,460	AstraZeneca	6,690	8.66
10,000	Bioventix	325	0.42
281,269	GlaxoSmithKline	4,679	6.05
		11,694	**15.13**
	INDUSTRIALS: 5.17% (31/03/2021: 6.31%)		
	Electronic & Electrical Equipment: 1.48% (31/03/2021: 1.43%)		
351,299	Rotork	1,143	1.48
		1,143	**1.48**
	General Industrials: 2.80% (31/03/2021: 2.87%)		
44,349	Goodwin	1,450	1.88
563,432	Melrose Industries	711	0.92
		2,161	**2.80**
	Industrial Support Services: 0.89% (31/03/2021: 2.01%)		
138,157	Pagegroup	691	0.89
		691	**0.89**

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
	REAL ESTATE: 1.35% (31/03/2021: 1.41%)		
	Real Estate Investment & Services: 1.35% (31/03/2021: 1.41%)		
518,693	CLS	1,045	1.35
		1,045	**1.35**
	TECHNOLOGY: 3.02% (31/03/2021: 2.63%)		
	Software & Computer Services: 3.02% (31/03/2021: 2.63%)		
328,312	Sage	2,335	3.02
		2,335	**3.02**
	TELECOMMUNICATIONS: 2.77% (31/03/2021: 2.29%)		
	Telecommunications Service Providers: 2.77% (31/03/2021: 2.29%)		
139,449	Telecom Plus	2,139	2.77
		2,139	**2.77**
	UTILITIES: 1.61% (31/03/2021: 1.21%)		
	Gas, Water & Multiutilities: 1.61% (31/03/2021: 1.21%)		
40,320	Severn Trent	1,242	1.61
		1,242	**1.61**
	EUROPE (excluding UK): 1.16% (31/03/2021: 1.51%)		
	GUERNSEY: 0.00% (31/03/2021: 0.98%)		
	IRELAND: 0.00% (31/03/2021: 0.53%)		
	JERSEY: 1.16% (31/03/2021: 0.00%)		
8,611	Ferguson	900	1.16
		900	**1.16**

Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
	NORTH AMERICA: 0.00% (31/03/2021: 2.55%)		
	BERMUDA: 0.00% (31/03/2021: 2.55%)		
Investments as shown in the balance sheet		76,368	98.79
Net current assets		936	1.21
Total net assets		**77,304**	**100.00**

Statement of Total Return

For the year ended 31 March

	Notes	£'000	2022 £'000	£'000	2021 £'000
Income					
Net capital gains	3		4,961		13,406
Revenue	4	3,419		2,795	
Expenses	5	(979)		(910)	
Interest payable and similar charges		-		-	
Net revenue before taxation		2,440		1,885	
Taxation	6	(33)		(28)	
Net revenue after taxation			2,407		1,857
Total return before distributions			**7,368**		**15,263**
Distributions	7		(3,314)		(2,690)
Change in net assets attributable to unitholders from investment activities			**4,054**		**12,573**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 March

	£'000	2022 £'000	£'000	2021 £'000
Opening net assets attributable to unitholders		76,365		61,789
Amounts receivable on creation of units	2,335		8,323	
Amounts payable on cancellation of units	(7,983)		(8,417)	
		(5,648)		(94)
Change in net assets attributable to unitholders from investment activities		4,054		12,573
Retained distribution on accumulation units		2,526		2,090
Unclaimed distribution		7		7
Closing net assets attributable to unitholders		**77,304**		**76,365**

Balance Sheet

As at 31 March

	Notes	2022 £'000	2021 £'000
ASSETS			
Fixed assets			
Investments		76,368	75,031
Current assets			
Debtors	8	659	1,082
Cash and bank balances	9	829	817
Total assets		**77,856**	**76,930**
LIABILITIES			
Creditors			
Distribution payable		360	263
Other creditors	10	192	302
Total liabilities		**552**	**565**
Net assets attributable to unitholders		**77,304**	**76,365**

Notes to the Financial Statements

1.1 Accounting policies

a) The Financial Statements 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 have been prepared on a going concern basis. The Financial Statements are prepared in accordance with the Trust Deed and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern for the next twelve months from the date these financial statements are authorised for issue. The Manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and, following consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the financial statements.

b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

c) The listed investments of the Fund are valued at bid-market prices ruling at 12 noon on the last business day of the accounting year. Where certain securities are listed on global markets which are closed at the 12 noon valuation point, the last available closing bid-price will be utilised, subject to the application of any fair value pricing adjustment. The fair value of unlisted securities, and unquoted securities where the quotation has been suspended, is estimated by the Manager, using independent sources where available.

d) The functional currency of the Fund is Sterling (GBP). Any transactions in overseas currencies are translated to Sterling at the rates of exchange ruling on the day of any such transaction. Foreign currency balances and investments priced in overseas currencies at the end of the year are converted into Sterling at the exchange rates ruling at 12 noon on the last business day of the accounting year.

e) All expenses are charged in full against revenue on an accruals basis, with the exception of transaction charges and the annual management charge which are charged directly to capital. The Manager is entitled to receive (with effect from the dealing day on which units of any class are first allotted) an annual management charge payable on and out of the scheme property of each unit class of the Fund. The annual management charge will be based on the value of the scheme property of the Fund on the immediately preceding dealing day as determined in accordance with the Trust Deed and the Regulations for the purpose of calculating the price of units.

f) Corporation Tax is provided at 20% on revenue, after deduction of expenses. Overseas dividends are disclosed gross of any foreign tax suffered, the tax element being disclosed in the tax note. Where overseas tax has been deducted from overseas revenue, that tax can, in some cases, be set off against Corporation Tax payable, by way of double taxation relief. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions or events giving rise to them occurred before the balance sheet date. A deferred tax asset is only recognised to the extent that a timing difference will be of future benefit.

g) Bank interest is accounted for on an accruals basis.

Notes to the Financial Statements (Continued)

h) Revenue equalisation currently applies to the Fund, with the result that part of the purchase price of a unit reflects the relevant share of accrued revenue received or to be received by the Fund. This sum is returned to a unitholder with the first allocation of revenue in respect of a unit issued during a distribution period. The amount representing the revenue equalisation in the unit's price is a return of capital and is not taxable in the hands of the unitholder. The amount of revenue equalisation is calculated by dividing the aggregate of the amounts of revenue included in the price of units issued or sold to unitholders in an annual or interim distribution period by the number of those units and applying the resultant average to each of the units in question. Equalisation on distributions received is deducted from the cost of the investment.

i) With the exception of the annual management charge, which is directly attributable to individual unit classes, all revenue and expenses are allocated to unit classes pro rata to the value of the net assets of the relevant unit class on the day the revenue or expense is recognised.

j) The Fund is not required to produce a cash flow statement as it meets the exemption criteria set out in FRS102.7.IA.

1.2 Distribution policy

a) The Fund will distribute any net revenue two months after the accounting year end. Any net revenue deficit will be transferred to the capital account. The type of distribution being made by the Fund is a dividend distribution.

b) Special dividends and share buybacks are treated as revenue or capital depending on the facts of each particular case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend should be treated as capital in nature so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends should be recognised as revenue. Where special dividends are treated as revenue, they are included in the amount available for distribution. The tax accounting treatment follows the principal amount.

c) If a distribution payment of the Fund remains unclaimed for a period of 6 years after it has become due, it will be forfeited and will revert to and become part of the scheme property.

d) The annual management charge is charged against capital for the purposes of calculating the amount available for distribution.

2 Financial instruments

The analysis and tables provided below refer to the narrative disclosure on financial instruments risks on pages 14 to 15 of the Manager's Report.

Price risk sensitivity

At 31 March 2022, if the price of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, the net assets would increase or decrease by £3,818,398 (2021: £3,751,539) respectively.

Foreign currency risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 5% the resulting change in the net assets attributable to shareholders of the Fund would be a decrease of approximately £2,845 (2021: £23,132). A 5% weakening in GBP would have an equal but opposite effect.

Notes to the Financial Statements (Continued)

Interest rate risk sensitivity

As the majority of the Fund's financial assets are non-interest bearing, the Fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates. No interest rate risk sensitivity analysis is therefore provided.

Currency exposures

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

2022	Monetary Exposure £'000	Non Monetary Exposure £'000	Total £'000
US Dollar	57	-	57
Total	**57**	**-**	**57**

2021	Monetary Exposure £'000	Non Monetary Exposure £'000	Total £'000
Euro	-	403	403
US Dollar	59	-	59
Total	**59**	**403**	**462**

3 Net capital gains

The net gains during the year comprise:

	2022 £'000	2021 £'000
Gains on non-derivative securities	4,960	13,408
Gains/(Losses) on foreign currency exchange	1	(2)
Net capital gains	**4,961**	**13,406**

4 Revenue

	2022 £'000	2021 £'000
UK dividends	3,122	2,560
Overseas dividends	297	235
Total revenue	**3,419**	**2,795**

Notes to the Financial Statements (Continued)

5 Expenses

	2022 £'000	2021 £'000
Payable to the Manager		
Annual management charge	907	833
Registrar's fees	47	44
	954	**877**
Other expenses		
Audit fee	8	9
Trustee's fees	17	24
	25	**33**
Total expenses	**979**	**910**

Expenses include irrecoverable VAT where applicable.

6 Taxation

a) Analysis of tax in the year:

	2022 £'000	2021 £'000
Irrecoverable overseas tax	33	28

b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%) (2021: 20%).

The differences are explained below:

	2022 £'000	2021 £'000
Net revenue before taxation	2,440	1,885
Corporation tax at 20%	488	377
Effects of:		
Irrecoverable overseas tax	33	28
Movement in excess management expenses	196	182
Non taxable overseas dividends	(60)	(47)
Revenue not subject to taxation	(624)	(512)
Total effects	(455)	(349)
Total tax charge for the year (see note 6a)	**33**	**28**

Authorised unit trusts are exempt from tax on capital gains.

c) Deferred taxation:

There is no provision required for deferred taxation at the Balance sheet date (2021: nil).

d) Factors that may affect future tax charges:

At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £2,810,798 (2021: £2,614,733) relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

Notes to the Financial Statements (Continued)

7 Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2022 £'000	2021 £'000
1st Interim	448	438
2nd Interim	430	398
3rd Interim	369	341
Final	2,000	1,511
	3,247	2,688
Add: Income deducted on cancellation of units	107	115
Deduct: Income received on creation of units	(40)	(113)
Net distribution for the year	**3,314**	**2,690**
Reconciliation to net revenue after taxation:		
Net distribution for the year	3,314	2,690
Charges borne by capital account	(907)	(833)
Net revenue after taxation	**2,407**	**1,857**

8 Debtors

	2022 £'000	2021 £'000
Amounts receivable on creation of units	18	116
Accrued revenue	641	471
Accrual class action	-	495
Total debtors	**659**	**1,082**

9 Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	829	817
Total cash and bank balances	**829**	**817**

10 Other creditors

		2022 £'000	2021 £'000
Amounts payable on cancellation of units		34	208
Accrued expenses	- Manager	140	79
	- Other	18	15
Total other creditors		**192**	**302**

Notes to the Financial Statements (Continued)

11 Unitholders' funds

The Fund currently has six unit classes in issue.

	A Acc	A Inc	R Acc	R Inc	Z Acc	Z Inc
Opening units in issue	7,357,942	4,854	12,167,096	4,159,276	8,080,116	7,585,576
Units issued	72,124	34,119	106,258	45,343	844,510	616,889
Units cancelled	(798,746)	(34,419)	(1,060,251)	(322,467)	(1,298,539)	(874,398)
Unit conversions	-	-	-	-	-	-
Closing units in issue	**6,631,320**	**4,554**	**11,213,103**	**3,882,152**	**7,626,087**	**7,328,067**

12 Related parties

AXA Investment Managers UK Limited acts as principal on all the transactions of units in the Fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Note 7, amounts due to/from AXA Investment Managers UK Limited in respect of unit transactions are disclosed in Note 8 and Note 10 respectively.

At 31 March 2022, there were no unitholders that hold more than 50% of units in the Fund. Other than disclosed elsewhere in the Financial Statements, there were no transactions between the Fund and related parties during the year.

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

13 Portfolio transaction costs

2022

Analysis of purchases	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Equity	7,021	3	0.04	31	0.44	7,055
Total	**7,021**	**3**		**31**		**7,055**

2022

Analysis of sales	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Collective Investment Schemes	682	-	-	-	-	682
Equity	9,719	(5)	(0.05)	-	-	9,714
Total	**10,401**	**(5)**		**-**		**10,396**

Notes to the Financial Statements (Continued)

2021

Analysis of purchases	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Collective Investment Schemes	699	-	-	-	-	699
Equity	13,272	7	0.05	62	0.47	13,341
Total	**13,971**	**7**		**62**		**14,040**

2021

Analysis of sales	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Equity	10,942	(5)	(0.05)	-	-	10,937
Total	**10,942**	**(5)**		**-**		**10,937**

Commission as a % of average net assets	0.01% (2021: 0.02%)
Taxes as a % of average net assets	0.04% (2021: 0.08%)

Portfolio dealing spread

The average portfolio dealing spread as at the year end was 0.25% (2021: 0.17%).

14 Fair value disclosure

	31 March 2022		31 March 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Valuation technique				
Level1^	76,368	-	75,031	-
Level2^^	-	-	-	-
Level3^^^	-	-	-	-
Total	**76,368**	**-**	**75,031**	**-**

^ 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.

15 Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2021: none).

16 Post balance sheet events

There are no significant post balance sheet events which require adjustment or disclosure at the year end.

Distribution Tables

For the year ended 31 March 2022

		Net revenue	Equalisation	Distribution payable/paid Current year	Distribution payable/paid Prior year
A Inc					
1st Interim	Group 1	0.710	-	0.710	0.675
	Group 2	0.710	-	0.710	0.675
2nd Interim	Group 1	0.690	-	0.690	0.600
	Group 2	0.190	0.500	0.690	0.600
3rd Interim	Group 1	0.470	-	0.470	0.410
	Group 2	0.470	-	0.470	0.410
Final	Group 1	2.687	-	2.687	1.948
	Group 2	2.687	-	2.687	1.948
A Acc					
1st Interim	Group 1	0.710	-	0.710	0.675
	Group 2	-	0.710	0.710	0.675
2nd Interim	Group 1	0.690	-	0.690	0.600
	Group 2	-	0.690	0.690	0.600
3rd Interim	Group 1	0.470	-	0.470	0.410
	Group 2	-	0.470	0.470	0.410
Final	Group 1	4.153	-	4.153	2.926
	Group 2	0.833	3.320	4.153	2.926
R Inc					
1st Interim	Group 1	1.600	-	1.600	1.530
	Group 2	0.377	1.223	1.600	1.530
2nd Interim	Group 1	1.560	-	1.560	1.360
	Group 2	-	1.560	1.560	1.360
3rd Interim	Group 1	1.290	-	1.290	1.130
	Group 2	-	1.290	1.290	1.130
Final	Group 1	3.425	-	3.425	2.291
	Group 2	1.040	2.385	3.425	2.291
R Acc					
1st Interim	Group 1	1.700	-	1.700	1.620
	Group 2	0.337	1.363	1.700	1.620
2nd Interim	Group 1	1.660	-	1.660	1.440
	Group 2	-	1.660	1.660	1.440
3rd Interim	Group 1	1.340	-	1.340	1.160
	Group 2	-	1.340	1.340	1.160
Final	Group 1	8.313	-	8.313	5.833
	Group 2	2.783	5.530	8.313	5.833

Distribution Tables (Continued)

Z Inc

1st Interim	Group 1	0.850	-	0.850	0.810
	Group 2	0.123	0.727	0.850	0.810
2nd Interim	Group 1	0.830	-	0.830	0.720
	Group 2	-	0.830	0.830	0.720
3rd Interim	Group 1	0.780	-	0.780	0.680
	Group 2	-	0.780	0.780	0.680
Final	Group 1	3.092	-	3.092	2.205
	Group 2	1.093	1.999	3.092	2.205

Z Acc

1st Interim	Group 1	0.850	-	0.850	0.810
	Group 2	-	0.850	0.850	0.810
2nd Interim	Group 1	0.830	-	0.830	0.720
	Group 2	-	0.830	0.830	0.720
3rd Interim	Group 1	0.990	-	0.990	0.860
	Group 2	-	0.990	0.990	0.860
Final	Group 1	5.671	-	5.671	4.006
	Group 2	1.473	4.198	5.671	4.006

(All figures shown in pence per unit)

Units are classified as Group 2 for the following periods in which they were acquired, thereafter they rank as Group 1 units.

Equalisation is the average amount of income included in the purchase price of Group 2 units and is refundable to holders of these units as a return of capital. Being a capital item it is not liable to income tax, but must be deducted from the cost of units for capital gains tax purposes.

The relevant periods for Group 2 units and the payment/transfer dates are shown below:

	Group 2 units from	to	Group 1 & 2 units paid/transferred
1st Interim	01.04.21	30.06.21	31.08.21
2nd Interim	01.07.21	30.09.21	30.11.21
3rd Interim	01.10.21	31.12.21	28.02.22
Final	01.01.22	31.03.22	31.05.22

DIRECTORS' APPROVAL

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"), the contents of this report have been approved on behalf of AXA Investment Managers UK Limited by:

John Stainsby Director Wednesday 20th July 2022	Amanda Prince Director Wednesday 20th July 2022

Statement of Manager's Responsibilities

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RELATION TO THE REPORT AND ACCOUNTS OF THE FUND

The Financial Conduct Authority's Collective Investment Schemes sourcebook requires the Authorised Fund Manager to prepare financial statements for each annual accounting year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland), of the financial affairs of the Fund and of its revenue and expenditure and capital gains for the year.

In preparing the accounts the Manager is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds and the Trust Deed;
- follow applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the accounts prepared comply with the above requirements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, Prospectus and the Regulations, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Trustee

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF AXA FRAMLINGTON UK EQUITY INCOME FUND FOR THE YEAR ENDED 31 MARCH 2022

The Depositary in its capacity as Trustee of AXA Framlington UK Equity Income Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed 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 Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust'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 the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

Trustee
HSBC Global Trustee & Fiduciary Services (UK)
Wednesday 20th July 2022

Report of the Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF AXA FRAMLINGTON UK EQUITY INCOME FUND

OPINION

We have audited the financial statements of AXA Framlington UK Equity Income Fund ("the Fund") for the year ended 31 March 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, 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 Fund as at 31 March 2022 and of net revenue and net capital gains on the scheme property of the Fund for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 Fund 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.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Manager's 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 doubt on the Fund's ability to continue as a going concern for a period which is 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager 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 Fund's ability to continue as a going concern.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our audit report thereon. The Manager 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 Trust Deed; 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 Manager'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 MANAGER

As explained more fully in the Manager's responsibilities statement set out on page 38, the Manager 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 Manager 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 Manager is responsible for assessing the Fund'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 Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

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 Fund 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 Fund's Trust Deed and the Prospectus.

- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.

- We assessed the susceptibility of the Fund'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. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested appropriateness of management's classification of material special dividends as either a capital or revenue return.

- 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 Manager 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 Fund.

- Due to the regulated nature of the Fund, 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.

USE OF OUR REPORT

This report is made solely to the Fund's unitholders, 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 Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
Wednesday 20th July 2022

Further Information (Unaudited)

REMUNERATION POLICY OF THE MANAGER

The Manager 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 Fund's or the Trust Deeds, and does not impair compliance of the Manager's duty to act in the best interests of each of the Fund's.

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 Manager) 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 Fund's). 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 Manager free of charge upon request.

In line with the requirements of the Undertakings for Collective Investments in Transferable Securities (UCITS) V, AXA Investment Managers UK Limited is required to make quantitative disclosures of remuneration. These disclosures are made in line with the currently available guidance on quantitative remuneration disclosures. The amounts shown below reflect payments made in respect of the financial year 1 January 2021 to 31 December 2021:

Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2021 [1]	
Fixed Pay [2] (£'000)	197,213
Variable Pay [3] (£'000)	230,700
Number of employees [4]	2,537

[1] Excluding social charges.
[2] Fixed Pay amount is based on 2020/21 compensation review final data.
[3] 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.

[4] Number of employees includes Permanent and Temporary contracts excluding internships (based on Staff list as of 31/12/2021).

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)	101,432	80,571	182,003
Number of employees	258	79	337

UK Identified Employee Remuneration:

Weighted amount of compensation paid and / or allocated to 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)	2,779	2,207	4,986
Number of employees	57	13	70

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 will be required on all reports & accounts published after 13 January 2017. During the year to 31 March 2022 and at the balance sheet date, the Fund did not use SFTs or total return swaps, as such no disclosure is required.

VALUE ASSESSMENT

It is our duty as Authorised Fund Manager ("AFM") 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 AFMs 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

CHANGE OF TRUSTEE

Please note that since 24th September 2021, the Trustee of the Framlington Unit Trust range changed from NatWest Trustee & Depositary Services to HSBC Global Trustee & Fiduciary Services (UK).

Directory

The Manager
AXA Investment Managers UK Limited
22 Bishopsgate
London, EC2N 4BQ

Authorised and regulated by the Financial Conduct Authority.
Registered in England and Wales No. 01431068.
The company is a wholly owned subsidiary of AXA S.A., incorporated in France.
Member of the 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.

Trustees
For the period up to 23rd September 2021
NatWest Trustee and Depositary Services Limited
Trustee and Depositary Services
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh, EH12 1HQ
Authorised and regulated by the Financial Conduct Authority.

From 24th September 2021 to 31st March 2022
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HSBC Bank plc is a subsidiary of HSBC Holdings plc.
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