

FRAMLINGTON EQUITIES

AXA Ethical Distribution Fund Z GBP

Nigel Yates
Joined 2021

Nigel joined Framlington Equities in Jan 2021 as lead portfolio manager for the UK Growth Fund.

Prior to joining Framlington Equities, Nigel worked at NFU Mutual where he joined as a Financial Analyst in 2001 before assuming a role as a Trainee Equity Fund Manager in 2005. He was appointed lead manager for the UK Growth fund, as well as the UK Pension and Life funds in 2009 and ran the Funds until his departure in Jan 2021.

Nigel graduated from Cardiff University in 2000 with an Honour's degree in Business Economics and gained his Investment Management Certificate in 2006 & qualified as a CFA Charterholder in 2009.

Converted to an OEIC from the SL Ethical UT on 08/03/1999. The AXA Ethical Fund transferred to newly created AXA Ethical Distribution Fund on 21/11/2008.

Objective

The aim of this Fund is to achieve growing income with some prospects for capital growth over the medium to long term.

Fund manager's commentary**Main changes to the portfolio during July**

In the equity portfolio, we top-sliced the holding of Prudential. In the fixed income portfolio, we used positive cashflow into the Fund to add to existing positions in index-linked gilts.

Factor affecting performance during July

The FTSE All-Share Index built on the progress it has made so far this year, gaining +0.53%; however, large-caps notably underperformed the mid-cap index. The FTSE 100 Index was virtually unchanged in July, up +0.07%, while the FTSE 250 (ex-Investment Companies) more than regained the previous month's weakness, gaining +2.70%. The FTSE Small Cap (ex-Investment Companies) Index continued the strength that it has enjoyed all year, adding +1.24%. On a year-to-date basis, the FTSE All-Share Index has gained +11.68% on a total return basis.

The continuation of the vaccine rollout and lifting of restrictions provided a tailwind for global markets during July. Equity markets looked to the bond market for direction and, with bond yields declining again, growth stocks benefited to the detriment of value names. US markets were particularly strong, while in Far Eastern markets unexpected moves by the Chinese government unsettled investors and led to broad weakness. In the UK, supply bottlenecks and the 'pingdemic' phenomenon impacted economic growth and added to inflationary pressures. The duration of these inflationary factors remains a key debate in domestic and international markets.

In corporate news, supermarket chain Morrisons was subject to competing takeover bids; Spire Healthcare attracted an improved takeover offer; homewares group Dunelm recorded a 101.7% rise in sales during the 13 weeks to 26 June; Vectura attracted a counterbid by Philip Morris International; BlackRock handed the majority of its employees an 8% pay rise; Ultra Electronics received a cash bid from Cobham; and Avast announced it is in advanced talks over a merger with US peer NortonLifeLock.

The bond market rally, which started in the second quarter, gathered momentum through July, with bond yields revisiting levels last seen back in February. Technical factors, such as positioning and summer trading conditions, all helped to underpin the rally in bonds. Central banks remain explicit in their guidance on short rates, which will remain anchored until inflation is above their target for a sustained period, the backdrop should continue to be supportive for breakevens (the difference in yield between a nominal bond and an inflation-linked bond) and inflation-linked bonds.

The UK's Consumer Price Index inflation rate jumped to 2.5%, while the Retail Price Index measure of inflation increased to 3.9%.

Current market influences and outlook

The central asset mix of the Fund is 55% UK equities, 35% index-linked gilts, 7% conventional gilts, and 3% cash. Within the equity portfolio, our approach remains to look for opportunities to buy into strong companies, which meet the Fund's ethical criteria, at attractive valuations, particularly in situations where we perceive short-term market sentiment to be overly pessimistic.

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested. **Before investing you should read the fund's Key Investor Information Document (KIID) for full product details including investment risks and contact a financial adviser where unsure.**

Top ten holdings

	%
UK GILT INFLATION LINKED 0.125% 03/22/2024	7.7
UK GILT INFLATION LINKED 0.13% 03/22/2026	5.5
DIAGEO PLC	3.1
UK GILT INFLATION LINKED 2.5% 07/17/2024	2.3
PRUDENTIAL PLC	2.0
GAMES WORKSHOP GROUP PLC	1.9
DISCOVERIE GROUP PLC	1.9
FUTURE PLC	1.8
TT ELECTRONICS PLC	1.7
OXFORD INSTRUMENTS PLC	1.7
Total*	29.7
Total number of holdings	100

* Total may not equal sum of top ten holdings weightings (above) due to rounding.
Stocks shown for information purposes only. They should not be considered as advice or a recommendation.

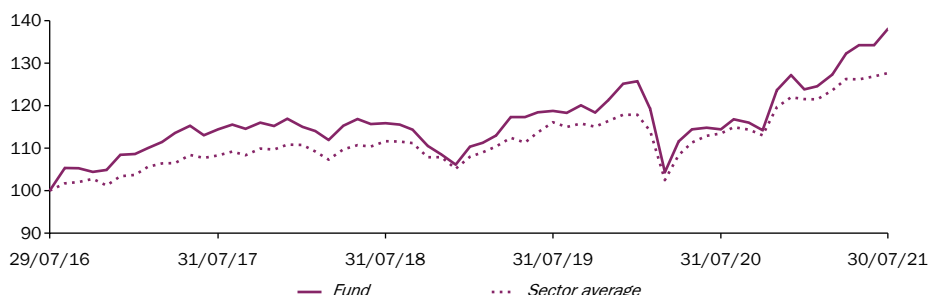
Discrete performance over 12 month periods to latest quarter end (%)

	30/06/16	30/06/17	30/06/18	30/06/19	30/06/20
	- 30/06/17	- 30/06/18	- 30/06/19	- 30/06/20	- 30/06/21
AXA Ethical Distribution Fund Z GBP	19.0	2.3	2.4	-3.1	16.9

Cumulative performance

	Fund (%)	Sector median (%)	Ranking	Quartile
6 M.	11.5	5.5	1/177	1
Year to date	8.5	5.0	10/176	1
1 Y.	20.7	13.0	7/170	1
3 Y.	19.1	14.8	33/145	1
5 Y.	38.1	27.4	13/134	1

Cumulative performance over five years



Source: AXA Investment Managers and Morningstar. Figures are quoted on single price basis, net of R share class fees and expenses with net income reinvested, in GBP. Performance takes into account ongoing charges but not any initial charge that may be payable. **Past performance is not a guide to future performance.**

The fund does not have an official benchmark. The fund's peer group sector is the IA OE Mixed Investment 20-60% Shares sector which is provided here for comparison purposes only.

Asset Class Allocation

	%
Sterling Equities	57.75
Sterling Index-Linked	31.26
Sterling Government Bonds	7.74
Cash	3.25

Ratings allocation of bond portfolio

	%
AA	100.00

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 30/07/2021.

Fund facts

Fund type	OEIC
Fund size	£222.6m
Underlying Yield*	0.83%
Launch date	24/11/08
IA Sector	Mixed Investment 20-60% Shares
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

* The Underlying yield reflects the annualised income net of expenses of the fund as a percentage of the mid-market unit price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any initial charge and investors may be subject to tax on distributions.

Investment information

Initial charge	Nil%
Ongoing charges	0.78%
Min initial investment	£100,000
Min subsequent investment	£5,000
Min monthly investment	£50
ISA status	Eligible

Fund codes

Sedol	accumulation	0540926
	income	B3FKKK5
ISIN	accumulation	GB0005409262
	income	GB00B3FKKK57

Income payments

Accounting Ref Dates	Final	31 Oct
	Interim	30 Apr
Distributions	Final	31 Dec
	Interim	30 Jun
Calendar year	Net income (p)	
2016	6.91	
2017	3.04	
2018	3.14	
2019	5.61	
2020	1.77	