FRAMLINGTON EQUITES

AXA Framlington Managed Balanced Fund

AXA Framlington is a leading equity expertise within the AXA Investment Managers Group, with teams based in London and Paris.

We are primarily a bottom-up, active equity manager. This fundamental approach to stock selection, combined with the experience of our team of fund managers, focuses on delivering long-term investment performance for our clients.

We offer competitive products backed up with excellent service. Our structure and size creates a dynamic environment for our fund managers. This encourages a high level of personal responsibility in which both individual flair and teamwork flourish.

AXA Framlington funds under management exceed £53.9 billion (as at 31 December 2017).

Investment objective and policy

The aim of this Fund is to provide long-term capital growth.

The Fund invests in shares (equities) of listed companies which the fund manager believes will provide above-average returns. The Fund invests in companies of any size and based anywhere in the world. The fund manager seeks to reduce the impact on the Fund of fluctuations in value of equity markets by investing in bonds issued by companies or governments. The Fund's typical asset mix ranges between 60 – 85% in shares, with the remainder being mainly in bonds and cash. The fund manager selects shares and bonds based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth. Where bonds are denominated in a currency other than UK Pound Sterling, the Fund reduces the impact of changes in its value as a result of movements in exchange rates between the currency and Sterling through the use foreign exchange hedging techniques (which involves the use of derivatives (financial instruments which derive their value from the value of other assets).

Review

The Fund posted healthy gains during a favourable environment for equity investing. Political risks in Europe, chasms within the Trump administration, tensions with North Korea and the raising of interest rates by the Federal Reserve (Fed) could not derail the prevailing investment optimism. The holdings in Japan, North American and Pacific regional equities led the way. There were no significant changes to asset allocation, maintaining the overweight in equities and cash versus the peer group. We remain underweight in bonds as we believe this asset class is too richly valued.

Despite Brexit concerns and domestic political fears, UK equities enjoyed encouraging gains. The UK's snap election held in June 2017 led to a dramatic slide in popularity for the ruling Conservative Party, resulting in a weakened coalition government. Prime Minister Theresa May accelerated the Brexit negotiations with the EU, offering a two-year implementation period, reassurances for EU citizens in the UK and an increased financial settlement. In November, the Bank Of England, increased interest rates for the first time in ten years, while UK economic growth forecasts fell to the lowest in the G7.

During the period under review, the UK portfolio returned +12.1% compared with the FTSE All Share Index gains of +13.1%. Holdings in technology and low exposure to consumer staples and utilities were beneficial. However modest positions in the oil and materials sectors proved relatively unhelpful as commodity prices rallied. Holdings in technology company Aveva, industrial Halma and miner Rio Tinto all outperformed, however domestic holdings in electronics retailer Dixons Carphone and terrestrial broadcaster ITV disappointed.

In North America growth stocks enjoyed a much better year. The market more accurately reflected a moderate but persistent economic expansion with few inflationary pressures. We believe this was the major driver of improved performance from our US holdings. Despite all the negative headlines about the Trump administration's failures, sentiment among small businesses and consumers has remained high.

The Fed finally started hiking interest rates on a consistent basis. Despite this, economic growth strengthened and may be enhanced by the significant tax reform legislation passed as the year closed. We remain optimistic about the US economic outlook, not believing that an inflationary boom is imminent. In such an environment growth stocks may likely thrive. A large rotation occurred at the year end from 2017's strongest performing stocks into beneficiaries of a stronger economic environment and lower taxes. Technology stocks lagged, while commodities and financials outperformed, providing a headwind. During the period under review, the North American portfolio increased by +11.8% compared with the FTSE World North America Index return of +11.3%.

European equity markets rallied, supported by positive earnings revisions, a pick-up in global leading economic indicators and the ongoing supportive monetary policy backdrop. The portfolio delivered healthy absolute gains returning +13.18%, but underperformed in comparison to the FTSE World Europe ex UK Index which returned +17.53%.

Positive returns were delivered in the energy and technology sectors but were offset with weak contributions from positions in the consumer staples, financials and healthcare sectors. Notable disappointments included media companies ProSieben and Publicis, with concerns as to the switch to more digital platforms. Retail jewellery group Pandora de-rated significantly with slowing growth prospects in its core UK and US markets.

Optimism in Japanese equities increased through the year, buoyed by improving profits, corporate governance and growing distributions to shareholders. Top performers included robotics company Cyberdyne, which recently received approval for its medical rehabilitation robot and SBI Holdings, a highly innovative on-line banking, brokerage and venture capital company. The portfolio continues to focus on long-term growth businesses. The Japanese portfolio returned +19.0% compared with the FTSE World Japan Index return of +14.4%.

Emerging market equities prospered as global economies gathered momentum. China recovered from the deflationary depths of late 2015, driven by credit stimulus, strong real estate markets and supply side reform. With a healthier backdrop authorities increasingly clamped down on excesses, especially found in the shadow banking system and we are watchful of a sharper-than-expected slowdown for the economy.

Significant reform in India included demonetisation, a goods and services tax, a commitment to housing for all and rural electrification. India remains well placed for a sustainable and structural growth cycle ahead. In Brazil there have been a number of interest rate cuts while the capital and inflation concerns of recent years have moderated. Markets still await more rigorous reform, meaningful pension laws and political certainty. Elsewhere Mexico suffered with rising inflation following currency moves and weaker regional government finances, with consumer spending being hit. There is still some uncertainty about the Trump/NAFTA (North America Free Trade Agreement) renegotiations and the pending government elections which may provide a temporary drag. In the Far East, Taiwan and Korea enjoyed strong technology exposure though memory prices have recently wobbled given iPhone disappointments. Dividend pay-out ratios are on the rise and banks enjoy improved profitability. Geopolitical tensions in the region persist.

Our emerging market portfolio delivered healthy gains of +26.5% (sterling terms) compared with +25.4% for the MSCI Emerging Markets Index. The holdings in the Asia Pacific region ex Japan (principally Australia, Hong Kong and Singapore) returned +20.6% compared to FTSE World Pacific ex Japan Index rose +20.3%.

In the bond markets, US Treasury yields moved higher, with the 10 year bond yield, touching 2.5% in December 2017 as investors concerned themselves about higher US inflation. Despite the current strong synchronised global growth bond yields remain stubbornly lower than one might expect at this part of the economic cycle. Continued quantitative easing around the world, prominent geopolitical risks, regulation and demanding valuations in other asset classes are remaining supportive. With a duration (measure of sensitivity in a bond's price to a change in interest rate) of 8 years we remain underweight given our expectation that bond yields may rise over the course of the year. We continue to prefer UK, German and Japanese bonds against French and US bonds. In light of this environment, bond returns were modest when compared to equities. The holdings in UK Gilts returned +1.4% compared with FTSE UK Gilts (All stocks) Index +1.8%, meanwhile our overseas bonds delivered +0.8% while the JPM Global GBI ex UK Index returned +1.2%.

Outlook

Global financial markets delivered surprisingly strong returns in 2017 with many regional markets hitting all-time highs. A combination of synchronised global growth, low interest rates, subdued inflation, clarity on central bank intentions, government tax reform and fiscal stimuli and declining macro and political fears resulted in a powerful combination of low volatility and a sense of FOMO (Fear of Missing Out). Share valuations moved swiftly to reflect this improved outlook.

These gains have contributed (in part) to a growing sense of inequality among the populace, leading to a rejection of established politics, a call for a fairer distribution, nationalism and protectionism. Today the world's eight richest men own as much as the poorest half of the population, while the wealthiest one per cent of men in the US live on average fifteen years longer than the poorest. In the UK, central London accounts for over a quarter of the value of English property transactions despite representing just over one per cent of the land mass.Yet now the drag of the post financial crisis era is coming to an end. Fiscal austerity is easing, regulatory risks and bank re-capitalisation have since been addressed, meanwhile the self-imposed corporate scars and constraints are starting to fade. Investment times are very good. Perhaps therein lies the risk.

Will increased confidence in capital expenditure, employment and consumption prove inflationary? Could interest rates be higher than a comfortable market consensus suggests? How will China manage its growth and the UK negotiate its departure from the EU? Could 2018 be the year that marks the end of 'cheap money' resulting in higher volatility, thus prompting a correction in equity markets? It is extremely difficult however to accurately predict both the outcome of macro events and how markets will subsequently react. Thus the Fund retains the strategic preference for longer term structural trends and for quality compounding companies. We continue to concentrate our efforts on identifying companies with well-invested franchises and robust, reliable businesses models. We retain our long-standing 'hedge' in the form of government bonds and cash to dampen losses in times of market corrections and volatility. Following strong equity gains over the last two years, the near-term outlook appears to be finely balanced.

Jamie Hooper

Sunday, December 31, 2017

All performance data source: AXA Investment Managers and Lipper to 31 December 2017.

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

FRAMLINGTON EQUITES

AXA Framlington Managed Balanced Fund

SHORT REPORT
YEAR ENDING 31 DECEMBER 2017

Risk and reward profile

The Fund invests in a wide range of securities, both in the UK and overseas and may therefore hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to fall or rise. The Fund invests a proportion of its assets in smaller companies which offer the possibility of higher returns but may also involve a higher degree of risk. The Fund may also invest in emerging markets which may involve a higher degree of risk than investing in established markets due to heightened geopolitical risk and potential large currency volatility. Investors should consider carefully whether this investment risk is suitable for them. The value of investments and the income from them is not guaranteed and can go down as well as up.

Lower risk ← → **Higher risk**

Potentially lower reward — Potentially higher reward

1	2	3	**4**	5	6	7

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

Why is this Fund in this category?

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

Additional risks

Credit Risk: the risk that an issuer of bonds will default on its obligations to pay income or repay capital, resulting in a decrease in Fund value. The value of a bond (and, subsequently, the Fund) is also affected by changes in market perceptions of the risk of future default. Investment grade issuers are regarded as less likely to default than issuers of high yield bonds.

Currency Risk: the Fund holds investments denominated in currencies other than the base currency of the Fund. As a result, exchange rate movements may cause the value of investments (and any income received from them) to fall or rise effecting the Fund's value.

Emerging Market Risks: emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. As a result, investments in such countries may cause greater fluctuations in the Fund's value than investments in more developed countries. In addition the reliability of trading, settlement and custody systems in some emerging market countries may not be equal to more developed countries and result in greater operational and liquidity risk.

Interest Rate Risk: fluctuations in interest rates will change the value of bonds, impacting the value of the Fund. Generally, when interest rates rise, the value of the bonds fall and vice versa. The valuation of bonds will also change according to market perceptions of future movements in interest rates.

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

FUND FACTS

Lead Fund manager	Jamie Hooper
Sector	IA Mixed Investment 40-85% Shares
Comparative Benchmark	IA Mixed Investment 40-85% Shares
Date of establishment	21 Dec 1992
Fund size at 31 Dec 2017	£1,083m
Fund size at 31 Dec 2016	£1,053m
Minimum investments	
Minimum initial investment	R: £1,000 Z: £100,000 ZI: £50,000,000
Minimum subsequent purchase and redemption	R: £100 Z: £5,000 ZI: £1,000
Net Yield	
R Inc / R Acc	0.75% / 0.75%
Z Inc / Z Acc	1.35% / 1.35%
ZI Inc / ZI Acc	1.47% / 1.47%
Unit type	Inc/Acc
Number of stocks	208
Initial charge	R: Nil Z: Nil ZI: Nil
Annual management charge	R: 1.25% Z: 0.625% ZI: 0.50%
Ongoing charges**	
R Inc / R Acc	1.32% / 1.32%
Z Inc / Z Acc	0.69% / 0.69%
ZI Inc / ZI Acc	0.57% / 0.57%
Accounting dates (interim)	30 Jun
Accounting dates (annual)	31 Dec
Distribution dates (annual)	28 Feb*

All data, source: AXA Investment Managers as at 31 December 2017.
**or 29 February.*
***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.*

Top five purchases

Year ending 31 December 2017
Diageo
UK Treasury 2% 22/07/2020
US Treasury 2.25% 15/08/2046
Compass
Rentokil Initial

Top five sales

Year ending 31 December 2017
US Treasury 1% 07/09/2017
Lloyds
Reckitt Benckiser
Imperial Brands
Rio Tinto

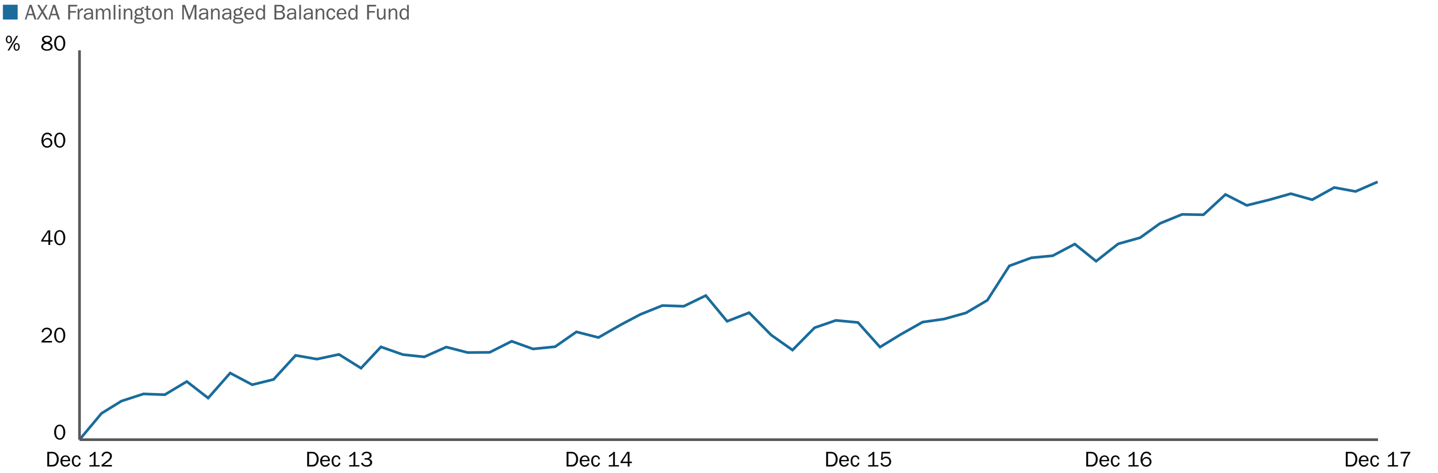
Five year discrete annual performance %*

Dec 12 to Dec 13	Dec 13 to Dec 14	Dec 14 to Dec 15	Dec 15 to Dec 16	Dec 16 to Dec 17
+17.52%	+2.96%	+2.55%	+13.01%	+9.09%

Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 31 December 2017. Basis: Single Price NAV, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

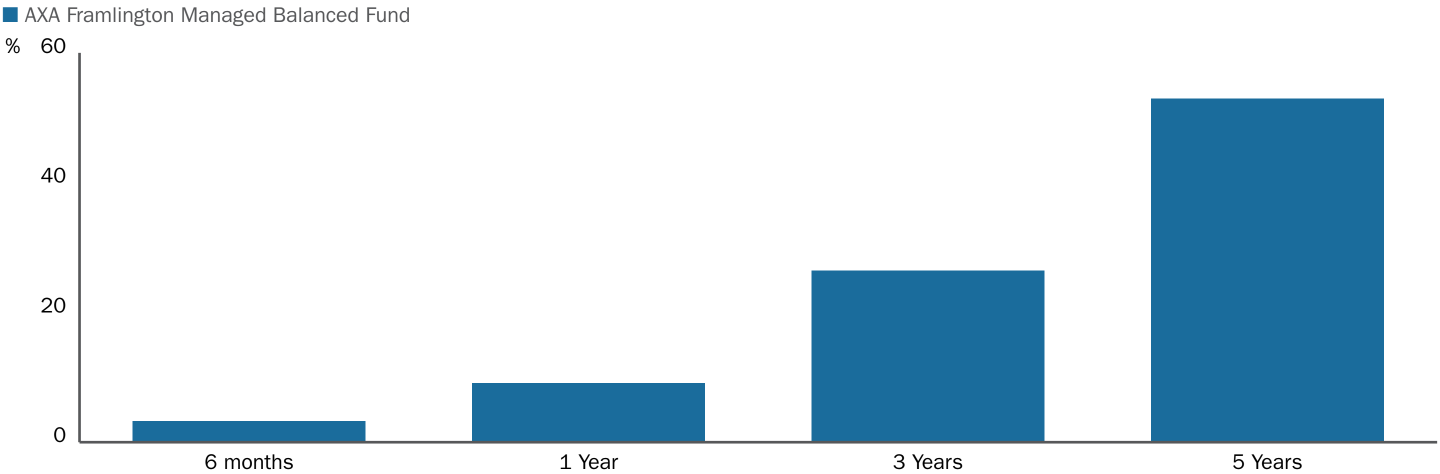
Cumulative fund performance*

as at 31 December 2017



Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 31 December 2017. Basis: Single Priced NAV with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

as at 31 December 2017



Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 31 December 2017. Basis: Single Price NAV, with net income reinvested, net of fees in GBP. Performance is representative of R Acc class.

** Performance calculation for all of the above: Single prices basis (NAV) from 6 October 2014 and bid price prior to this. To ensure consistent performance figures between bid and NAV prices, an adjustment factor has been applied.*

AXA Framlington Managed Balanced Fund

Comparative Tables

Change in net assets per unit	R Inc 31/12/2017 (p)	R Inc 31/12/2016 (p)	R Inc 31/12/2015 (p)	R Acc 31/12/2017 (p)	R Acc 31/12/2016 (p)	R Acc 31/12/2015 (p)
Opening net asset value per unit†	239.44	214.20	210.20	362.91	321.50	313.20
Return before operating charges^~	25.16	30.56	8.40	38.17	45.84	12.56
Operating charges~	(3.34)	(2.95)	(2.86)	(5.07)	(4.43)	(4.26)
Return after operating charges^	21.82	27.61	5.54	33.10	41.41	8.30
Distributions	(1.96)	(2.37)	(1.54)	(2.98)	(3.55)	(2.29)
Retained distributions on accumulation units	-	-	-	2.98	3.55	2.29
Closing net asset value per unit†	**259.30**	**239.44**	**214.20**	**396.01**	**362.91**	**321.50**
*^ after direct transaction costs of:	0.26	0.24	0.25	0.39	0.37	0.37
Performance						
Return after charges	9.11%	12.89%	2.63%	9.12%	12.88%	2.65%
Other information						
Closing net asset value†	11,698,907	26,304,436	31,260,057	381,069,179	385,704,535	398,108,394
Closing number of units	4,511,704	10,985,954	14,592,318	96,227,943	106,280,783	123,819,714
Operating charges~	1.32%	1.32%	1.32%	1.32%	1.32%	1.32%
Direct transaction costs*	0.10%	0.11%	0.12%	0.10%	0.11%	0.12%
Prices						
Highest unit price #	261.70	246.60	227.50	396.70	370.10	338.90
Lowest unit price #	240.00	194.90	204.10	363.80	292.60	304.10

Change in net assets per unit	Z Inc 31/12/2017 (p)	Z Inc 31/12/2016 (p)	Z Inc 31/12/2015 (p)	Z Acc 31/12/2017 (p)	Z Acc 31/12/2016 (p)	Z Acc 31/12/2015 (p)
Opening net asset value per unit†	141.93	126.70	124.60	152.31	133.90	129.80
Return before operating charges^~	14.96	18.39	4.73	16.04	19.38	5.04
Operating charges~	(1.04)	(0.92)	(0.90)	(1.12)	(0.97)	(0.94)
Return after operating charges^	13.92	17.47	3.83	14.92	18.41	4.10
Distributions	(2.11)	(2.24)	(1.73)	(2.26)	(2.36)	(1.80)
Retained distributions on accumulation units	-	-	-	2.26	2.36	1.80
Closing net asset value per unit†	**153.74**	**141.93**	**126.70**	**167.23**	**152.31**	**133.90**
*^ after direct transaction costs of:	0.15	0.15	0.15	0.16	0.15	0.16
Performance						
Return after charges	9.81%	13.79%	3.07%	9.80%	13.75%	3.16%
Other information						
Closing net asset value†	67,351,984	63,023,201	48,073,342	527,279,475	506,299,424	434,169,919
Closing number of units	43,808,912	44,404,524	37,931,918	315,295,621	332,424,478	324,335,477
Operating charges~	0.69%	0.69%	0.70%	0.69%	0.69%	0.70%
Direct transaction costs*	0.10%	0.11%	0.12%	0.10%	0.11%	0.12%
Prices						
Highest unit price #	156.10	146.80	135.10	167.50	155.10	140.70
Lowest unit price #	142.30	115.60	121.50	152.70	122.10	126.60

Comparative Tables

	ZI Inc			ZI Acc		
Change in net assets per unit	**31/12/2017 (p)**	**31/12/2016 (p)**	**31/12/2015 (p)**	**31/12/2017 (p)**	**31/12/2016 (p)**	**31/12/2015 (p)**
Opening net asset value per unit†	119.09	106.30	104.50	124.75	109.50	106.10
Return before operating charges^~	12.56	15.45	3.99	13.15	15.91	4.02
Operating charges~	(0.72)	(0.64)	(0.61)	(0.75)	(0.66)	(0.62)
Return after operating charges^	11.84	14.81	3.38	12.40	15.25	3.40
Distributions	(1.93)	(2.02)	(1.58)	(2.02)	(2.08)	(1.61)
Retained distributions on accumulation units	-	-	-	2.02	2.08	1.61
Closing net asset value per unit†	**129.00**	**119.09**	**106.30**	**137.15**	**124.75**	**109.50**
*^ after direct transaction costs of:	0.13	0.12	0.13	0.13	0.13	0.13
Performance						
Return after charges	9.94%	13.93%	3.24%	9.94%	13.93%	3.20%
Other information						
Closing net asset value†	2,976,194	2,967,502	2,989,438	92,648,572	69,189,187	64,885,596
Closing number of units	2,307,117	2,491,902	2,811,430	67,555,000	55,463,424	59,252,660
Operating charges~	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Direct transaction costs*	0.10%	0.11%	0.12%	0.10%	0.11%	0.12%
Prices						
Highest unit price #	131.20	123.30	113.30	137.40	127.00	115.00
Lowest unit price #	119.40	96.99	102.00	125.10	99.92	103.50

The operating charges published in the comparative tables for the interim accounts to 30/06/2017 were shown as annualised rather than cumulative. In order to be consistent with the other information in the comparative tables we now show the operating charges as a cumulative figure. This change has no impact on the closing net asset per unit or the return after charges previously published.

† 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.*

~ Comparative years have been restated.

The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

AXA Framlington Managed Balanced Fund

Top ten holdings as at 31 December 2017

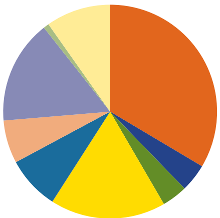
Company	Sector	%
AXA Framlington Emerging Markets Fund	Emerging Markets	3.85
UK Treasury 4.75% 07/03/2020	UK Government Stocks	2.03
BP	UK Equities	1.94
Royal Dutch Shell 'B'	UK Equities	1.61
Diageo	UK Equities	1.59
Japan Government Ten Year Bond 0.1% 20/09/2026	Japan Government Stocks	1.56
HSBC	UK Equities	1.47
Rio Tinto	UK Equities	1.35
GlaxoSmithKline	UK Equities	1.30
UK Treasury 2% 22/07/2020	UK Government Stocks	1.16

Top ten holdings as at 31 December 2016

Company	Sector	%
AXA Framlington Emerging Markets Fund	Emerging Markets	3.46
UK Treasury 4.75% 07/03/2020	UK Government Stocks	2.19
BP	UK Equities	2.09
Royal Dutch Shell 'B'	UK Equities	1.91
GlaxoSmithKline	UK Equities	1.49
UK Treasury 1% 07/09/2017	UK Government Stocks	1.41
Rio Tinto	UK Equities	1.35
Japan Government Ten Year Bond 0.1% 20/09/2026	Japan Government Stocks	1.19
AstraZeneca	UK Equities	1.16
Vodafone	UK Equities	1.14

Portfolio breakdown

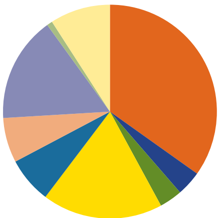
as at 31 December 2017



Sector	%
United Kingdom	33.54
Asia/Pacific (ex. Japan)	4.22
Emerging Markets	3.85
Europe (ex. UK)	17.46
Forward Currency Contracts	0.02
Japan	8.07
UK Bonds	6.51
North America	15.70
Overseas Bonds	0.84
Net current assets	9.79

All data, source: AXA Investment Managers

as at 31 December 2016



Sector	%
United Kingdom	34.87
Asia/Pacific (ex. Japan)	3.78
Emerging Markets	3.46
Europe (ex. UK)	18.25
Forward Currency Contracts	-0.07
Japan	6.95
UK Bonds	6.79
North America	15.99
Overseas Bonds	0.85
Net Current Assets	9.13

INVESTMENT MANAGERS

AXA Framlington Managed Balanced Fund

Important information

The Manager
AXA Investment Managers UK Limited
7 Newgate Street
London, EC1A 7NX

The Sub-Investment Managers:
AXA Investment Managers Paris
Tour Majunga
La Défense 9
6, Place de la Pyramide
92800 Puteaux
France
Authorised and regulated by the Financial Conduct Authority. Member of the IA.

The Administrator and address for inspection of Register:
DST Financial Services International Limited and DST Financial Services Europe Limited
DST House
St Nicholas Lane
Basildon
Essex, SS15 5FS
Authorised and regulated by the Financial Conduct Authority.

Trustee
National Westminster Bank plc
Trustee and Depositary Services
Younger Building
1st Floor
3 Redheughs Avenue
Edinburgh, EH12 9RH
Authorised and regulated by the Financial Conduct Authority.

Legal advisers
Eversheds LLP
One Wood Street
London, EC2V 7WS

Auditor
Ernst & Young LLP
10 George Street
Edinburgh, EH2 2DZ
Authorised and regulated by the Financial Conduct Authority.

Fund Accounting Administrator
State Street Bank & Trust Company
20 Churchill Place
London, E14 5HJ

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

For more information on any AXA Framlington unit trust please contact us via our website or telephone number.
Copies of the latest Manager's Report (long form) and Prospectus are available free of charge from the administration office: PO Box 10908, Chelmsford, CM99 2UT.

ADDITIONAL INFORMATION

Report and accounts
The purpose of sending this Short Report for the Fund is to give you a summary of how the Fund has performed during the accounting period in accordance with the Collective Investment Schemes Sourcebook (COLL) Rules. If you would like any additional information about the Fund you can request a free copy of the more detailed long form accounts for the Fund. For a copy of this, please contact our dedicated customer services team on 0345 777 5511.

UCITS V Directive
The UCITS V Directive was implemented into national law on the 18 March 2016. The Directive aims to increase the level of protection already offered to investors in UCITS and to improve investor confidence in UCITS. It aims to do so by enhancing the rules on the responsibilities of depositaries, including a strict liability regime making the depositary liable for the avoidable loss of a financial instrument held in custody and by introducing remuneration policy requirements for UCITS fund managers.

AXA INVESTMENT MANAGERS