

Annual Long Report & Financial Statements
Year ended
31 May 2018

AXA Distribution Investment ICVC

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

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

Directory

The Company and Head Office

AXA Distribution Investment ICVC
7 Newgate Street
London EC1A 7NX

Authorised Corporate Director ("ACD")

AXA Investment Managers UK Limited
7 Newgate Street
London EC1A 7NX
www.axa-im.co.uk

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

The Administrator and address for inspection of Register

DST Financial Services International Limited and DST Financial Services Europe Limited
DST House
St Nicholas Lane
Basildon
Essex SS15 5FS

Sub-Investment Managers

AXA Rosenberg Investment Management LLC
4 Orinda Way
Building E
Orinda
California
USA 94563

AXA Investment Managers Asia (Singapore) Limited
133 Cecil Street
15-02 Keck Seng Tower
Singapore 069535

Legal Advisers

Eversheds LLP
1 Wood Street
London EC2V 7WS

Fund Accounting Administrator

State Street Bank & Trust Company
20 Churchill Place
London E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

Directory

Depository

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

HSBC Bank plc is a subsidiary of HSBC Holdings plc.

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

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh, EH3 8EX

Report of the Directors of AXA Distribution Investment ICVC

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

Shareholders are not liable for the debts of the Company.

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

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

None of the sub-funds included within this report have holdings in any of the Company’s other sub-funds.

Important Events During the Year

During the period from 1st June 2017 to 31st May 2018 there were no significant changes to the Prospectus or the Instrument of Incorporation.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Investment Objective

The aim of this Fund is to provide income with some prospect for long-term capital growth.

Investment Policy

The Fund invests in a mix of UK Government bonds, the majority of which are linked to the rate of inflation, shares in large and medium sized UK listed companies, and cash. The Fund's typical asset mix would have at least a minimum investment in UK Government bonds and cash of 60%. As a result of this asset mix the fund's value should be less volatile than a fund with a higher proportion of its investments in shares. The fund manager selects shares in companies based upon their prospects for future growth in dividend payments following an in depth analysis of their financial status, quality of business model and corporate governance arrangements. Investments in UK Government bonds are diversified across a range of maturities (i.e., the length of time for full repayment of the bond by the Government).

Risk and Reward Profile

As at 31 May 2018

By investing in a fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which has reduced risk and you are prepared to accept less potential reward than is the case with other funds. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. Typically, you would prefer an investment with less risk than that of a fund which invests significantly in equities or overseas.

Lower Risk

Higher Risk



1	2	3	4	5	6	7
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The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

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

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

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

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

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

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

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

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

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

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

- Equity risk - the value of shares in which a 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.

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

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

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

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

Investment Review

A combination of factors have weighed on investor sentiment over the past 12 months and generated a more volatile trading backdrop. Despite this, equity markets both in the UK and overseas have continued to make positive progress.

In the UK, the FTSE All-Share Index enjoyed a strong second half in 2017. However, a sharp dip in investor sentiment generated a first quarter negative return of -6.87% , the worst quarterly return in over six years. Investor worries about political risk – the outcome of the Brexit negotiations with the EU, slowing domestic economic growth (and in particular negative trends in retail and housing market) and the potential for accelerated interest rate hikes – weighed heavily on stock prices. However, sentiment reversed in April as weakening economic data shifted market views on the outlook for UK interest rates, with May's "inevitable" rate rise being pushed back. Consequently, equities recovered sharply in April and May.

In the US, sentiment has been affected by ongoing interest rate rises by the Federal Reserve (Fed) combined with the risks presented by a new chairman of the board. The robust US economy has focused investors' minds on the risk of inflation – wage inflation data being particularly closely watched. The technology sector has continued to lead the US market to new highs, despite President Donald Trump taking to his Twitter account threatening a global trade war. These and other factors all create noise and volatility for the economy and the equity market. While they warrant close monitoring, we do not believe that they will derail the ongoing economic recovery in the near term.

In Europe, the European Central Bank (ECB) does not appear to be in any hurry to raise interest rates. Over the past 18 months, the Governing Council has consistently revised down its inflation forecasts despite revising up its growth forecasts. While the removal of ECB quantitative easing by the end of the year still seems likely, a lengthy pause before the ECB begins to raise interest rates also seems likely. The Japanese stock market is down marginally year-to-date, as global investors have been cautious of Japanese yen appreciation and the prospect of US protectionism. Japan has been the most stable political economy in the G7, but a political scandal has eroded support for Shinzo Abe's LDP government, which has weighed on investor sentiment. In China, the economy continues to transition gradually to a consumer-led focus. We believe fears over a China-US trade war are overdone.

Merger & acquisition (M&A) activity has continued to be a strong theme in the stock market, and the portfolio has participated in a number of these transactions in recent months. Prudential comprises three regional businesses; the US, Far East and the UK. The company announced recently that the UK business will be demerged into two separately listed companies. In conjunction with this, £12 billion of its £32 billion annuities book is being sold to Rothesay Life. We see further opportunities to unlock value within the business. Elsewhere, Phoenix Group announced the £3.2 billion deal to acquire Standard Life Aberdeen's insurance unit; Tesco completed its acquisition of the UK's market-leading cash and carry business Booker Plc; Weir acquired ESCO Corp, which is a global market leader in ground engaging tools for surface mining, for a consideration of \$1,285 million; Melrose Industries acquired GKN for £7.9 billion in what became a contentious bidding process; Shire, the rare disease pharmaceutical company, is currently subject to a bid from Japanese firm Takeda. During the year the fund participated in a number of IPOs: these were Nexus Infrastructure, Footasylum, the fresh food producer Bakkavor and the platform provider Integraf. We opened new positions in the brick producer Forterra, RPC, Accesso Technology, Avon Rubber, Redrow, Eddie Stobart Logistics and the mobile payment service Boku. We closed positions in Rightmove, Worldpay, Howden Joinery, Aveva (following its announced takeover from Schneider), Aldermore (following its approach from FirstRand), Berkeley Group, Trinity Mirror and Saga. We also traded both index-linked gilts and equities to cover cash flows.

The global government bond sell-off gained momentum at the end of 2017, led by the US treasury market, as investors questioned valuations set against a strong global economy and more interest rate rises in the near term. As a result, the UK gilt market is virtually flat over 12 months. We came into the New Year with a bearish stance on rates, however we have subsequently neutralised that position with the higher yields on offer and are more inclined to add duration risk if we see higher yields. Our macroeconomic outlook for the UK is 'mixed', at best, given the complexity of Brexit, our political situation and the potential drag it could cause on growth. We prefer inflation-linked gilts over conventional government bonds and believe that we may see low yields for many years to come – even if we have seen the absolute lowest point in yields in this cycle. More importantly for the Distribution Fund, we still believe that government bonds retain their low correlation to risk assets, which we believe makes them a good complement to equities in the portfolio.

AXA Defensive Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Our view on UK consumer price index (CPI) data is that it peaked at 3.1% during December 2017. It fell to 3% in January, the first time in six months that it had fallen, and for April (the most recent available data at the time of writing) the rate has fallen to 2.4%. We expect inflation may fall further over the coming months but we remain confident that demand for long-dated bonds should be supportive for inflation breakevens. Short-term, we think the momentum for government bond yields may rise as the synchronised global growth story remains intact.

Outlook

The global recovery appears well set to continue, albeit possibly at a more modest pace, as cyclical indicators in developed economies continue to give positive signals. The Fed is expected to go ahead with further rates rises in 2018, and the ECB has indicated it is starting to curtail the size of its asset purchases. The Bank of England is also likely to raise rates at some point this year. The Bank of Japan's stance is less clear. The unwinding of global quantitative easing on such a scale is unprecedented and undoubtedly presents a number of risks. However, provided inflation remains moderate, we would expect any tightening to remain very gradual and not present a threat to equities markets.

In the US, while it is still too early to fully assess the tax reform's impact on the economy, it is likely to further boost an already healthy environment. A new tax code should allow businesses and consumers to plan with some certainty for the future and preserve the current high levels of confidence. In Europe, French President Emmanuel Macron appears to be moving forward with his reform agenda despite resistance, while German Chancellor Angela Merkel managed to form a new coalition government. Brexit continues to cloud the British economy's prospects and weigh on investor sentiment, although the recently agreed transition period should provide more visibility.

The UK stock market remains a consensus underweight market among global fund managers. With synchronised global economic growth providing opportunities elsewhere in the world, the complications presented by the myriad Brexit-related unknowns makes it a market that can be avoided. However, we see that the underlying health of the equity market has improved, with a combination of strong earnings growth and falling share prices bringing a de-rating of the market to a level closer to the long-term average. In addition, the combination of low interest rates, low unemployment, peaking inflation, the majority of market earnings coming from overseas and its high dividend yield are compelling and make it a likely destination for capital flows once a Brexit deal has been reached.

*All performance data source: AXA Investment Managers and Lipper
Past performance is not a guide to future performance.*

Major Purchases

- UK Treasury 0.125% IL 22/11/19
- UK Treasury 2.5% IL 16/04/20
- UK Treasury 0.125% IL 22/11/65
- UK Treasury 0.125% IL 22/03/29
- UK Treasury 4.125% IL 22/07/30

Major Sales

- UK Treasury 1.25% IL 22/11/17
- UK Treasury 0.125% IL 22/03/29
- UK Treasury 0.125% IL 22/11/19
- UK Treasury 0.625% IL 22/03/40
- UK Treasury 1.25% IL 22/11/55

Matthew Huddart, Jamie Forbes-Wilson

AXA Investment Managers UK Limited
31 May 2018

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2018

	A Gross Accumulation ~			A Gross Income ~		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	117.16	101.84	100.00	114.09	100.87	100.00
Return before operating charges ^	2.16	15.90	2.14	2.11	15.79	2.26
Operating charges ^	(0.61)	(0.58)	(0.30)	(0.59)	(0.57)	(0.30)
Return after operating charges ^	1.55	15.32	1.84	1.52	15.22	1.96
Distributions	(1.09)	(1.89)	(1.09)	(1.10)	(2.00)	(1.09)
Retained distributions on accumulation shares	1.09	1.89	1.09	-	-	-
Closing net asset value per share †	118.71	117.16	101.84	114.51	114.09	100.87
*^ after direct transaction costs of:	0.04	0.07	0.05	0.04	0.07	0.05
Performance						
Return after operating charges	1.32%	15.04%	1.84%	1.33%	15.09%	1.96%
Other information						
Closing net asset value (£) †	1,680,053	1,453,568	828,981	4,975	4,982	14,976
Closing number of shares	1,415,301	1,240,637	813,984	4,344	4,367	14,847
Operating charges ^	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	119.30	117.50	102.00	115.80	114.70	102.00
Lowest share price #	113.60	101.10	97.71	110.00	100.10	97.71
	A Net Accumulation ~			A Net Income ~		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	116.66	101.56	100.00	114.02	100.81	100.00
Return before operating charges ^	2.13	15.94	2.12	2.06	15.67	2.07
Operating charges ^	(0.60)	(0.58)	(0.30)	(0.59)	(0.58)	(0.30)
Return after operating charges ^	1.53	15.36	1.82	1.47	15.09	1.77
Distributions	(1.09)	(1.91)	(1.30)	(1.06)	(1.88)	(0.96)
Retained distributions on accumulation shares	1.09	1.65	1.04	-	-	-
Closing net asset value per share †	118.19	116.66	101.56	114.43	114.02	100.81
*^ after direct transaction costs of:	0.04	0.07	0.05	0.04	0.07	0.05
Performance						
Return after operating charges	1.31%	15.12%	1.82%	1.29%	14.97%	1.77%
Other information						
Closing net asset value (£) †	738,837	626,625	506,853	59,590	59,403	4,971
Closing number of shares	625,114	537,160	499,064	52,077	52,100	4,931
Operating charges ^	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	118.80	116.90	102.00	115.70	114.60	102.00
Lowest share price #	113.10	100.80	97.64	110.00	100.00	97.64

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2018

	B Gross Accumulation +			B Gross Income +		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	131.40	114.09	116.40	119.39	105.45	109.56
Return before operating charges ^	2.42	17.83	(1.84)	2.19	16.38	(1.74)
Operating charges ^	(0.55)	(0.52)	(0.47)	(0.50)	(0.48)	(0.44)
Return after operating charges ^	1.87	17.31	(2.31)	1.69	15.90	(2.18)
Distributions	(1.23)	(2.13)	(1.75)	(1.11)	(1.96)	(1.93)
Retained distributions on accumulation shares	1.23	2.13	1.75	-	-	-
Closing net asset value per share †	133.27	131.40	114.09	119.97	119.39	105.45
*^ after direct transaction costs of:	0.04	0.08	0.06	0.04	0.07	0.05
Performance						
Return after operating charges	1.42%	15.17%	-1.98%	1.42%	15.08%	-1.99%
Other information						
Closing net asset value (£) †	191,298,816	208,433,448	210,900,981	1,867,426	2,100,243	1,996,086
Closing number of shares	143,538,123	158,624,524	184,862,048	1,556,604	1,759,143	1,893,011
Operating charges ^	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	133.90	131.70	116.00	121.20	120.00	109.10
Lowest share price #	127.40	113.20	109.30	115.30	104.60	102.20

	B Net Accumulation +			B Net Income +		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	129.15	112.40	115.11	119.60	105.63	109.76
Return before operating charges ^	2.38	17.55	(1.73)	2.18	16.41	(1.76)
Operating charges ^	(0.54)	(0.52)	(0.47)	(0.50)	(0.48)	(0.44)
Return after operating charges ^	1.84	17.03	(2.20)	1.68	15.93	(2.20)
Distributions	(1.20)	(2.10)	(2.55)	(1.11)	(1.96)	(1.93)
Retained distributions on accumulation shares	1.20	1.82	2.04	-	-	-
Closing net asset value per share †	130.99	129.15	112.40	120.17	119.60	105.63
*^ after direct transaction costs of:	0.04	0.08	0.06	0.04	0.07	0.05
Performance						
Return after operating charges	1.42%	15.15%	-1.91%	1.41%	15.08%	-2.00%
Other information						
Closing net asset value (£) †	38,888,447	43,976,037	44,554,094	482,341	486,640	453,179
Closing number of shares	29,689,072	34,051,351	39,639,720	401,371	406,903	429,035
Operating charges ^	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	131.60	129.40	114.70	121.40	120.20	109.30
Lowest share price #	125.20	111.50	107.80	115.50	104.80	102.30

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2018

	R Gross Accumulation			R Gross Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	141.81	124.48	127.76	95.43	85.22	89.08
Return before operating charges ^	2.56	19.39	(1.41)	1.72	13.19	(1.00)
Operating charges ^	(2.12)	(2.06)	(1.87)	(1.43)	(1.40)	(1.30)
Return after operating charges ^	0.44	17.33	(3.28)	0.29	11.79	(2.30)
Distributions	(1.31)	(2.32)	(2.26)	(0.88)	(1.58)	(1.56)
Retained distributions on accumulation shares	1.31	2.32	2.26	-	-	-
Closing net asset value per share †	142.25	141.81	124.48	94.84	95.43	85.22
*^ after direct transaction costs of:	0.05	0.09	0.06	0.03	0.06	0.04
Performance						
Return after operating charges	0.31%	13.92%	-2.57%	0.30%	13.83%	-2.58%
Other information						
Closing net asset value (£) †	8,502,319	28,559,939	28,494,680	2,474,751	2,806,259	2,768,838
Closing number of shares	5,976,837	20,140,025	22,890,329	2,609,266	2,940,548	3,248,979
Operating charges ^	1.52%	1.52%	1.51%	1.52%	1.52%	1.51%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	143.60	142.40	127.30	96.26	96.09	88.75
Lowest share price #	136.40	123.50	119.70	91.32	84.54	82.91

	R Net Accumulation			R Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	170.20	149.76	154.26	91.33	81.56	85.25
Return before operating charges ^	3.09	23.30	(1.57)	1.65	12.62	(0.96)
Operating charges ^	(2.55)	(2.48)	(2.25)	(1.37)	(1.34)	(1.24)
Return after operating charges ^	0.54	20.82	(3.82)	0.28	11.28	(2.20)
Distributions	(1.58)	(2.79)	(3.39)	(0.84)	(1.51)	(1.49)
Retained distributions on accumulation shares	1.58	2.41	2.71	-	-	-
Closing net asset value per share †	170.74	170.20	149.76	90.77	91.33	81.56
*^ after direct transaction costs of:	0.05	0.11	0.07	0.03	0.06	0.04
Performance						
Return after operating charges	0.32%	13.90%	-2.48%	0.31%	13.83%	-2.58%
Other information						
Closing net asset value (£) †	10,565,091	11,415,938	10,877,699	1,032,119	1,018,017	1,027,702
Closing number of shares	6,187,949	6,707,503	7,263,213	1,137,064	1,114,616	1,260,053
Operating charges ^	1.52%	1.52%	1.51%	1.52%	1.52%	1.51%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	172.30	170.80	153.70	92.13	91.96	84.94
Lowest share price #	163.70	148.50	144.20	87.40	80.89	79.29

AXA Defensive Distribution Fund

Comparative Tables

As at 31 May 2018

	Z Gross Accumulation			Z Gross Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	202.38	176.34	179.63	100.45	89.03	92.36
Return before operating charges ^	3.72	27.53	(1.95)	1.84	13.81	(1.01)
Operating charges ^	(1.55)	(1.49)	(1.34)	(0.77)	(0.74)	(0.69)
Return after operating charges ^	2.17	26.04	(3.29)	1.07	13.07	(1.70)
Distributions	(1.88)	(3.29)	(3.18)	(0.93)	(1.65)	(1.63)
Retained distributions on accumulation shares	1.88	3.29	3.18	-	-	-
Closing net asset value per share †	204.55	202.38	176.34	100.59	100.45	89.03
*^ after direct transaction costs of:	0.07	0.12	0.09	0.03	0.06	0.04
Performance						
Return after operating charges	1.07%	14.77%	-1.83%	1.07%	14.68%	-1.84%
Other information						
Closing net asset value (£) †	24,605,092	8,498,499	7,553,916	534,217	459,102	406,528
Closing number of shares	12,028,638	4,199,237	4,283,772	531,089	457,060	456,636
Operating charges ^	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	205.80	203.00	179.00	101.80	101.00	92.02
Lowest share price #	195.90	175.00	169.10	96.71	88.34	86.38

	Z Net Accumulation			Z Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	186.55	162.96	166.60	100.34	88.94	92.27
Return before operating charges ^	3.43	25.38	(1.65)	1.84	13.78	(1.03)
Operating charges ^	(1.42)	(1.38)	(1.25)	(0.76)	(0.75)	(0.68)
Return after operating charges ^	2.01	24.00	(2.90)	1.08	13.03	(1.71)
Distributions	(1.74)	(3.02)	(3.69)	(0.93)	(1.63)	(1.62)
Retained distributions on accumulation shares	1.74	2.61	2.95	-	-	-
Closing net asset value per share †	188.56	186.55	162.96	100.49	100.34	88.94
*^ after direct transaction costs of:	0.06	0.12	0.08	0.03	0.06	0.04
Performance						
Return after operating charges	1.08%	14.73%	-1.74%	1.08%	14.65%	-1.85%
Other information						
Closing net asset value (£) †	13,983,093	15,409,485	9,649,029	2,304,996	2,328,557	1,537,027
Closing number of shares	7,415,557	8,260,053	5,921,057	2,293,795	2,320,563	1,728,184
Operating charges ^	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
Direct transaction costs *	0.03%	0.06%	0.05%	0.03%	0.06%	0.05%
Prices						
Highest share price #	189.70	187.00	166.00	101.70	100.90	91.94
Lowest share price #	180.60	161.70	156.50	96.61	88.23	86.23

† Valued at bid-market prices.

High and Low price disclosures are based on quoted share 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 sub-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 these tables have been calculated against the average Net Asset Value for the accounting year.

~ A share class launched on 6 November 2015.

+ B share class was previously named J share class up to 15 January 2016.

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
GOVERNMENT BONDS 63.14% (31/05/17: 59.69%)			
Traditional Government Bonds 2.71% (31/05/17: 2.50%)			
UK Treasury 0% 07/06/21	5,027,381	4,919	1.64
UK Treasury 1.25% 22/07/18	1,192,000	1,193	0.40
UK Treasury 3.25% 22/01/44	151,427	199	0.07
UK Treasury 3.75% 22/07/52	183,548	285	0.10
UK Treasury 4.25% 07/06/32	305,913	409	0.14
UK Treasury 4.25% 07/12/40	305,913	450	0.15
UK Treasury 4.5% 07/12/42	239,224	371	0.12
UK Treasury 4.75% 07/12/38	173,575	265	0.09
Index Linked Government Bonds 60.43% (31/05/17: 57.19%)			
UK Treasury 0.125% IL 22/11/19	30,987,389	35,944	12.02
UK Treasury 0.125% IL 22/03/24	4,746,083	6,143	2.05
UK Treasury 0.125% IL 22/03/26	2,580,000	3,227	1.08
UK Treasury 0.125% IL 22/03/44	3,875,923	6,898	2.31
UK Treasury 0.125% IL 22/03/46	733,580	1,262	0.42
UK Treasury 0.125% IL 22/11/56	700,000	1,388	0.46
UK Treasury 0.125% IL 22/03/58	549,455	1,154	0.39
UK Treasury 0.125% IL 22/11/65	2,627,000	6,243	2.09
UK Treasury 0.125% IL 22/03/68	1,242,143	3,229	1.08
UK Treasury 0.25% IL 22/03/52	2,754,395	5,747	1.92
UK Treasury 0.375% IL 22/03/62	1,265,361	3,331	1.11
UK Treasury 0.5% IL 22/03/50	2,247,083	5,444	1.82
UK Treasury 0.625% IL 22/03/40	1,678,056	3,434	1.15
UK Treasury 0.625% IL 22/11/42	2,662,670	5,853	1.96
UK Treasury 0.75% IL 22/03/34	2,632,690	4,520	1.51
UK Treasury 0.75% IL 22/11/47	2,575,791	6,455	2.16
UK Treasury 1.125% IL 22/11/37	1,274,343	2,864	0.96
UK Treasury 1.25% IL 22/11/27	2,992,873	5,629	1.88
UK Treasury 1.25% IL 22/11/32	1,956,983	3,713	1.24
UK Treasury 1.25% IL 22/11/55	771,685	2,723	0.91
UK Treasury 1.875% IL 22/11/22	1,900,000	3,058	1.02
UK Treasury 2% IL 26/01/35	881,745	2,354	0.79
UK Treasury 2.5% IL 16/04/20	12,774,648	46,256	15.47
UK Treasury 2.5% IL 17/07/24	2,334,119	8,454	2.83
UK Treasury 4.125% IL 22/07/30	1,480,053	5,369	1.80
Ireland 0.00% (31/05/17: 0.00%)			
Lambay Capital Securities FRN Perpetual **	337,000	-	-
TOTAL GOVERNMENT BONDS		188,783	63.14
EQUITIES 34.09% (31/05/17: 33.49%)			
OIL & GAS 6.38% (31/05/17: 5.11%)			
Oil & Gas Producers 6.38% (31/05/17: 5.11%)			
BP	1,024,873	5,869	1.96
Royal Dutch Shell 'A' Shares	127,932	3,343	1.12
Royal Dutch Shell 'B' Shares	314,266	8,430	2.82
Tullow Oil	574,897	1,432	0.48
TOTAL OIL & GAS		19,074	6.38

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
BASIC MATERIALS 2.18% (31/05/17: 1.42%)			
Mining 2.18% (31/05/17: 1.42%)			
BHP Billiton	163,969	2,816	0.94
Rio Tinto	87,000	3,712	1.24
TOTAL BASIC MATERIALS		6,528	2.18
INDUSTRIALS 6.30% (31/05/17: 4.98%)			
Aerospace & Defense 0.47% (31/05/17: 0.43%)			
Avon Rubber	100,000	1,410	0.47
Construction & Materials 1.02% (31/05/17: 0.44%)			
Forterra	440,000	1,347	0.45
Ibstock	190,000	526	0.18
Nexus Infrastructure	580,000	1,183	0.39
Electronic & Electrical Equipment 0.94% (31/05/17: 0.85%)			
Luceco	1,269,235	843	0.28
TT Electronics	805,000	1,972	0.66
General Industrials 0.43% (31/05/17: 0.00%)			
RPC	160,000	1,278	0.43
Industrial Engineering 1.30% (31/05/17: 0.92%)			
Bodycote	140,000	1,382	0.46
Rotork	400,000	1,352	0.45
Weir	53,000	1,159	0.39
Industrial Transportation 0.33% (31/05/17: 0.00%)			
Eddie Stobart Logistics	700,000	980	0.33
Support Services 1.81% (31/05/17: 2.34%)			
Ashtead	75,000	1,739	0.58
Babcock International	130,000	1,084	0.36
BCA Marketplace	700,000	1,347	0.45
Boku	507,492	498	0.17
Experian	40,000	741	0.25
TOTAL INDUSTRIALS		18,841	6.30
CONSUMER GOODS 4.23% (31/05/17: 4.78%)			
Beverages 1.11% (31/05/17: 0.89%)			
Britvic	170,000	1,377	0.46
Diageo	70,000	1,930	0.65
Food Producers 0.45% (31/05/17: 0.00%[†])			
Bakkavor	675,000	1,337	0.45
Household Goods & Home Construction[†] 1.41% (31/05/17: 1.73%)			
Countryside Properties	450,000	1,672	0.56
McBride	717,000	896	0.30
Reckitt Benckiser	7,374	437	0.14
Redrow	200,000	1,227	0.41
Personal Goods 0.28% (31/05/17: 0.26%[†])			
Unilever	20,000	840	0.28

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Tobacco 0.98% (31/05/17: 1.90%)			
British American Tobacco	76,000	2,930	0.98
TOTAL CONSUMER GOODS		12,646	4.23
HEALTH CARE 3.16% (31/05/17: 3.09%)			
Pharmaceuticals & Biotechnology 3.16% (31/05/17: 3.09%)			
AstraZeneca	40,200	2,196	0.73
GlaxoSmithKline	296,600	4,524	1.51
Shire	66,500	2,737	0.92
TOTAL HEALTH CARE		9,457	3.16
CONSUMER SERVICES 2.47% (31/05/17: 3.69%)			
General Retailers 0.63% (31/05/17: 1.26%)			
Dunelm	130,065	710	0.24
Footasylum	617,758	1,161	0.39
Media 0.38% (31/05/17: 1.52%)			
ITV	700,000	1,150	0.38
Travel & Leisure 1.46% (31/05/17: 0.91%)			
Domino's Pizza	240,000	914	0.31
GVC	138,204	1,411	0.47
Gym	525,000	1,313	0.44
On the Beach	150,000	724	0.24
TOTAL CONSUMER SERVICES		7,383	2.47
TELECOMMUNICATIONS 1.11% (31/05/17: 2.35%)			
Fixed Line Telecommunications 0.49% (31/05/17: 0.67%)			
BT	714,000	1,463	0.49
Mobile Telecommunications 0.62% (31/05/17: 1.68%)			
Vodafone	964,000	1,870	0.62
TOTAL TELECOMMUNICATIONS		3,333	1.11
UTILITIES 0.00% (31/05/17: 0.81%)			
Gas, Water & Multiutilities 0.00% (31/05/17: 0.81%)			
FINANCIALS 6.29% (31/05/17: 5.69%)			
Banks 2.72% (31/05/17: 3.06%)			
Barclays	519,295	1,034	0.34
HSBC	800,000	5,795	1.94
Lloyds Banking	2,066,000	1,314	0.44
Financial Services 1.18% (31/05/17: 0.45%[†])			
3i	150,900	1,442	0.48
GVC CVR **	900,000	-	-
IntegraFin	240,176	862	0.29
Standard Life Aberdeen	350,000	1,227	0.41
Life Insurance 2.03% (31/05/17: 1.78%)			
Just	850,000	1,226	0.41
Prudential	185,000	3,378	1.13
St James's Place	122,000	1,454	0.49

AXA Defensive Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Nonlife Insurance 0.36% (31/05/17: 0.40%)			
Direct Line Insurance	300,000	1,078	0.36
TOTAL FINANCIALS		18,810	6.29
TECHNOLOGY 1.97% (31/05/17: 1.57%)			
Software & Computer Services 1.97% (31/05/17: 1.57%)			
accesso Technology	57,000	1,408	0.47
Alfa Financial Software	276,552	870	0.29
AVEVA	48,250	1,132	0.38
Eckoh *	1,536,465	591	0.20
Micro Focus International	63,177	851	0.28
SDL	242,833	1,047	0.35
TOTAL TECHNOLOGY		5,899	1.97
Portfolio of investments		290,754	97.23
Net other assets		8,268	2.77
Total net assets		299,022	100.00

* These are AIM (Alternative Investment Market) holdings.

** These stocks have either been suspended, delisted or are in liquidation. They are included at the Manager's valuation.

† Since the previous report industry classifications have been updated. Comparative figures have been updated where appropriate.

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

AXA Defensive Distribution Fund

Statement of Total Return

For the year ended 31 May 2018

	Note	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Income:					
Net capital gains	2		2,322		41,768
Revenue	3	2,961		5,694	
Expenses	4	(1,812)		(1,936)	
Interest payable and similar charges		-		-	
Net revenue before taxation		1,149		3,758	
Taxation	5	(18)		(19)	
Net revenue after taxation			1,131		3,739
Total return before distributions			3,453		45,507
Distributions	6		(2,880)		(5,607)
Change in net assets attributable to Shareholders from investment activities			573		39,900

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2018

	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Opening net assets attributable to Shareholders		327,637		321,576
Amounts receivable on issue of shares	4,886		12,937	
Amounts payable on cancellation of shares	(36,834)		(52,014)	
		(31,948)		(39,077)
Change in net assets attributable to Shareholders from investment activities (see above)		573		39,900
Retained distributions on accumulation shares		2,760		5,211
Unclaimed distributions		-		27
Closing net assets attributable to Shareholders		299,022		327,637

AXA Defensive Distribution Fund

Balance Sheet

As at 31 May 2018

		31/05/18	31/05/17
	Note	£'000	£'000
Assets:			
Fixed assets:			
Investments		290,754	305,296
Current assets:			
Debtors	7	974	1,187
Cash and bank balances	8	8,056	22,498
Total assets		<u>299,784</u>	<u>328,981</u>
Liabilities:			
Creditors:			
Distribution payable		(35)	(29)
Other creditors	9	(727)	(1,315)
Total liabilities		<u>(762)</u>	<u>(1,344)</u>
Net assets attributable to Shareholders		<u>299,022</u>	<u>327,637</u>

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Non-derivative securities	2,323	41,769
Currency losses	-	(1)
Forward currency contracts	-	1
Transaction charges	(1)	(1)
Net capital gains	2,322	41,768

3. Revenue

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Bank interest	4	10
Interest on debt securities	(1,134)	1,120
Overseas dividends	227	246
Scrip dividends	-	253
UK dividends	3,864	4,054
Property Revenue from REIT	-	11
Total revenue	2,961	5,694

4. Expenses

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
ACD fees	1,749	1,868
Registration fees	13	15
	1,762	1,883

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees	32	32
Safe custody fees	8	7
	40	39

Other expenses

Audit fees	8	7
Printing fees	2	7
	10	14
Total expenses	1,812	1,936

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

5. Taxation

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
(a) Analysis of the tax charge in the year		
Overseas withholding tax	18	19

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2017: 20%) is applied to the net revenue before taxation. The differences are explained below:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Net revenue before taxation	1,149	3,758
Net revenue for the year multiplied by the standard rate of corporation tax	230	752
Effects of:		
Movement in excess management expenses	1,830	618
Overseas withholding tax	18	19
Relief for indexation on UK Gilts	(1,242)	(457)
Revenue not subject to corporation tax	(818)	(913)
Current tax charge for the year	18	19

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

(c) Deferred taxation:

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

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £17,461,037 (2017: £15,631,516) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
First interim	446	1,583
Second interim	719	2,084
Third interim	477	672
Final	1,199	1,012
Add: Revenue paid on cancellation of shares	55	109
Deduct: Revenue received on creation of shares	(16)	(20)
Tax withheld on interest distributions	-	167
Net distribution for the year	2,880	5,607
Reconciliation of net revenue after taxation to distributions		
Net revenue after taxation	1,131	3,739
Expenses charged to capital	1,749	1,868
Net distribution for the year	2,880	5,607

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

7. Debtors	31/05/18	31/05/17
	£'000	£'000
Amounts receivable for creation of shares	90	60
Sales awaiting settlement	-	235
Overseas tax recoverable	16	12
Accrued revenue	868	880
Total debtors	974	1,187
8. Cash and bank balances	31/05/18	31/05/17
	£'000	£'000
Cash and bank balances	8,056	22,498
Total cash and bank balances	8,056	22,498
9. Other creditors	31/05/18	31/05/17
	£'000	£'000
Amounts payable for cancellation of shares	573	401
Purchases awaiting settlement	-	574
Annual Management Charge	135	314
Accrued other expenses	19	26
Total other creditors	727	1,315

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

10. Related party transactions

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

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

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

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

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

	ACD fee rate (%)	31/05/17	Issued	Cancelled	Converted	31/05/18
A Gross Accumulation	0.50%	1,240,637	582,048	(407,384)	-	1,415,301
A Gross Income	0.50%	4,367	1,304	(1,327)	-	4,344
A Net Accumulation	0.50%	537,160	243,502	(155,548)	-	625,114
A Net Income	0.50%	52,100	1,302	(1,325)	-	52,077
B Gross Accumulation	0.40%	158,624,524	14,536	(15,100,937)	-	143,538,123
B Gross Income	0.40%	1,759,143	5,585	(208,124)	-	1,556,604
B Net Accumulation	0.40%	34,051,351	31,102	(4,393,381)	-	29,689,072
B Net Income	0.40%	406,903	1,721	(7,253)	-	401,371
R Gross Accumulation	1.50%	20,140,025	175,843	(1,535,672)	(12,803,359)	5,976,837
R Gross Income	1.50%	2,940,548	-	(243,391)	(87,891)	2,609,266
R Net Accumulation	1.50%	6,707,503	306,782	(871,190)	44,854	6,187,949
R Net Income	1.50%	1,114,616	4,966	(71,411)	88,893	1,137,064
Z Gross Accumulation	0.75%	4,199,237	461,595	(1,516,126)	8,883,932	12,028,638
Z Gross Income	0.75%	457,060	132,351	(60,995)	2,673	531,089
Z Net Accumulation	0.75%	8,260,053	806,597	(1,651,093)	-	7,415,557
Z Net Income	0.75%	2,320,563	560,227	(586,995)	-	2,293,795

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2017: nil).

13. Derivatives and other financial instruments

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

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2017).

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

Market price risk sensitivity

A 10% increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £29,075,378 (2017: £30,529,562). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was immaterial direct foreign currency exposure within the Fund at the balance sheet date.

Interest rate risk

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

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one per cent increase in interest rates would have the effect of decreasing the return and net assets by £23,153,000 (2017: £22,881,000). A one per cent decrease would have an equal and opposite effect.

Credit risk

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

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

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

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

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

Credit Rating	31/05/18		31/05/17	
	Market Value £'000	%	Market Value £'000	%
Total bonds BBB- credit rating and above	188,783	63.14	195,568	59.69
Total value of bonds	188,783	63.14	195,568	59.69

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

14. Portfolio transaction costs

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
31/05/2018						
Analysis of purchases						
Equities	17,913	15	0.08	58	0.32	17,986
Bonds	68,459	-	-	-	-	68,459
Total	86,372	15		58		86,445

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
31/05/2018						
Analysis of sales						
Equities	28,358	(28)	(0.10)	-	-	28,330
Bonds	71,201	-	-	-	-	71,201
Total	99,559	(28)		-		99,531

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
31/05/2017						
Analysis of purchases						
Equities	26,905	36	0.14	120	0.45	27,061
Bonds	188,451	-	-	-	-	188,451
Total	215,356	36		120		215,512

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
31/05/2017						
Analysis of sales						
Equities	40,550	(54)	(0.13)	-	-	40,496
Bonds	208,740	-	-	-	-	208,740
Collective Investment Schemes	253	-	-	-	-	253
Total	249,543	(54)		-		249,489

	01/06/17 to 31/05/18 %	01/06/16 to 31/05/17 %
Transaction costs as percentage of average net asset value		
Commissions	0.01%	0.03%
Taxes	0.02%	0.04%

At the balance sheet date the average portfolio dealing spread was 0.15% (2017: 0.09%).

AXA Defensive Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

15. Post balance sheet events

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

16. Fair value disclosure

Valuation technique	31/05/18		31/05/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	290,754	-	305,296	-
Level 2 ^^	-	-	-	-
Level 3 ^^	-	-	-	-
	290,754	-	305,296	-

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

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

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

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

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2018

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2017

Group 2 Shares purchased on or after 1 June 2017 to 31 August 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/10/17 (p)	Distribution paid 31/10/16 (p)
Share Class A Gross Accumulation				
Group 1	0.163	-	0.163	0.543
Group 2	-	0.163	0.163	0.543
Share Class A Gross Income				
Group 1	0.169	-	0.169	0.629
Group 2	0.169	-	0.169	0.629
Share Class A Net Accumulation				
Group 1	0.162	-	0.162	0.439
Group 2	0.116	0.046	0.162	0.439
Share Class A Net Income				
Group 1	0.159	-	0.159	0.446
Group 2	0.159	-	0.159	0.446
Share Class B Gross Accumulation				
Group 1	0.183	-	0.183	0.618
Group 2	0.037	0.146	0.183	0.618
Share Class B Gross Income				
Group 1	0.166	-	0.166	0.570
Group 2	0.063	0.103	0.166	0.570
Share Class B Net Accumulation				
Group 1	0.179	-	0.179	0.486
Group 2	-	0.179	0.179	0.486
Share Class B Net Income				
Group 1	0.166	-	0.166	0.456
Group 2	-	0.166	0.166	0.456
Share Class R Gross Accumulation				
Group 1	0.197	-	0.197	0.672
Group 2	-	0.197	0.197	0.672
Share Class R Gross Income				
Group 1	0.133	-	0.133	0.461
Group 2	0.133	-	0.133	0.461
Share Class R Net Accumulation				
Group 1	0.236	-	0.236	0.647
Group 2	0.033	0.203	0.236	0.647
Share Class R Net Income				
Group 1	0.127	-	0.127	0.353
Group 2	-	0.127	0.127	0.353

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2018

Share Class Z Gross Accumulation

Group 1	0.281	-	0.281	0.954
Group 2	-	0.281	0.281	0.954

Share Class Z Gross Income

Group 1	0.140	-	0.140	0.481
Group 2	0.005	0.135	0.140	0.481

Share Class Z Net Accumulation

Group 1	0.259	-	0.259	0.706
Group 2	-	0.259	0.259	0.706

Share Class Z Net Income

Group 1	0.139	-	0.139	0.384
Group 2	-	0.139	0.139	0.384

Second Distribution in pence per share

Group 1	Shares purchased prior to 1 September 2017
Group 2	Shares purchased on or after 1 September 2017 to 30 November 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/18 (p)	Distribution paid 31/01/17 (p)
Share Class A Gross Accumulation				
Group 1	0.269	-	0.269	0.756
Group 2	0.131	0.138	0.269	0.756
Share Class A Gross Income				
Group 1	0.272	-	0.272	0.764
Group 2	0.272	-	0.272	0.764
Share Class A Net Accumulation				
Group 1	0.268	-	0.268	0.614
Group 2	0.144	0.124	0.268	0.614
Share Class A Net Income				
Group 1	0.262	-	0.262	0.600
Group 2	0.262	-	0.262	0.600
Share Class B Gross Accumulation				
Group 1	0.302	-	0.302	0.848
Group 2	0.193	0.109	0.302	0.848
Share Class B Gross Income				
Group 1	0.274	-	0.274	0.781
Group 2	0.208	0.066	0.274	0.781
Share Class B Net Accumulation				
Group 1	0.297	-	0.297	0.659
Group 2	0.185	0.112	0.297	0.659
Share Class B Net Income				
Group 1	0.275	-	0.275	0.616
Group 2	0.115	0.160	0.275	0.616

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2018

Share Class R Gross Accumulation

Group 1	0.325	-	0.325	0.922
Group 2	0.053	0.272	0.325	0.922

Share Class R Gross Income

Group 1	0.218	-	0.218	0.628
Group 2	0.218	-	0.218	0.628

Share Class R Net Accumulation

Group 1	0.390	-	0.390	0.875
Group 2	0.292	0.098	0.390	0.875

Share Class R Net Income

Group 1	0.209	-	0.209	0.475
Group 2	0.139	0.070	0.209	0.475

Share Class Z Gross Accumulation

Group 1	0.465	-	0.465	1.310
Group 2	0.202	0.263	0.465	1.310

Share Class Z Gross Income

Group 1	0.230	-	0.230	0.658
Group 2	0.171	0.059	0.230	0.658

Share Class Z Net Accumulation

Group 1	0.429	-	0.429	0.951
Group 2	0.230	0.199	0.429	0.951

Share Class Z Net Income

Group 1	0.230	-	0.230	0.510
Group 2	0.137	0.093	0.230	0.510

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2017

Group 2 Shares purchased on or after 1 December 2017 to 28 February 2018

	Net revenue (p)	Equalisation (p)	Distribution paid 30/04/18 (p)	Distribution paid 30/04/17 (p)
Share Class A Gross Accumulation				
Group 1	0.184	-	0.184	0.240
Group 2	0.142	0.042	0.184	0.240
Share Class A Gross Income				
Group 1	0.188	-	0.188	0.250
Group 2	0.188	-	0.188	0.250
Share Class A Net Accumulation				
Group 1	0.183	-	0.183	0.225
Group 2	0.124	0.059	0.183	0.225
Share Class A Net Income				
Group 1	0.179	-	0.179	0.222
Group 2	0.179	-	0.179	0.222

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2018

Share Class B Gross Accumulation

Group 1	0.207	-	0.207	0.269
Group 2	0.122	0.085	0.207	0.269

Share Class B Gross Income

Group 1	0.187	-	0.187	0.246
Group 2	0.141	0.046	0.187	0.246

Share Class B Net Accumulation

Group 1	0.203	-	0.203	0.246
Group 2	0.128	0.075	0.203	0.246

Share Class B Net Income

Group 1	0.188	-	0.188	0.230
Group 2	0.075	0.113	0.188	0.230

Share Class R Gross Accumulation

Group 1	0.222	-	0.222	0.291
Group 2	0.150	0.072	0.222	0.291

Share Class R Gross Income

Group 1	0.149	-	0.149	0.197
Group 2	0.149	-	0.149	0.197

Share Class R Net Accumulation

Group 1	0.266	-	0.266	0.327
Group 2	0.200	0.066	0.266	0.327

Share Class R Net Income

Group 1	0.142	-	0.142	0.176
Group 2	0.070	0.072	0.142	0.176

Share Class Z Gross Accumulation

Group 1	0.318	-	0.318	0.414
Group 2	0.210	0.108	0.318	0.414

Share Class Z Gross Income

Group 1	0.157	-	0.157	0.207
Group 2	0.122	0.035	0.157	0.207

Share Class Z Net Accumulation

Group 1	0.293	-	0.293	0.356
Group 2	0.204	0.089	0.293	0.356

Share Class Z Net Income

Group 1	0.157	-	0.157	0.192
Group 2	0.106	0.051	0.157	0.192

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2018

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2018

Group 2 Shares purchased on or after 1 March 2018 to 31 May 2018

	Net revenue (p)	Equalisation (p)	Distribution payable 31/07/18 (p)	Distribution paid 31/07/17 (p)
Share Class A Gross Accumulation				
Group 1	0.476	-	0.476	0.356
Group 2	0.233	0.243	0.476	0.356
Share Class A Gross Income				
Group 1	0.472	-	0.472	0.361
Group 2	0.472	-	0.472	0.361
Share Class A Net Accumulation				
Group 1	0.474	-	0.474	0.368
Group 2	0.147	0.327	0.474	0.368
Share Class A Net Income				
Group 1	0.461	-	0.461	0.348
Group 2	0.461	-	0.461	0.348
Share Class B Gross Accumulation				
Group 1	0.534	-	0.534	0.399
Group 2	0.322	0.212	0.534	0.399
Share Class B Gross Income				
Group 1	0.483	-	0.483	0.364
Group 2	0.358	0.125	0.483	0.364
Share Class B Net Accumulation				
Group 1	0.525	-	0.525	0.424
Group 2	0.344	0.181	0.525	0.424
Share Class B Net Income				
Group 1	0.484	-	0.484	0.392
Group 2	0.275	0.209	0.484	0.392
Share Class R Gross Accumulation				
Group 1	0.571	-	0.571	0.431
Group 2	0.371	0.200	0.571	0.431
Share Class R Gross Income				
Group 1	0.382	-	0.382	0.291
Group 2	0.382	-	0.382	0.291
Share Class R Net Accumulation				
Group 1	0.685	-	0.685	0.557
Group 2	0.288	0.397	0.685	0.557
Share Class R Net Income				
Group 1	0.366	-	0.366	0.301
Group 2	0.275	0.091	0.366	0.301

AXA Defensive Distribution Fund

Distribution Table

As at 31 May 2018

Share Class Z Gross Accumulation

Group 1	0.820	-	0.820	0.615
Group 2	0.268	0.552	0.820	0.615

Share Class Z Gross Income

Group 1	0.405	-	0.405	0.306
Group 2	0.225	0.180	0.405	0.306

Share Class Z Net Accumulation

Group 1	0.756	-	0.756	0.595
Group 2	0.352	0.404	0.756	0.595

Share Class Z Net Income

Group 1	0.405	-	0.405	0.323
Group 2	0.273	0.132	0.405	0.323

From 6 April 2017, following a change in HMRC's regulations, all interest distributions are made without deduction of income tax.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

- Equity risk - the value of shares in which a 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.

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

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

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

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

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

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

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Investment Review

A combination of factors have weighed on investor sentiment over the past 12 months and generated a more volatile trading backdrop. Despite this, equity markets both in the UK and overseas have continued to make positive progress.

In the UK, the FTSE All-Share Index enjoyed a strong second half in 2017. However, a sharp dip in investor sentiment generated a first quarter negative return of -6.87% , the worst quarterly return in over six years. Investor worries about political risk – the outcome of the Brexit negotiations with the EU, slowing domestic economic growth (and in particular negative trends in retail and housing market) and the potential for accelerated interest rate rises – weighed heavily on stock prices. However, sentiment reversed in April as weakening economic data shifted market views on the outlook for UK interest rates, with May's "inevitable" rate rise being pushed back. Consequently, equities recovered sharply in April and May.

In the US, sentiment has been affected by ongoing interest rate rises by the Federal Reserve (Fed) combined with the risks presented by a new chairman of the board. The robust US economy has focused investors' minds on the risk of inflation – wage inflation data being particularly closely watched. The technology sector has continued to lead the US market to new highs, despite President Donald Trump taking to his Twitter account threatening a global trade war. These and other factors all create noise and volatility for the economy and the equity market. While they warrant close monitoring, we do not believe that they will derail the ongoing economic recovery in the near term.

In Europe, the European Central Bank (ECB) does not appear to be in any hurry to raise interest rates. Over the past 18 months, the Governing Council has consistently revised down its inflation forecasts despite revising up its growth forecasts. While the removal of ECB quantitative easing by the end of the year still seems likely, a lengthy pause before the ECB begins to raise interest rates also seems likely. The Japanese stock market is down marginally year-to-date, as global investors have been cautious of Japanese yen appreciation and the prospect of US protectionism. Japan has been the most stable political economy in the G7, but a political scandal has eroded support for Shinzo Abe's LDP government, which has weighed on investor sentiment. In China, the economy continues to transition gradually to a consumer-led focus. We believe fears over a China-US trade war are overdone.

Merger and acquisition (M&A) activity has continued to be a strong theme in the stock market, and the portfolio has participated in a number of these transactions in recent months. Prudential comprises three regional businesses; the US, Far East and the UK. The company announced recently that the UK business will demerge into two separately listed companies. In conjunction with this, £12 billion of its £32 billion annuities book is being sold to Rothesay Life. We see further opportunities to unlock value within the business. Elsewhere, Phoenix Group announced the £3.2 billion deal to acquire Standard Life Aberdeen's insurance unit; Tesco completed its acquisition of the UK's market-leading cash and carry business Booker Plc; Weir acquired ESCO Corp, which is a global market leader in ground engaging tools for surface mining, for a consideration of \$1,285 million; Melrose Industries acquired GKN for £7.9 billion in what became a contentious bidding process; Shire, the rare disease pharmaceutical company, is currently subject to a bid from Japanese firm Takeda. During the year we sold holdings in BHP Billiton, Micro Focus, the house builder Bellway, the specialist engineering company IMI, Whitbread, Fenner and St James's Place. We opened positions in Tesco, the property company PRS REIT and the mining company Central Asia Metals. The fund participated in the IPO's of motor insurer Sabre and the platform provider Integrafina. We also traded both index-linked gilts and equities to cover cash flows.

The global government bond sell-off gained momentum at the end of 2017, led by the US treasury market, as investors questioned valuations set against a strong global economy and more interest rate rises in the near term. As a result, the UK gilt market is virtually flat over 12 months. We came into the New Year with a bearish stance on rates, however we have subsequently neutralised that position with the higher yields on offer and are more inclined to add duration risk if we see higher yields. Our macroeconomic outlook for the UK is 'mixed', at best, given the complexity of Brexit, our political situation and the potential drag it could cause on growth. We prefer inflation-linked gilts over conventional government bonds and believe that we may see low yields for many years to come – even if we have seen the absolute lowest point in yields in this cycle. More importantly for the Distribution Fund, we still believe that government bonds retain their low correlation to risk assets, which we believe makes them a good complement to equities in the portfolio.

Our view on UK consumer price index (CPI) data is that it peaked at 3.1% during December 2017. It fell to 3% in January, the first time in six months that it had fallen, and for April (the most recent available data at the time of writing) the rate has fallen to 2.4%. We expect inflation may fall further over the coming months but we remain confident that demand for long-dated bonds should be supportive for inflation breakevens. Short-term, we think the momentum for government bond yields may rise as the synchronised global growth story remains intact.

AXA Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Outlook

The global recovery appears well set to continue, albeit possibly at a more modest pace, as cyclical indicators in developed economies continue to give positive signals. The Fed is expected to go ahead with further rate rises in 2018, and the ECB has indicated it is starting to curtail the size of its asset purchases. The Bank of England is also likely to raise rates at some point this year. The Bank of Japan's stance is less clear. The unwinding of global quantitative easing on such a scale is unprecedented and undoubtedly presents a number of risks. However, provided inflation remains moderate, we would expect any tightening to remain very gradual and not present a threat to equities markets.

In the US, while it is still too early to fully assess the tax reform's impact on the economy, it is likely to further boost an already healthy environment. A new tax code should allow businesses and consumers to plan with some certainty for the future and preserve the current high levels of confidence. In Europe, French President Emmanuel Macron appears to be moving forward with his reform agenda despite resistance, while German Chancellor Angela Merkel managed to form a new coalition government. Brexit continues to cloud the British economy's prospects and weigh on investor sentiment, although the recently agreed transition period should provide more visibility.

The UK stock market remains a consensus underweight market among global fund managers. With synchronised global economic growth providing opportunities elsewhere in the world, the complications presented by the myriad Brexit-related unknowns makes it a market that can be avoided. However, we see that the underlying health of the equity market has improved, with a combination of strong earnings growth and falling share prices bringing a de-rating of the market to a level closer to the long-term average. In addition, the combination of low interest rates, low unemployment, peaking inflation, the majority of market earnings coming from overseas and its high dividend yield are compelling and make it a likely destination for capital flows once a Brexit deal has been reached.

*All performance data source: AXA Investment Managers and Lipper
Past performance is not a guide to future performance.*

Major Purchases

- UK Treasury 0.125% IL 22/11/19
- UK Treasury 2.5% IL 16/04/20
- UK Treasury 0.125% IL 22/11/65
- UK Treasury 0.125% IL 22/03/24
- UK Treasury 0.125% IL 22/03/29

Major Sales

- UK Treasury 1.25% IL 22/11/17
- UK Treasury 0.125% IL 22/03/29
- UK Treasury 0.125% IL 22/11/19
- UK Treasury 0.625% IL 22/03/40
- UK Treasury 1.25% IL 22/11/55

Jamie Forbes-Wilson, Matthew Huddart

AXA Investment Managers UK Limited
31 May 2018

AXA Distribution Fund

Comparative Tables

As at 31 May 2018

	A Net Accumulation ~			A Net Income ~		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	119.13	101.82	100.00	114.21	100.29	100.00
Return before operating charges ^	3.16	17.88	2.12	2.92	17.42	2.14
Operating charges ^	(0.60)	(0.57)	(0.30)	(0.57)	(0.56)	(0.29)
Return after operating charges ^	2.56	17.31	1.82	2.35	16.86	1.85
Distributions	(2.81)	(3.00)	(1.54)	(2.67)	(2.94)	(1.56)
Retained distributions on accumulation shares	2.81	3.00	1.54	-	-	-
Closing net asset value per share †	121.69	119.13	101.82	113.89	114.21	100.29
*^ after direct transaction costs of:	0.06	0.06	0.11	0.06	0.06	0.11
Performance						
Return after operating charges	2.15%	17.00%	1.82%	2.06%	16.81%	1.85%
Other information						
Closing net asset value (£) †	5,491,515	5,323,098	2,405,231	163,185	115,115	51,971
Closing number of shares	4,512,879	4,468,444	2,362,324	143,284	100,788	51,823
Operating charges ^	0.51%	0.51%	0.52%	0.51%	0.51%	0.51%
Direct transaction costs *	0.05%	0.05%	0.11%	0.05%	0.05%	0.11%
Prices						
Highest share price #	122.60	119.20	102.10	115.80	115.10	102.10
Lowest share price #	113.70	99.30	94.36	107.40	97.77	94.29

	B Net Accumulation +			B Net Income +		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	137.95	117.75	122.53	122.03	107.00	114.31
Return before operating charges ^	3.62	20.73	(4.29)	3.13	18.64	(4.04)
Operating charges ^	(0.56)	(0.53)	(0.49)	(0.49)	(0.47)	(0.45)
Return after operating charges ^	3.06	20.20	(4.78)	2.64	18.17	(4.49)
Distributions	(3.26)	(3.48)	(3.03)	(2.86)	(3.14)	(2.82)
Retained distributions on accumulation shares	3.26	3.48	3.03	-	-	-
Closing net asset value per share †	141.01	137.95	117.75	121.81	122.03	107.00
*^ after direct transaction costs of:	0.07	0.07	0.13	0.06	0.06	0.12
Performance						
Return after operating charges	2.22%	17.15%	-3.90%	2.16%	16.98%	-3.93%
Other information						
Closing net asset value (£) †	434,392,799	464,077,610	459,465,093	3,124,215	3,443,516	3,609,093
Closing number of shares	308,065,909	336,420,741	390,192,863	2,564,876	2,821,887	3,372,841
Operating charges ^	0.41%	0.41%	0.42%	0.41%	0.41%	0.42%
Direct transaction costs *	0.05%	0.05%	0.11%	0.05%	0.05%	0.11%
Prices						
Highest share price #	142.00	138.10	121.70	123.80	123.00	113.50
Lowest share price #	131.80	114.80	109.00	114.90	104.30	100.50

AXA Distribution Fund

Comparative Tables

As at 31 May 2018

	R Net Accumulation			R Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	214.86	185.44	194.08	123.53	109.52	117.65
Return before operating charges ^	5.56	32.46	(5.87)	3.13	18.98	(3.57)
Operating charges ^	(3.20)	(3.04)	(2.77)	(1.82)	(1.78)	(1.67)
Return after operating charges ^	2.36	29.42	(8.64)	1.31	17.20	(5.24)
Distributions	(5.04)	(5.45)	(4.82)	(2.88)	(3.19)	(2.89)
Retained distributions on accumulation shares	5.04	5.45	4.82	-	-	-
Closing net asset value per share †	217.22	214.86	185.44	121.96	123.53	109.52
*^ after direct transaction costs of:	0.11	0.11	0.20	0.06	0.06	0.12
Performance						
Return after operating charges	1.10%	15.86%	-4.45%	1.06%	15.71%	-4.45%
Other information						
Closing net asset value (£) †	203,520,698	240,167,015	236,390,056	11,812,238	12,807,183	13,035,366
Closing number of shares	93,692,873	111,780,180	127,476,839	9,685,332	10,367,532	11,902,023
Operating charges ^	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%
Direct transaction costs *	0.05%	0.05%	0.11%	0.05%	0.05%	0.11%
Prices						
Highest share price #	218.90	215.10	192.90	124.40	124.50	116.80
Lowest share price #	203.40	180.70	172.30	115.20	106.70	103.20

	Z Net Accumulation			Z Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	235.54	201.77	209.62	134.92	118.71	126.63
Return before operating charges ^	6.14	35.44	(6.32)	3.44	20.65	(3.89)
Operating charges ^	(1.77)	(1.67)	(1.53)	(1.01)	(0.97)	(0.91)
Return after operating charges ^	4.37	33.77	(7.85)	2.43	19.68	(4.80)
Distributions	(5.55)	(5.96)	(5.21)	(3.15)	(3.47)	(3.12)
Retained distributions on accumulation shares	5.55	5.96	5.21	-	-	-
Closing net asset value per share †	239.91	235.54	201.77	134.20	134.92	118.71
*^ after direct transaction costs of:	0.12	0.12	0.21	0.07	0.07	0.13
Performance						
Return after operating charges	1.86%	16.74%	-3.74%	1.80%	16.58%	-3.79%
Other information						
Closing net asset value (£) †	136,969,393	140,743,524	153,541,452	32,136,103	36,904,491	42,431,133
Closing number of shares	57,091,240	59,753,366	76,097,350	23,945,894	27,353,658	35,742,386
Operating charges ^	0.76%	0.76%	0.77%	0.76%	0.76%	0.77%
Direct transaction costs *	0.05%	0.05%	0.11%	0.05%	0.05%	0.11%
Prices						
Highest share price #	241.70	235.70	208.30	136.40	136.00	125.80
Lowest share price #	224.40	196.70	187.00	126.60	115.70	111.70

† Valued at bid-market prices.

High and Low price disclosures are based on quoted share 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 sub-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 these tables have been calculated against the average Net Asset Value for the accounting year.

~ A share class launched on 6 November 2015.

+ B share class was previously named J share class up to 15 January 2016.

AXA Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
GOVERNMENT BONDS 38.81% (31/05/17: 37.71%)			
Traditional Government Bonds 2.38% (31/05/17: 2.47%)			
UK Treasury 0% 07/06/21	1,000,000	978	0.12
UK Treasury 1.25% 22/07/18	3,467,500	3,471	0.42
UK Treasury 1.75% 22/07/19	1,000,000	1,014	0.12
UK Treasury 2% 07/09/25	273,000	290	0.04
UK Treasury 2.5% 22/07/65	74,000	98	0.01
UK Treasury 3.25% 22/01/44	600,000	787	0.09
UK Treasury 3.5% 22/01/45	350,000	481	0.06
UK Treasury 3.5% 22/07/68	125,000	212	0.03
UK Treasury 3.75% 07/09/19	1,090,000	1,134	0.14
UK Treasury 3.75% 07/09/21	3,271,000	3,590	0.43
UK Treasury 3.75% 22/07/52	282,000	437	0.05
UK Treasury 4% 22/01/60	217,000	380	0.05
UK Treasury 4.25% 07/12/27	27,500	35	-
UK Treasury 4.25% 07/06/32	225,000	301	0.04
UK Treasury 4.25% 07/03/36	121,000	169	0.02
UK Treasury 4.25% 07/09/39	252,000	366	0.04
UK Treasury 4.25% 07/12/40	90,000	132	0.02
UK Treasury 4.25% 07/12/46	271,000	425	0.05
UK Treasury 4.25% 07/12/49	100,000	162	0.02
UK Treasury 4.25% 07/12/55	200,000	350	0.04
UK Treasury 4.5% 07/03/19	800,000	825	0.10
UK Treasury 4.5% 07/09/34	331,120	466	0.06
UK Treasury 4.5% 07/12/42	150,000	233	0.03
UK Treasury 4.75% 07/03/20	2,034,000	2,184	0.26
UK Treasury 4.75% 07/12/30	300,000	412	0.05
UK Treasury 4.75% 07/12/38	277,000	424	0.05
UK Treasury 5% 07/03/25	190,000	239	0.03
UK Treasury 6% 07/12/28	87,000	126	0.01
Index Linked Government Bonds 36.43% (31/05/17: 35.24%)			
UK Treasury 0.125% IL 22/11/19	44,025,200	51,068	6.17
UK Treasury 0.125% IL 22/03/24	16,352,500	21,166	2.56
UK Treasury 0.125% IL 22/03/26	3,550,000	4,440	0.54
UK Treasury 0.125% IL 22/03/44	2,752,800	4,899	0.59
UK Treasury 0.125% IL 22/03/46	1,300,000	2,237	0.27
UK Treasury 0.125% IL 22/11/56	1,200,000	2,380	0.29
UK Treasury 0.125% IL 22/03/58	4,519,129	9,489	1.15
UK Treasury 0.125% IL 22/11/65	3,920,000	9,315	1.13
UK Treasury 0.125% IL 22/03/68	2,366,600	6,152	0.74
UK Treasury 0.25% IL 22/03/52	2,282,917	4,763	0.58
UK Treasury 0.375% IL 22/03/62	1,293,253	3,404	0.41
UK Treasury 0.5% IL 22/03/50	4,343,000	10,522	1.27
UK Treasury 0.625% IL 22/03/40	1,262,496	2,584	0.31
UK Treasury 0.625% IL 22/11/42	4,491,000	9,872	1.19
UK Treasury 0.75% IL 22/03/34	4,444,300	7,630	0.92
UK Treasury 0.75% IL 22/11/47	3,449,000	8,643	1.04
UK Treasury 1.125% IL 22/11/37	4,042,000	9,084	1.10
UK Treasury 1.25% IL 22/11/27	3,984,400	7,494	0.91
UK Treasury 1.25% IL 22/11/32	3,719,000	7,055	0.85
UK Treasury 1.25% IL 22/11/55	1,858,230	6,558	0.79
UK Treasury 1.875% IL 22/11/22	4,228,400	6,806	0.82

AXA Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
UK Treasury 2% IL 26/01/35	2,614,000	6,980	0.84
UK Treasury 2.5% IL 16/04/20	24,034,000	87,025	10.52
UK Treasury 2.5% IL 17/07/24	1,373,000	4,973	0.60
UK Treasury 4.125% IL 22/07/30	1,918,000	6,957	0.84
TOTAL GOVERNMENT BONDS		321,217	38.81
EQUITIES 57.77% (31/05/17: 57.26%)			
OIL & GAS 10.41% (31/05/17: 8.62%)			
Oil & Gas Producers 10.41% (31/05/17: 8.62%)			
BP	5,000,000	28,635	3.46
Royal Dutch Shell 'B' Shares	1,890,000	50,699	6.12
Tullow Oil	2,750,000	6,848	0.83
TOTAL OIL & GAS		86,182	10.41
BASIC MATERIALS 4.36% (31/05/17: 3.71%)			
Chemicals 1.15% (31/05/17: 1.08%)			
Elementis	1,500,000	4,422	0.53
Johnson Matthey	150,000	5,126	0.62
Mining 3.21% (31/05/17: 2.63%)			
Central Asia Metals	1,250,000	3,588	0.43
Randgold Resources	100,000	5,930	0.72
Rio Tinto (London Quoted)	400,000	17,068	2.06
TOTAL BASIC MATERIALS		36,134	4.36
INDUSTRIALS 6.98% (31/05/17: 3.94%)			
Aerospace & Defence 0.59% (31/05/17: 0.44%)			
BAE Systems	750,000	4,850	0.59
Construction & Materials 1.09% (31/05/17: 0.68%)			
lbstock	2,000,000	5,536	0.67
Melrose Industries	1,500,000	3,513	0.42
General Industrials 1.34% (31/05/17: 0.36%)			
Coats	4,945,136	3,907	0.48
DS Smith	750,000	4,174	0.50
RPC	375,000	2,996	0.36
Industrial Engineering 0.66% (31/05/17: 0.00%)			
Weir	250,000	5,465	0.66
Industrial Transportation 0.68% (31/05/17: 0.00%)			
BBA Aviation	1,700,000	5,620	0.68
Support Services 2.62% (31/05/17: 2.46%)			
Ashtead	250,000	5,797	0.70
BCA Marketplace	1,500,000	2,886	0.35
Bunzl	150,000	3,461	0.42
Experian	300,000	5,559	0.67
Worldpay	67,200	3,978	0.48
TOTAL INDUSTRIALS		57,742	6.98

AXA Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
CONSUMER GOODS 7.28% (31/05/17: 8.21%)			
Beverages 0.67% (31/05/17: 0.00%)			
Diageo	200,000	5,515	0.67
Food Producers 0.92% (31/05/17: 0.47%)			
Cranswick	105,293	3,542	0.43
Dairy Crest	817,500	4,091	0.49
Household Goods & Home Construction 0.96% (31/05/17: 1.59%)			
Countryside Properties	1,250,000	4,645	0.56
Bellway	100,000	3,286	0.40
Personal Goods 0.72% (31/05/17: 0.69%)			
Unilever	142,000	5,965	0.72
Tobacco 4.01% (31/05/17: 5.46%)			
British American Tobacco	600,000	23,133	2.80
Imperial Brands	375,000	10,052	1.21
TOTAL CONSUMER GOODS		60,229	7.28
HEALTH CARE 6.12% (31/05/17: 6.24%)			
Health Care Equipment & Services 0.83% (31/05/17: 0.86%)			
Smith & Nephew	500,000	6,862	0.83
Pharmaceuticals & Biotechnology 5.29% (31/05/17: 5.38%)			
AstraZeneca	90,000	4,918	0.60
Genus	220,000	5,720	0.69
GlaxoSmithKline	1,678,000	25,593	3.09
Shire	183,240	7,541	0.91
TOTAL HEALTH CARE		50,634	6.12
CONSUMER SERVICES 4.49% (31/05/17: 5.15%)			
Food & Drug Retailers 0.82% (31/05/17: 0.00%)			
Tesco	2,750,000	6,804	0.82
General Retailers 0.94% (31/05/17: 1.83%)			
B&M European Value Retail	1,250,000	5,026	0.61
Dunelm	500,000	2,728	0.33
Media 2.31% (31/05/17: 2.08%)			
Ascential	1,185,618	5,041	0.61
ITV	1,600,000	2,628	0.32
Rightmove	180,000	8,917	1.08
Trinity Mirror	3,100,000	2,483	0.30
Travel & Leisure 0.42% (31/05/17: 1.24%)			
Greene King	600,000	3,506	0.42
TOTAL CONSUMER SERVICES		37,133	4.49
TELECOMMUNICATIONS 2.08% (31/05/17: 3.40%)			
Fixed Line Telecommunications 0.50% (31/05/17: 0.78%)			
BT	2,000,000	4,099	0.50

AXA Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Mobile Telecommunications 1.58% (31/05/17: 2.62%)			
Inmarsat	131,820	490	0.06
Vodafone	6,500,000	12,609	1.52
TOTAL TELECOMMUNICATIONS		17,198	2.08
UTILITIES 2.74% (31/05/17: 3.65%)			
Electricity 0.00% (31/05/17: 0.62%)			
Gas, Water & Multiutilities 2.74% (31/05/17: 3.03%)			
National Grid	1,164,166	9,755	1.18
Pennon	500,000	3,763	0.45
Severn Trent	250,000	4,939	0.60
United Utilities	550,000	4,249	0.51
TOTAL UTILITIES		22,706	2.74
FINANCIALS 12.79% (31/05/17: 12.10%)			
Banks 4.81% (31/05/17: 5.55%)			
Barclays	4,000,000	7,963	0.96
HSBC	3,350,000	24,267	2.93
Lloyds Banking	12,000,000	7,633	0.92
Financial Services 1.84% (31/05/17: 1.07%)			
3i	615,000	5,877	0.71
IntegraFin	603,234	2,166	0.26
London Stock Exchange	100,000	4,457	0.54
TP ICAP	650,000	2,734	0.33
Life Insurance 4.47% (31/05/17: 4.53%)			
Legal & General	4,500,000	12,204	1.47
Phoenix	600,000	4,698	0.57
Prudential	1,100,000	20,086	2.43
Nonlife Insurance 0.88% (31/05/17: 0.38%)			
Direct Line	1,100,000	3,951	0.48
Sabre Insurance	1,293,307	3,324	0.40
Real Estate Investment Trusts 0.79% (31/05/17: 0.57%)			
Great Portland Estates	431,034	2,979	0.36
PRS	3,549,349	3,549	0.43
TOTAL FINANCIALS		105,888	12.79
TECHNOLOGY 0.52% (31/05/17: 2.24%)			
Software & Computer Services 0.52% (31/05/17: 2.24%)			
AVEVA	150,000	3,519	0.43
EMIS *	82,927	763	0.09
TOTAL TECHNOLOGY		4,282	0.52
Portfolio of investments		799,345	96.58
Net other assets		28,265	3.42
Total net assets		827,610	100.00

* These are AIM (Alternative Investment Market) holdings.

AXA Distribution Fund

Statement of Total Return

For the year ended 31 May 2018

	Note	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Income:					
Net capital gains	2		326		123,407
Revenue	3	20,186		24,912	
Expenses	4	(6,623)		(7,225)	
Interest payable and similar charges		-		-	
Net revenue before taxation		13,563		17,687	
Taxation	5	(19)		(87)	
Net revenue after taxation			13,544		17,600
Total return before distributions			13,870		141,007
Distributions	6		(20,048)		(24,697)
Change in net assets attributable to Shareholders from investment activities			(6,178)		116,310

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2018

	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Opening net assets attributable to Shareholders		903,581		910,929
Amounts receivable on issue of shares	11,783		14,182	
Amounts payable on cancellation of shares	(100,235)		(160,576)	
		(88,452)		(146,394)
Change in net assets attributable to Shareholders from investment activities (see above)		(6,178)		116,310
Retained distributions on accumulation shares		18,656		22,733
Unclaimed distributions		3		3
Closing net assets attributable to Shareholders		827,610		903,581

AXA Distribution Fund

Balance Sheet

As at 31 May 2018

		31/05/18	31/05/17
	Note	£'000	£'000
Assets:			
Fixed assets:			
Investments		799,345	858,138
Current assets:			
Debtors	7	4,542	5,976
Cash and bank balances	8	25,924	45,589
Total assets		<u>829,811</u>	<u>909,703</u>
Liabilities:			
Creditors:			
Distribution payable		(422)	(364)
Other creditors	9	(1,779)	(5,758)
Total liabilities		<u>(2,201)</u>	<u>(6,122)</u>
Net assets attributable to Shareholders		<u>827,610</u>	<u>903,581</u>

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Non-derivative securities	329	123,270
Currency (losses)/gains	(1)	101
Forward currency contracts	-	37
Transaction charges	(2)	(1)
Net capital gains	326	123,407

3. Revenue

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Bank interest	10	12
Interest on debt securities	(1,043)	2,741
Overseas dividends	843	1,223
Scrip dividends	-	1,308
UK dividends	19,757	19,628
Property Revenue from REIT	618	-
Other revenue	1	-
Total revenue	20,186	24,912

4. Expenses

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
ACD fees	6,504	7,097
Registration fees	57	62
	6,561	7,159

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees	32	32
Safe custody fees	21	22
	53	54

Other expenses

Audit fees	8	8
Printing fees	1	4
	9	12
Total expenses	6,623	7,225

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

5. Taxation

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
(a) Analysis of the tax charge in the year		
Overseas withholding tax	19	87

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2017: 20%) is applied to the net revenue before taxation. The differences are explained below:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Net revenue before taxation	13,563	17,687
Net revenue for the year multiplied by the standard rate of corporation tax	2,713	3,537
Effects of:		
Movement in excess management expenses	3,568	3,004
Overseas withholding tax	19	87
Relief for indexation on UK Gilts	(2,046)	(2,110)
Revenue not subject to corporation tax	(4,235)	(4,431)
Current tax charge for the year	19	87

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

(c) Deferred taxation:

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

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £20,526,487 (2017: £16,958,858) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
First	5,183	6,718
Second	4,258	6,748
Third	3,038	4,652
Final	7,333	6,135
Add: Revenue paid on cancellation of shares	287	512
Deduct: Revenue received on creation of shares	(51)	(68)
Net distribution for the year	20,048	24,697

Reconciliation of net revenue after taxation to distributions

Net revenue after taxation	13,544	17,600
Expenses charged to capital	6,504	7,097
Net distribution for the year	20,048	24,697

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

7. Debtors	31/05/18	31/05/17
	£'000	£'000
Amounts receivable for creation of shares	350	163
Sales awaiting settlement	-	2,084
Accrued revenue	4,167	3,698
Overseas tax recoverable	25	31
Total debtors	4,542	5,976

8. Cash and bank balances	31/05/18	31/05/17
	£'000	£'000
Cash and bank balances	25,924	45,589
Total cash and bank balances	25,924	45,589

9. Other creditors	31/05/18	31/05/17
	£'000	£'000
Amounts payable for cancellation of shares	857	3,828
Purchases awaiting settlement	357	717
Annual Management Charge	532	1,168
Accrued other expenses	33	45
Total other creditors	1,779	5,758

10. Related party transactions

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

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

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

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

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

	ACD fee rate (%)	31/05/17	Issued	Cancelled	Converted	31/05/18
A Net Accumulation	0.50%	4,468,444	1,461,403	(1,416,968)	-	4,512,879
A Net Income	0.50%	100,788	68,625	(26,129)	-	143,284
B Net Accumulation	0.40%	336,420,741	69,514	(28,424,346)	-	308,065,909
B Net Income	0.40%	2,821,887	951	(257,962)	-	2,564,876
R Net Accumulation	1.50%	111,780,180	129,331	(14,475,093)	(3,741,545)	93,692,873
R Net Income	1.50%	10,367,532	65,700	(729,346)	(18,554)	9,685,332
Z Net Accumulation	0.75%	59,753,366	3,512,363	(9,570,396)	3,395,907	57,091,240
Z Net Income	0.75%	27,353,658	1,085,250	(4,509,946)	16,932	23,945,894

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet data (2017: nil).

13. Derivatives and other financial instruments

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

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2017).

Market price risk sensitivity

A 10% decrease in the value of the fund's portfolio would have the effect of increasing the return and net assets by £82,761,015 (2017: £85,813,833). A 10% increase would have an equal and opposite effect.

Interest rate risk

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

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one per cent increase in interest rates would have the effect of decreasing the return and net assets by £38,894,000 (2017: £40,646,000). A one per cent decrease would have an equal and opposite effect.

Credit risk

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

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

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

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

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

Credit Rating	31/05/18		31/05/17	
	Market Value £'000	%	Market Value £'000	%
Total bonds BBB- credit rating and above	321,217	38.81	340,703	37.71
Total value of bonds	321,217	38.81	340,703	37.71

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

14. Portfolio transaction costs

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
31/05/2018						
Analysis of purchases						
Equities	73,907	68	0.09	282	0.38	74,257
Bonds	110,713	-	-	-	-	110,713
Total	184,620	68		282		184,970

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
31/05/2018						
Analysis of sales						
Equities	114,038	(93)	(0.08)	-	-	113,945
Bonds	122,515	-	-	-	-	122,515
Total	236,553	(93)		-		236,460

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
31/05/2017						
Analysis of purchases						
Equities	55,067	74	0.13	210	0.38	55,351
Bonds	328,286	-	-	-	-	328,286
Corporate Actions	6,690	-	-	-	-	6,690
Total	390,043	74		210		390,327

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
31/05/2017						
Analysis of sales						
Equities	146,214	(199)	(0.14)	-	-	146,015
Bonds	395,912	-	-	-	-	395,912
Collective Investment Schemes	2,193	(3)	(0.15)	-	-	2,190
Total	544,319	(202)		-		544,117

	01/06/17 to 31/05/18 %	01/06/16 to 31/05/17 %
Transaction costs as percentage of average net asset value		
Commissions	0.02%	0.03%
Taxes	0.03%	0.02%

At the balance sheet date the average portfolio dealing spread was 0.06% (2017: 0.06%).

AXA Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

15. Post balance sheet events

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

16. Fair value disclosure

Valuation technique	31/05/18		31/05/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	799,345	-	858,138	-
Level 2 ^^	-	-	-	-
Level 3 ^^	-	-	-	-
	799,345	-	858,138	-

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

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

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

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

AXA Distribution Fund

Distribution Table

As at 31 May 2018

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2017

Group 2 Shares purchased on or after 1 June 2017 to 31 August 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/10/17 (p)	Distribution paid 31/10/16 (p)
Share Class A Net Accumulation				
Group 1	0.705	-	0.705	0.779
Group 2	0.379	0.326	0.705	0.779
Share Class A Net Income				
Group 1	0.676	-	0.676	0.775
Group 2	0.351	0.325	0.676	0.775
Share Class B Net Accumulation				
Group 1	0.816	-	0.816	0.912
Group 2	0.351	0.465	0.816	0.912
Share Class B Net Income				
Group 1	0.722	-	0.722	0.829
Group 2	0.659	0.063	0.722	0.829
Share Class R Net Accumulation				
Group 1	1.269	-	1.269	1.433
Group 2	0.671	0.598	1.269	1.433
Share Class R Net Income				
Group 1	0.730	-	0.730	0.847
Group 2	0.299	0.431	0.730	0.847
Share Class Z Net Accumulation				
Group 1	1.393	-	1.393	1.562
Group 2	0.487	0.906	1.393	1.562
Share Class Z Net Income				
Group 1	0.798	-	0.798	0.919
Group 2	0.384	0.414	0.798	0.919

AXA Distribution Fund

Distribution Table

As at 31 May 2018

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2017

Group 2 Shares purchased on or after 1 September 2017 to 30 November 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/18 (p)	Distribution paid 31/01/17 (p)
Share Class A Net Accumulation				
Group 1	0.596	-	0.596	0.822
Group 2	0.328	0.268	0.596	0.822
Share Class A Net Income				
Group 1	0.568	-	0.568	0.806
Group 2	0.568	-	0.568	0.806
Share Class B Net Accumulation				
Group 1	0.690	-	0.690	0.952
Group 2	0.444	0.246	0.690	0.952
Share Class B Net Income				
Group 1	0.607	-	0.607	0.860
Group 2	0.607	-	0.607	0.860
Share Class R Net Accumulation				
Group 1	1.070	-	1.070	1.494
Group 2	0.790	0.280	1.070	1.494
Share Class R Net Income				
Group 1	0.612	-	0.612	0.877
Group 2	0.400	0.212	0.612	0.877
Share Class Z Net Accumulation				
Group 1	1.176	-	1.176	1.630
Group 2	0.749	0.427	1.176	1.630
Share Class Z Net Income				
Group 1	0.670	-	0.670	0.953
Group 2	0.427	0.243	0.670	0.953

AXA Distribution Fund

Distribution Table

As at 31 May 2018

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2017

Group 2 Shares purchased on or after 1 December 2017 to 28 February 2018

	Net revenue (p)	Equalisation (p)	Distribution paid 30/04/18 (p)	Distribution paid 30/04/17 (p)
Share Class A Net Accumulation				
Group 1	0.434	-	0.434	0.591
Group 2	0.322	0.112	0.434	0.591
Share Class A Net Income				
Group 1	0.412	-	0.412	0.574
Group 2	0.412	-	0.412	0.574
Share Class B Net Accumulation				
Group 1	0.503	-	0.503	0.684
Group 2	0.326	0.177	0.503	0.684
Share Class B Net Income				
Group 1	0.440	-	0.440	0.613
Group 2	0.440	-	0.440	0.613
Share Class R Net Accumulation				
Group 1	0.778	-	0.778	1.069
Group 2	0.485	0.293	0.778	1.069
Share Class R Net Income				
Group 1	0.443	-	0.443	0.623
Group 2	0.333	0.110	0.443	0.623
Share Class Z Net Accumulation				
Group 1	0.857	-	0.857	1.169
Group 2	0.540	0.317	0.857	1.169
Share Class Z Net Income				
Group 1	0.486	-	0.486	0.679
Group 2	0.294	0.192	0.486	0.679

AXA Distribution Fund

Distribution Table

As at 31 May 2018

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2018

Group 2 Shares purchased on or after 1 March 2018 to 31 May 2018

	Net revenue (p)	Equalisation (p)	Distribution payable 31/07/18 (p)	Distribution paid 31/07/17 (p)
Share Class A Net Accumulation				
Group 1	1.077	-	1.077	0.808
Group 2	0.614	0.463	1.077	0.808
Share Class A Net Income				
Group 1	1.018	-	1.018	0.781
Group 2	0.765	0.253	1.018	0.781
Share Class B Net Accumulation				
Group 1	1.248	-	1.248	0.936
Group 2	0.795	0.453	1.248	0.936
Share Class B Net Income				
Group 1	1.088	-	1.088	0.834
Group 2	0.720	0.368	1.088	0.834
Share Class R Net Accumulation				
Group 1	1.925	-	1.925	1.459
Group 2	0.955	0.970	1.925	1.459
Share Class R Net Income				
Group 1	1.091	-	1.091	0.845
Group 2	0.836	0.255	1.091	0.845
Share Class Z Net Accumulation				
Group 1	2.125	-	2.125	1.599
Group 2	0.883	1.242	2.125	1.599
Share Class Z Net Income				
Group 1	1.200	-	1.200	0.922
Group 2	0.692	0.508	1.200	0.922

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

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

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

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

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

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

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

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

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

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

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

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

Investment Review

A combination of factors have weighed on investor sentiment over the past 12 months and generated a more volatile trading backdrop. Despite this, equity markets both in the UK and overseas have continued to make positive progress.

In the UK, the FTSE All-Share Index enjoyed a strong second half in 2017. However, a sharp dip in investor sentiment generated a first quarter negative return of -6.87% , the worst quarterly return in over six years. Investor worries about political risk – the outcome of the Brexit negotiations with the EU, slowing domestic economic growth (and in particular negative trends in retail and housing market) and the potential for accelerated interest rate rises – weighed heavily on stock prices. However, sentiment reversed in April as weakening economic data shifted market views on the outlook for UK interest rates, with May's "inevitable" rate rise being pushed back. Consequently, equities recovered sharply in April and May.

In the US, sentiment has been affected by ongoing interest rate rises by the Federal Reserve (Fed) combined with the risks presented by a new chairman of the board. The robust US economy has focused investors' minds on the risk of inflation – wage inflation data being particularly closely watched. The technology sector has continued to lead the US market to new highs, despite President Donald Trump taking to his Twitter account threatening a global trade war. These and other factors all create noise and volatility for the economy and the equity market. While they warrant close monitoring, we do not believe that they will derail the ongoing economic recovery in the near term.

In Europe, the European Central Bank (ECB) does not appear to be in any hurry to raise interest rates. Over the past 18 months, the Governing Council has consistently revised down its inflation forecasts despite revising up its growth forecasts. While the removal of ECB quantitative easing by the end of the year still seems likely, a lengthy pause before the ECB begins to raise interest rates also seems likely. The Japanese stock market is down marginally year-to-date, as global investors have been cautious of Japanese yen appreciation and the prospect of US protectionism. Japan has been the most stable political economy in the G7, but a political scandal has eroded support for Shinzo Abe's LDP government, which has weighed on investor sentiment. In China, the economy continues to transition gradually to a consumer-led focus. We believe fears over a China-US trade war are overdone.

Merger and acquisition (M&A) activity has continued to be a strong theme in the stock market, and the portfolio has participated in a number of these transactions in recent months. Prudential comprises three regional businesses; the US, Far East and the UK. The company announced recently that the UK business will demerge into two separately listed companies. In conjunction with this, £12 billion of its £32 billion annuities book is being sold to Rothesay Life. We see further opportunities to unlock value within the business. Elsewhere, Phoenix Group announced the £3.2 billion deal to acquire Standard Life Aberdeen's insurance unit; Tesco completed its acquisition of the UK's market-leading cash and carry business Booker Plc; Weir acquired ESCO Corp, which is a global market leader in ground engaging tools for surface mining, for a consideration of \$1,285 million; Melrose Industries acquired GKN for £7.9 billion in what became a contentious bidding process; Shire, the rare disease pharmaceutical company, is currently subject to a bid from Japanese firm Takeda. During the year we opened positions in Redrow, Fenner, the online travel agent On the Beach, St James's Place, Grainger, Tesco, DS Smith, the value retailer B&M, Zoopla, Discoverie, Porvair and the global professional services provider FDM Group. We closed positions in Bellway and Weir as they were no longer deemed ethical. We also closed positions in Aviva, Easyjet, the kitchen manufacturer Howden Joinery, Sainsbury, the payment processor Worldpay, Fenner, Persimmon and received the proceeds from the Aldermore takeover by FirstRand. We also traded both index-linked gilts and equities to cover cash flows.

The global government bond sell-off gained momentum at the end of 2017, led by the US treasury market, as investors questioned valuations set against a strong global economy and more interest rate rises in the near term. As a result, the UK gilt market is virtually flat over 12 months. We came into the New Year with a bearish stance on rates, however we have subsequently neutralised that position with the higher yields on offer and are more inclined to add duration risk if we see higher yields. Our macroeconomic outlook for the UK is 'mixed', at best, given the complexity of Brexit, our political situation and the potential drag it could cause on growth. We prefer inflation-linked gilts over conventional government bonds and believe that we may see low yields for many years to come – even if we have seen the absolute lowest point in yields in this cycle. More importantly for the Distribution Fund, we still believe that government bonds retain their low correlation to risk assets, which we believe makes them a good complement to equities in the portfolio.

Our view on UK consumer price index (CPI) data is that it peaked at 3.1% during December 2017. It fell to 3% in January, the first time in six months that it had fallen, and for April (the most recent available data at the time of writing) the rate has fallen to 2.4%. We expect inflation may fall further over the coming months but we remain confident that demand for long-dated bonds should be supportive for inflation breakevens. Short-term, we think the momentum for government bond yields may rise as the synchronised global growth story remains intact.

AXA Ethical Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Outlook

The global recovery appears well set to continue, albeit possibly at a more modest pace, as cyclical indicators in developed economies continue to give positive signals. The Fed is expected to go ahead with further rates rises in 2018, and the ECB has indicated it is starting to curtail the size of its asset purchases. The Bank of England is also likely to raise rates at some point this year. The Bank of Japan's stance is less clear. The unwinding of global quantitative easing on such a scale is unprecedented and undoubtedly presents a number of risks. However, provided inflation remains moderate, we would expect any tightening to remain very gradual and not present a threat to equities markets.

In the US, while it is still too early to fully assess the tax reform's impact on the economy, it is likely to further boost an already healthy environment. A new tax code should allow businesses and consumers to plan with some certainty for the future and preserve the current high levels of confidence. In Europe, French President Emmanuel Macron appears to be moving forward with his reform agenda despite resistance, while German Chancellor Angela Merkel managed to form a new coalition government. Brexit continues to cloud the British economy's prospects and weigh on investor sentiment, although the recently agreed transition period should provide more visibility.

The UK stock market remains a consensus underweight market among global fund managers. With synchronised global economic growth providing opportunities elsewhere in the world, the complications presented by the myriad Brexit-related unknowns makes it a market that can be avoided. However, we see that the underlying health of the equity market has improved, with a combination of strong earnings growth and falling share prices bringing a de-rating of the market to a level closer to the long-term average. In addition, the combination of low interest rates, low unemployment, peaking inflation, the majority of market earnings coming from overseas and its high dividend yield are compelling and make it a likely destination for capital flows once a Brexit deal has been reached.

*All performance data source: AXA Investment Managers and Lipper
Past performance is not a guide to future performance.*

Major Purchases

- UK Treasury 2.5% IL 16/04/20
- UK Treasury 0.125% IL 22/11/19
- Redrow
- UK Treasury 0.125% IL 22/11/65
- UK Treasury 1.875% IL 22/11/22

Major Sales

- UK Treasury 1.25% IL 22/11/17
- UK Treasury 0.125% IL 22/03/29
- Worldpay
- Aldemore
- UK Treasury 0.125% IL 22/11/19

Matthew Huddart, Jamie Forbes-Wilson

AXA Investment Managers UK Limited
31 May 2018

AXA Ethical Distribution Fund

Comparative Tables

As at 31 May 2018

	Z Net Accumulation			Z Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	174.98	148.23	153.83	197.72	171.12	182.04
Return before operating charges ^	3.66	28.01	(4.45)	4.09	32.04	(5.25)
Operating charges ^	(1.35)	(1.26)	(1.15)	(1.52)	(1.44)	(1.35)
Return after operating charges ^	2.31	26.75	(5.60)	2.57	30.60	(6.60)
Distributions	(2.66)	(3.49)	(3.67)	(2.99)	(4.00)	(4.32)
Retained distributions on accumulation shares	2.66	3.49	3.67	-	-	-
Closing net asset value per share †	177.29	174.98	148.23	197.30	197.72	171.12
*^ after direct transaction costs of:	0.24	0.14	0.28	0.26	0.16	0.33
Performance						
Return after operating charges	1.32%	18.05%	-3.64%	1.30%	17.88%	-3.63%
Other information						
Closing net asset value (£) †	97,111,601	81,454,450	67,843,866	28,960,211	28,173,707	23,847,233
Closing number of shares	54,776,961	46,549,505	45,768,288	14,678,477	14,249,217	13,936,220
Operating charges ^	0.77%	0.78%	0.78%	0.77%	0.78%	0.78%
Direct transaction costs *	0.13%	0.09%	0.19%	0.13%	0.09%	0.19%
Prices						
Highest share price #	178.50	175.10	153.20	200.50	199.60	181.20
Lowest share price #	169.00	140.80	138.00	189.70	140.80	161.70

† Valued at bid-market prices.

High and Low price disclosures are based on quoted share 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 sub-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 these tables have been calculated against the average Net Asset Value for the accounting year.

+ B Share class launched on 15 January 2016.

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
GOVERNMENT BONDS 40.34% (31/05/17: 37.56%)			
Traditional Government Bonds 3.74% (31/05/17: 3.77%)			
UK Treasury 0% 07/06/21	1,775,000	1,737	0.75
UK Treasury 1.25% 22/07/18	748,000	749	0.32
UK Treasury 1.25% 22/07/27	210,000	209	0.09
UK Treasury 1.75% 22/07/19	357,000	362	0.16
UK Treasury 2% 07/09/25	1,087,000	1,155	0.50
UK Treasury 2.5% 22/07/65	12,000	16	0.01
UK Treasury 3.25% 22/01/44	28,000	37	0.02
UK Treasury 3.5% 22/01/45	70,000	96	0.04
UK Treasury 3.5% 22/07/68	80,000	136	0.06
UK Treasury 3.75% 07/09/20	2,173,000	2,326	1.01
UK Treasury 3.75% 22/07/52	59,000	91	0.04
UK Treasury 4% 22/01/60	76,000	133	0.06
UK Treasury 4.25% 07/06/32	60,000	80	0.03
UK Treasury 4.25% 07/03/36	155,000	217	0.09
UK Treasury 4.25% 07/12/40	74,000	109	0.05
UK Treasury 4.25% 07/12/46	143,000	224	0.10
UK Treasury 4.25% 07/12/49	38,000	62	0.03
UK Treasury 4.25% 07/12/55	89,000	156	0.07
UK Treasury 4.5% 07/12/42	50,000	77	0.03
UK Treasury 4.75% 07/03/20	256,000	275	0.12
UK Treasury 4.75% 07/12/30	184,000	252	0.11
UK Treasury 4.75% 07/12/38	50,000	76	0.03
UK Treasury 5% 07/03/25	41,000	52	0.02
Index Linked Government Bonds 36.60% (31/05/17: 33.79%)			
UK Treasury 0.125% IL 22/11/19	9,469,000	10,984	4.77
UK Treasury 0.125% IL 22/03/24	5,455,000	7,061	3.06
UK Treasury 0.125% IL 22/03/26	2,570,000	3,214	1.39
UK Treasury 0.125% IL 22/11/36	873,000	1,287	0.56
UK Treasury 0.125% IL 22/03/44	940,000	1,673	0.73
UK Treasury 0.125% IL 22/03/46	1,977,000	3,402	1.48
UK Treasury 0.125% IL 22/11/56	336,000	666	0.29
UK Treasury 0.125% IL 22/03/58	799,844	1,679	0.73
UK Treasury 0.125% IL 22/11/65	1,251,000	2,973	1.29
UK Treasury 0.125% IL 22/03/68	700,400	1,820	0.79
UK Treasury 0.25% IL 22/03/52	605,000	1,262	0.55
UK Treasury 0.375% IL 22/03/62	687,904	1,811	0.78
UK Treasury 0.5% IL 22/03/50	823,500	1,995	0.87
UK Treasury 0.625% IL 22/03/40	415,000	849	0.37
UK Treasury 0.625% IL 22/11/42	599,000	1,317	0.57
UK Treasury 0.75% IL 22/03/34	880,000	1,511	0.65
UK Treasury 0.75% IL 22/11/47	643,300	1,612	0.70
UK Treasury 1.125% IL 22/11/37	650,000	1,461	0.63
UK Treasury 1.25% IL 22/11/27	1,042,000	1,960	0.85
UK Treasury 1.25% IL 22/11/32	1,529,000	2,901	1.26
UK Treasury 1.25% IL 22/11/55	304,565	1,075	0.47
UK Treasury 1.875% IL 22/11/22	2,499,500	4,023	1.74
UK Treasury 2% IL 26/01/35	216,000	577	0.25
UK Treasury 2.5% IL 16/04/20	6,805,000	24,640	10.69
UK Treasury 2.5% IL 17/07/24	476,000	1,724	0.75
UK Treasury 4.125% IL 22/07/30	240,000	871	0.38
TOTAL GOVERNMENT BONDS		92,975	40.34

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
EQUITIES 57.38% (31/05/17: 57.18%)			
INDUSTRIALS 13.59% (31/05/17: 14.30%)			
Construction & Materials 0.84% (31/05/17: 0.76%)[†]			
Polypipe	500,000	1,932	0.84
Electronic & Electrical Equipment 3.66% (31/05/17: 2.48%)			
Dialight	299,050	1,495	0.65
DiscoverIE	400,000	1,724	0.75
Oxford Instruments	165,744	1,513	0.66
TT Electronics	953,244	2,336	1.01
Xaar	450,000	1,361	0.59
General Industrials 2.09% (31/05/17: 1.56%)[†]			
DS Smith	400,000	2,226	0.97
Low & Bonar	2,000,000	1,056	0.46
RPC	192,000	1,534	0.66
Industrial Engineering 1.41% (31/05/17: 1.38%)			
Porvair	300,000	1,560	0.68
Rotork	500,000	1,690	0.73
Support Services 5.59% (31/05/17: 8.12%)			
Ashtead	175,000	4,058	1.76
Communis	2,500,000	1,565	0.68
De La Rue	225,000	1,177	0.51
Electrocomponents	465,000	3,351	1.45
Experian	100,000	1,853	0.80
VP	100,000	888	0.39
TOTAL INDUSTRIALS		31,319	13.59
CONSUMER GOODS 5.92% (31/05/17: 6.85%)			
Beverages 3.10% (31/05/17: 3.42%)			
Diageo	259,000	7,142	3.10
Food Producers 0.73% (31/05/17: 0.61%)			
Dairy Crest	336,250	1,683	0.73
Household Goods & Home Construction 1.41% (31/05/17: 2.44%)			
Berkeley	40,000	1,701	0.74
Redrow	250,000	1,534	0.67
Leisure Goods 0.19% (31/05/17: 0.38%)			
Photo Me International	410,000	447	0.19
Personal Goods 0.49% (31/05/17: 0.00%)			
SuperGroup	90,000	1,135	0.49
TOTAL CONSUMER GOODS		13,642	5.92

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
CONSUMER SERVICES 15.03% (31/05/17: 14.65%)			
Food & Drug Retailers 0.97% (31/05/17: 0.64%)			
Tesco	900,000	2,227	0.97
General Retailers 1.87% (31/05/17: 3.41%)			
B&M European Value Retail	450,000	1,809	0.79
Dunelm	280,000	1,527	0.66
Pendragon	3,750,000	975	0.42
Media 6.11% (31/05/17: 5.69%)			
Ascential	500,000	2,126	0.92
Bloomsbury Publishing	533,028	1,237	0.54
Informa	250,000	1,955	0.85
ITV	825,000	1,355	0.59
RELX	150,000	2,476	1.07
Tarsus	400,000	1,220	0.53
Trinity Mirror	1,069,230	856	0.37
WPP	52,000	648	0.28
ZPG	450,000	2,201	0.96
Travel & Leisure 6.08% (31/05/17: 4.91%)			
Carnival	59,000	2,867	1.24
Cineworld	608,000	1,552	0.67
Domino's Pizza	290,000	1,105	0.48
Gym	890,000	2,225	0.97
Hollywood Bowl	1,000,000	2,290	0.99
Hostelworld	400,000	1,380	0.60
National Express	225,000	915	0.40
On the Beach	350,000	1,690	0.73
TOTAL CONSUMER SERVICES		34,636	15.03
HEALTH CARE 0.66% (31/05/17: 0.47%)			
Health Care Equipment & Services 0.66% (31/05/17: 0.47%)			
Consort Medical	130,000	1,511	0.66
TOTAL HEALTH CARE		1,511	0.66
FINANCIALS 17.79% (31/05/17: 17.85%)			
Banks 5.47% (31/05/17: 7.61%)			
Barclays	1,750,000	3,484	1.51
HSBC	857,135	6,209	2.69
Standard Chartered	392,142	2,931	1.27
Financial Services 2.53% (31/05/17: 1.54%)			
London Stock Exchange	49,000	2,184	0.95
Provident Financial	298,958	1,888	0.82
Standard Life Aberdeen	500,000	1,752	0.76
Life Insurance 5.31% (31/05/17: 5.55%)			
Just	1,200,000	1,730	0.75
Legal & General	600,000	1,627	0.71
Prudential	375,000	6,848	2.97
St James's Place	170,000	2,026	0.88

AXA Ethical Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Nonlife Insurance 1.46% (31/05/17: 1.47%)			
Direct Line	229,166	823	0.36
Jardine Lloyd Thompson	125,000	1,538	0.67
RSA Insurance	150,000	983	0.43
Real Estate Investment & Services 0.93% (31/05/17: 0.00%)[†]			
Grainger	700,000	2,138	0.93
Real Estate Investment Trusts 2.09% (31/05/17: 1.68%)[†]			
Derwent London	70,000	2,099	0.91
Segro	120,000	781	0.34
UNITE	230,000	1,944	0.84
TOTAL FINANCIALS		40,985	17.79
TECHNOLOGY 3.62% (31/05/17: 1.88%)			
Software & Computer Services 3.62% (31/05/17: 1.67%)			
Alfa Financial Software	400,000	1,258	0.55
FDM	130,000	1,321	0.57
Fidessa	62,478	2,402	1.04
Micro Focus International	127,998	1,723	0.75
SDL	380,000	1,638	0.71
Technology Hardware & Equipment 0.00% (31/05/17: 0.21%)			
TOTAL TECHNOLOGY		8,342	3.62
TELECOMMUNICATIONS 0.77% (31/05/17: 1.18%)			
Fixed Line Telecommunications 0.45% (31/05/17: 0.46%)			
KCOM	1,071,420	1,022	0.45
Mobile Telecommunications 0.32% (31/05/17: 0.72%)			
Inmarsat	200,000	745	0.32
TOTAL TELECOMMUNICATIONS		1,767	0.77
Portfolio of investments		225,177	97.72
Net other assets		5,254	2.28
Total net assets		230,431	100.00

[†] Since the previous report classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

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

AXA Ethical Distribution Fund

Statement of Total Return

For the year ended 31 May 2018

	Note	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Income:					
Net capital gains	2		1,237		31,005
Revenue	3	3,491		4,474	
Expenses	4	(2,419)		(2,261)	
Interest payable and similar charges		-		-	
Net revenue before taxation		1,072		2,213	
Taxation	5	(16)		-	
Net revenue after taxation			1,056		2,213
Total return before distributions			2,293		33,218
Distributions	6		(3,424)		(4,421)
Change in net assets attributable to Shareholders from investment activities			(1,131)		28,797

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2018

	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Opening net assets attributable to Shareholders		219,390		192,808
Amounts receivable on issue of shares	26,618		15,688	
Amounts payable on cancellation of shares	(17,447)		(21,701)	
		9,171		(6,013)
Change in net assets attributable to Shareholders from investment activities (see above)		(1,131)		28,797
Retained distributions on accumulation shares		3,001		3,796
Unclaimed distributions		-		2
Closing net assets attributable to Shareholders		230,431		219,390

AXA Ethical Distribution Fund

Balance Sheet

As at 31 May 2018

		31/05/18	31/05/17
	Note	£'000	£'000
Assets:			
Fixed assets:			
Investments		225,177	207,841
Current assets:			
Debtors	7	933	1,895
Cash and bank balances	8	5,049	11,261
Total assets		<u>231,159</u>	<u>220,997</u>
Liabilities:			
Creditors:			
Distribution payable		(257)	(262)
Other creditors	9	(471)	(1,345)
Total liabilities		<u>(728)</u>	<u>(1,607)</u>
Net assets attributable to Shareholders		<u>230,431</u>	<u>219,390</u>

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

Non-derivative securities

Transaction charges

Net capital gains

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Non-derivative securities	1,239	31,006
Transaction charges	(2)	(1)
Net capital gains	1,237	31,005

3. Revenue

Bank interest

Interest on debt securities

Overseas dividends

Scrip dividends

UK dividends

Property Revenue from REIT

Total revenue

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Bank interest	3	4
Interest on debt securities	(278)	362
Overseas dividends	151	69
Scrip dividends	-	160
UK dividends	3,447	3,732
Property Revenue from REIT	168	147
Total revenue	3,491	4,474

4. Expenses

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

ACD fees

Registration fees

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees

Safe custody fees

Other expenses

Audit fees

Printing fees

Total expenses

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Payable to the ACD, associates of the ACD, and agents of either of them		
ACD fees	2,368	2,208
Registration fees	6	6
Payable to the Depositary, associates of the Depositary and agents of either of them		
Depositary's fees	32	32
Safe custody fees	5	5
Other expenses		
Audit fees	7	7
Printing fees	1	3*
Total expenses	2,419	2,261

* Prior year figures have been reclassified.

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

5. Taxation

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
(a) Analysis of the tax charge in the year		
Overseas withholding tax	16	-

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2017: 20%) is applied to the net revenue before taxation. The differences are explained below:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Net revenue before taxation	1,072	2,213
Net revenue for the year multiplied by the standard rate of corporation tax	214	443
Effects of:		
Movement in excess management expenses	1,062	817
Overseas withholding tax	16	-
Relief for indexation on UK Gilts	(544)	(456)
Revenue not subject to corporation tax	(732)	(804)
Current tax charge for the year	16	-

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

(c) Deferred taxation:

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

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £3,750,589 (2017: £2,688,250) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Interim	1,484	2,468
Final	1,974	1,928
Add: Revenue paid on cancellation of shares	65	99
Deduct: Revenue received on creation of shares	(99)	(74)
Net distribution for the year	3,424	4,421
Reconciliation of net revenue after taxation to distributions		
Net revenue after taxation	1,056	2,213
Expenses charged to capital	2,368	2,208
Net distribution for the year	3,424	4,421

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

7. Debtors	31/05/18	31/05/17
	£'000	£'000
Amounts receivable for creation of shares	145	346
Sales awaiting settlement	15	672
Accrued revenue	773	877
Total debtors	933	1,895

8. Cash and bank balances	31/05/18	31/05/17
	£'000	£'000
Cash and bank balances	5,049	11,261
Total cash and bank balances	5,049	11,261

9. Other creditors	31/05/18	31/05/17
	£'000	£'000
Amounts payable for cancellation of shares	249	281
Purchases awaiting settlement	-	656
Annual Management Charge	204	387
Accrued other expenses	18	21
Total other creditors	471	1,345

10. Related party transactions

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

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

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

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

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

	ACD fee rate (%)	31/05/17	Issued	Cancelled	Converted	31/05/18
B Net Income	0.50%	21,159	1,405	(1,507)	-	21,057
B Net Accumulation	0.50%	9,507,714	103,307	(676,559)	-	8,934,462
R Net Income	1.50%	746,008	64,002	(62,622)	(301,656)	445,732
R Net Accumulation	1.50%	61,445,672	3,434,001	(5,368,388)	(1,121,267)	58,390,018
Z Net Income	0.75%	14,249,217	2,201,890	(2,058,441)	285,811	14,678,477
Z Net Accumulation	0.75%	46,549,505	9,605,130	(2,381,389)	1,003,715	54,776,961

12. Commitments, contingent liabilities and contingent assets

There were no commitments, contingent liabilities and contingent assets as at the balance sheet data (2017: nil).

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

13. Derivatives and other financial instruments

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

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2017).

Market price risk sensitivity

A 10% increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £22,517,652 (2017: £20,784,058). A 5% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was immaterial direct foreign currency exposure within the Fund at the balance sheet date.

Interest rate risk

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

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one per cent increase in interest rates would have the effect of decreasing the return and net assets by £11,020,000 (2017: £9,731,000). A one per cent decrease would have an equal and opposite effect.

Credit risk

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

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

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

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

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

Credit Rating	31/05/18		31/05/17	
	Market Value £'000	%	Market Value £'000	%
Total bonds BBB- credit rating and above	92,975	40.34	82,398	37.56
Total value of bonds	92,975	40.34	82,398	37.56

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

14. Portfolio transaction costs

31/05/2018	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equities	45,431	51	0.11	212	0.47	45,694
Bonds	31,756	-	-	-	-	31,756
Total	77,187	51		212		77,450

31/05/2018	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equities	40,824	(40)	(0.10)	-	-	40,784
Bonds	19,180	-	-	-	-	19,180
Total	60,004	(40)		-		59,964

31/05/2017	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equities	22,883	33	0.14	112	0.49	23,028
Bonds	73,926	-	-	-	-	73,926
Total	96,809	33		112		96,954

31/05/2017	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equities	29,717	(36)	(0.12)	-	-	29,681
Bonds	76,010	-	-	-	-	76,010
Total	105,727	(36)		-		105,691

Transaction costs as percentage of average net asset value	01/06/17 to 31/05/18	01/06/16 to 31/05/17
Commissions	0.04%	0.03%
Taxes	0.09%	0.05%

At the balance sheet date the average portfolio dealing spread was 0.23% (2017: 0.16%).

AXA Ethical Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

15. Post balance sheet events

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

16. Fair value disclosure

Valuation technique	31/05/18		31/05/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	225,177	-	207,841	-
Level 2 ^^	-	-	-	-
Level 3 ^^	-	-	-	-
	225,177	-	207,841	-

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

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

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

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

AXA Ethical Distribution Fund

Distribution Table

As at 31 May 2018

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2017

Group 2 Shares purchased on or after 1 June 2017 to 30 November 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/18 (p)	Distribution paid 31/01/17 (p)
Share Class B Net Accumulation				
Group 1	0.796	-	0.796	1.362
Group 2	0.565	0.231	0.796	1.362
Share Class B Net Income				
Group 1	0.771	-	0.771	1.342
Group 2	0.771	-	0.771	1.342
Share Class R Net Accumulation				
Group 1	1.023	-	1.023	1.765
Group 2	0.454	0.569	1.023	1.765
Share Class R Net Income				
Group 1	1.219	-	1.219	2.151
Group 2	0.312	0.907	1.219	2.151
Share Class Z Net Accumulation				
Group 1	1.139	-	1.139	1.951
Group 2	0.399	0.740	1.139	1.951
Share Class Z Net Income				
Group 1	1.288	-	1.288	2.245
Group 2	0.620	0.668	1.288	2.245

AXA Ethical Distribution Fund

Distribution Table

As at 31 May 2018

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2017

Group 2 Shares purchased on or after 1 December 2017 to 31 May 2018

	Net revenue (p)	Equalisation (p)	Distribution payable 31/07/18 (p)	Distribution paid 31/07/17 (p)
Share Class B Net Accumulation				
Group 1	1.061	-	1.061	1.072
Group 2	0.730	0.331	1.061	1.072
Share Class B Net Income				
Group 1	1.021	-	1.021	1.045
Group 2	1.021	-	1.021	1.045
Share Class R Net Accumulation				
Group 1	1.356	-	1.356	1.382
Group 2	0.882	0.474	1.356	1.382
Share Class R Net Income				
Group 1	1.606	-	1.606	1.663
Group 2	1.331	0.275	1.606	1.663
Share Class Z Net Accumulation				
Group 1	1.516	-	1.516	1.535
Group 2	1.004	0.512	1.516	1.535
Share Class Z Net Income				
Group 1	1.703	-	1.703	1.750
Group 2	1.099	0.604	1.703	1.750

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

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

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

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

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

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

- Investment model risk - in seeking to achieve the investment objectives of the AXA Global Distribution Fund, the ACD and the Sub-Investment Managers use stock recommendations generated by proprietary quantitative analytical models owned and operated by the AXA IM Group. Quantitative modelling is a very complex process involving hundreds of thousands of data points and settings encoded in computer software, and the ACD and its affiliates review these codes and the various components to the models with a view to ensuring that they are appropriately adapted and calibrated to reflect the ACD's and the Sub-Investment Managers' views as to the potential implications of evolving external events and factors, including constantly changing economic, financial market and other conditions. This process involves the exercise of judgments and a number of inherent uncertainties. The ACD's and Sub-Investment Managers' views, including those related to the optimal configuration, calibration and adaptation of the models, may change over time depending on evolving circumstances, on information that becomes available to the ACD and its affiliates and on other factors.

While the ACD attempts to ensure that the models are appropriately developed, operated and implemented on a continuing basis, sub-optimal calibrations of the models and similar issues may arise from time to time, and neither the ACD nor any of its affiliates can guarantee that the models are in an optimal state of calibration and configuration at all times. Further, inadvertent human errors, trading errors, software development and implementation errors, and other types of errors are an inherent risk in complex quantitative investment management processes of the type that the ACD employs. While the ACD's policy is to promptly address any such errors when identified, there can be no guarantee that the overall investment process will be without error or that it will produce the desired results. There can be no guarantee that the ACD or the Sub-Investment Managers will be able to implement their quantitative strategies on an ongoing basis.

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

Companies in emerging markets may not be subject to:

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

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

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

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

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

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

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

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

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

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

Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

- **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 bonds carrying credit risk, particularly in times of significant market stress. As a result, it may not be possible to buy or sell such investments at a preferred time, close to the last market price quoted or in the volume desired. The ACD may be forced to buy or sell such investments as a consequence of Shareholders buying or selling Shares in the Fund. Depending on market conditions at the time, this could lead to a significant drop in the Fund's value.

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Investment Manager's Report

For the year ended 31 May 2018

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

Investment Review

A combination of factors have weighed on investor sentiment over the past 12 months and generated a more volatile trading backdrop. Despite this, equity markets both in the UK and overseas have continued to make positive progress.

In the UK, the FTSE All-Share Index enjoyed a strong second half in 2017. However, a sharp dip in investor sentiment generated a first quarter negative return of -6.87% , the worst quarterly return in over six years. Investor worries about political risk – the outcome of the Brexit negotiations with the EU, slowing domestic economic growth (and in particular negative trends in retail and housing market) and the potential for accelerated interest rate rises – weighed heavily on stock prices. However, sentiment reversed in April as weakening economic data shifted market views on the outlook for UK interest rates, with May's "inevitable" rate rise being pushed back. Consequently, equities recovered sharply in April and May

In the US, sentiment has been affected by ongoing interest rate rises by the Federal Reserve (Fed) combined with the risks presented by a new chairman of the board. The robust US economy has focused investors' minds on the risk of inflation – wage inflation data being particularly closely watched. The technology sector has continued to lead the US market to new highs, despite President Donald Trump taking to his Twitter account threatening a global trade war. These and other factors all create noise and volatility for the economy and the equity market. While they warrant close monitoring, we do not believe that they will derail the ongoing economic recovery in the near term.

In Europe, the European Central Bank (ECB) does not appear to be in any hurry to raise interest rates. Over the past 18 months, the Governing Council has consistently revised down its inflation forecasts despite revising up its growth forecasts. While the removal of ECB quantitative easing by the end of the year still seems likely, a lengthy pause before the ECB begins to raise interest rates also seems likely. The Japanese stock market is down marginally year-to-date, as global investors have been cautious of Japanese yen appreciation and the prospect of US protectionism. Japan has been the most stable political economy in the G7, but a political scandal has eroded support for Shinzo Abe's LDP government, which has weighed on investor sentiment. In China, the economy continues to transition gradually to a consumer-led focus. We believe fears over a China-US trade war are overdone.

Emerging economies performed strongly in the remaining months of 2017 but their performance varied greatly between countries in 2018. Those most vulnerable were the ones with large external balances with limited currency reserves, these are countries where high interest rates will be needed to defend their currencies. They are typically oil importers. Countries such as Argentina, Turkey, South Africa and Indonesia. The better positioned, those who have reduced their external balances and have built up domestic reserves, learnt from the taper tantrum in 2013. These economies are better placed at defending against a strengthening dollar.

The global government bond sell-off gained momentum at the end of 2017, led by the US treasury market, as investors questioned valuations set against a strong global economy and more interest rate rises in the near term. As a result, the UK gilt market is virtually flat over 12 months. We came into the New Year with a bearish stance on rates, however we have subsequently neutralised that position with the higher yields on offer and are more inclined to add duration risk if we see higher yields. Our macroeconomic outlook for the UK is 'mixed', at best, given the complexity of Brexit, our political situation and the potential drag it could cause on growth. We prefer inflation-linked gilts over conventional government bonds and believe that we may see low yields for many years to come – even if we have seen the absolute lowest point in yields in this cycle. More importantly for the Distribution Fund, we still believe that government bonds retain their low correlation to risk assets, which we believe makes them a good complement to equities in the portfolio.

AXA Global Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Our view on UK consumer price index (CPI) data is that it peaked at 3.1% during December 2017. It fell to 3% in January, the first time in six months that it had fallen, and for April (the most recent available data at the time of writing) the rate has fallen to 2.4%. We expect inflation may fall further over the coming months but we remain confident that demand for long-dated bonds should be supportive for inflation breakevens. Short-term, we think the momentum for government bond yields may rise as the synchronised global growth story remains intact.

Outlook

The global recovery appears well set to continue, albeit possibly at a more modest pace, as cyclical indicators in developed economies continue to give positive signals. The Fed is expected to go ahead with further rates rises in 2018, and the ECB has indicated it is starting to curtail the size of its asset purchases. The Bank of England is also likely to raise rates at some point this year. The Bank of Japan's stance is less clear. The unwinding of global quantitative easing on such a scale is unprecedented and undoubtedly presents a number of risks. However, provided inflation remains moderate, we would expect any tightening to remain very gradual and not present a threat to equities markets.

In the US, while it is still too early to fully assess the tax reform's impact on the economy, it is likely to further boost an already healthy environment. A new tax code should allow businesses and consumers to plan with some certainty for the future and preserve the current high levels of confidence. In Europe, French President Emmanuel Macron appears to be moving forward with his reform agenda despite resistance, while German Chancellor Angela Merkel managed to form a new coalition government. Brexit continues to cloud the British economy's prospects and weigh on investor sentiment, although the recently agreed transition period should provide more visibility.

The UK stock market remains a consensus underweight market among global fund managers. With synchronised global economic growth providing opportunities elsewhere in the world, the complications presented by the myriad Brexit-related unknowns makes it a market that can be avoided. However, we see that the underlying health of the equity market has improved, with a combination of strong earnings growth and falling share prices bringing a de-rating of the market to a level closer to the long-term average. In addition, the combination of low interest rates, low unemployment, peaking inflation, the majority of market earnings coming from overseas and its high dividend yield are compelling and make it a likely destination for capital flows once a Brexit deal has been reached.

*All performance data source: AXA Investment Managers and Lipper
Past performance is not a guide to future performance.*

Major Purchases

- US Treasury 1.25% IL 15/07/20
- US Treasury 0.125% IL 15/04/20
- US Treasury 0.625% IL 15/01/26
- Amazon.com
- Exelon

Major Sales

- US Treasury 0.125% IL 15/07/26
- Central Japan Railway
- US Treasury 3.875% IL 15/04/29
- US Treasury 1.375% IL 15/07/18
- Intel

Matthew Huddart, Jamie Forbes-Wilson

AXA Investment Managers UK Limited

31 May 2018

AXA Global Distribution Fund

Comparative Tables

As at 31 May 2018

	B Net Accumulation +			B Net Income +		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	130.99	106.65	100.00	128.43	106.00	100.00
Return before operating charges ^	7.26	25.01	6.93	7.12	24.75	6.93
Operating charges ^	(0.72)	(0.67)	(0.28)	(0.71)	(0.67)	(0.28)
Return after operating charges ^	6.54	24.34	6.65	6.41	24.08	6.65
Distributions	(1.60)	(1.67)	(0.62)	(1.57)	(1.65)	(0.65)
Retained distributions on accumulation shares	1.60	1.67	0.62	-	-	-
Closing net asset value per share †	137.53	130.99	106.65	133.27	128.43	106.00
*^ after direct transaction costs of:	0.08	0.06	0.06	0.08	0.06	0.06
Performance						
Return after operating charges	4.99%	22.82%	6.65%	4.99%	22.71%	6.65%
Other information						
Closing net asset value (£) †	36,373,104	37,114,511	33,862,074	235,815	249,571	215,920
Closing number of shares	26,446,922	28,334,191	31,751,139	176,940	194,317	203,704
Operating charges ^	0.54%	0.54%	0.68%	0.54%	0.54%	0.68%
Direct transaction costs *	0.06%	0.05%	0.05%	0.06%	0.05%	0.05%
Prices						
Highest share price #	138.90	131.20	109.00	135.70	129.40	108.90
Lowest share price #	129.50	106.40	98.37	127.00	105.50	98.37
	R Net Accumulation			R Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	257.62	211.86	212.30	175.09	145.95	148.58
Return before operating charges ^	14.21	49.54	2.71	9.64	33.97	1.87
Operating charges ^	(4.03)	(3.78)	(3.15)	(2.74)	(2.59)	(2.20)
Return after operating charges ^	10.18	45.76	(0.44)	6.90	31.38	(0.33)
Distributions	(3.13)	(3.28)	(3.31)	(2.12)	(2.24)	(2.30)
Retained distributions on accumulation shares	3.13	3.28	3.31	-	-	-
Closing net asset value per share †	267.80	257.62	211.86	179.87	175.09	145.95
*^ after direct transaction costs of:	0.16	0.11	0.11	0.11	0.08	0.08
Performance						
Return after operating charges	3.95%	21.60%	-0.21%	3.94%	21.50%	-0.22%
Other information						
Closing net asset value (£) †	23,149,001	32,194,245	26,075,613	1,374,214	1,396,993	1,028,862
Closing number of shares	8,644,176	12,496,871	12,307,760	763,995	797,853	704,956
Operating charges ^	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%
Direct transaction costs *	0.06%	0.05%	0.05%	0.06%	0.05%	0.05%
Prices						
Highest share price #	271.50	258.50	216.80	183.80	176.70	150.40
Lowest share price #	254.50	211.20	194.80	172.40	145.20	136.00

AXA Global Distribution Fund

Comparative Tables

As at 31 May 2018

	Z Net Accumulation			Z Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	281.54	229.83	228.59	192.15	159.01	160.69
Return before operating charges ^	15.60	53.86	2.97	10.63	37.05	2.01
Operating charges ^	(2.28)	(2.15)	(1.73)	(1.55)	(1.47)	(1.21)
Return after operating charges ^	13.32	51.71	1.24	9.08	35.58	0.80
Distributions	(3.44)	(3.52)	(3.64)	(2.34)	(2.44)	(2.48)
Retained distributions on accumulation shares	3.44	3.52	3.64	-	-	-
Closing net asset value per share †	294.86	281.54	229.83	198.89	192.15	159.01
*^ after direct transaction costs of:	0.17	0.12	0.12	0.12	0.08	0.09
Performance						
Return after operating charges	4.73%	22.50%	0.54%	4.73%	22.37%	0.50%
Other information						
Closing net asset value (£) †	104,113,310	75,956,927	31,934,826	23,857,643	19,618,486	9,268,926
Closing number of shares	35,309,818	26,979,055	13,894,850	11,995,495	10,209,858	5,829,248
Operating charges ^	0.79%	0.80%	0.78%	0.79%	0.80%	0.78%
Direct transaction costs *	0.06%	0.05%	0.05%	0.06%	0.05%	0.05%
Prices						
Highest share price #	298.10	282.20	234.90	202.70	193.60	163.60
Lowest share price #	278.30	229.20	210.10	190.00	158.20	147.70

† Valued at bid-market prices.

High and Low price disclosures are based on quoted share 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 sub-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 these tables have been calculated against the average Net Asset Value for the accounting year.

+ B share class launched on 15 January 2016.

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
AUSTRALIA 0.99% (31/05/17: 0.92%)			
INDEX LINKED GOVERNMENT BONDS 0.30% (31/05/17: 0.35%)			
Australia (Government of) 1.25% IL 21/02/22	AUD 482,000	317	0.17
Australia (Government of) 2.5% IL 20/09/30	AUD 312,000	249	0.13
EQUITIES 0.69% (31/05/17: 0.57%)			
Dexus*	48,200	271	0.14
Fortescue Metals	36,161	96	0.05
GPT*	53,240	152	0.08
Mirvac*	36,800	48	0.03
Stockland*	115,100	271	0.14
Telstra	116,400	185	0.10
Vicinity Centres*	181,700	275	0.15
TOTAL AUSTRALIA		1,864	0.99
AUSTRIA 0.00% (31/05/17: 0.01%)			
BELGIUM 0.12% (31/05/17: 0.15%)			
Solvay	2,138	219	0.12
TOTAL BELGIUM		219	0.12
BERMUDA 0.17% (31/05/17: 0.27%)			
Marvell Technology	19,800	327	0.17
TOTAL BERMUDA		327	0.17
BRAZIL 0.61% (31/05/17: 0.50%)			
Braskem Preference Shares	15,900	145	0.08
Fibria Celulose	17,400	248	0.13
Porto Seguro	13,500	116	0.06
Sul America	115	-	-
Telefonica Brasil Preference Shares	71,000	650	0.34
TOTAL BRAZIL		1,159	0.61
CANADA 3.15% (31/05/17: 2.56%)			
INDEX LINKED GOVERNMENT BONDS 1.02% (31/05/17: 0.74%)			
Canada (Government of) 1.5% 01/12/44	CAD 268,000	222	0.12
Canada (Government of) 2% 01/12/41	CAD 282,000	259	0.14
Canada (Government of) 3% 01/12/36	CAD 169,000	183	0.09
Canada (Government of) 4% 01/12/31	CAD 93,000	115	0.06
Canada (Government of) 4.25% 01/12/21	CAD 197,000	210	0.11
Canada (Government of) 4.25% 01/12/26	CAD 813,000	945	0.50
EQUITIES 2.13% (31/05/17: 1.82%)			
Bank of Montreal	3,800	222	0.12
Canadian Imperial Bank of Commerce CAD	1,900	125	0.07
Canadian Imperial Bank of Commerce USD	11,200	740	0.39
Canadian Tire	1,500	145	0.08
CGI 'A' Shares	12,600	583	0.31
E-L Financial	200	94	0.05
Empire	7,100	104	0.06
George Weston	2,900	177	0.09

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Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
H&R Real Estate Investment Trust	7,100	84	0.04
Linamar	2,100	81	0.04
Metro	6,800	170	0.09
Open Text	8,600	225	0.12
Royal Bank of Canada	16,800	951	0.50
Teck Resources	15,900	326	0.17
TOTAL CANADA		5,961	3.15
CHINA (INCLUDING HONG KONG) 3.11% (31/05/17: 3.14%)			
Alibaba ADR	3,300	490	0.26
Baidu ADR	800	145	0.08
Bank of Communications	274,000	163	0.09
China Cinda Asset Management	1,002,000	272	0.14
China Communications Services	144,000	69	0.04
China Construction Bank	1,021,000	772	0.41
China Minsheng Banking	782,000	559	0.29
China National Building Material	150,000	129	0.07
China Telecom	2,480,000	866	0.46
Dongfeng Motor	346,000	296	0.16
Future Land Development	250,000	147	0.08
Guangzhou R&F Properties	115,000	202	0.11
People's Insurance	1,895,000	670	0.35
Qingdao Port International	173,000	104	0.05
Shandong Chenming Paper	35,500	40	0.02
Tencent	19,900	760	0.40
Zhongsheng	80,000	192	0.10
TOTAL CHINA (INCLUDING HONG KONG)		5,876	3.11
DENMARK 0.16% (31/05/17: 0.29%)			
Pandora	5,200	305	0.16
TOTAL DENMARK		305	0.16
FINLAND 0.03% (31/05/17: 0.32%)			
Outokumpu	10,000	48	0.03
TOTAL FINLAND		48	0.03
FRANCE 5.89% (31/05/17: 6.19%)			
INDEX LINKED GOVERNMENT BONDS 4.43% (31/05/17: 4.56%)			
France OAT 0.1% 01/03/25	EUR 1,147,000	1,117	0.59
France OAT 0.1% IL 01/03/28	EUR 1,045,000	1,020	0.54
France OAT 0.25% IL 25/07/24	EUR 896,660	902	0.48
France OAT 0.7% 25/07/30	EUR 1,453,000	1,534	0.81
France OAT 1.1% IL 25/07/22	EUR 913,219	996	0.53
France OAT 1.3% IL 25/07/19	EUR 967,893	959	0.51
France OAT 1.8% IL 25/07/40	EUR 262,125	402	0.21
France OAT 2.25% IL 25/07/20	EUR 488,022	585	0.31
France OAT 3% IL 25/07/18	EUR 300,000	294	0.15
France OAT 3.15% IL 25/07/32	EUR 330,546	572	0.30
EQUITIES 1.46% (31/05/17: 1.63%)			
Airbus	2,200	189	0.10
Atos	4,400	444	0.23
AXA	46,500	878	0.46

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
BNP Paribas	1,800	85	0.05
Lyxor MSCI India C (EUR)	68,568	949	0.50
Renault	3,000	219	0.12
TOTAL FRANCE		11,145	5.89
GERMANY 3.16% (31/05/17: 1.56%)			
Allianz	5,900	929	0.49
CECONOMY	14,000	103	0.05
Covestro	9,200	631	0.33
Daimler	15,400	841	0.45
Deutsche Lufthansa	21,300	439	0.23
Deutsche Post	8,200	238	0.13
Hella	1,000	48	0.03
RWE	24,800	425	0.23
SAP	9,700	820	0.43
Siemens	10,160	1,008	0.53
TUI (EUR)	15,000	260	0.14
TUI (GBP)	13,500	234	0.12
TOTAL GERMANY		5,976	3.16
HUNGARY 0.00% (31/05/17: 0.02%)			
IRELAND 0.00% (31/05/17: 0.03%)			
ITALY 2.66% (31/05/17: 2.66%)			
INDEX LINKED GOVERNMENT BONDS 2.03% (31/05/17: 2.11%)			
Italy (Republic of) 2.1% IL 15/09/21	EUR 1,728,000	1,771	0.94
Italy (Republic of) 2.35% IL 15/09/19	EUR 137,000	141	0.08
Italy (Republic of) 2.35% IL 15/09/24	EUR 919,000	895	0.47
Italy (Republic of) 2.35% IL 15/09/35	EUR 331,000	393	0.21
Italy (Republic of) 2.55% IL 15/09/41	EUR 579,000	631	0.33
EQUITIES 0.63% (31/05/17: 0.55%)			
Assicurazioni Generali	58,100	748	0.39
Enel	77,000	317	0.17
Leonardo	17,400	133	0.07
TOTAL ITALY		5,029	2.66
JAPAN 4.15% (31/05/17: 4.67%)			
INDEX LINKED GOVERNMENT BONDS 0.19% (31/05/17: 0.37%)			
Japan Government 0.1% IL 10/03/24	JPY 13,100,000	97	0.05
Japan Government 0.1% IL 10/09/24	JPY 25,000,000	181	0.10
Japan Government 1.4% IL 10/06/18	JPY 11,800,000	84	0.04
EQUITIES 3.96% (31/05/17: 4.30%)			
Fujitsu	91,000	418	0.22
Haseko	12,900	147	0.08
Hitachi	72,000	395	0.21
Idemitsu Kosan	9,500	239	0.13
Inpex	29,300	245	0.13
Japan Post	35,900	308	0.16
Japan Post Bank	80,100	751	0.40
JXTG	154,100	746	0.39
Kirin	13,000	277	0.15

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Konica Minolta	8,000	55	0.03
Mazda Motor	21,000	198	0.10
Mitsubishi Chemical	60,000	416	0.22
Mitsui Chemicals	9,200	199	0.11
Mixi	3,400	80	0.04
Mizuho Financial	692,600	905	0.48
Nippon Telegraph & Telephone	6,500	229	0.12
Nissan Motor	12,500	93	0.05
NOK	5,600	79	0.04
Nomura	43,600	169	0.09
ORIX	6,600	83	0.04
Panasonic	12,200	125	0.07
Sumitomo Mitsui Financial	26,900	834	0.44
Tokyo Electron	1,400	197	0.10
Tosoh	15,000	197	0.10
Yamada Denki	27,600	107	0.06
TOTAL JAPAN		7,854	4.15
KOREA (SOUTH) 1.09% (31/05/17: 1.39%)			
KT	730	14	0.01
LG Display	9,760	151	0.08
LG Electronics	150	10	0.01
Lotte Chemical	172	44	0.02
Samsung Electronics	21,000	741	0.39
SK Hynix	16,940	1,101	0.58
TOTAL KOREA (SOUTH)		2,061	1.09
LUXEMBOURG 0.00% (31/05/17: 0.12%)			
MALAYSIA 0.00% (31/05/17: 0.15%)			
MEXICO 0.00% (31/05/17: 0.31%)			
America Movil	7,400	4	-
TOTAL MEXICO		4	-
NETHERLANDS 1.44% (31/05/17: 0.72%)			
Aegon	8,611	41	0.02
ASR Nederland	3,300	105	0.06
Koninklijke Ahold Delhaize	54,500	947	0.50
NN	13,445	438	0.23
Randstad	8,400	381	0.20
Royal Dutch Shell 'A' Shares (EUR)	7,911	207	0.11
Royal Dutch Shell 'A' Shares (GBP)	189	5	-
Signify	3,300	71	0.04
Wolters Kluwer	12,600	529	0.28
TOTAL NETHERLANDS		2,724	1.44
NEW ZEALAND 0.01% (31/05/17: 0.03%)			
Air New Zealand	15,621	26	0.01
TOTAL NEW ZEALAND		26	0.01

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
PHILIPPINES 0.14% (31/05/17: 0.00%)			
Alliance Global	446,000	85	0.04
PLDT	10,000	185	0.10
TOTAL PHILIPPINES		270	0.14
POLAND 0.09% (31/05/17: 0.16%)			
Cyfrowy Polsat	27,000	136	0.07
PGE Polska Grupa Energetyczna	21,000	42	0.02
TOTAL POLAND		178	0.09
RUSSIAN FEDERATION 0.78% (31/05/17: 0.59%)			
Gazprom ADR	240,000	821	0.43
Surgutneftegas ADR	193,700	654	0.35
TOTAL RUSSIAN FEDERATION		1,475	0.78
SINGAPORE 0.06% (31/05/17: 0.14%)			
BOC Aviation	25,000	116	0.06
TOTAL SINGAPORE		116	0.06
SOUTH AFRICA 0.05% (31/05/17: 0.10%)			
Naspers	530	96	0.05
TOTAL SOUTH AFRICA		96	0.05
SPAIN 1.10% (31/05/17: 1.07%)			
INDEX LINKED GOVERNMENT BONDS 0.25% (31/05/17: 0.27%)			
Spain 1.8% IL 30/11/24	EUR 457,000	476	0.25
EQUITIES 0.85% (31/05/17: 0.80%)			
Amadeus IT	3,600	214	0.11
Distribuidora Internacional de Alimentacion	28,000	73	0.04
Mapfre	24,369	56	0.03
Repsol	60,600	866	0.46
Telefonica	58,000	387	0.21
TOTAL SPAIN		2,072	1.10
SWEDEN 0.95% (31/05/17: 0.53%)			
INDEX LINKED GOVERNMENT BONDS 0.27% (31/05/17: 0.32%)			
Sweden (Kingdom of) 0.25% IL 01/06/22	SEK 940,000	93	0.05
Sweden (Kingdom of) 3.5% IL 01/12/28	SEK 1,875,000	318	0.17
Sweden (Kingdom of) 4% IL 01/12/20	SEK 705,000	93	0.05
EQUITIES 0.68% (31/05/17: 0.21%)			
Boliden	11,500	305	0.16
Boliden Redemption	11,500	6	-
Electrolux	13,300	248	0.13
Fastighets Balder	7,700	150	0.08
Intrum	6,000	107	0.06
Securitas	14,000	170	0.09
SKF	20,800	300	0.16
TOTAL SWEDEN		1,790	0.95

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
SWITZERLAND 2.11% (31/05/17: 2.45%)			
Adecco	6,800	310	0.16
Baloise	1,990	222	0.12
Bucher Industries	440	120	0.06
Helvetia	440	187	0.10
Nestle	3,400	195	0.10
Roche	7,260	1,186	0.63
UBS	76,800	888	0.47
Zurich Insurance	3,920	883	0.47
TOTAL SWITZERLAND		3,991	2.11
TAIWAN 1.16% (31/05/17: 1.14%)			
AU Optronics	353,000	116	0.06
China Life Insurance	146,000	115	0.06
CTBC Financial	879,000	476	0.25
Fubon Financial	464,000	604	0.32
Innolux	274,000	79	0.04
Nanya Technology	118,000	293	0.16
Pou Chen	122,000	112	0.06
Shin Kong Financial	434,000	130	0.07
Taiwan Semiconductor Manufacturing	2,000	11	0.01
United Microelectronics	379,000	158	0.08
Yuanta Financial	292,000	103	0.05
TOTAL TAIWAN		2,197	1.16
THAILAND 0.53% (31/05/17: 0.67%)			
PTT	363,000	445	0.23
PTT Global Chemical	177,000	370	0.20
Siam Cement	18,000	188	0.10
TOTAL THAILAND		1,003	0.53
UNITED KINGDOM 16.04% (31/05/17: 17.51%)			
INDEX LINKED GOVERNMENT BONDS 13.80% (31/05/17: 13.96%)			
UK Treasury 0.125% IL 22/11/19	805,400	934	0.49
UK Treasury 0.125% IL 22/03/24	620,969	804	0.43
UK Treasury 0.125% IL 22/03/26	840,000	1,051	0.56
UK Treasury 0.125% IL 22/03/29	1,928,690	2,741	1.45
UK Treasury 0.125% IL 22/03/44	453,503	807	0.43
UK Treasury 0.125% IL 22/03/46	472,711	813	0.43
UK Treasury 0.125% IL 22/03/58	352,915	741	0.39
UK Treasury 0.125% IL 22/11/65	472,000	1,122	0.59
UK Treasury 0.125% IL 22/03/68	442,091	1,149	0.61
UK Treasury 0.25% IL 22/03/52	187,455	391	0.21
UK Treasury 0.375% IL 22/03/62	244,701	644	0.34
UK Treasury 0.5% IL 22/03/50	816,054	1,977	1.05
UK Treasury 0.625% IL 22/03/40	409,817	839	0.44
UK Treasury 0.625% IL 22/11/42	346,479	762	0.40
UK Treasury 0.75% IL 22/03/34	894,917	1,536	0.81
UK Treasury 0.75% IL 22/11/47	637,517	1,598	0.85
UK Treasury 1.125% IL 22/11/37	567,394	1,275	0.67
UK Treasury 1.25% IL 22/11/27	478,331	900	0.48
UK Treasury 1.25% IL 22/11/32	759,093	1,440	0.76
UK Treasury 1.25% IL 22/11/55	362,413	1,279	0.68

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
UK Treasury 1.875% IL 22/11/22	450,686	725	0.38
UK Treasury 2% IL 26/01/35	369,411	986	0.52
UK Treasury 2.5% IL 16/04/20	78,000	282	0.15
UK Treasury 2.5% IL 17/07/24	231,194	837	0.44
UK Treasury 4.125% IL 22/07/30	125,000	453	0.24
EQUITIES 2.24% (31/05/17: 3.55%)			
3i	43,800	419	0.22
Anglo American	24,800	448	0.24
Babcock International	15,200	127	0.07
Barratt Developments	48,600	266	0.14
Bellway	3,000	99	0.05
Berkeley	3,800	162	0.09
Dixons Carphone	51,000	94	0.05
Fiat Chrysler Automobiles	34,500	587	0.31
HSBC	7,700	56	0.03
Legal & General	250,000	678	0.36
Lloyds Banking	128,000	81	0.04
Meggitt	36,000	177	0.09
Micro Focus International ADR	7,964	106	0.06
National Grid	9,500	80	0.04
Rolls-Royce	19,200	158	0.08
Rolls-Royce 'C' Shares	6,091,800	6	-
Royal Dutch Shell 'B' Shares	2,300	62	0.03
Royal Mail	41,000	212	0.11
Taylor Wimpey	54,000	103	0.06
WPP	25,000	312	0.17
TOTAL UNITED KINGDOM		30,319	16.04
UNITED STATES 49.66% (31/05/17: 46.41%)			
INDEX LINKED GOVERNMENT BONDS 18.61% (31/05/17: 18.51%)			
US Treasury 0.125% IL 15/04/20	USD 3,711,000	2,940	1.56
US Treasury 0.125% IL 15/01/22	USD 2,583,700	2,100	1.11
US Treasury 0.125% IL 15/07/22	USD 1,584,000	1,268	0.67
US Treasury 0.125% IL 15/01/23	USD 2,317,900	1,837	0.97
US Treasury 0.125% IL 15/07/26	USD 4,268,000	3,176	1.68
US Treasury 0.25% IL 15/01/25	USD 2,649,000	2,030	1.07
US Treasury 0.375% IL 15/01/27	USD 905,000	677	0.36
US Treasury 0.375% IL 15/07/27	USD 610,000	451	0.24
US Treasury 0.625% IL 15/07/21	USD 798,000	666	0.35
US Treasury 0.625% IL 15/01/26	USD 2,627,000	2,049	1.09
US Treasury 0.625% IL 15/02/43	USD 1,126,300	852	0.45
US Treasury 0.75% IL 15/02/42	USD 1,522,300	1,211	0.64
US Treasury 0.75% IL 15/02/45	USD 1,860,000	1,405	0.74
US Treasury 0.875% IL 15/02/47	USD 1,894,000	1,436	0.76
US Treasury 1.125% IL 15/01/21	USD 670,200	582	0.31
US Treasury 1.25% IL 15/07/20	USD 4,956,800	4,337	2.29
US Treasury 1.375% IL 15/01/20	USD 689,600	606	0.32
US Treasury 1.375% IL 15/02/44	USD 456,100	402	0.21
US Treasury 1.875% IL 15/07/19	USD 2,191,600	1,960	1.04
US Treasury 2% IL 15/01/26	USD 1,013,100	1,044	0.55
US Treasury 2.125% IL 15/01/19	USD 1,209,100	1,067	0.57
US Treasury 2.125% IL 15/02/41	USD 586,800	627	0.33
US Treasury 2.5% IL 15/01/29	USD 1,729,600	1,763	0.93
US Treasury 3.625% IL 15/04/28	USD 475,600	697	0.37

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
EQUITIES 31.05% (31/05/17: 27.90%)			
AbbVie	2,200	170	0.09
ABIOMED	1,900	554	0.29
Adobe Systems	7,000	1,300	0.69
Alphabet 'A' Shares	1,440	1,164	0.62
Amazon.com	2,000	2,438	1.29
Amdocs	6,100	313	0.17
American Express	13,400	995	0.53
American International	22,900	912	0.48
Ameriprise Financial	6,900	722	0.38
Angi Homeservice	14,600	168	0.09
Apple	13,200	1,857	0.98
Apple Hospitality*	9,700	140	0.07
Aramark	11,700	343	0.18
AT&T	3,700	90	0.05
Automatic Data Processing	10,900	1,068	0.56
Avery Dennison	2,000	160	0.08
Baker Hughes	20,100	538	0.28
Bank of America	28,100	621	0.33
BB&T	23,900	952	0.50
Berkshire Hathaway 'B' Shares	800	117	0.06
Best Buy	14,000	731	0.39
Boeing	400	107	0.06
Booz Allen Hamilton	6,300	213	0.11
CA	15,700	419	0.22
Cabot	2,700	122	0.06
Campbell Soup	13,400	347	0.18
CBS	18,000	692	0.37
Chemours	7,500	281	0.15
Chevron	1,200	113	0.06
Cinemark	4,200	106	0.06
Cisco Systems	3,400	109	0.06
Citigroup	1,000	50	0.03
Clorox	6,100	577	0.31
Conduent	9,200	132	0.07
CoreCivic*	3,600	59	0.03
Cracker Barrel Old Country Store	600	72	0.04
Darden Restaurants	4,500	300	0.16
Dun & Bradstreet	1,100	102	0.05
Eaton	16,000	935	0.49
eBay	33,700	957	0.51
Eli Lilly	17,400	1,095	0.58
Etsy	5,300	126	0.07
Eversource Energy	10,000	429	0.23
Exelon	15,900	492	0.26
Extended Stay America	8,400	125	0.07
Exxon Mobil	5,900	361	0.19
Facebook 'A' Shares	8,600	1,211	0.64
Ford Motor	103,500	897	0.47
GameStop	4,700	47	0.02
General Motors	29,700	843	0.45
Graham	200	88	0.05
H&R Block	9,800	207	0.11
HD Supply	8,800	267	0.14
Home Depot	200	28	0.01
Hospitality Properties Trust*	7,200	157	0.08

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Huntsman	6,300	155	0.08
Ingredion	2,600	222	0.12
Intel	14,300	597	0.32
International Business Machines	9,400	1,006	0.53
Intuitive Surgical	600	207	0.11
Johnson & Johnson	16,100	1,462	0.77
JPMorgan Chase	15,200	1,236	0.65
Kellogg	15,900	787	0.42
Kennametal	3,500	102	0.05
Leidos	1,000	45	0.02
LendingTree	500	98	0.05
Loews	13,300	487	0.26
Lowe's	10,300	753	0.40
LyondellBasell Industries	11,300	966	0.51
Manpower	2,100	146	0.08
Medical Properties Trust*	8,400	85	0.05
Merck & Co	27,400	1,228	0.65
Micron Technology	33,500	1,573	0.83
Microsoft	17,900	1,329	0.70
MKS Instruments	2,400	207	0.11
Murphy Oil	6,900	160	0.08
Nasdaq	5,400	379	0.20
Netflix	1,800	477	0.25
Newfield Exploration	5,200	115	0.06
NVIDIA	7,500	1,424	0.75
Office Depot	21,400	38	0.02
ON Semiconductor	9,200	177	0.09
Oracle	33,800	1,193	0.63
Outfront Media*	5,100	76	0.04
Owens & Minor	2,400	29	0.02
Parker-Hannifin	4,300	565	0.30
Patterson	3,400	55	0.03
PBF Energy	4,900	175	0.09
PepsiCo	13,100	1,001	0.53
Pfizer	3,100	84	0.04
PG&E	20,300	656	0.35
Procter & Gamble	2,100	118	0.06
QUALCOMM	21,800	955	0.51
Ralph Lauren	2,800	286	0.15
Range Resources	8,300	98	0.05
Raytheon	3,100	494	0.26
RLJ Lodging Trust*	7,800	138	0.07
Sabra Health Care*	7,200	113	0.06
salesforce.com	11,400	1,106	0.58
ServiceNow	6,600	884	0.47
Sonoco Products	4,300	168	0.09
Southwestern Energy	16,200	57	0.03
Spirit AeroSystems	4,400	282	0.15
Spirit Realty Capital*	17,100	112	0.06
Square	18,200	791	0.42
Stanley Black & Decker	5,300	573	0.30
Target	6,800	375	0.20
TEGNA	9,100	72	0.04
Timken	3,400	124	0.07
Tupperware Brands	1,700	57	0.03
Twitter	17,900	462	0.24
UnitedHealth	600	110	0.06

AXA Global Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
Valero Energy	6,500	596	0.32
Verizon Communications	37,100	1,354	0.72
Vertex Pharmaceuticals	7,800	917	0.48
Viacom 'B' Shares	18,700	381	0.20
Visa 'A' Shares	300	29	0.02
Western Union	24,900	373	0.20
Whirlpool	2,400	269	0.14
Xerox	13,550	282	0.15
XPO Logistics	5,200	427	0.23
TOTAL UNITED STATES		93,900	49.66
FORWARD FX (0.56%) (31/05/17: (0.13%))			
Sold USD45,400,000 for GBP33,002,701 Settlement 06/06/2018		(1,063)	(0.56)
TOTAL FORWARD FX		(1,063)	(0.56)
Portfolio of investments		186,922	98.85
Net other assets		2,181	1.15
Total net assets		189,103	100.00

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

* Real Estate Investment Trust (REIT).

Stocks shown as ADR's represent American Depositary Receipts.

AXA Global Distribution Fund

Statement of Total Return

For the year ended 31 May 2018

	Note	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Income:					
Net capital gains	2		7,428		23,589
Revenue	3	2,553		2,073	
Expenses	4	(1,528)		(1,198)	
Interest payable and similar charges		(11)		(2)	
Net revenue before taxation		1,014		873	
Taxation	5	(341)		(238)	
Net revenue after taxation			673		635
Total return before distributions			8,101		24,224
Distributions	6		(2,139)		(1,784)
Change in net assets attributable to Shareholders from investment activities			5,962		22,440

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2018

	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Opening net assets attributable to Shareholders		166,531		102,386
Amounts receivable on issue of shares	28,797		49,902	
Amounts payable on cancellation of shares	(14,069)		(9,874)	
		14,728		40,028
Change in net assets attributable to Shareholders from investment activities (see above)		5,962		22,440
Retained distributions on accumulation shares		1,882		1,677
Closing net assets attributable to Shareholders		189,103		166,531

AXA Global Distribution Fund

Balance Sheet

As at 31 May 2018

		31/05/18	31/05/17
	Note	£'000	£'000
Assets:			
Fixed assets:			
Investments		187,985	161,177
Current assets:			
Debtors	7	1,182	996
Cash and bank balances	8	1,783	5,363
Total assets		<u>190,950</u>	<u>167,536</u>
Liabilities:			
Investment liabilities		(1,063)	(220)
Creditors:			
Distribution payable		(202)	(118)
Other creditors	9	(582)	(667)
Total liabilities		<u>(1,847)</u>	<u>(1,005)</u>
Net assets attributable to Shareholders		<u>189,103</u>	<u>166,531</u>

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Non-derivative securities	6,924	25,551
Currency gains	565	370
Forward currency contracts	(45)	(2,323)
Transaction charges	(16)	(9)
Net capital gains	7,428	23,589

3. Revenue

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Bank interest	2	1
Interest on debt securities	(126)	(39)
Offshore funds dividends	10	-
Overseas dividends	2,459	1,922
Scrip dividends	26	5
UK dividends	179	169
Property Revenue from REIT	3	11
Class Actions	-	4
Total revenue	2,553	2,073

4. Expenses

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
ACD fees	1,466	1,149
Registration fees	8	8
	1,474	1,157

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees	30	24
Safe custody fees	14	5
	44	29

Other expenses

Audit fees	9	9
Printing fees	1	3
	10	12

Total expenses	1,528	1,198
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AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

5. Taxation

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
(a) Analysis of the tax charge in the year		
Overseas withholding tax	341	238

(b) Factors affecting current tax charge for the year

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

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Net revenue before taxation	1,014	873
Net revenue for the year multiplied by the standard rate of corporation tax	203	175
Effects of:		
Overseas withholding tax	341	238
Movement in excess management expenses	459	339
Relief for indexation on UK Gilts	(154)	(115)
Revenue not subject to corporation tax	(504)	(396)
Overseas tax expensed	(4)	(3)
Current tax charge for the year	341	238

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

(c) Deferred taxation:

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

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,375,671 (2017: £916,888) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

6. Distributions

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

	01/06/17 to 31/05/18	01/06/16 to 31/05/17
	£'000	£'000
Interim	689	978
Final	1,486	926
Add: Revenue paid on cancellation of shares	64	34
Deduct: Revenue received on creation of shares	(100)	(154)
Net distribution for the year	2,139	1,784

Reconciliation of net revenue after taxation to distributions

Net revenue after taxation	673	635
Expenses charged to capital	1,466	1,149
Net distribution for the year	2,139	1,784

7. Debtors

	31/05/18	31/05/17
	£'000	£'000
Amounts receivable for creation of shares	572	479
Accrued revenue	576	461
Overseas tax recoverable	34	56
Total debtors	1,182	996

8. Cash and bank balances

	31/05/18	31/05/17
	£'000	£'000
Cash and bank balances	1,783	5,363
Total cash and bank balances	1,783	5,363

9. Other creditors

	31/05/18	31/05/17
	£'000	£'000
Amounts payable for cancellation of Shares	417	396
Purchases awaiting settlement	6	-
Annual Management Charge	127	229
Accrued other expenses	32	42
Total other creditors	582	667

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

10. Related party transactions

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

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

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

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

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

	ACD fee rate (%)	31/05/17	Issued	Cancelled	Converted	31/05/18
B Net Income	0.50%	194,317	1,564	(18,941)	-	176,940
B Net Accumulation	0.50%	28,334,191	97,891	(1,985,160)	-	26,446,922
R Net Income	1.50%	797,853	43,735	(44,847)	(32,746)	763,995
R Net Accumulation	1.50%	12,496,871	775,627	(1,355,840)	(3,272,482)	8,644,176
Z Net Income	0.75%	10,209,858	2,983,092	(1,227,245)	29,790	11,995,495
Z Net Accumulation	0.75%	26,979,055	7,242,520	(1,890,669)	2,978,912	35,309,818

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet data (2017: nil).

13. Derivatives and other financial instruments

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

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2017).

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

Market price risk sensitivity

A 10% increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £18,798,562 (2017: £16,117,766). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

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

Net foreign currency exposure

Currency	31/05/18	31/05/17
	£'000	£'000
Australian dollar	1,867	1,536
Brazilian real	1,192	836
Canadian dollar	5,865	1,757
Chinese yuan	-	1
Danish krone	309	490
Euro	27,748	22,960
Hong Kong dollar	5,382	4,830
Hungarian forint	1	39
Japanese yen	7,964	7,962
Malaysian ringgit	-	253
Mexican peso	5	517
New Taiwan dollar	2,211	1,958
New Zealand dollar	27	55
Philippine peso	270	-
Polish zloty	181	271
Singapore dollar	-	251
South African rand	98	171
South Korean won	2,061	2,315
Swedish krona	1,816	895
Swiss franc	4,030	4,053
Thailand baht	1,003	1,114
US dollar	62,857	55,935
Total	124,887	108,199

Foreign exchange risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 10% the resulting change in the net assets attributable to shareholders of the Fund would be a decrease of approximately £12,487,700 (2017: £10,819,900). A 10% weakening in GBP would have an equal but opposite effect.

Interest rate risk

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

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one per cent increase in interest rates would have the effect of decreasing the return and net assets by £9,329,000 (2017: £8,614,000). A one per cent decrease would have an equal and opposite effect.

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

Credit risk

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

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

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

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

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

Credit Rating	31/05/18		31/05/17	
	Market Value £'000	%	Market Value £'000	%
Total bonds BBB- credit rating and above	77,323	40.90	68,856	41.34
Total value of bonds	77,323	40.90	68,856	41.34

Financial derivative instrument risk exposure

The exposure obtained through financial derivative instruments and identity of counterparties as at 31 May 2018 was as follows:

(a) Forwards	31/05/18		31/05/17	
	Exposure £'000		Exposure £'000	
State Street Bank	34,066		26,480*	
Total value of derivatives	34,066		26,480*	

* Prior year figures have been restated.

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

14. Portfolio transaction costs

31/05/2018	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equities	122,249	27	0.02	34	0.03	122,310
Bonds	20,355	-	-	-	-	20,355
Collective Investment Schemes	143	-	-	-	-	143
Total	142,747	27		34		142,808

31/05/2018	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equities	112,028	(25)	(0.02)	(21)	(0.02)	111,982
Bonds	10,192	-	-	-	-	10,192
Total	122,220	(25)		(21)		122,174

31/05/2017	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equities	73,405	17	0.02	23	0.03	73,445
Bonds	72,057	-	-	-	-	72,057
Collective Investment Schemes	720	-	-	-	-	720
Total	146,182	17		23		146,222

31/05/2017	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equities	57,217	(15)	(0.03)	(6)	(0.01)	57,196
Bonds	52,439	-	-	-	-	52,439
Total	109,656	(15)		(6)		109,635

	01/06/17 to 31/05/18 %	01/06/16 to 31/05/17 %
Transaction costs as percentage of average net asset value		
Commissions	0.03%	0.02%
Taxes	0.03%	0.02%

At the balance sheet date the average portfolio dealing spread was 0.09% (2017: 0.11%).

15. Post balance sheet events

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

AXA Global Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

16. Fair value disclosure

Valuation technique	31/05/18		31/05/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	186,139	-	159,320	-
Level 2 ^^	1,840	(1,063)	1,857	(220)
Level 3 ^^	6	-	-	-
	187,985	(1,063)	161,177	(220)

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

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

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

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

AXA Global Distribution Fund

Distribution Table

As at 31 May 2018

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2017

Group 2 Shares purchased on or after 1 June 2017 to 30 November 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/18 (p)	Distribution paid 31/01/17 (p)
Share Class B Net Accumulation				
Group 1	0.522	-	0.522	0.941
Group 2	0.276	0.246	0.522	0.941
Share Class B Net Income				
Group 1	0.513	-	0.513	0.925
Group 2	0.513	-	0.513	0.925
Share Class R Net Accumulation				
Group 1	1.025	-	1.025	1.846
Group 2	0.462	0.563	1.025	1.846
Share Class R Net Income				
Group 1	0.697	-	0.697	1.257
Group 2	0.346	0.351	0.697	1.257
Share Class Z Net Accumulation				
Group 1	1.122	-	1.122	1.961
Group 2	0.457	0.665	1.122	1.961
Share Class Z Net Income				
Group 1	0.766	-	0.766	1.366
Group 2	0.306	0.460	0.766	1.366

AXA Global Distribution Fund

Distribution Table

As at 31 May 2018

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2017

Group 2 Shares purchased on or after 1 December 2017 to 31 May 2018

	Net revenue (p)	Equalisation (p)	Distribution payable 31/07/18 (p)	Distribution paid 31/07/17 (p)
Share Class B Net Accumulation				
Group 1	1.079	-	1.079	0.733
Group 2	0.643	0.436	1.079	0.733
Share Class B Net Income				
Group 1	1.054	-	1.054	0.721
Group 2	1.054	-	1.054	0.721
Share Class R Net Accumulation				
Group 1	2.105	-	2.105	1.439
Group 2	1.356	0.749	2.105	1.439
Share Class R Net Income				
Group 1	1.425	-	1.425	0.980
Group 2	0.736	0.689	1.425	0.980
Share Class Z Net Accumulation				
Group 1	2.314	-	2.314	1.558
Group 2	1.322	0.992	2.314	1.558
Share Class Z Net Income				
Group 1	1.573	-	1.573	1.070
Group 2	0.907	0.666	1.573	1.070

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

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

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

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

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

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

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

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

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

Important Information

Derivatives transactions may be used in the Fund for meeting the investment objectives of the Fund. The use of derivatives in this manner is not expected to change the risk profile of the Fund.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Investment Review

A combination of factors have weighed on investor sentiment over the past 12 months and generated a more volatile trading backdrop. Despite this, equity markets both in the UK and overseas have continued to make positive progress.

In the UK, the FTSE All-Share Index enjoyed a strong second half in 2017. However, a sharp dip in investor sentiment generated a first quarter negative return of -6.87%, the worst quarterly return in over six years. Investor worries about political risk – the outcome of the Brexit negotiations with the EU, slowing domestic economic growth (and in particular negative trends in retail and housing market) and the potential for accelerated interest rate rises – weighed heavily on stock prices. However, sentiment reversed in April as weakening economic data shifted market views on the outlook for UK interest rates, with May's "inevitable" rate rise being pushed back. Consequently, equities recovered sharply in April and May.

In the US, sentiment has been affected by ongoing interest rate rises by the Federal Reserve (Fed) combined with the risks presented by a new chairman of the board. The robust US economy has focused investors' minds on the risk of inflation – wage inflation data being particularly closely watched. The technology sector has continued to lead the US market to new highs, despite President Donald Trump taking to his Twitter account threatening a global trade war. These and other factors all create noise and volatility for the economy and the equity market. While they warrant close monitoring, we do not believe that they will derail the ongoing economic recovery in the near term.

In Europe, the European Central Bank (ECB) does not appear to be in any hurry to raise interest rates. Over the past 18 months, the Governing Council has consistently revised down its inflation forecasts despite revising up its growth forecasts. While the removal of ECB quantitative easing by the end of the year still seems likely, a lengthy pause before the ECB begins to raise interest rates also seems likely. The Japanese stock market is down marginally year-to-date, as global investors have been cautious of Japanese yen appreciation and the prospect of US protectionism. Japan has been the most stable political economy in the G7, but a political scandal has eroded support for Shinzo Abe's LDP government, which has weighed on investor sentiment. In China, the economy continues to transition gradually to a consumer-led focus. We believe fears over a China-US trade war are overdone.

Merger and acquisition (M&A) activity has continued to be a strong theme in the stock market, and the portfolio has participated in a number of these transactions in recent months. Prudential comprises three regional businesses; the US, Far East and the UK. The company announced recently that the UK business will demerge into two separately listed companies. In conjunction with this, £12 billion of its £32 billion annuities book is being sold to Rothesay Life. We see further opportunities to unlock value within the business. Elsewhere, Phoenix Group announced the £3.2 billion deal to acquire Standard Life Aberdeen's insurance unit; Tesco completed its acquisition of the UK's market-leading cash and carry business Booker Plc; Weir acquired ESCO Corp, which is a global market leader in ground engaging tools for surface mining, for a consideration of \$1,285 million; Melrose Industries acquired GKN for £7.9 billion in what became a contentious bidding process; Shire, the rare disease pharmaceutical company, is currently subject to a bid from Japanese firm Takeda. During the year we sold holdings in BHP Billiton, Micro Focus, the specialist engineering company IMI and the owner of Premier Inns and Costa Coffee, Whitbread. We opened positions in Tesco, the property company PRS REIT and the mining company Central Asia Metals. The fund participated in the IPO's of motor insurer Sabre and the platform provider Integrafina. We also traded both index-linked gilts and equities to cover cash flows.

The global government bond sell-off gained momentum at the end of 2017, led by the US treasury market, as investors questioned valuations set against a strong global economy and more interest rate rises in the near term. As a result, the UK gilt market is virtually flat over 12 months. We came into the New Year with a bearish stance on rates, however we have subsequently neutralised that position with the higher yields on offer and are more inclined to add duration risk if we see higher yields. Our macroeconomic outlook for the UK is 'mixed', at best, given the complexity of Brexit, our political situation and the potential drag it could cause on growth. We prefer inflation-linked gilts over conventional government bonds and believe that we may see low yields for many years to come – even if we have seen the absolute lowest point in yields in this cycle. More importantly for the Distribution Fund, we still believe that government bonds retain their low correlation to risk assets, which we believe makes them a good complement to equities in the portfolio.

Our view on UK consumer price index (CPI) data is that it peaked at 3.1% during December 2017. It fell to 3% in January, the first time in six months that it had fallen, and for April (the most recent available data at the time of writing) the rate has fallen to 2.4%. We expect inflation may fall further over the coming months but we remain confident that demand for long-dated bonds should be supportive for inflation breakevens. Short-term, we think the momentum for government bond yields may rise as the synchronised global growth story remains intact.

AXA Lifetime Distribution Fund

Investment Manager's Report

For the year ended 31 May 2018

Outlook

The global recovery appears well set to continue, albeit possibly at a more modest pace, as cyclical indicators in developed economies continue to give positive signals. The Fed is expected to go ahead with further rates rises in 2018, and the ECB has indicated it is starting to curtail the size of its asset purchases. The Bank of England is also likely to raise rates at some point this year. The Bank of Japan's stance is less clear. The unwinding of global quantitative easing on such a scale is unprecedented and undoubtedly presents a number of risks. However, provided inflation remains moderate, we would expect any tightening to remain very gradual and not present a threat to equities markets.

In the US, while it is still too early to fully assess the tax reform's impact on the economy, it is likely to further boost an already healthy environment. A new tax code should allow businesses and consumers to plan with some certainty for the future and preserve the current high levels of confidence. In Europe, French President Emmanuel Macron appears to be moving forward with his reform agenda despite resistance, while German Chancellor Angela Merkel managed to form a new coalition government. Brexit continues to cloud the British economy's prospects and weigh on investor sentiment, although the recently agreed transition period should provide more visibility.

The UK stock market remains a consensus underweight market among global fund managers. With synchronised global economic growth providing opportunities elsewhere in the world, the complications presented by the myriad Brexit-related unknowns makes it a market that can be avoided. However, we see that the underlying health of the equity market has improved, with a combination of strong earnings growth and falling share prices bringing a de-rating of the market to a level closer to the long-term average. In addition, the combination of low interest rates, low unemployment, peaking inflation, the majority of market earnings coming from overseas and its high dividend yield are compelling and make it a likely destination for capital flows once a Brexit deal has been reached.

*All performance data source: AXA Investment Managers and Lipper
Past performance is not a guide to future performance.*

Major Purchases

- Shire
- Tesco
- BBA Aviation
- BCA Marketplace
- Bunzl

Major Sales

- UK Treasury 1.25% 22/11/17
- BHP Billiton
- Fenner
- AstraZeneca
- IMI

Jamie Forbes-Wilson, Matthew Huddart

AXA Investment Managers UK Limited
31 May 2018

AXA Lifetime Distribution Fund

Comparative Tables

As at 31 May 2018

	A Net Accumulation			A Net Income		
	31/05/2018	31/05/2017	31/05/2016	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)	(p)	(p)	(p)
Change in net assets per share						
Opening net asset value per share †	123.81	100.47	103.50	117.77	97.82	103.20
Return before operating charges ^ **	2.97	23.70	(2.67)	2.76	22.90	(2.73)
Operating charges ^ **	(0.38)	(0.36)	(0.36)	(0.36)	(0.34)	(0.36)
Return after operating charges ^	2.59	23.34	(3.03)	2.40	22.56	(3.09)
Distributions	(2.51)	(2.70)	(2.38)	(2.36)	(2.61)	(2.29)
Retained distributions on accumulation shares	2.51	2.70	2.38	-	-	-
Closing net asset value per share †	126.40	123.81	100.47	117.81	117.77	97.82
*^ after direct transaction costs of:	0.08	0.08	0.09	0.07	0.08	0.09
Performance						
Return after operating charges	2.09%	23.23%	-2.93%	2.04%	23.07%	-2.99%
Other information						
Closing net asset value (£) †	4,494,673	4,176,402	2,572,919	51,924	52,992	52,294
Closing number of shares	3,555,867	3,373,128	2,560,877	44,076	44,995	53,461
Operating charges ^	0.31%	0.31%	0.37%	0.31%	0.31%	0.37%
Direct transaction costs *	0.06%	0.07%	0.09%	0.06%	0.07%	0.09%
Prices						
Highest share price #	126.90	123.90	103.00	119.50	118.10	102.70
Lowest share price #	118.40	99.45	93.39	111.20	96.75	92.18

	I Net Accumulation		
	31/05/2018	31/05/2017	31/05/2016
	(p)	(p)	(p)
Change in net assets per share			
Opening net asset value per share †	119.96	97.18	100.00
Return before operating charges ^ **	2.89	22.95	(2.68)
Operating charges ^ **	(0.18)	(0.17)	(0.14)
Return after operating charges ^	2.71	22.78	(2.82)
Distributions	(2.43)	(2.62)	(2.25)
Retained distributions on accumulation shares	2.43	2.62	2.25
Closing net asset value per share †	122.67	119.96	97.18
*^ after direct transaction costs of:	0.07	0.08	0.08
Performance			
Return after operating charges	2.26%	23.44%	-2.82%
Other information			
Closing net asset value (£) †	1,008,329,442	1,076,676,696	946,830,664
Closing number of shares	822,013,158	897,493,460	974,303,253
Operating charges ^	0.15%	0.15%	0.15%
Direct transaction costs *	0.06%	0.07%	0.09%
Prices			
Highest share price #	123.10	120.00	100.00
Lowest share price #	114.80	96.19	90.27

AXA Lifetime Distribution Fund

Comparative Tables

As at 31 May 2018

	Z Net Accumulation~ 31/05/2018	Z Net Income~ 31/05/2018
Change in net assets per share	(p)	(p)
Opening net asset value per share †	100.00	100.00
Return before operating charges ^	0.47	0.44
Operating charges ^	(0.16)	(0.16)
Return after operating charges ^	0.31	0.28
Distributions	(1.07)	(1.05)
Retained distributions on accumulation shares	1.07	-
Closing net asset value per share †	100.31	99.23
*^ after direct transaction costs of:	0.06	0.06
Performance		
Return after operating charges	0.31%	0.28%
Other information		
Closing net asset value (£) †	5,000	4,966
Closing number of shares	4,985	5,005
Operating charges ^	0.46%	0.46%
Direct transaction costs *	0.06%	0.06%
Prices		
Highest share price #	100.70	100.30
Lowest share price #	93.94	93.95

† Valued at bid-market prices.

High and Low price disclosures are based on quoted share 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 sub-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 these tables have been calculated against the average Net Asset Value for the accounting year.

** Prior year comparative figures (2017 and 2016) have been restated for return before operating charges and operating charges, there is no impact to the return after operating charges.

~ Z share class launched on 17 January 2018.

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
GOVERNMENT BONDS 40.08% (31/05/17: 41.27%)			
Index Linked Government Bonds 40.08% (31/05/17: 41.27%)			
UK Treasury 0.125% IL 22/11/19	17,295,000	20,062	1.98
UK Treasury 0.125% IL 22/03/24	15,794,000	20,443	2.02
UK Treasury 0.125% IL 22/03/26	16,476,000	20,606	2.03
UK Treasury 0.125% IL 22/03/29	14,543,490	20,669	2.04
UK Treasury 0.125% IL 22/11/36	14,331,000	21,125	2.09
UK Treasury 0.125% IL 22/03/44	11,833,170	21,059	2.08
UK Treasury 0.125% IL 22/03/46	11,460,000	19,722	1.95
UK Treasury 0.125% IL 22/11/56	10,299,000	20,426	2.02
UK Treasury 0.25% IL 22/03/52	10,015,000	20,896	2.06
UK Treasury 0.5% IL 22/03/50	7,163,000	17,355	1.71
UK Treasury 0.625% IL 22/03/40	10,212,000	20,897	2.06
UK Treasury 0.625% IL 22/11/42	9,499,080	20,880	2.06
UK Treasury 0.75% IL 22/03/34	11,992,000	20,589	2.03
UK Treasury 0.75% IL 22/11/47	6,330,000	15,863	1.57
UK Treasury 1.125% IL 22/11/37	7,477,140	16,804	1.66
UK Treasury 1.25% IL 22/11/27	10,874,240	20,452	2.02
UK Treasury 1.25% IL 22/11/32	10,896,570	20,672	2.04
UK Treasury 1.25% IL 22/11/55	5,803,000	20,480	2.02
UK Treasury 1.875% IL 22/11/22	12,300,000	19,798	1.95
UK Treasury 2% IL 26/01/35	2,615,000	6,982	0.69
UK Treasury 2.5% IL 16/04/20	1,837,000	6,652	0.66
UK Treasury 2.5% IL 17/07/24	1,868,000	6,766	0.67
UK Treasury 4.125% IL 22/07/30	1,874,000	6,798	0.67
TOTAL GOVERNMENT BONDS		405,996	40.08
EQUITIES 57.80% (31/05/17: 54.79%)			
OIL & GAS 9.57% (31/05/17: 7.55%)			
Oil & Gas Producers 9.16% (31/05/17: 7.31%)			
BP	5,000,000	28,635	2.83
Royal Dutch Shell	2,250,000	60,356	5.96
Tullow Oil	1,510,204	3,760	0.37
Oil Equipment, Services & Distribution 0.41% (31/05/17: 0.24%)			
Hunting	500,000	4,203	0.41
TOTAL OIL & GAS		96,954	9.57
BASIC MATERIALS 4.29% (31/05/17: 3.72%)			
Chemicals 1.03% (31/05/17: 0.95%)			
Elementis	1,500,000	4,422	0.44
Johnson Matthey	175,000	5,980	0.59
Mining 3.26% (31/05/17: 2.77%)			
Central Asia Metals	1,500,000	4,305	0.42
Randgold Resources	125,000	7,412	0.73
Rio Tinto (London Quoted)	500,000	21,335	2.11
TOTAL BASIC MATERIALS		43,454	4.29

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
INDUSTRIALS 9.26% (31/05/17: 6.49%)			
Aerospace & Defence 0.80% (31/05/17: 0.62%)			
BAE Systems	1,250,000	8,083	0.80
Construction & Materials 1.76% (31/05/17: 1.04%)			
Forterra	2,525,000	7,727	0.76
Marshalls	1,000,000	4,282	0.42
Melrose Industries	2,500,000	5,855	0.58
Electronic & Electrical Equipment 0.22% (31/05/17: 0.26%)			
Xaar	750,000	2,269	0.22
General Industrials 1.67% (31/05/17: 0.74%)			
Coats	5,877,389	4,643	0.46
DS Smith	1,000,000	5,566	0.55
RPC	837,500	6,691	0.66
Industrial Engineering 1.08% (31/05/17: 1.59%)			
Weir	500,000	10,930	1.08
Industrial Transportation 0.70% (31/05/17: 0.00%)			
BBA Aviation	2,150,000	7,108	0.70
Support Services 3.03% (31/05/17: 2.24%)			
Ashtead	375,000	8,696	0.86
BCA Marketplace	3,000,000	5,772	0.57
Bunzl	250,000	5,767	0.57
Experian	350,000	6,485	0.64
RPS	1,500,000	3,938	0.39
TOTAL INDUSTRIALS		93,812	9.26
CONSUMER GOODS 8.08% (31/05/17: 8.83%)			
Beverages 1.50% (31/05/17: 0.76%)			
Diageo	550,000	15,166	1.50
Food Producers 1.00% (31/05/17: 0.59%)			
Cranswick	128,970	4,338	0.43
Dairy Crest	1,150,001	5,756	0.57
Household Goods & Home Construction 1.13% (31/05/17: 1.56%)			
Countryside Properties	1,500,000	5,574	0.55
Reckitt Benckiser	100,000	5,917	0.58
Personal Goods 0.62% (31/05/17: 0.60%)			
Unilever	150,000	6,301	0.62
Tobacco 3.83% (31/05/17: 5.32%)			
British American Tobacco	675,000	26,025	2.57
Imperial Brands	475,000	12,732	1.26
TOTAL CONSUMER GOODS		81,809	8.08

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
HEALTH CARE 6.11% (31/05/17: 5.85%)			
Health Care Equipment & Services 0.88% (31/05/17: 0.63%)			
Inspiration Healthcare	50,000	30	-
Smith & Nephew	650,000	8,921	0.88
Pharmaceuticals & Biotechnology 5.23% (31/05/17: 5.22%)			
AstraZeneca	100,000	5,464	0.54
BTG	500,000	3,048	0.30
Genus	300,000	7,800	0.77
GlaxoSmithKline	1,800,000	27,454	2.71
Shire	223,514	9,198	0.91
TOTAL HEALTH CARE		61,915	6.11
CONSUMER SERVICES 3.39% (31/05/17: 4.65%)			
Food & Drug Retailers 0.85% (31/05/17: 0.00%)			
Tesco	3,500,000	8,659	0.85
General Retailers 0.13% (31/05/17: 0.47%)			
Saga	1,045,046	1,333	0.13
Teachers Media **	670,000	-	-
Media 1.78% (31/05/17: 2.37%)			
Ascential	1,435,617	6,104	0.60
ITE	228,960	315	0.03
ITV	3,500,000	5,749	0.57
RELX	300,000	4,952	0.49
Trinity Mirror	1,100,000	881	0.09
Travel & Leisure 0.63% (31/05/17: 1.81%)			
Cineworld	650,000	1,659	0.17
Greene King	800,000	4,675	0.46
TOTAL CONSUMER SERVICES		34,327	3.39
TELECOMMUNICATIONS 1.80% (31/05/17: 2.65%)			
Fixed Line Telecommunications 0.46% (31/05/17: 0.75%)			
BT	2,250,000	4,611	0.46
Mobile Telecommunications 1.34% (31/05/17: 1.90%)			
Vodafone	7,000,000	13,579	1.34
TOTAL TELECOMMUNICATIONS		18,190	1.80
UTILITIES 2.13% (31/05/17: 2.78%)			
Electricity 0.00% (31/05/17: 0.31%)			
Gas, Water & Multiutilities 2.13% (31/05/17: 2.47%)			
National Grid	1,300,000	10,893	1.08
Pennon	650,000	4,892	0.48
United Utilities	750,000	5,794	0.57
TOTAL UTILITIES		21,579	2.13

AXA Lifetime Distribution Fund

Portfolio Statement

As at 31 May 2018

	Holding	Market Value £'000	% of Total Net Assets
FINANCIALS 12.80% (31/05/17: 10.56%)			
Banks 5.72% (31/05/17: 5.23%)			
Barclays	5,000,000	9,954	0.98
HSBC	4,650,000	33,684	3.33
Lloyds Banking	12,000,000	7,633	0.75
Standard Chartered	900,000	6,726	0.66
Financial Services 2.00% (31/05/17: 1.05%)[†]			
3i	850,000	8,123	0.80
IntegraFin	603,234	2,166	0.21
London Stock Exchange	140,000	6,240	0.62
TP ICAP	900,000	3,785	0.37
Life Insurance 3.09% (31/05/17: 2.68%)			
Legal & General	4,000,000	10,848	1.07
Phoenix	800,000	6,264	0.62
Prudential	775,000	14,151	1.40
Nonlife Insurance 0.97% (31/05/17: 0.57%)			
Direct Line	1,600,000	5,747	0.57
Sabre Insurance	1,563,780	4,019	0.40
General Financial 0.00% (31/05/17: 0.26%)[†]			
Real Estate Investment Trusts 1.02% (31/05/17: 0.77%)			
Great Portland Estates	862,068	5,958	0.59
PRS	4,305,135	4,305	0.43
TOTAL FINANCIALS		129,603	12.80
TECHNOLOGY 0.37% (31/05/17: 1.71%)			
Software & Computer Services 0.37% (31/05/17: 1.48%)			
AVEVA	150,000	3,519	0.35
EMIS *	22,911	211	0.02
Technology Hardware & Equipment 0.00% (31/05/17: 0.23%)			
TOTAL TECHNOLOGY		3,730	0.37
Portfolio of investments		991,369	97.88
Net other assets		21,517	2.12
Total net assets		1,012,886	100.00

* These are AIM (Alternative Investment Market) holdings.

** These stocks have either been suspended, delisted or are in liquidation. They are included at the Manager's valuation.

[†] Since the previous report classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

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

AXA Lifetime Distribution Fund

Statement of Total Return

For the year ended 31 May 2018

	Note	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Income:					
Net capital gains	2		2,015		192,509
Revenue	3	20,918		24,658	
Expenses	4	(1,510)		(1,531)	
Interest payable and similar charges		-		-	
Net revenue before taxation		19,408		23,127	
Taxation	5	-		-	
Net revenue after taxation			19,408		23,127
Total return before distributions			21,423		215,636
Distributions	6		(20,853)		(24,592)
Change in net assets attributable to Shareholders from investment activities			570		191,044

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 May 2018

	01/06/17 to 31/05/18 £'000	£'000	01/06/16 to 31/05/17 £'000	£'000
Opening net assets attributable to Shareholders		1,080,906		949,456
Amounts receivable on issue of shares	1,386		1,283	
Amounts payable on cancellation of shares	(90,733)		(85,377)	
		(89,347)		(84,094)
Change in net assets attributable to Shareholders from investment activities (see above)		570		191,044
Retained distributions on accumulation shares		20,757		24,500
Closing net assets attributable to Shareholders		1,012,886		1,080,906

AXA Lifetime Distribution Fund

Balance Sheet

As at 31 May 2018

		31/05/18	31/05/17
	Note	£'000	£'000
Assets:			
Fixed assets:			
Investments		991,369	1,038,354
Current assets:			
Debtors	7	4,009	4,821
Cash and bank balances	8	19,730	39,920
Total assets		<u>1,015,108</u>	<u>1,083,095</u>
Liabilities:			
Creditors:			
Other creditors	9	(2,222)	(2,189)
Total liabilities		<u>(2,222)</u>	<u>(2,189)</u>
Net assets attributable to Shareholders		<u>1,012,886</u>	<u>1,080,906</u>

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

1. Accounting Basis And Policies

The Fund's Financial Statements have been prepared on the basis detailed on pages 129 - 131.

2. Net capital gains

The net capital gains comprise:

Non-derivative securities

Currency (losses)/gains

Transaction charges

Net capital gains

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
	2,017	192,350
	(1)	162
	(1)	(3)
	2,015	192,509

3. Revenue

Bank interest

Interest on debt securities

Overseas dividends

Scrip dividends

UK dividends

Property Revenue from REIT

Other revenue

Total revenue

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
	12	3
	(3,669)	1,306
	861	626
	-	1,511
	22,534	21,212
	1,179	-
	1	-
	20,918	24,658

4. Expenses

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

ACD fees

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
	1,445	1,465
	1,445	1,465

Payable to the Depositary, associates of the Depositary and agents of either of them

Depositary's fees

Safe custody fees

	33	32
	25	25
	58	57

Other expenses

Audit fees

Printing fees

	6	7
	1	2
	7	9

Total expenses

	1,510	1,531
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AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

5. Taxation

01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
----------------------------------	----------------------------------

(a) Analysis of the tax charge in the year

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

Overseas withholding tax

-	-
---	---

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for an open ended investment company of 20% (2017: 20%) is applied to the net revenue before taxation. The differences are explained below:

	01/06/17 to 31/05/18 £'000	01/06/16 to 31/05/17 £'000
Net revenue before taxation	19,408	23,127
Net revenue for the year multiplied by the standard rate of corporation tax	3,882	4,625

Effects of:

Movement in excess management expenses

3,399	2,790
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Relief for indexation on UK Gilts

(2,571)	(2,745)
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Revenue not subject to corporation tax

(4,710)	(4,670)
---------	---------

Current tax charge for the year

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

(c) Deferred taxation:

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

(d) Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £6,807,453 (2017: £3,408,736) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

6. Distributions

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

	01/06/17 to 31/05/18	01/06/16 to 31/05/17
	£'000	£'000
First	1,711	1,113
Second	185	620
Third	2,890	5,075
Fourth	1,005	1,476
Fifth	791	3,213
Sixth	2,397	2,546
Seventh	779	566
Eighth	208	67
Ninth	2,334	3,552
Tenth	1,826	2,143
Eleventh	2,430	1,529
Final	4,202	2,601
Add: Revenue paid on cancellation of shares	96	91
Deduct: Revenue received on creation of shares	(1)	(1)
Net distribution for the year	20,853	24,592
Reconciliation of net revenue after taxation to distributions		
Net revenue after taxation	19,408	23,127
Expenses charged to capital	1,445	1,465
Net distribution for the year	20,853	24,592

7. Debtors

	31/05/18	31/05/17
	£'000	£'000
Sales awaiting settlement	1	1,480
Accrued revenue	4,008	3,341
Total debtors	4,009	4,821

8. Cash and bank balances

	31/05/18	31/05/17
	£'000	£'000
Cash and bank balances	19,730	39,920
Total cash and bank balances	19,730	39,920

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

9. Other creditors

	31/05/18	31/05/17
	£'000	£'000
Amounts payable for cancellation of shares	1,662	1,180
Purchases awaiting settlement	408	717
Annual Management Charge	121	251
Accrued other expenses	31	41
Total other creditors	2,222	2,189

10. Related party transactions

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

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

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

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

11. Share classes

The reconciliation of the opening and closing numbers of shares of each class, along with the ACD's Annual Management Charges applicable to each class, is shown below:

	ACD fee rate (%)	31/05/17	Issued	Cancelled	Converted	31/05/18
A Net Accumulation	0.30%	3,373,128	204,532	(21,793)	-	3,555,867
A Net Income	0.30%	44,995	2,135	(3,054)	-	44,076
I Net Accumulation	0.14%	897,493,460	949,557	(76,429,859)	-	822,013,158
Z Net Accumulation~	0.45%	-	5,736	(751)	-	4,985
Z Net Income~	0.45%	-	5,748	(743)	-	5,005

~ Z share class launched on 17 January 2018.

12. Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2017: nil).

13. Derivatives and other financial instruments

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

Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Fund's investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Fund's investment concentration (same as at 31 May 2017).

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

Market price risk sensitivity

A 10% increase in the value of the fund's portfolio would have the effect of increasing the return and net assets by £99,136,946 (2017: £103,835,387). A 10% decrease would have an equal and opposite effect.

Foreign currency risk

The functional currency of the Fund is Sterling. There was no direct foreign currency exposure within the Fund at the balance sheet date.

Interest rate risk

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

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one per cent increase in interest rates would have the effect of decreasing the return and net assets by £73,158,000 (2017: £81,945,000). A one per cent decrease would have an equal and opposite effect.

Credit risk

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

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations. The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub-fund.

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

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

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

Credit Rating	31/05/18		31/05/17	
	Market Value £'000	%	Market Value £'000	%
Total bonds BBB- credit rating and above	405,996	40.09	446,082	41.27
Total value of bonds	405,996	40.09	446,082	41.27

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

14. Portfolio transaction costs

31/05/2018	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equities	106,864	95	0.09	426	0.40	107,385
Bonds	1,002	-	-	-	-	1,002
Total	107,866	95		426		108,387

31/05/2018	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equities	116,608	(110)	(0.09)	-	-	116,498
Bonds	32,424	-	-	-	-	32,424
Total	149,032	(110)		-		148,922

31/05/2017	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
Analysis of purchases						
Equities	95,346	131	0.14	393	0.41	95,870
Bonds	416,330	-	-	-	-	416,330
Corporate Actions	7,498	-	-	-	-	7,498
Total	519,174	131		393		519,698

31/05/2017	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
Analysis of sales						
Equities	143,873	(192)	(0.13)	-	-	143,681
Bonds	463,921	-	-	-	-	463,921
Total	607,794	(192)		-		607,602

	01/06/17 to 31/05/18	01/06/16 to 31/05/17
Transaction costs as percentage of average net asset value	%	%
Commissions	0.02	0.03
Taxes	0.04	0.04

At the balance sheet date the average portfolio dealing spread was 0.06% (2017: 0.07%).

AXA Lifetime Distribution Fund

Notes to the Financial Statements

For the year ended 31 May 2018

15. Post balance sheet events

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

16. Fair value disclosure

Valuation technique	31/05/18		31/05/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1 ^	991,369	-	1,038,354	-
Level 2 ^^	-	-	-	-
Level 3 ^^	-	-	-	-
	991,369	-	1,038,354	-

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

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

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

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

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2018

First Distribution in pence per share

Group 1 Shares purchased prior to 1 June 2017

Group 2 Shares purchased on or after 1 June 2017 to 30 June 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/07/17 (p)	Distribution paid 31/07/16 (p)
Share Class A Net Accumulation				
Group 1	0.197	-	0.197	0.119
Group 2	0.049	0.148	0.197	0.119
Share Class A Net Income				
Group 1	0.187	-	0.187	0.115
Group 2	0.138	0.049	0.187	0.115
Share Class I Net Accumulation				
Group 1	0.191	-	0.191	0.115
Group 2	-	0.191	0.191	0.115

Second Distribution in pence per share

Group 1 Shares purchased prior to 1 July 2017

Group 2 Shares purchased on or after 1 July 2017 to 31 July 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/08/17 (p)	Distribution paid 31/08/16 (p)
Share Class A Net Accumulation				
Group 1	0.021	-	0.021	0.067
Group 2	0.021	-	0.021	0.067
Share Class A Net Income				
Group 1	0.020	-	0.020	0.065
Group 2	0.001	0.019	0.020	0.065
Share Class I Net Accumulation				
Group 1	0.021	-	0.021	0.064
Group 2	-	0.021	0.021	0.064

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2018

Third Distribution in pence per share

Group 1 Shares purchased prior to 1 August 2017

Group 2 Shares purchased on or after 1 August 2017 to 31 August 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 29/09/17 (p)	Distribution paid 30/09/16 (p)
Share Class A Net Accumulation				
Group 1	0.337	-	0.337	0.535
Group 2	0.337	-	0.337	0.535
Share Class A Net Income				
Group 1	0.320	-	0.320	0.533
Group 2	0.320	-	0.320	0.533
Share Class I Net Accumulation				
Group 1	0.327	-	0.327	0.531
Group 2	0.169	0.158	0.327	0.531

Fourth Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2017

Group 2 Shares purchased on or after 1 September 2017 to 30 September 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/10/17 (p)	Distribution paid 31/10/16 (p)
Share Class A Net Accumulation				
Group 1	0.118	-	0.118	0.158
Group 2	0.083	0.035	0.118	0.158
Share Class A Net Income				
Group 1	0.111	-	0.111	0.156
Group 2	0.087	0.024	0.111	0.156
Share Class I Net Accumulation				
Group 1	0.115	-	0.115	0.155
Group 2	0.001	0.114	0.115	0.155

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2018

Fifth Distribution in pence per share

Group 1 Shares purchased prior to 1 October 2017

Group 2 Shares purchased on or after 1 October 2017 to 31 October 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 30/11/17 (p)	Distribution paid 30/11/16 (p)
Share Class A Net Accumulation				
Group 1	0.094	-	0.094	0.352
Group 2	0.082	0.012	0.094	0.352
Share Class A Net Income				
Group 1	0.088	-	0.088	0.340
Group 2	0.077	0.011	0.088	0.340
Share Class I Net Accumulation				
Group 1	0.091	-	0.091	0.341
Group 2	0.024	0.067	0.091	0.341

Sixth Distribution in pence per share

Group 1 Shares purchased prior to 1 November 2017

Group 2 Shares purchased on or after 1 November 2017 to 30 November 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 29/12/17 (p)	Distribution paid 31/12/16 (p)
Share Class A Net Accumulation				
Group 1	0.286	-	0.286	0.281
Group 2	0.271	0.015	0.286	0.281
Share Class A Net Income				
Group 1	0.270	-	0.270	0.271
Group 2	0.257	0.013	0.270	0.271
Share Class I Net Accumulation				
Group 1	0.277	-	0.277	0.272
Group 2	0.004	0.273	0.277	0.272

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2018

Seventh Distribution in pence per share

Group 1 Shares purchased prior to 1 December 2017

Group 2 Shares purchased on or after 1 December 2017 to 31 December 2017

	Net revenue (p)	Equalisation (p)	Distribution paid 31/01/18 (p)	Distribution paid 31/01/17 (p)
Share Class A Net Accumulation				
Group 1	0.094	-	0.094	0.063
Group 2	0.064	0.030	0.094	0.063
Share Class A Net Income				
Group 1	0.089	-	0.089	0.061
Group 2	0.060	0.029	0.089	0.061
Share Class I Net Accumulation				
Group 1	0.091	-	0.091	0.061
Group 2	0.058	0.033	0.091	0.061

Eighth Distribution in pence per share

Group 1 Shares purchased prior to 1 January 2018

Group 2 Shares purchased on or after 1 January 2018 to 31 January 2018

	Net revenue (p)	Equalisation (p)	Distribution paid 28/02/18 (p)	Distribution paid 28/02/17 (p)
Share Class A Net Accumulation				
Group 1	0.025	-	0.025	0.008
Group 2	0.002	0.023	0.025	0.008
Share Class A Net Income				
Group 1	0.024	-	0.024	0.007
Group 2	0.024	-	0.024	0.007
Share Class I Net Accumulation				
Group 1	0.024	-	0.024	0.007
Group 2	0.004	0.020	0.024	0.007
Share Class Z Net Accumulation~				
Group 1	-	-	-	-
Group 2	-	-	-	-
Share Class Z Net Income~				
Group 1	-	-	-	-
Group 2	-	-	-	-

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2018

Ninth Distribution in pence per share

Group 1 Shares purchased prior to 1 February 2018

Group 2 Shares purchased on or after 1 February 2018 to 28 February 2018

	Net revenue (p)	Equalisation (p)	Distribution paid 29/03/18 (p)	Distribution paid 31/03/17 (p)
Share Class A Net Accumulation				
Group 1	0.284	-	0.284	0.399
Group 2	0.282	0.002	0.284	0.399
Share Class A Net Income				
Group 1	0.268	-	0.268	0.383
Group 2	0.268	-	0.268	0.383
Share Class I Net Accumulation				
Group 1	0.276	-	0.276	0.387
Group 2	0.159	0.117	0.276	0.387
Share Class Z Net Accumulation~				
Group 1	0.235	-	0.235	
Group 2	0.235	-	0.235	
Share Class Z Net Income~				
Group 1	0.230	-	0.230	
Group 2	0.230	-	0.230	

Tenth Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2018

Group 2 Shares purchased on or after 1 March 2018 to 31 March 2018

	Net revenue (p)	Equalisation (p)	Distribution paid 30/04/18 (p)	Distribution paid 28/04/17 (p)
Share Class A Net Accumulation				
Group 1	0.224	-	0.224	0.243
Group 2	0.012	0.212	0.224	0.243
Share Class A Net Income				
Group 1	0.211	-	0.211	0.233
Group 2	0.211	-	0.211	0.233
Share Class I Net Accumulation				
Group 1	0.218	-	0.218	0.235
Group 2	0.063	0.155	0.218	0.235
Share Class Z Net Accumulation~				
Group 1	0.179	-	0.179	
Group 2	0.179	-	0.179	
Share Class Z Net Income~				
Group 1	0.178	-	0.178	
Group 2	0.178	-	0.178	

AXA Lifetime Distribution Fund

Distribution Table

As at 31 May 2018

Eleventh Distribution in pence per share

Group 1 Shares purchased prior to 1 April 2018

Group 2 Shares purchased on or after 1 April 2018 to 30 April 2018

	Net revenue (p)	Equalisation (p)	Distribution paid 31/05/18 (p)	Distribution paid 31/05/17 (p)
Share Class A Net Accumulation				
Group 1	0.301	-	0.301	0.174
Group 2	0.276	0.025	0.301	0.174
Share Class A Net Income				
Group 1	0.283	-	0.283	0.166
Group 2	0.283	-	0.283	0.166
Share Class I Net Accumulation				
Group 1	0.292	-	0.292	0.169
Group 2	0.221	0.071	0.292	0.169
Share Class Z Net Accumulation~				
Group 1	0.240	-	0.240	
Group 2	0.240	-	0.240	
Share Class Z Net Income~				
Group 1	0.233	-	0.233	
Group 2	0.233	-	0.233	

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 May 2018

Group 2 Shares purchased on or after 1 May 2018 to 31 May 2018

	Net revenue (p)	Equalisation (p)	Distribution payable 29/06/18 (p)	Distribution paid 30/06/17 (p)
Share Class A Net Accumulation				
Group 1	0.524	-	0.524	0.298
Group 2	0.524	-	0.524	0.298
Share Class A Net Income				
Group 1	0.491	-	0.491	0.284
Group 2	0.491	-	0.491	0.284
Share Class I Net Accumulation				
Group 1	0.509	-	0.509	0.289
Group 2	0.150	0.359	0.509	0.289
Share Class Z Net Accumulation~				
Group 1	0.418	-	0.418	
Group 2	0.418	-	0.418	
Share Class Z Net Income~				
Group 1	0.408	-	0.408	
Group 2	0.408	-	0.408	

~ Z share class launched on 17 January 2018.

Accounting Policies

For the year ended 31 May 2018

1. Accounting Basis and Policies

(a) Basis of accounting

The financial statements of the Company comprise the financial statements of each of the sub-funds and have been prepared under the historical cost convention, as modified by the revaluation of investments and on a going concern basis in accordance with Financial Reporting Standard 102 (FRS '102') and the Statement of Recommended Practice - Financial statements of UK Authorised Funds issued by The Investment Management Association ('the IMA SORP 2014') and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

(b) Recognition of revenue

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend and are recognised net of attributable tax credits.

Revenue on debt securities (including allowance for interest bought and sold) is accounted for on an accruals basis. Where it is considered that a bond has a likelihood of default appropriate provisions are made against any accrued revenue. Revenue from debt securities is accounted for on a basis which takes account of the amortisation of any discount or premium between the purchase price and the expected final maturity price over the remaining life of the security. Accrued interest on purchase and sale contracts is recognised as revenue and transferred to revenue or capital as appropriate.

Interest on bank and other cash deposits is recognised on an accruals basis.

Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

(c) Treatment of stock and special dividends

The ordinary element of stock dividends received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax treatment follows the treatment of the principal amount.

(d) Treatment of expenses

Expenses of the Funds are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Funds. ACD Fees are transferred to capital for the purpose of calculating the distribution for all Funds.

(e) Allocation of revenue and expenses to multiple Share Classes and Funds

Any revenue or expenses not directly attributable to a particular Share Class or fund will normally be allocated pro-rata to the net assets of the relevant Share Classes and funds.

(f) Taxation

Tax is provided for using tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

Corporation tax is provided for on the income liable to corporation tax less deductible expenses.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(g) Distribution policy

The net revenue after taxation, as disclosed in the Financial Statements, after adjustment for items of a capital nature, is distributable to Shareholders as dividend distributions. Any revenue deficit is deducted from capital.

Accounting Policies

For the year ended 31 May 2018

In addition, the portfolio transaction charges will be charged wholly to the capital of all Funds. Accordingly, the imposition of such charges may constrain the capital growth of every Fund.

Where the revenue from investments exceeds the expenses of a Fund half yearly distributions (quarterly for Defensive Distribution Fund and UK Distribution Fund, and monthly for Lifetime Distribution Fund) are paid to all holders of Income shares. Transfers are made to Capital on behalf of all holders of Accumulation shares. In all cases tax vouchers will be issued to Shareholders.

The Annual management charge is offset against capital for the purposes of calculating the amount available for distribution.

(h) Basis of valuation of investments

Listed investments are valued at close of business bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting year.

Market value is defined by the SORP as fair value which is the bid value of each security.

Collective Investment Schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting year.

Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

The value of derivative contracts is calculated with reference to the price/value of the underlying asset(s) and other relevant factors such as interest rates and volatility.

(i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting year are translated into sterling at the closing mid market exchange rates ruling on that date.

(j) Equalisation

Equalisation applies only to Shares purchased during the distribution year (Group 2 Shares). It represents the accrued revenue included in the purchase price of the Shares.

After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the Shares for Capital Gains tax purposes.

2. Derivatives and other financial instruments

In pursuing the investment objectives a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Company's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed below:

(a) Foreign currency risk

A significant portion of the Company's assets may be denominated in a currency other than the base currency of the Company or Class. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which Shares of the relevant Fund are valued and priced. Foreign currency risk is analysed within the financial statements of each individual sub-fund.

Accounting Policies

For the year ended 31 May 2018

(b) Interest rate risk profile of financial assets and liabilities

The interest rate risk is the risk that the value of the Company's investments will fluctuate due to changes in the interest rate. Cashflows from floating rate securities, bank balances, or bank overdrafts will be affected by the changes in interest rates. These cashflows are considered to be of secondary importance and are not actively managed.

The Company did not have any long - term financial liabilities at the balance sheet date.

(c) Inflation risk

Inflation Linked Bond Risk: unlike other bonds, an inflation protected security (such as index linked gilts) reduces the negative effect of inflation on its real value. The market value of such securities will be affected both by the market's perception of future movements in interest rates and the future rate of inflation. Therefore the market value of such securities (and the value of the Fund) may not move in line with inflation rates in the short to medium term.

(d) Credit risk

The Company may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

Interest rate risk is analysed within the financial statements of each individual sub-fund.

(e) Liquidity risk

The majority of the Funds financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, sales and purchases of financial assets are managed so that the Funds cash requirement is kept to a minimum. The Funds main financial liability relates to the potential commitment to meet any cancellation of shares. In order to manage this risk the Fund maintains a cash balance to cover any known liabilities, with any cancellation of shares being covered by the sale of investments. Where investments cannot be realised in time to meet a liability the ACD will utilise the company's overdraft facility with HSBC.

All of the Funds' financial liabilities are payable in less than one year (same as at 31 May 2017).

(f) Market price risk

The Fund invests principally in equity and fixed income securities. The value of the Funds investment portfolio is not fixed and may go down as well as up. This may be as a result of a specific factor affecting the value of an individual company or may be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to manage these risks by adhering to investment guidelines and to investment and borrowing powers set out in the Prospectus. In addition, the Fund complies with the Collective Investment Schemes sourcebook ("COLL"), which include rules relating to investment holdings that are designed to place limits on the Funds investment concentration (same as at 31 May 2017).

(g) Counterparty risk

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

(h) Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Statement of ACD's Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook ("COLL") require the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of its net revenue and the net capital gains/(losses) on the property of the Company for the period. In preparing the financial statements the ACD is required to:

- Select suitable accounting policies and then apply them consistently;
- Conform with the disclosure requirements of the Statement of Recommended Practice - Financial statements of UK Authorised Funds issued by the Investment Management Association ("IMA SORP 2014") in May 2014;
- Follow generally accepted accounting principles and applicable accounting standards;
- Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for the management of each portfolio in accordance with the Instrument of Incorporation, Prospectus and COLL.

The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the AXA Investment Managers UK Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' approval

In accordance with the requirements of the Financial Conduct Authority Sourcebook, the contents of this report have been approved on behalf of AXA Investment Managers UK Limited by:

Philippe Le Barrois d'Orgeval
Director

29th August 2018

Peter Warner
Authorised signatory

Statement of the Depositary's responsibilities in respect of the Company

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored* and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Report of the Depositary to the shareholders of the AXA Distribution Investment ICVC ("the company") for the period ended 31st May 2018

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

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

HSBC Bank PLC

29th August 2018

Independent Auditors' Report to the members of AXA Distribution Investment ICVC

Report on the audit of the financial statements

Our opinion

In our opinion, AXA Distribution Investment ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 May 2018 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

AXA AXA Distribution Investment ICVC (the 'company') is an Open Ended Investment Company ('OEIC') with five subfunds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Long Report (the 'Annual Report'), which comprise: the balance sheet as at 31 May 2018; the statement of total return, and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub funds' ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent Auditors' Report to the members of AXA Distribution Investment ICVC

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 132, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine 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 Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds 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 Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the members of AXA Distribution Investment ICVC

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

29th August 2018

Further Information

Classes of Shares

The Company can issue different classes of shares in respect of any Fund. Holders of Income shares are entitled to be paid the revenue attributable to such shares, in respect of each annual or interim accounting period. Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

Valuation Point

The valuation point for each Fund is 12 noon on each dealing day (being each day which is a business day in London). Valuations may be made at other times under the terms contained within the Prospectus.

Significant Information

Remuneration policy of the ACD

The ACD has approved and adopted AXA IM's Global Remuneration Policy, in accordance with the Regulations, which is consistent with, and promotes, sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profiles of the Funds or the Instrument of Incorporation, and does not impair compliance of the ACD's duty to act in the best interests of each of the Funds.

AXA IM's Global Remuneration Policy, which has been approved by the AXA IM Remuneration Committee, sets out the principles relating to remuneration within all entities of AXA IM (including the ACD) and takes into account AXA IM's business strategy, objectives, and risk tolerance, as well as the long-term interests of AXA IM's shareholders, employees and clients (including the Funds). The AXA IM Remuneration Committee is responsible for determining and reviewing the AXA IM remuneration guidelines, including the AXA IM Global Remuneration Policy, as well as reviewing the annual remuneration of senior executives of the AXA IM Group and senior officers in control functions.

AXA IM provides both fixed and variable remuneration. An employee's fixed remuneration is structured to reward organisational 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 www.axa-im-international.com/remuneration. This includes the description of how remuneration and benefits are awarded for employees, and further information on the AXA IM remuneration committee. A paper copy of the up to date Global Remuneration Policy is also available from the ACD free of charge upon request.

Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year. The tables below provide an overview:

Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2017 ⁽¹⁾	
Fixed Pay ⁽²⁾ (£'000)	212,489
Variable Pay ⁽³⁾ (£'000)	224,984
Number of employees ⁽⁴⁾	2,578

⁽²⁾ Fixed Pay amount is based on post compensation review 2016 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

Further Information

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)	87,810	112,353	200,163
Number of employees	233	113	346

Aggregate amount of compensation paid and / or allocated to risk takers and senior management in the UK Management Company whose activities have a significant impact on the risk profile of investment vehicles			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)	8,695	11,125	19,820
Number of employees	43	28	71

Other Information

The Instrument of Incorporation, Prospectus and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application. Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

Report

The annual report of the Company will be published within four months of each annual accounting period and the report will be published within two months of each accounting period.

Interim accounts period ended 30 November
Annual accounts period ended 31 May

Data Protection

The details you have provided will be held on computer by the Funds' Registrar but will not be used for any purpose except to fulfil its obligations to shareholders.

Effects of Personal Taxation

Investors should be aware that unless their shares are held within an ISA, or switched between Funds in this OEIC, selling shares is treated as a disposal for the purpose of Capital Gains tax.

Risk Warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them may fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency of a fund are subject to fluctuation in exchange rates, which may be favourable or unfavourable.

The Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps required on all reports & accounts published after 13 January 2017. During the year to 31 May 2018 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

Further Information

Annual Management Charge

AXA Investment Managers UK Limited, as ACD, will receive an Annual Management Charge out of the property for Defensive Distribution Fund and Distribution Fund at the rate of 1.50% per annum for Class R Shares, 0.75% per annum for Class Z Shares, 0.40% per annum for Class B Shares, 0.50% per annum for Class A Shares, for Global Distribution Fund and Ethical Distribution Fund at the rate of 1.50% per annum for Class R Shares, 0.75% per annum for Class Z Shares, 0.50% per annum for Class B Shares and for Lifetime Distribution Fund at the rate of 0.45% per annum for Class Z Shares, 0.14% per annum for Class I Shares, 0.30% per annum for Class A Shares based on the net asset value of the relevant Fund calculated on a mid-market basis. The Annual Management Charge accrues monthly and is payable monthly in arrears. The maximum permitted Annual Management Charge payable to the ACD is 2% per annum for Class R, Class Z and Class B Shares.

Preliminary Charge

There is currently no initial charge on Class Z Shares, Class R Shares, Class I Shares, Class B Shares or Class A Shares.