

AXA Framlington Monthly Income Fund

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

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

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

AXA Framlington funds under management exceed £53.0 billion (as at 31 August 2017).

Investment objective and policy

The aim of this Fund is to provide a monthly income with potential for long-term growth of capital.

The Fund invests primarily in shares of UK listed companies which the Manager believes will provide above-average income and capital growth. The Fund invests in companies of any size. The Fund also invests in bonds issued by companies or governments. The Manager selects shares based upon analysis of a company's prospects for future growth in dividend payments, financial status, quality of its management, expected profitability and prospects for growth.

The Fund may also invest in other transferable securities and units in collective investment schemes. The Fund may use derivatives for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.

Review

The UK's ambition to exit the European Union continued to dominate the news agenda. Following the declaration of Article 50 in March, Theresa May called a snap election for June. She aimed to achieve a significantly large majority to give her the flexibility to ignore some of the more right wing members of the Conservative party, and to demonstrate to Europe her strong negotiating position.

This approach backfired with the Labour party under Jeremy Corbyn confounding critics by motivating younger voters to turnout in large numbers. This, combined with a poorly managed Conservative campaign, led to a hung parliament with the Conservatives clinging on to power with the help of Northern Ireland's Democratic Unionist Party. The other key outcome from the election was a reduction in support for the Scottish Nationalists thereby significantly reducing the chance of Scottish independence.

There has been little progress on initial Brexit talks as EU negotiators have stuck firmly to their guns, demanding more clarity on the three important issues of; the Irish border, EU citizens' rights, and the financial settlement, before embarking on future trade talks. With only a two year window from the declaration of Article 50 to initial exit, the timeframe to negotiate the necessary terms is very short. A transition period will likely be needed and we believe this is the most probable outcome. However, all options are still possible and this is causing companies to defer some investment decisions.

Within Europe, we saw the stunning election results of President Macron with a party that did not exist in March 2016. He was elected on a campaign to modernise the French economy and policies to reform its archaic labour laws. While there is no guarantee that this programme will succeed, his election victory bolstered confidence in the Eurozone with growth surprising on the upside. Construction activity is picking up in most European economies and this is providing support to growth rates. While European monetary policy remains very loose, with interest rates at zero and continued quantitative easing (QE) via bond buying, the European Central Bank is likely to begin tapering its QE programme later this year and this could cause some volatility.

The US economy continued to grow despite a chaotic government. The Trump Administration has lost a number of key aides and at times seems to announce policy via Twitter. The rising tension with North Korea - which is ignoring global pressure by continuing to test inter-continental missiles - is very concerning. The risk of rapid escalation is not negligible given the nature of both leaders. US interest rates continued to slowly increase and the Federal Reserve announced it would begin to reduce its sizeable balance sheets by letting maturing treasuries run off.

The Chinese economy saw good growth despite growing concern about increasing debt within the shadow banking sector. The outlook for the Chinese economy continues to be the key driving force behind demand for commodities such as iron ore and coal. In addition, its desire to reduce pollution has been beneficial for Western producers of high quality commodities.

The weakness of sterling is a key factor in performance of the UK stock market due to the high percentage of overseas earnings among UK-listed companies. During the period the pound recovered

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somewhat against the US dollar but was weaker against the euro as the Eurozone benefitted from an improving growth outlook. The UK equity market made modest progress, registering a rise of +3.13% on a total return basis, as measured by the FTSE All Share Index. The mining sector delivered solid returns as higher commodity prices helped drive strong cash flows. This cash flow helped strengthen balance sheets, which had become stretched within the sector, and enabled some of the companies such as Rio Tinto to return to dividend payments. Rising US interest rates helped sentiment towards financial companies, such as HSBC, which saw healthy gains in its share price.

The portfolio performed well, rising by just under 8% over the period on a total return basis. The best performing stock was IQE which more than trebled during the period. This stock does not pay a dividend at present, which means it is important to remain disciplined and keep the holding at a sensible level by realising profits as the shares rise. The overall holding was reduced by more than 50% during the period.

The software sector was a significant driver of positive performance within the Fund. Over the period the Fund saw strong returns from FDM and StatPro, which rose by +80% on the back of an astute acquisition. Positive gains were also seen in Bovis Homes, Cambridge Cognition, Conviviality, Intermediate Capital, Midwich, Ramsdens and Zytronic. Detractors included Epwin, GLI Finance, Quarto, Safestyle UK and Vectura.

In terms of trading activity, we re-established a holding in Rio Tinto after signs of an improved balance sheet. We also acquired holdings in Arena Events, Global Ports, K3 Capital and PRS Reit as they debuted on the stock market. We believe the majority of these stocks have the potential to offer solid dividend yields. We sold holdings in BT, Ecofin Global and Lok'n Store. In addition, further profits were taken in Conviviality as the shares continued to rise.

Outlook

The UK economy faces a crucial period in the months ahead. If Brexit negotiations appear to be going badly there is a danger that confidence could deteriorate. At present consumer confidence has been damaged by the reduction in net disposable income caused by the inflationary impact of sterling's decline since the Brexit vote. This has been partly offset by increases in employment levels. Following the general election there is a growing political

consensus that austerity needs to be eased. Given the high levels of ongoing borrowing, the government need to be careful to not lose the confidence of overseas investors. The current policy proposals of the Labour party would likely cause further significant weakness in the sterling. For much of the stock market this would be beneficial due to their level of overseas earnings.

The allocation to the UK stock market by international investors has been reduced owing to current uncertainties. This means that any positive developments could lead to a rebound in sterling and better prospects for domestically-orientated companies. In many cases share prices are discounting very tough conditions. However, the portfolio is not positioned for any particular outcome. The emphasis continues to be on investing in companies that we believe are well-run and well-financed, and can provide an attractive and growing income.

George Luckraft

6 September 2017

All performance data source: AXA Investment Managers and Lipper to 6 September 2017

Past Performance is not a guide to future performance. All performance figures calculated as follows: Single Priced NAV with no income reinvested, net of fees in GBP, net of tax. Performance is representative of R Inc Class.

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Risk and reward profile

The Fund invests primarily in shares of UK listed companies which the fund manager believes will provide above-average income and capital growth. The Fund invests in companies of any size. The Fund also invests in bonds issued by companies or governments. The fund manager selects shares and bonds based upon analysis of a company's prospects for future growth in dividend payments financial status, quality of its management, expected profitability and prospects for growth.

Lower risk

Higher risk

Potentially lower reward

Potentially higher reward

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

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

Liquidity Risk: some investments may trade infrequently and in small volumes. As a result the Fund manager may not be able to sell at a preferred time or volume or at a price close to the last quoted valuation. The Fund manager may be forced to sell a number of such investments as a result of a large redemption of units in the Fund. Depending on market conditions, this could lead to a significant drop in the Fund's value and in extreme circumstances lead the Fund to be unable to meet its redemptions.

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

FUND FACTS

Lead Fund manager	George Luckraft
Sector	UK Equity Income
Comparative Benchmark	FTSE All-Share Index
Date of establishment	2 Oct 1984
Fund size at 6 Sep 2017	£263m
Fund size at 6 Mar 2017	£241m
Minimum investments	
Minimum initial investment	R: £1,000 Z: £100,000
Minimum subsequent purchase/ redemption	R: £100 Z: £5,000
Net Yield	
R Inc/Acc	4.40% / 4.34%
Z Inc/Acc	4.34% / 4.27%
Unit type	Inc/Acc
Number of stocks	93
Initial charge	R: Nil Z: Nil
Annual charge	R: 1.50% Z: 0.75%
Ongoing charges**	
R Inc/Acc	1.59% / 1.59%
Z Inc/Acc	0.84% / 0.84%
Accounting dates (interim)	6 Sep
Accounting dates (annual)	6 Mar
Distribution dates (interim)	6th of each month
Distribution dates (annual)	6 Apr

All data, source: AXA Investment Managers as at 6 September 2017. **For more information on AXA's fund charges and costs please use the following link <https://retail.axa-im.co.uk/fund-charges-and-costs>

Top five purchases

Six months ending 6 September 2017

PRS
Rio Tinto (London Quoted)
Global Ports
Arena Events
K3 Capital

Top five sales

Six months ending 6 September 2017

IQE
e2v technologies
Lloyds Banking
BR
Low & Bonar

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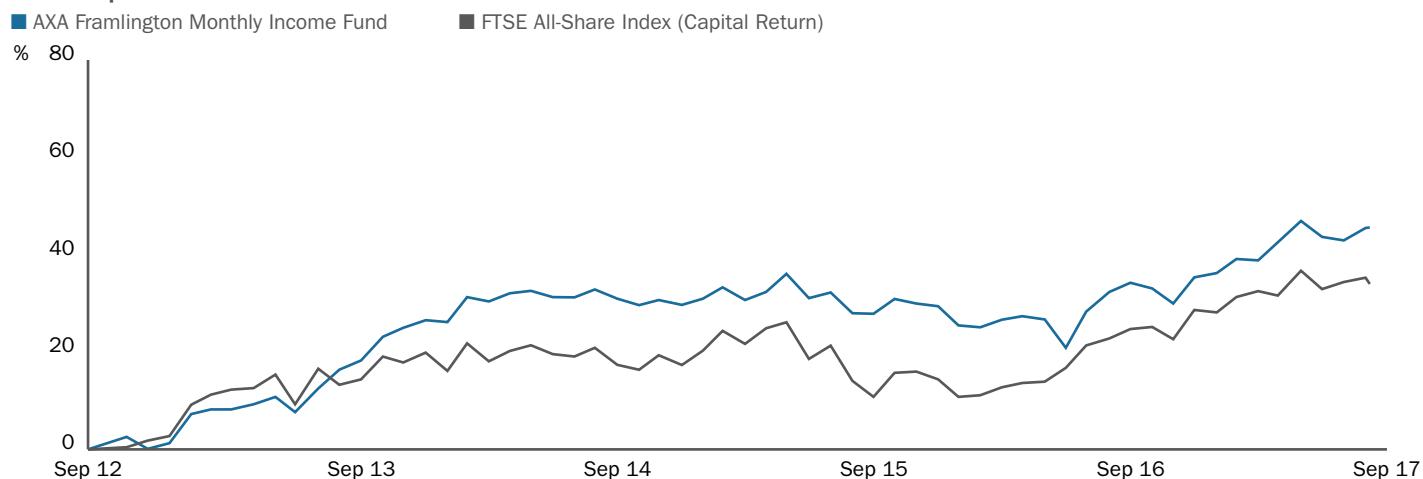
Five year discrete annual performance %*

Sep 12 to Sep 13	Sep 13 to Sep 14	Sep 14 to Sep 15	Sep 15 to Sep 16	Sep 16 to Sep 17
+17.09%	+13.26%	-3.10%	+3.84%	+9.09%

Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 6 September 2017. Basis: Single Price NAV, with no revenue reinvested, net of fees in GBP. Performance is representative of R Inc class.

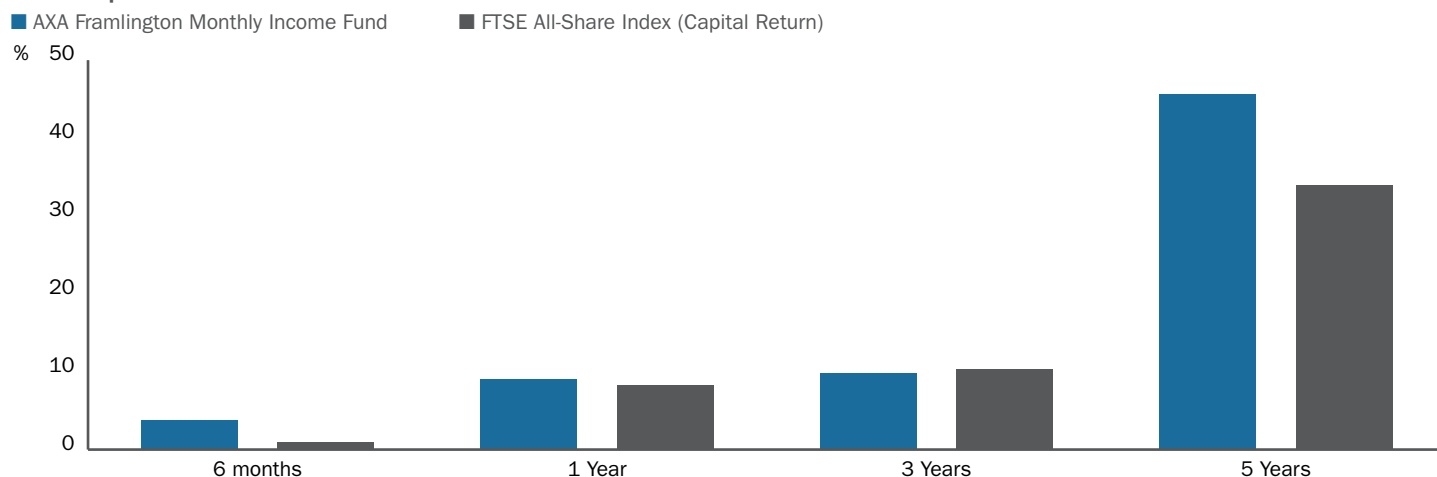
Cumulative fund performance versus comparative benchmark*

as at 6 September 2017



Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 6 September 2017. Basis: Single Price NAV, with no revenue reinvested, net of fees in GBP. Performance is representative of R Inc class.

as at 6 September 2017



Past performance is not a guide to future performance. Sources: AXA Investment Managers and Lipper as at 6 September 2017. Basis: Single Price NAV, with no revenue reinvested, net of fees in GBP. Performance is representative of R Inc class.

* Performance Calculation for all of the above: Single prices basis (NAV) from 15 September 2014 and bid price prior to this. To ensure consistent performance figures between bid and NAV prices, an adjustment factor has been applied.

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Comparative Tables

Change in net assets per unit	R Inc			R Acc		
	06/09/2017 (p)	06/03/2017 (p)	06/03/2016 (p)	06/09/2017 (p)	06/03/2017 (p)	06/03/2016 (p)
Opening net asset value per unit†	247.02	223.03	236.99	572.46	492.60	499.55
Return before operating charges^	19.48	39.28	0.74	45.22	88.25	1.00
Operating charges	(2.06)	(3.74)	(3.72)	(4.81)	(8.39)	(7.95)
Return after operating charges^	17.42	35.54	(2.98)	40.41	79.86	(6.95)
Distributions	(3.90)	(11.55)	(10.98)	(9.90)	(25.85)	(23.49)
Retained distributions on accumulation units	-	-	-	9.90	25.85	23.49
Closing net asset value per unit†	260.54	247.02	223.03	612.87	572.46	492.60
* ^after direct transaction costs of:	0.09	0.13	0.14	0.21	0.30	0.31
Performance						
Return after charges	7.05%	15.94%	-1.26%	7.06%	16.21%	-1.39%
Other information						
Closing net asset value†	48,501,441	49,510,689	46,240,477	66,363,476	66,374,709	65,368,747
Closing number of units	18,615,690	20,042,883	20,733,012	10,828,400	11,594,696	13,270,275
Operating charges	1.59%	1.59%	1.58%	1.59%	1.59%	1.58%
Direct transaction costs*	0.07%	0.06%	0.06%	0.07%	0.06%	0.06%
Prices						
Highest unit price #	265.10	253.00	245.50	619.70	576.00	519.90
Lowest unit price #	248.10	213.20	215.00	574.90	474.90	466.90

Change in net assets per unit	Z Inc			Z Acc		
	06/09/2017 (p)	06/03/2017 (p)	06/03/2016 (p)	06/09/2017 (p)	06/03/2017 (p)	06/03/2016 (p)
Opening net asset value per unit†	143.04	128.08	135.02	178.46	152.29	153.14
Return before operating charges^	11.29	22.74	0.49	14.12	27.55	0.44
Operating charges	(0.63)	(1.14)	(1.12)	(0.80)	(1.38)	(1.29)
Return after operating charges^	10.66	21.60	(0.63)	13.32	26.17	(0.85)
Distributions	(2.10)	(6.64)	(6.31)	(2.82)	(8.02)	(7.24)
Retained distributions on accumulation units	-	-	-	2.82	8.02	7.24
Closing net asset value per unit†	151.60	143.04	128.08	191.78	178.46	152.29
* ^after direct transaction costs of:	0.05	0.08	0.08	0.07	0.09	0.09
Performance						
Return after charges	7.45%	16.86%	-0.47%	7.46%	17.18%	-0.56%
Other information						
Closing net asset value†	86,893,255	74,243,166	61,336,670	61,713,195	50,684,213	41,607,633
Closing number of units	57,315,686	51,903,970	47,890,251	32,179,421	28,400,980	27,321,390
Operating charges	0.84%	0.84%	0.83%	0.84%	0.84%	0.83%
Direct transaction costs*	0.07%	0.06%	0.06%	0.07%	0.06%	0.06%
Prices						
Highest unit price #	153.80	146.70	140.30	193.90	179.60	160.00
Lowest unit price #	143.70	122.80	123.70	179.20	147.30	144.40

† Valued at bid-market prices.

High and Low price disclosures are based on quoted unit prices. Therefore the opening and closing NAV prices may fall outside the high / low price threshold.

^ Operating charges include indirect costs incurred in the maintenance and running of the fund, as disclosed 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, which are offset (where applicable) against any dilution adjustment applied within the accounting period. Direct transaction costs are stated after deducting dilution adjustments that relate to direct transaction costs.

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

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Top ten holdings as at 6 September 2017

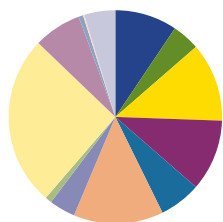
Company	Sector	%
Royal Dutch Shell 'B'	Oil & Gas Producers	4.90
British American Tobacco	Tobacco	4.28
HSBC	Banks	3.86
BP	Oil & Gas Producers	3.81
GlaxoSmithKline	Pharmaceuticals & Biotechnology	2.95
Conviviality	Food & Drug Retailers	2.43
Vodafone	Mobile Telecommunication	2.32
IQE	Software & Computer Services	2.16
Alumasc	Construction & Materials	1.93
AstraZeneca	Pharmaceuticals & Biotechnology	1.89

Top ten holdings as at 6 March 2017

Company	Sector	%
Royal Dutch Shell 'B'	Oil & Gas Producers	4.96
British American Tobacco	Tobacco	4.43
BP	Oil & Gas Producers	3.74
HSBC	Banks	3.74
GlaxoSmithKline	Pharmaceuticals & Biotechnology	3.22
Alumasc	Construction & Materials	2.51
AstraZeneca	Pharmaceuticals & Biotechnology	2.48
Lloyds Banking	Banks	2.37
Vodafone	Mobile Telecommunication	2.35
Imperial Brands	Tobacco	2.25

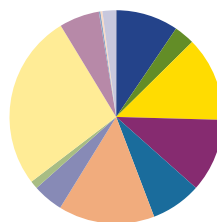
Portfolio breakdown

as at 6 September 2017



Sector	%
Corporate Bonds	0.00
Oil & Gas	9.42
Basic Materials	4.19
Industrials	11.95
Consumer Goods	10.83
Health Care	6.33
Consumer Services	13.62
Telecommunications	3.96
Utilities	1.01
Financials	25.86
Technology	7.24
Middle East	0.68
Australia	0.21
Net current assets	4.70

as at 6 March 2017



Sector	%
Corporate Bonds	0.02
Oil & Gas	9.46
Basic Materials	3.12
Industrials	12.84
Consumer Goods	11.13
Health Care	7.64
Consumer Services	14.59
Telecommunications	4.61
Utilities	1.21
Financials	26.69
Technology	6.08
Middle East	0.25
Australia	0.29
Net current assets	2.07

All data, source: AXA Investment Managers

AXA Framlington Monthly Income Fund

Important information

The Manager

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

Authorised and regulated by the Financial Conduct Authority. Member of the IA.

The Administrator and address for inspection of Register:

DST Systems
DST House
St Nicholas Lane
Basildon
Essex, SS15 5FS

Trustee

National Westminster Bank plc
Trustee and Depositary Services
Younger Building
1st Floor
3 Redheughs Avenue
Edinburgh, EH12 9RH

Authorised and regulated by the Financial Conduct Authority.

Legal advisers

Eversheds LLP
One Wood Street
London, EC2V 7WS

Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Authorised and regulated by the Financial Conduct Authority.

Fund Accounting Administrator

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

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

ADDITIONAL INFORMATION

Report and accounts

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

UCITS V Directive

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

AXA IM Coal Policy

Effective 30 June 2017, AXA Investment Managers has implemented a policy to divest from companies that derive more than 50% of their revenues from coal-related activities, specifically mining and electric utilities companies. Should you require further information on this matter please contact AXA Investment Managers UK Ltd.

AXA Framlington Monthly Income Fund

For more information on any AXA Framlington unit trust please contact us via our website or telephone number.

Copies of the latest Manager's Report (long form) and Prospectus are available free of charge from the administration office: PO Box 10908, Chelmsford, CM99 2UT.

The value of investments and the income from them can fluctuate and investors may not get back the amount originally invested. Past performance is not a guide to future performance. AXA Framlington is an expertise of AXA Investment Managers UK Limited. Issued by AXA Investment Managers UK Ltd registered in England No. 01431068. The registered office address is 7 Newgate Street, London EC1A 7NX. AXA Investment Managers UK Ltd (119368) is authorised and regulated by the Financial Conduct Authority under the account shown. A member of the IA. Telephone calls may be recorded or monitored for quality assurance purposes.

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