Annual Long Report and Audited Financial Statements
Year ended
31 December 2024

# AXA Global Sustainable Managed Fund

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

# Contents Page



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

More detailed information about AXA Investment Managers' UK funds is available on the Fund Centre of our website where you can find the Prospectus, Key Investor Information Document (KIID), annual reports and monthly fund factsheets at https://retail.axa-im.co.uk/fund-centre.

# Fund Objective & Investment Policy

The aim of AXA Global Sustainable Managed Fund ("the Fund") is to: (i) provide long-term capital growth over a period of 5 years or more; and (ii) contribute to the global transition to net zero by investing in shares in companies which demonstrate a clear and credible commitment to achieving net zero carbon emissions by 2050 or are decreasing their carbon emissions intensity to achieve net zero emissions by 2050.[2] The Manager will seek to keep the weighted average carbon intensity (WACI)[1] of the Fund's equity investments lower than its Emissions Benchmark. The Fund's Emissions Benchmark has been calculated by the Manager to ensure that the equity investments of the Fund are on a trajectory to reach net zero carbon emissions by 2050 . The initial value of the Emissions Benchmark is calculated as a 30% reduction of the WACI of the MSCI All Country World Index ("MSCI ACWI") as of 31st December 2021. Thereafter, the Emissions benchmark will be reduced by 7% year on year.

[1]The Weighted Average Carbon Intensity (WACI) of the fund or index is used to show the fund's or the index's exposure to carbon-intensive companies and is calculated by summing each holding's Scope 1 and 2 carbon emissions (measured in tons of carbon dioxide emissions per USD 1 million of their revenue) by its portfolio weight.

[2]The Emissions Benchmark is not a benchmark or an index in the typical sense (i.e. it is not tracking the performance of a particular group of assets), but is being used as a marker.

The Fund invests between 70 – 85% of its Net Asset Value in shares of listed companies of any size and based anywhere in the world (including emerging markets), which the Manager believes will provide above-average returns, relative to their industry peers; and at least 70% of its Gross Asset Value in companies which are categorised by the Manager as either Committed to Align (being companies which have communicated long term goals consistent with achieving global net zero by 2050); Aligning (being companies which have communicated quantified and credible net zero targets); or Aligned to a net zero carbon economy (being companies which are on track to meeting their quantified and credible net zero targets). To assess which category a company falls into, the Manager will evaluate, through quantitative and qualitative methods, a company's targets and timeframes to align to Net Zero or its commitment to align with the goal of Net Zero emissions by 2050, as well as, among other things, a company's decarbonization strategy, supportive actions, expenditure, governance and performance in relation to the same. The Fund also invests between 15 – 30% of its Net Asset Value in bonds issued by developed market governments and cash. The Manager invests in such bonds as it seeks to reduce the impact on the Fund of fluctuations in value of equity markets. The Fund will invest its remaining assets as permitted under this investment policy.

The Fund may invest outside of its sustainability objective in other transferable securities, cash, deposits and money market instruments for liquidity and/or for the purpose of pursuing its financial objective. Any investments falling in this category (save cash) will be screened using our exclusion policies (described below). No investments falling in this category will conflict with the Fund's sustainability objective. 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 FCA rules.

When defining the Fund's investment universe, the Manager will seek to exclude companies which it considers present excessive degrees of environmental, social and governance ("ESG") risk, by applying (i) AXA IM's sector specific investment guidelines(3), which exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as tobacco production, ecosystem protection and deforestation, controversial weapons and climate risks) and (ii) applying the AXA Investment Managers' ESG Standards policy(4), which excludes investment in companies based on: (a) manufacture of white phosphorus weapons; certain criteria relating to human rights and anticorruption as well as other ESG factors, (b) companies which cause, contribute, or are linked to violations of international norms and standards in a material manner or which are involved in incidents and/or events that pose a severe business or reputational risk to the relevant company due to the impact of its involvement on stakeholders or the environment and (c) companies with the lowest ESG score.

The Manager will not invest in companies which are not aligned to Net Zero. The Manager may invest in companies which have insufficient data to show their net zero alignment where, based on available data, there is not a conflict with the sustainability objective.

# Fund Objective & Investment Policy (continued)

When selecting shares in accordance with the objectives, the Manager will also analyse a company's financial status, quality of its management, expected profitability and prospects for growth.

Where the Manager deems that a company no longer meets the criteria set out in the investment policy, and after unsatisfactory engagement or escalation, the Manager will divest from such company as soon as practicable, considering the best interests of the Fund's investors and in line with the Manager's best execution policy.

The Manager will calculate the Fund's WACI and verify whether it is below the Emissions Benchmark on a monthly basis. If for any reason, the Fund has a higher WACI than the Emissions Benchmark, the Manager will aim to bring the Fund's WACI back below the Emissions Benchmark as soon as practicable having regard to the best interests of the Fund's investors.

This Fund is actively managed without reference to any benchmark. The IA Mixed Investment 40-85% Shares Sector may be used by investors to compare the Fund's financial performance. The Manager currently does not consider any available benchmarks as a suitable performance comparator for investors to compare the Fund's performance against its sustainability objective.

(3)All sector specific policies are accessible via the following link: Our Policies and Reports | AXA IM UK https://www.axa-im.co.uk/responsible-investing/policies or available on request.

(4)AXA IM's Responsible Investment policy is accessible via the following link: Our Policies and Reports | AXA IM UK https://www.axa-im.co.uk/responsible-investing/policies or available on request.

AXA Global Sustainable Managed Fund (‘the Fund’) is authorised and regulated by the Financial Conduct Authority.

# Important Events During the Year

## SUSTAINABLE INVESTMENT LABEL – SUSTAINABILITY DISCLOSURE REQUIREMENTS (SDR)

Sustainability Improvers

Under the UK's Sustainability Disclosure Requirements (SDR), Sustainable investment labels help investors find products that have a specific sustainability goal. The AXA Global Sustainable Managed Fund has been labelled 'Sustainability Improvers'. Sustainability improvers invest mainly in assets that may not be sustainable now, with an aim to improve their sustainability for people or the planet over time. The Consumer Facing Disclosure document which outlines the funds sustainability approach can be found here:
https://funds.axa-im.co.uk/en/individual/fund/axa-global-sustainable-managed-fund-d-accumulation-gbp/#documents

## CHANGE OF INVESTMENT OBJECTIVE AND INVESTMENT POLICY

On 17th January 2025, an investor vote was passed on the changes to the Fund's investment objective and policy which were subsequently implemented on 24th January 2025. From 24th January 2025 the 'Sustainability Improvers' label for the Fund was adopted.

The new sustainability objective aims to support the transition to a net zero carbon economy by 2050, by reducing carbon emissions of the Fund at a rate deemed sufficient to keep the Fund's weighted carbon average intensity in line with the goals set out in the Paris Agreement. The rate is calculated and represented by reference to a carbon emissions benchmark (the Emissions Benchmark), which the Fund will aim to beat. The Emissions Benchmark has been designed to ensure that the Fund is on a trajectory to reach net zero carbon emissions by 2050 and is a marker by which we (and you as investor) can assess the Fund's performance against the sustainable aspect of the strategy. Further detail on how the Emissions Benchmark is calculated is described in the investment objective, set out on page 3 of this report.

The investment policy has been changed from: investing in "leaders" and "companies in transition", with more than 50% of the Fund's Net Asset Value in "leaders", to: investing at least 70% of the Fund's Gross Asset Value in companies which either: (i) have a long term 2050 goal consistent with achieving global net zero (termed by us as "committed to aligning" to net zero); (ii) have set carbon reduction targets, disclose their carbon emissions and have a quantified plan setting out the measures that they will use to achieve their targets (termed by us as "aligning" to net zero); or (iii) have a current carbon emissions intensity in line with, or adequately achieving, its targets; and (termed by us as "aligned" to net zero).

The updated Investment Objective and Investment Policy can be seen on page 3 of this report.

## CHANGE OF FUND NAME

AXA Framlington Global Sustainable Managed Fund changed its name to AXA Global Sustainable Managed Fund on 24 January 2025, to remove the "Framlington" brand from the name. This is part of AXA IM's general rebranding of certain funds, which still have their historic branding.

# Important Events During the Year (continued)

## CHANGE OF SETTLEMENT PERIOD FOR THE SALE AND PURCHASE OF UNITS

The settlement period for the sale and purchase of units in the AXA Global Sustainable Managed Fund will shorten from four working days (from the dealing day) to two working days for trades placed from 27 January 2025 onwards.

# Investment Review

The Fund made further progress during the second half of 2024, building on what had been a good first half. We have continued during this time to invest in companies that are positioned to deliver a net positive benefit to society. As managers of the Fund, we take a long-term view and want to find companies that do the same, in both a profitable and durable manner. We invest in companies which meet one of three thematic areas that offer exposure to sustainable opportunities, benefitting from secular growth drivers - People, Planet & Progress. We also use ESG scores (based around MSCI published scores) to identify and invest in ESG 'leaders' and those who we consider to be 'in transition'. ESG leaders are defined as having an above average score, whilst 'in transition' companies have a lower-than-average score but demonstrate a clear commitment to becoming ESG leaders. We aim to have >50% exposure of the equity portfolio to ESG leaders and as at 31st December 2024, that figure was 83.7%.

| Top Ten Holdings as at 31 December 2024 | % |
|---|---|
| Apple<br>*United States Of America/Equities* | 2.17 |
| Alphabet<br>*United States Of America/Equities* | 1.78 |
| Microsoft<br>*United States Of America/Equities* | 1.76 |
| UK Treasury 0.125% IL 22/03/26<br>*United Kingdom/Government Bonds* | 1.73 |
| Amazon.com<br>*United States Of America/Equities* | 1.62 |
| ServiceNow<br>*United States Of America/Equities* | 1.55 |
| Intuitive Surgical<br>*United States Of America/Equities* | 1.48 |
| Japan Government Ten Year Bond 0.1% 20/09/26<br>*Japan/Government Bonds* | 1.47 |
| Booking<br>*United States Of America/Equities* | 1.40 |
| US Treasury 1.125% 31/10/26<br>*United States Of America/Government Bonds* | 1.34 |

The Fund returned 2.52% in the second half of 2024, which compares with the IA Mixed Investment 40-85% shares sector average rise of 2.80%. Over the calendar year, the Fund generated 9.67% which compares with the IA Mixed Investment 40-85% shares sector average rise of 8.88%.

2024 was another good year for equity markets with the continuing strength of the US equity markets in particular bolstering global equity returns. The rally towards the end of the period by Chinese equities helped recover the year for Emerging Markets, while Europe, Japan and the UK generated solid mid-high single digit returns. It is worthy of note that the US now represents almost 70% of the MSCI All Companies World Index, with the mega-cap US tech names dominating performance for a second consecutive year and US economic performance setting it apart from other major regions. The first half of 2024 saw broad based disinflation, and over the summer central banks felt confident they could start normalising policy. However, the last mile proved harder than markets anticipated, and outside of Europe, investors pared back their hopes for rate cuts. Against this backdrop, global government bonds generated negative returns over 2024.

US equities had an impressive Q3 with the benchmark S&P 500 Index hitting new records as the technology boom fuelled by the hype around artificial intelligence (AI) continued and the US Federal Reserve (Fed) finally delivered its long-awaited interest rate cut. August was the most headline-grabbing month for stock markets amid a sharp sell-off at the beginning of the month caused by a cooling jobs market and fears the central bank had left its rate cut too late. However, it was short-lived, and the US index delivered its fourth consecutive month of gains and fresh index highs as economic data proved a turning point. A fifth straight month of gains came in September after speculation about the timing of the first interest rate cut and the size of it had slowly ramped up over the quarter. In a widely anticipated move, the Fed delivered its first interest rate cut in September. However, what was not expected was the size of the cut, as policymakers opted for a jumbo 0.5% reduction in the lending rate to the range of 4.75%-5%. Fed governor Jerome Powell said the move was 'strong' but that it was needed as price rises ease and job market concerns grow. The central bank also signalled that rates could fall by another half percentage point by the end of the year. "The labour market is in a strong place – we want to keep it there," he said. Q4 saw US equities make significant gains, fuelled largely by November's stellar rally on the back of the 'Trump Trade' that fired up both US and global markets. The victory of Donald Trump in the close-run presidential election saw US stocks enjoy a stellar rally in November, buoyed by expectations of pro-business policies, including cutting red tape, lowering taxes, and scaling back onerous regulation. The S&P 500 Index hit a record high in the month thanks also to another interest rate cut but US equities eased off as Trump declared a trade war with China, Mexico and Canada, and investors digested a slew of earnings reports and economic data. The rally in November offset

# Investment Review (continued)

falls in both October and December. October was marred by earnings results from the big tech stocks that unsettled investors, while December's Santa rally was also cut short by a tech sell-off in US markets at the end of the month, marking a lacklustre end to a year of historic highs for US equities, driven largely by the Magnificent Seven stocks. The sell-off was prompted by a hawkish tone from the Fed which, despite cutting interest rates in December, signalled fewer cuts next year.

Overall, the US economy continues to prosper while much of the rest of the world languishes – growth, although gradually decelerating, remains robust and business confidence looks to be improving. Although this is somewhat reflected in valuation and sentiment, we expect solid earnings growth from US corporates allowing the market to continue to progress. At present the market is fixated on the risk of higher inflation in the US while at the same time we are seeing deflation in markets like China and slowing inflation in much of Europe. We expect US companies will be rapid adopters of AI as they seek to offset any cost pressures through productivity driven initiatives. Our preferred area of exposure, US mid-cap growth, looks reasonably valued when compared to other segments of the market (especially the mega-caps) and typically has a high percentage of sales generated in the US.

The US holdings marginally underperformed their comparative benchmark in the review period. We saw notable performance from names like ServiceNow, Booking Holdings and Salesforce as well as Planet Fitness. The two software names (ServiceNow and Salesforce) are seeing greater confidence in ordering from their enterprise customers as well as good levels of interest for their AI offerings. On the consumer side of the economy, we have continued to see consumers prepared to spend on travel leisure even as they have cut back spending elsewhere. Booking Holdings' early indicators suggest that there is no trade-down or decrease in the length of stay as we look in 2025, while room rates have held up better than expected. Also within the consumer space, Planet Fitness has been recovering some of its former glory. Despite its first price hike for entry level memberships since 1998, membership trends have remained good while it has confidence that new gym openings should bounce back from the relatively low levels it has experienced in 2024. We also saw strong results from Freshpet, where strong results (over 25% yoy revenue growth and improved gross margins) led to full year earnings expectations being increased. On the negative side, the portfolio suffered from little/zero exposure to Tesla, Nvidia and Broadcom. Tesla has seen the fundamentals in its electric vehicle (EV) business deteriorate over the course of 2024 (we exited our remaining holding in the quarter), while the stock has had a sharp rally on the back of the US election and the Tesla CEO's close links to President elect Trump. In the AI chip space, where Nvidia and Broadcom play, our exposure AMD has not shown the explosive growth that the latter two names have shown (AMD's datacentre chip exposure is on track to have doubled in 2024 – but this pales against the growth so far delivered by Nvidia, where total company revenues more than doubled in '24 and are expected to have doubled again in '25 – Nvidia's year end is January 2025).

The UK sleeve of the portfolio performed broadly in line with the benchmark index during the period. Over the past six months the UK's domestic equity markets have been greatly influenced by political upheaval. Following the Labour party's landslide election victory, markets reacted positively with the more domestically oriented mid- and small-caps outperforming the FTSE 100 as Sir Keir Starmer's promise to "take the brakes off Britain" resonated. The focus on stability and growth in the King's Speech was also well-received. However, the initial burst of enthusiasm for the party's pro-growth agenda didn't last. As the new government assumed power, the rhetoric changed and concerns mounted around the economic outlook and the prospect of policy mis-steps. Rachel Reeves, the first ever female Chancellor of the Exchequer, warned of a £22bn fiscal black hole that had been inherited from the Conservatives and the Prime Minister made a stark warning that October's Budget would be 'painful'. The Cabinet was accused of talking down the economy and consumer confidence in the country's economic outlook declined in August for the first time in six months.

With manifesto pledges limiting the tax raising options open to the Chancellor, speculation mounted around scope for Capital Gains Tax (CGT) rises, as well as reform of Inheritance Tax. Investors made contingency plans. A raft of director share sales was seen, as management sought to lock CGT in at current rates. Management at Dunelm, Globaldata, Next, Wetherspoons, Jet2 and Craneware each sold over £10m of stock. CGT-related selling was not restricted to management. A record £2.7bn was withdrawn from UK funds according to Calastone in October. The AIM market also proved vulnerable. There was concern that Business Property Relief, which makes investments in AIM listed shares 100% exempt from inheritance tax if held for more than two years before the owner's death, could be ended. Sentiment to AIM, already a laggard of late, slumped further as fears heightened that this market could be deprived of a material source of positive

## Investment Review (continued)

fund flow. From the end of July to 29th October (the day before the Budget), the AIM100 fell almost -9%. In the event, the Budget saw £40bn worth of tax rises to fund the NHS and other public services. Corporates were charged with footing a substantial employer's National Insurance (NI) bill and we anticipate that for many businesses this cost will be passed onto consumers following its introduction in April creating an unhelpful inflationary headwind. Gilt yields rose from 3.9% at the start of October to 4.5% by early November as concerns around the fiscal position and anticipated debt issuance have impacted markets. More relevant to the small-cap market, the inheritance tax break for AIM was partially abolished, with only a 50% relief from inheritance tax to be applied to its shares, setting the effective tax rate at 20%. This was not as bad as feared and the AIM 100 was up 4.3% on the day of the Budget, though still marginally down over the month.

Within the UK sleeve of the portfolio, performance was positively impacted by Just Group continuing to benefit from a buoyant pension outsourcing market as many corporate schemes have reached a surplus position, helped by the rise in interest rates over recent years. By contrast Rio Tinto suffered from the malaise in commodity prices, while the utility companies SSE and National Grid fell alongside Ceres Power at the prospect for less focus renewable energy in a 'Trump world'. The fact that the UK equity market is cheap is not new news. However, while investors, globally and locally, may be overlooking the opportunity, it has not gone unnoticed by private equity and international corporations. During the period two of the portfolio holdings were subject to takeover activity. The Board's approval of the acquisition of Hargreaves Lansdown was disappointing, especially as the future prospects for this business were thought to be very bright. In addition, REA Group, a leading global digital business specialising in property, made a series of offers for Rightmove during the month which were all rejected by the Rightmove Board as undervaluing the business. This is a positive endorsement in the company's future strategic direction and potential. Raspberry Pi is a UK maker of single board computers and compute modules. The most impressive aspect of this company is its competitive positioning. A combination of product longevity, its enormous community (fan base), quality (price and performance) and software integration means it is a really compelling product proposition. The end market drivers are also immense with all the global mega trends ticked off - electrification, digitalisation, AI / machine learning (ML), internet of things (IoT), edge computing.

In Europe, stock markets showed high volatility during Q3 due to fairly disparate results publications with strong profit warnings within the consumer discretionary and technology sectors. Fears of a recession in the United States as well as doubts about Chinese consumption also weighed on the region at certain times. But markets finally managed to progress after the materialisation of rate cuts on both sides of the Atlantic and the surprise announcement of a major plan to support the economy and consumption in China. Growth stocks clearly outperformed defensive stocks. In the fourth quarter markets closed lower in Q4 ending the run of four consecutive quarters of increases. The election of Donald Trump led to a renewal of fears regarding the raising of customs barriers as well as a reduction in the expected number of interest rate cuts, which weighed on a certain number of sectors (exporters to the US and long duration securities). In October, markets had suffered the largest monthly decline recorded in the last twelve months. One of the main reasons being the earnings season which was generally mixed. The contraction in economic data in Europe, as well as the rise in tensions in the Near and Middle East, was an aggravating factor at a time when uncertainty was at its height regarding the result of the American presidential elections. The picture was not entirely gloomy, however, with inflation moderating close to the 2% threshold in Europe for two months and a European Central Bank (ECB) which was continuing its monetary easing to restore tone to the economy. During November markets rose modestly (in euro terms) with the dominating factor being the American election with the victory of Donald Trump. This result caused concern among European investors about the economic consequences of future tax measures and by the first appointments within the future American administration. At the same time, several central banks, including the Fed and the Bank of England (BoE), continued their cycles of rate cuts, while messages from the ECB suggested further rate cuts in 2025 in order to support a European economy showing signs of weakness. On the geopolitical level, the authorisation given to Ukraine by Washington to use American long-range missiles, to which Putin responded by expanding the possibilities of using nuclear weapons, contributed to the volatility on the markets. In France, the possibility of a vote of censure in the event of recourse by the government to article 49.3 weighed on the performance of European markets. The technology sector, driven by software and semiconductor stocks, rebounded after the sharp decline of the previous month and the communication services sector continued its momentum of recent weeks. Conversely, the materials, consumer discretionary and healthcare sectors closed the month in negative territory. The final quarter, after a good start, saw markets retrace part of their performance and ended slightly lower for the Eurozone. Three reasons explain this turnaround: central banks, Donald Trump and China. The ECB and the Fed did cut rates by 25 bps in December, but the

# Investment Review (continued)

latter took a much more cautious approach, and its members now only expect two additional cuts in 2025, whereas double was expected a few months ago. Then, the future president of the United States once again threatened to put in place significant customs barriers for most of his trading partners, which weighed on groups heavily dependent on this market. Finally, the China Economic Forum has not announced any significant measures to revive the economy, while retail sales continue to disappoint, and deflation takes hold.

The start of 2025 will be full of events which could have a significant influence on the performance of the stock markets. It will indeed be necessary to analyse the first measures announced by President Elect Donald Trump when he takes office again, particularly in terms of tariffs and taxes, but also to see how the political landscapes are evolving in France and Germany, with in the first case a Prime Minister in a precarious situation, and in the second of legislative elections which portend an important change. European stock markets have very attractive valuation levels but the expected growth in corporate profits is modest and will largely depend on economic data in the United States and China. In these conditions, it still seems appropriate to us to maintain good diversification within the portfolio. We remain faithful to our investment strategy by focusing on companies combining an ability to adjust prices, having visibility and/or growth prospects through exposure to long-term themes, as well as a solid financial structure.

Japanese equities started this year on a tear. The market was buoyed by continued optimism on balance sheet reform, global themes such as AI and earnings recovery. The headline Topix index rose over 15% in the first quarter continuing the strength seen throughout 2023. The second half of 2024 started with a period of unprecedented volatility and some extreme downdrafts in Japanese equity markets likely showed that investor positioning had reached extreme levels. This was especially true in the dollar yen exchange rate, where net shorts in the currency markets were at record levels. As investors became more dovish on the outlook for US rate cuts, and expectations of further rate increases in Japan grew, the yen suddenly changed course. This precipitated a flight to cut risk in Japan and led to the extreme moves seen in early August.

We remain bullish in the medium term for a number of reasons. Firstly, we can see that net buying from overseas investors is still a long way below the peak level reached a decade ago at the beginning of the Abenomics boom. Indeed, net inflows into Japanese equities that had been positive up to July have now reversed to a neutral level. There is still plenty of firepower left for foreign asset allocators to up their weighting to Japan. This could be either flow from profits booked in US equities, or likely further disinvestment from China. Valuations have risen but are still below the upper end of the historic trading range. As we have mentioned before, Japanese corporates are also in the early stages of improving their balance sheet efficiency. This is a unique aspect to the Japan story, as Japanese companies have spent much of the last 30 years hoarding cash in the disinflationary, post bubble economy. Now that inflation has returned to the country, and there is pressure coming from the stock exchange, government and investors, Japanese companies are reinvesting this excess liquidity into assets that can generate a positive real return. This trend should continue for a number of years. It also has implications for the valuation target we can make for Japan: If balance sheet efficiency does improve, ROE will rise, and the upper band of the price to book range should also rise to reflect this. The Japanese Financial Services Authority also went public, following the stock exchange example, and targeted the non-life insurance sector for its large cross shareholding portfolios. They directly criticized the insurance sector for holding these non-core assets and, as a result, the big three companies, Tokio, MSAD and Sompo, each published plans to accelerate the selling of their shareholdings. This is further evidence of the asset efficiency theme in Japan, demonstrated in the ongoing trend for share buybacks which once again hit record highs. One further point of interest seen last quarter was the unsolicited bid for Seven and I Holdings, the operator of 7/11 stores in Japan and the US. Alimentation Couchetard made two bids for the 7/11 group which are being considered by the board of Seven and I. This would be, by some margin, the largest takeover of a Japanese company by a foreign corporate. The board of Seven and I appear to prefer a leveraged management buyout over this foreign takeover, but either way, it is supportive for share prices. We wait to see what the outcome is. In the automotive industry, Honda, Nissan and Mitsubishi Motors announced a three-way merger, creating the second largest auto producer in Japan behind Toyota. Toyota shares rallied strongly in sympathy for the deal. We prefer the dominance of Toyota in hybrid vehicles, which are now close to 50% of total sales. These are positive for profit margins and sales mix, and offer a viable alternative to EVs in many markets.

Within the Emerging Markets, Asian markets endured a weak Q4 giving back almost all of the gains made in the previous quarter. The China market was impacted by investor disappointment at the lack of solid detail around the various stimulus

## Investment Review (continued)

initiatives that the authorities had announced in the course of the third quarter, with those measures that were implemented perceived to be insufficient to address the country's economic challenges. This negative sentiment was exacerbated by the election of Donald Trump as the next US president, on concerns that his administration would reignite the trade war begun under his previous presidency. However, despite this weak end to the year, the China market finished the year up +19.4%, representing its first positive year since 2020, and lagging only Taiwan and Singapore in 2024. Nevertheless, within the China universe it was notable that the returns on equities were heavily outweighed by the strength in the latter's government bond (CGB) market as investors rushed into the asset class against the backdrop of declining interest rates and deflation.

The period under review was a game of two halves for both Australia and Hong Kong; both markets enjoyed a strong third quarter, with Australia reaching a record high in the period, but then saw this reverse in the final quarter of the year. Overall, the Hong Kong market returned +12.2% (US$ terms) in H2, whilst the Australian market actually fell -1.2%, although much of this was due to significant weakness in the currency, with the Australian dollar down some -7% over the half. The positive returns from Hong Kong were driven by excitement in September caused by a series of announcements by the Chinese authorities suggesting a more material and coordinated stimulus programme for the Chinese economy. With China a consensus underweight for both regional and emerging markets investors, there was a scramble to reduce this in the light of what appeared to be a more credible response to the travails besetting the economy. However, lack of meaningful follow-through on these announcements in terms of detailed and serious policy saw the markets give back much of these gains through the final quarter. Sentiment further deteriorated with the re-election of Donald Trump to the US presidency given the uncertainty that this brought regarding a reignition of the trade war witnessed in his first administration. The Australian market followed a similar trajectory to Hong Kong, as stimulus efforts in China in theory would be positive for the resources sector, and this resulted in these stocks rallying hard in line alongside the Chinese market, only to roll over through the fourth quarter as expectations were dissipated. Meanwhile, inflation has remained relatively sticky in the Australian economy, which has meant that expectations for interest rate cuts in that market have continued to be pushed back, supporting the banking sector as margin pressures eased and maintaining its outperformance of the market overall.

As with the Asia Pacific region, the second half saw an initial rally in Emerging Markets, led by China in Q3 as series of announcements suggested that the authorities had recognised the need for more significant policy stimulus to support the economy; this saw the index rally +8.7% (US$ terms) in Q3, led by China which was up +23.5%. However, lack of meaningful follow through and weak data saw the market retrace some of this gain. This partial retracement weighed on the index overall in Q4, although this negative tone was compounded by weakness in the Latin American markets in particular on concerns of the introduction of possible tariffs by the incoming US administration. In addition, as expectations of rate cuts in the US were pushed back, so currencies across the EM universe came under further pressure, thus, for example, in H2 the Korean won fell -7%, the Mexican peso fell -14% and the Brazilian real fell -10%. As a consequence, the index was almost completely unchanged on the half. Bucking this generally negative trend was Taiwan, which saw a positive return of +3.8% (helped by the ongoing AI thematic), Saudi Arabia (+3.7%) and South Africa (+0.2%) – though the latter gave back much of its gains in the final quarter as the rand followed currencies elsewhere with a sharp fall against the US dollar. Of the other major markets in the universe, Korea was down -23.7%, as market heavyweight Samsung Electronics continued to disappoint on earnings, India fell -4.9% on a weak Q2 reporting season which suggested that the economy may be softer than expected, Brazil fell -13.6% as investors worried about the government's fiscal policies, and Mexico also dropped -13.6% on concerns about possible tariffs.

In fixed income markets during H1 2024, having been more hawkish than markets had expected in the first half of the year, the Fed shifted to a more dovish tone in Q3, encouraged that data was looking disinflationary as the labour market cooled. Holding rates at its meeting in late July, the Fed believed risks to its goals had moved into better balance and that, although a rate cut was viewed as plausible, most members saw September as appropriate. A weak US jobs report in August and a brief but sharp bout of weakness in risk markets (weaker earnings, concerns about the end of the yen carry trade), raised the prospect of an intra-meeting Fed rate cut, maybe by 50bp, only days after it had held rates at its July meeting. This risk-off sentiment quickly reversed, however, as the Bank of Japan said it would refrain from raising rates if markets were unstable, even with heightened tensions in the Middle East. The Fed did cut by 50bp on 18 September, its accompanying forecasts showing higher unemployment and lower inflation than previous forecasts, while it also expected a further 50bp of cuts (over two meetings) for the rest of this year, four 25bp cuts in 2025 and two more in 2026. Fed

# Investment Review (continued)

Chair Powell failed to give any economic justification for starting with a 50bp cut, but rejected the suggestion that it was playing catch up for a late start in the easing cycle. In the UK, the BoE started its policy easing cycle by cutting rates by 25bp to 5.00% at its meeting at the start of August, with a narrow 5-4 vote, although was non-committal as to the future path of rate cuts The bank held rates at its September meeting, although the 8-1 vote (1 vote for a cut) was slightly more hawkish than the 7-2 expected. Elsewhere, after holding rates in July, the ECB continued its policy loosening, cutting rates by 25bp as expected at its September meeting, even though its inflation forecasts tweaked were tweaked higher. There was no forward guidance on future policy decisions.

The Fed cut again in November, this time by 25bp, although saw less downside risks for the US economy after remarkably good recent economic performance. Markets became increasingly concerned about the risk of increased government spending in the US, no matter who won November's US Presidential election. Donald Trump's emphatic win prompted a spike in US treasury yields, given the prosect of a deteriorating fiscal position as Trump is expected to cut taxes, while his imposition of tariffs will likely boost inflation. A further 25bp rate cut to a 4.25%-4.50% range in December made a total of 100bp of policy easing in this cycle.

The first Labour budget for 14 years at the end of October was always expected to be a tax and spend affair; there was a big uplift to taxes and an even bigger increase in spending, largely targeted towards day-to-day operations. The OBR saw limited positive impact on growth and suggested a slightly higher bank rate and inflation. The BoE cut rates as expected by 25bp to 4.75% at its November meeting; updated quarterly forecasts from the bank saw both growth and inflation revised higher on the back of the additional spending announced in the budget – inflation is forecast to be above target in two years' time (2.4% vs previous 1.8%) before falling back below target in three years. BoE Governor Bailey later commented that four rate cuts in the UK in 2025 was the most likely scenario, as inflation had come down faster than thought. The BoE held rates at 4.75% as expected in December, although the dovish 6-3 vote (i.e. three voted for a cut), suggested that market rate expectations, which had slipped to just two UK rate cuts for 2025, was too pessimistic. Elsewhere, the ECB stepped up its policy easing, cutting by 25bp in October (that had not been expected a month earlier), and again at its next meeting in December (Depo rate to 3.00%), its fourth cut since June, with no forward guidance; upcoming decisions will be on a meeting-by-meeting approach and will be data dependent. The ECB views current rates as restrictive, with the neutral rate probably 1.75%-2.00%, a level which markets expect the ECB to reach by mid-2025, given the anaemic performance of the Eurozone economy.

## Outlook

It is at this time of year that pundits and strategists alike share their year-ahead market and economic outlooks. Quite obviously no-one knows what is going to happen next year. But next year seems even less predictable than usual. The reason is President Elect Trump's potential policies and the unknown global responses to them. The consensus seems to be that in the US we will see higher growth, inflation and government borrowing, which might be a problem for the Fed and the bond market. For the rest of the world, it looks like tariffs will hurt, China will continue its struggle to boost its economy amid ongoing weakness in the property sector and the UK is tightening fiscal policy.

We saw developed market central banks started normalising policy in 2024, but resilient growth and sticky inflation meant markets pared back expectations for how quickly rate cuts would be delivered, particularly in the US. Markets will be hoping that as inflation fades over the course of 2025, economic growth should recover, and central banks could provide a further boost by cutting interest rates further. Higher growth and inflation forecasts, however, have prompted FOMC members to scale back expectations of the extent of further rate cuts, the median now just two 25`bp cuts in 2025 – markets had anticipated a reduction to three cuts from the previously expected four. Mooting the possibility of reducing the pace of rate cuts, Fed Chair Powell said the Fed needs to see further progress on inflation. So, much less dovish than previously.

# Investment Review (continued)

Our strategy will remain true to our belief in thematic trends and identifying advantaged companies in a targeted, focused and active approach. We believe that short-term macro events cannot be accurately nor consistently predicted. As such, we retain a preference for longer-term structural trends and quality companies that can deliver robust, reliable and consistent growth, supported by a simple and effective government bond hedge.

Jamie Forbes-Wilson and David Shaw
31st December 2024

Source of all performance data: AXA Investment Managers, Morningstar to 31 December 2024.

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

# Portfolio Changes

## For the year ended 31 December 2024

| Major Purchases | Cost (£'000) |
|---|---|
| UK Treasury 1.75% 07/09/37 | 5,984 |
| IDEX | 5,786 |
| US Treasury 1.125% 31/10/26 | 5,428 |
| Advanced Micro Devices | 5,162 |
| Prudential | 4,268 |
| Resona | 4,215 |
| SoftBank Group | 3,829 |
| TotalEnergies | 3,747 |
| Essentra | 3,531 |
| Coats | 3,376 |
| Other purchases | 82,322 |
| Total purchases for the year | 127,648 |

| Major Sales | Proceeds (£'000) |
|---|---|
| BP | 10,134 |
| Keywords Studios | 6,837 |
| Hargreaves Lansdown | 6,626 |
| Freshpet | 6,143 |
| Starbucks | 5,880 |
| UK Treasury 0.25% 31/01/25 | 5,877 |
| Diageo | 5,576 |
| US Treasury 2.25% 15/08/46 | 5,459 |
| Tesla | 4,681 |
| 3i Group | 4,561 |
| Other sales | 141,392 |
| Total sales for the year | 203,166 |

# Managing Risks

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

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

## RISK PROFILE

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

## EQUITY RISK

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

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

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

## ESG RISK

Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-financial reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Fund, and the Fund's performance may at times be better or worse than the performance of relatable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on an ESG scoring process (as set out in the AXA Investment Managers' ESG Standards policy) or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the fund manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

ESG risk as defined, is an inherent risk to following a strategy which incorporates ESG factors. For data quality and consistency aspects, exposure is managed where possible by the use of carefully selected data providers.

## CURRENCY RISK

Assets of the 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.

The Manager aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The 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 the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the 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 the 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.

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

## EMERGING MARKETS RISK

Investment in emerging markets (countries that are transitioning towards more advanced financial and economic structures) 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 developed markets;

b. the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

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 Manager may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

This is an inherent risk for funds invested within Emerging Markets. Internal investment guidelines (such a diversification measures), scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with the Fund's investment objectives and investment policy.

## 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 greater volatility in its market value than bonds with shorter durations.

Internal investment guidelines are set if necessary to ensure interest rate risk is maintained within a range deemed suitable based on the Fund's investment objectives and investment policy. These guidelines could include measures of sensitivity to changes of interest rates.

## RISKS LINKED TO INVESTMENT IN SOVEREIGN DEBT

The Fund may invest in fixed interest securities 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 fixed interest securities 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, the Fund may suffer significant loss.

This is an inherent risk for funds invested within sovereign bonds. Internal investment guidelines, scenario testing as well as other regular monitoring seek to ensure the level of risk is aligned with the Fund's investment objectives and investment policy.

## STOCK LENDING

The Fund may participate in a stock lending programme managed by an affiliate of the Manager (acting as stock lending agent) for the purpose of lending the Fund's securities via entering into a stock lending authorisation agreement. If the Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending the Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

For Stock Lending the risks are partially mitigated by: (i) the lending agent seeking to lend only to counterparties who are considered to have a strong financial standing; (ii) the requirement to receive collateral of good quality and liquidity (the anticipated ability to sell the collateral if needed) covering the value of assets lent, and this amount being regularly reviewed to reflect any market movement in the value of assets lent and received; (iii) carrying out the transaction under legal documentation corresponding to recognised market standards; (iv) limiting the amount of lending to individual counterparties; (v) ensuring the terms of the loan allow it to be requested to be recalled at any time.

## RISK AND REWARD PROFILE

**Lower Risk** ⟵⟶ **Higher Risk**

Potentially lower reward — Potentially higher reward

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. There has been no change from prior year.

## WHY IS THIS FUND IN THIS CATEGORY?

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

## ADDITIONAL RISKS

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

Monthly monitoring is conducted, using an in-house liquidity tool, to ensure a high degree of confidence that Fund liquidity will meet the Fund's expected liquidity requirements. Any concerns indicated by the tool are analysed by the Manager's risk team who may also discuss the results with portfolio management staff, or other senior professionals within the firm, as needed, to ensure an appropriate scrutiny.

Based on the analysis, the Manager believes that the liquidity profile of the Fund is appropriate.

Counterparty risk: At any one time, the 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 Manager sets criteria around the types of eligible collateral the 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 this Prospectus for more information.

Transactions in securities that the Fund may enter into expose it to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the Fund has contracted to fulfil its responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

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

# Fund Information

## FIVE YEAR PERFORMANCE

In the five years to 31 December 2024, the price of Z Accumulation units, with net income reinvested, rose by +25.46%. The IA Mixed Investment 40-85% Shares Index (Net Return) increased by +24.06% over the same time period. During the same period, the price of Z Income units, with zero income reinvested, rose by +19.44%. (Source: AXA Investment Managers and Morningstar) (Prices in GBP).

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

| Date | AXA Global Sustainable Managed Z Acc | IA Mixed Investment 40-85% Shares NR |
|---|---|---|
| 31 Dec 2019 - 31 Dec 2020 | +9.18% | +5.50% |
| 31 Dec 2020 - 31 Dec 2021 | +9.94% | +11.10% |
| 31 Dec 2021 - 31 Dec 2022 | -15.30% | -10.07% |
| 31 Dec 2022 - 31 Dec 2023 | +12.52% | +8.10% |
| 31 Dec 2023 - 31 Dec 2024 | +9.67% | +8.88% |

Source: AXA Investment Managers & Morningstar. Basis: single price basis (NAV) with net income reinvested for Accumulation units, net of fees in GBP.

Past performance is not a guide to future performance.

## YIELD

| | |
|---|---|
| D Inc | 0.91% |
| D Acc | 0.91% |
| R Inc | 0.57% |
| R Acc | 0.57% |
| Z Inc | 1.17% |
| Z Acc | 1.17% |
| ZI Inc | 1.29% |
| ZI Acc | 1.29% |

## CHARGES

| | Initial Charge | Annual Management Charge |
|---|---|---|
| D Unit Classes | Nil | 0.90% |
| R Unit Classes | Nil | 1.25% |
| Z Unit Classes | Nil | 0.625% |
| ZI Unit Classes^ | Nil | 0.50% |

^Units in Class ZI are only available at the Manager's discretion by contractual agreement.

## ONGOING CHARGES*

| | |
|---|---|
| D Inc | 0.96% |
| D Acc | 0.96% |
| R Inc | 1.31% |
| R Acc | 1.31% |
| Z Inc | 0.69% |
| Z Acc | 0.69% |
| ZI Inc | 0.56% |
| ZI Acc | 0.56% |

*Ongoing Charges are sourced from the Fund's latest Key Investor Information Document (KIID), found here:
https://funds.axa-im.co.uk/en/individual/fund/axa-global-sustainable-managed-fund-d-accumulation-gbp/#documents

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

## UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS

The AXA Global Sustainable Managed Fund is available as a Stocks and Shares ISA through the AXA Investment Managers Stocks and Shares ISA.

## THE TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

From June 2023 the FCA has introduced requirements for Managers of UK UCITS to report annually on a broad set of climate related disclosures that can promote more informed investment decisions. The reporting includes data relating to greenhouse gas emissions, carbon emissions, carbon footprint, and weighted carbon intensity. You can find a copy of the latest TCFD report for AXA Global Sustainable Managed Fund here:
https://funds.axa-im.co.uk/en/individual/fund/axa-global-sustainable-managed-fund-d-accumulation-gbp/#documents

# Comparative Tables

| | D Inc~ | | | D Acc~ | | |
|---|---|---|---|---|---|---|
| Change in net assets per unit | 31/12/2024 (p) | 31/12/2023 (p) | 31/12/2022 (p) | 31/12/2024 (p) | 31/12/2023 (p) | 31/12/2022 (p) |
| Opening net asset value per unit† | 318.47 | 286.34 | 299.30 | 501.94 | 446.74 | 463.80 |
| Return before operating charges^ | 33.67 | 38.30 | (11.25) | 53.08 | 59.73 | (12.46) |
| Operating charges | (3.25) | (2.90) | (1.71) | (5.13) | (4.53) | (2.65) |
| Return after operating charges^ | 30.42 | 35.40 | (12.96) | 47.95 | 55.20 | (15.11) |
| Distributions | (3.16) | (3.27) | (3.02) | (4.98) | (5.08) | (1.95) |
| Retained distributions on accumulation units | - | - | - | 4.98 | 5.08 | 1.95 |
| **Closing net asset value per unit†** | **345.73** | **318.47** | **286.34** | **549.89** | **501.94** | **446.74** |
| *^after direct transaction costs of: | 0.11 | 0.09 | 0.13 | 0.17 | 0.14 | 0.20 |
| **Performance** | | | | | | |
| Return after charges | 9.55% | 12.36% | -4.33% | 9.55% | 12.36% | -3.26% |
| **Other Information** | | | | | | |
| Closing net asset value† (£'000) | 506 | 523 | 428 | 6,345 | 5,974 | 4,192 |
| Closing number of units | 146,465 | 164,122 | 149,416 | 1,153,800 | 1,190,114 | 938,295 |
| Operating charges | 0.96% | 0.96% | 0.97% | 0.96% | 0.96% | 0.97% |
| Direct transaction costs* | 0.03% | 0.03% | 0.04% | 0.03% | 0.03% | 0.04% |
| **Prices** | | | | | | |
| Highest unit price # | 358.60 | 322.50 | 311.20 | 565.20 | 503.10 | 482.20 |
| Lowest unit price # | 311.30 | 287.10 | 274.30 | 490.60 | 448.00 | 425.00 |

# Comparative Tables (Continued)

| | R Inc | | | R Acc | | |
|---|---|---|---|---|---|---|
| Change in net assets per unit | 31/12/2024 (p) | 31/12/2023 (p) | 31/12/2022 (p) | 31/12/2024 (p) | 31/12/2023 (p) | 31/12/2022 (p) |
| Opening net asset value per unit† | 318.34 | 286.33 | 342.80 | 499.13 | 445.77 | 531.19 |
| Return before operating charges^ | 33.62 | 38.29 | (51.17) | 52.71 | 59.52 | (79.29) |
| Operating charges | (4.43) | (3.99) | (3.96) | (6.94) | (6.16) | (6.13) |
| Return after operating charges^ | 29.19 | 34.30 | (55.13) | 45.77 | 53.36 | (85.42) |
| Distributions | (1.97) | (2.29) | (1.34) | (3.09) | (3.46) | (2.07) |
| Retained distributions on accumulation units | - | - | - | 3.09 | 3.46 | 2.07 |
| **Closing net asset value per unit†** | **345.56** | **318.34** | **286.33** | **544.90** | **499.13** | **445.77** |
| | | | | | | |
| *^after direct transaction costs of: | 0.10 | 0.09 | 0.13 | 0.16 | 0.14 | 0.20 |
| | | | | | | |
| Performance | | | | | | |
| Return after charges | 9.17% | 11.98% | -16.08% | 9.17% | 11.97% | -16.08% |
| | | | | | | |
| Other Information | | | | | | |
| Closing net asset value† (£'000) | 1,657 | 1,624 | 4,025 | 210,965 | 216,443 | 283,578 |
| Closing number of units | 479,417 | 510,268 | 1,405,646 | 38,716,488 | 43,364,366 | 63,615,677 |
| Operating charges | 1.31% | 1.31% | 1.32% | 1.31% | 1.31% | 1.32% |
| Direct transaction costs* | 0.03% | 0.03% | 0.04% | 0.03% | 0.03% | 0.04% |
| | | | | | | |
| Prices | | | | | | |
| Highest unit price # | 357.30 | 321.40 | 343.50 | 560.20 | 500.30 | 532.30 |
| Lowest unit price # | 311.10 | 286.30 | 273.90 | 487.80 | 445.70 | 424.40 |

# Comparative Tables (Continued)

| | Z Inc | | | Z Acc | | |
|---|---|---|---|---|---|---|
| Change in net assets per unit | 31/12/2024 (p) | 31/12/2023 (p) | 31/12/2022 (p) | 31/12/2024 (p) | 31/12/2023 (p) | 31/12/2022 (p) |
| Opening net asset value per unit† | 188.94 | 169.87 | 203.42 | 218.81 | 194.23 | 230.01 |
| Return before operating charges^ | 20.02 | 22.76 | (30.40) | 23.18 | 26.01 | (34.38) |
| Operating charges | (1.39) | (1.25) | (1.24) | (1.61) | (1.43) | (1.40) |
| Return after operating charges^ | 18.63 | 21.51 | (31.64) | 21.57 | 24.58 | (35.78) |
| Distributions | (2.43) | (2.44) | (1.91) | (2.82) | (2.79) | (2.16) |
| Retained distributions on accumulation units | - | - | - | 2.82 | 2.79 | 2.16 |
| **Closing net asset value per unit†** | **205.14** | **188.94** | **169.87** | **240.38** | **218.81** | **194.23** |
| *^after direct transaction costs of: | 0.06 | 0.05 | 0.08 | 0.07 | 0.06 | 0.09 |
| **Performance** | | | | | | |
| Return after charges | 9.86% | 12.66% | -15.55% | 9.86% | 12.66% | -15.56% |
| **Other Information** | | | | | | |
| Closing net asset value† (£'000) | 29,435 | 32,492 | 39,013 | 448,894 | 458,638 | 488,839 |
| Closing number of units | 14,348,731 | 17,196,741 | 22,967,107 | 186,744,827 | 209,607,220 | 251,683,960 |
| Operating charges | 0.69% | 0.70% | 0.69% | 0.69% | 0.70% | 0.69% |
| Direct transaction costs* | 0.03% | 0.03% | 0.04% | 0.03% | 0.03% | 0.04% |
| **Prices** | | | | | | |
| Highest unit price # | 213.30 | 191.80 | 203.90 | 247.00 | 219.30 | 230.50 |
| Lowest unit price # | 184.70 | 170.70 | 163.30 | 213.90 | 194.90 | 184.70 |

## Comparative Tables (Continued)

| Change in net assets per unit | ZI Inc 31/12/2024 (p) | ZI Inc 31/12/2023 (p) | ZI Inc 31/12/2022 (p) | ZI Acc 31/12/2024 (p) | ZI Acc 31/12/2023 (p) | ZI Acc 31/12/2022 (p) |
|---|---|---|---|---|---|---|
| Opening net asset value per unit† | 158.58 | 142.55 | 170.72 | 180.79 | 160.28 | 189.57 |
| Return before operating charges^ | 16.79 | 19.12 | (25.53) | 19.15 | 21.48 | (28.34) |
| Operating charges | (0.95) | (0.86) | (0.85) | (1.08) | (0.97) | (0.95) |
| Return after operating charges^ | 15.84 | 18.26 | (26.38) | 18.07 | 20.51 | (29.29) |
| Distributions | (2.25) | (2.23) | (1.79) | (2.57) | (2.51) | (1.99) |
| Retained distributions on accumulation units | - | - | - | 2.57 | 2.51 | 1.99 |
| **Closing net asset value per unit†** | **172.17** | **158.58** | **142.55** | **198.86** | **180.79** | **160.28** |
| *^after direct transaction costs of: | 0.05 | 0.04 | 0.06 | 0.06 | 0.05 | 0.07 |
| **Performance** | | | | | | |
| Return after charges | 9.99% | 12.81% | -15.45% | 10.00% | 12.80% | -15.45% |
| **Other Information** | | | | | | |
| Closing net asset value† (£'000) | 5,559 | 5,342 | 3,398 | 167,222 | 166,426 | 89,920 |
| Closing number of units | 3,228,841 | 3,368,563 | 2,383,560 | 84,090,837 | 92,056,055 | 56,101,062 |
| Operating charges | 0.56% | 0.57% | 0.57% | 0.56% | 0.57% | 0.57% |
| Direct transaction costs* | 0.03% | 0.03% | 0.04% | 0.03% | 0.03% | 0.04% |
| **Prices** | | | | | | |
| Highest unit price # | 179.20 | 161.20 | 171.10 | 204.30 | 181.20 | 190.00 |
| Lowest unit price # | 155.00 | 143.40 | 137.20 | 176.70 | 160.80 | 152.40 |

† 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 in the detailed expenses within the Statement of Total Return.

* Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, within the accounting year.

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

~ D unit classes launched as at 25 May 2022, figures in the table have been annualised, where appropriate.

# Portfolio Statement

The AXA Global Sustainable Managed Fund portfolio as at 31 December 2024 consisted of the following investments, which are ordinary shares unless otherwise stated.

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| | AFRICA: 0.22% (31/12/2023: 0.14%) | | |
| | South Africa/Equities: 0.22% (31/12/2023: 0.14%) | | |
| 14,300 | Capitec Bank | 1,875 | 0.22 |
| | | 1,875 | 0.22 |
| | ASIA/PACIFIC (excluding Japan): 5.86% (31/12/2023: 5.51%) | | |
| | Australia/Equities: 3.08% (31/12/2023: 2.74%) | | |
| 48,966 | CSL | 6,809 | 0.78 |
| 470,941 | Goodman Group^ | 8,288 | 0.95 |
| 67,594 | Macquarie Group | 7,415 | 0.85 |
| 948,596 | Sandfire Resources | 4,356 | 0.50 |
| | | 26,868 | 3.08 |
| | China/Equities: 0.24% (31/12/2023: 0.11%) | | |
| 75,000 | BYD | 2,052 | 0.24 |
| | | 2,052 | 0.24 |
| | Hong Kong/Equities: 1.10% (31/12/2023: 0.99%) | | |
| 700,000 | AIA Group | 4,047 | 0.46 |
| 185,000 | Hong Kong Exchanges & Clearing | 5,600 | 0.64 |
| | | 9,647 | 1.10 |
| | India/Equities: 0.00% (31/12/2023: 0.25%) | | |
| | South Korea/Equities: 0.27% (31/12/2023: 0.63%) | | |
| 81,280 | Samsung Electronics | 2,338 | 0.27 |
| | | 2,338 | 0.27 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| | Taiwan/Equities: 1.17% (31/12/2023: 0.79%) | | |
| 201,000 | Delta Electronics | 2,102 | 0.24 |
| 50,553 | Taiwan Semiconductor Manufacturing ADR | 8,073 | 0.93 |
| | | 10,175 | 1.17 |
| | EUROPE (excluding UK): 17.81% (31/12/2023: 17.63%) | | |
| | Belgium/Equities: 0.29% (31/12/2023: 0.23%) | | |
| 41,233 | KBC Group | 2,551 | 0.29 |
| | | 2,551 | 0.29 |
| | Belgium/Government Bonds: 0.08% (31/12/2023: 0.09%) | | |
| €1,000,000 | Kingdom of Belgium Government Bond 1.25% 22/04/33 | 736 | 0.08 |
| | | 736 | 0.08 |
| | Denmark/Equities: 0.73% (31/12/2023: 0.97%) | | |
| 92,000 | Novo Nordisk | 6,352 | 0.73 |
| | | 6,352 | 0.73 |
| | Finland/Equities: 0.41% (31/12/2023: 0.71%) | | |
| 476,151 | Metso | 3,557 | 0.41 |
| | | 3,557 | 0.41 |
| | France/Equities: 3.98% (31/12/2023: 4.11%) | | |
| 58,437 | Amundi | 3,117 | 0.36 |
| 96,400 | Dassault Systemes SE | 2,665 | 0.31 |
| 22,011 | EssilorLuxottica | 4,265 | 0.49 |
| 42,331 | Legrand | 3,292 | 0.38 |
| 14,189 | L'Oreal | 4,007 | 0.46 |
| 6,210 | LVMH Moet Hennessy Louis Vuitton | 3,271 | 0.38 |
| 27,500 | Publicis Group | 2,340 | 0.27 |
| 26,197 | Schneider Electric | 5,240 | 0.60 |
| 75,000 | TotalEnergies | 3,313 | 0.38 |
| 36,710 | Vinci | 3,027 | 0.35 |
| | | 34,537 | 3.98 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| | France/Government Bonds: 0.16% (31/12/2023: 0.18%) | | |
| €3,000,000 | French Republic Government Bond OAT 0.5% 25/06/44 | 1,424 | 0.16 |
| | | 1,424 | 0.16 |
| | Germany/Equities: 2.10% (31/12/2023: 1.72%) | | |
| 20,665 | Allianz | 5,071 | 0.58 |
| 142,842 | Infineon Technologies | 3,750 | 0.43 |
| 48,388 | SAP | 9,486 | 1.09 |
| | | 18,307 | 2.10 |
| | Germany/Government Bonds: 0.95% (31/12/2023: 0.98%) | | |
| €4,000,000 | Bundesobligation 0% 10/10/25 | 3,256 | 0.37 |
| €4,500,000 | Bundesrepublik Deutschland Bundesanleihe 0% 15/08/30 | 3,325 | 0.38 |
| €4,000,000 | Bundesrepublik Deutschland Bundesanleihe 0% 15/08/50 | 1,742 | 0.20 |
| | | 8,323 | 0.95 |
| | Ireland/Equities: 1.32% (31/12/2023: 1.26%) | | |
| 888 | Kerry Group (Dublin Quoted) | 68 | 0.01 |
| 56,857 | Kerry Group (London Quoted) | 4,375 | 0.50 |
| 21,188 | Linde | 7,053 | 0.81 |
| | | 11,496 | 1.32 |
| | Italy/Equities: 0.84% (31/12/2023: 0.67%) | | |
| 471,786 | Enel | 2,697 | 0.31 |
| 89,841 | Prysmian | 4,596 | 0.53 |
| | | 7,293 | 0.84 |
| | Jersey/Equities: 1.16% (31/12/2023: 0.90%) | | |
| 250,000 | Experian | 8,602 | 0.99 |
| 150,000 | JTC | 1,467 | 0.17 |
| | | 10,069 | 1.16 |
| | Netherlands/Equities: 0.66% (31/12/2023: 0.68%) | | |
| 10,242 | ASML | 5,764 | 0.66 |
| | | 5,764 | 0.66 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| | Norway/Equities: 0.23% (31/12/2023: 0.23%) | | |
| 123,852 | DNB Bank | 1,980 | 0.23 |
| | | 1,980 | 0.23 |
| | Spain/Equities: 1.34% (31/12/2023: 1.30%) | | |
| 61,266 | Amadeus IT Group | 3,461 | 0.40 |
| 98,824 | Cellnex Telecom | 2,499 | 0.29 |
| 512,433 | Iberdrola | 5,671 | 0.65 |
| | | 11,631 | 1.34 |
| | Switzerland/Equities: 3.56% (31/12/2023: 3.60%) | | |
| 74,779 | Alcon | 5,066 | 0.58 |
| 71,937 | Julius Baer Group | 3,717 | 0.43 |
| 12,481 | Lonza Group | 5,890 | 0.68 |
| 77,948 | Nestle | 5,140 | 0.59 |
| 3,525 | Partners Group | 3,819 | 0.44 |
| 18,534 | Roche | 4,169 | 0.48 |
| 16,670 | Sika | 3,168 | 0.36 |
| | | 30,969 | 3.56 |
| | JAPAN: 9.70% (31/12/2023: 9.10%) | | |
| | Japan/Equities: 8.23% (31/12/2023: 7.25%) | | |
| 62,300 | Advantest | 2,875 | 0.33 |
| 121,200 | Ajinomoto | 3,922 | 0.45 |
| 188,400 | Asahi Intecc | 2,431 | 0.28 |
| 70,600 | Daiseki | 1,273 | 0.15 |
| 108,800 | Denso | 1,207 | 0.14 |
| 108,400 | Dentsu Group | 2,070 | 0.24 |
| 10,600 | Disco | 2,272 | 0.26 |
| 57,600 | Fuji Electric | 2,471 | 0.28 |
| 167,900 | FUJIFILM | 2,786 | 0.32 |
| 204,200 | Hitachi | 4,030 | 0.46 |
| 39,900 | Hoya | 3,956 | 0.45 |
| 78,300 | Kurita Water Industries | 2,169 | 0.25 |
| 130,900 | NIDEC | 1,874 | 0.22 |
| 88,300 | Nintendo | 4,104 | 0.47 |
| 183,600 | Orix | 3,138 | 0.36 |
| 86,400 | Recruit | 4,831 | 0.55 |
| 767,200 | Resona | 4,403 | 0.51 |
| 67,600 | Secom | 1,816 | 0.21 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| 94,000 | SoftBank Group | 4,331 | 0.50 |
| 227,600 | Sompo | 4,700 | 0.54 |
| 142,300 | Sony Group | 2,404 | 0.28 |
| 21,500 | Toyota Industries | 1,388 | 0.16 |
| 191,400 | Toyota Motor | 3,020 | 0.35 |
| 113,800 | Tsumura | 2,687 | 0.31 |
| 68,200 | Yaskawa Electric | 1,391 | 0.16 |
| | | 71,549 | 8.23 |
| | Japan/Government Bonds: 1.47% (31/12/2023: 1.85%) | | |
| ¥2,544,200,000 | Japan Government Ten Year Bond 0.1% 20/09/26 | 12,836 | 1.47 |
| | | 12,836 | 1.47 |
| | NORTH AMERICA: 37.16% (31/12/2023: 32.28%) | | |
| | Cayman Islands/Equities: 0.16% (31/12/2023: 0.44%) | | |
| 1,377,000 | HKT Trust | 1,357 | 0.16 |
| | | 1,357 | 0.16 |
| | Mexico/Equities: 0.13% (31/12/2023: 0.20%) | | |
| 543,500 | Wal-Mart de Mexico | 1,131 | 0.13 |
| | | 1,131 | 0.13 |
| | United States of America/Equities: 31.34% (31/12/2023: 26.19%) | | |
| 40,600 | Advanced Micro Devices | 3,964 | 0.46 |
| 101,000 | Alphabet | 15,509 | 1.78 |
| 80,100 | Amazon.com | 14,127 | 1.62 |
| 47,500 | American Express | 11,266 | 1.29 |
| 40,777 | American Tower^ | 5,910 | 0.68 |
| 94,101 | Apple | 18,915 | 2.17 |
| 3,060 | Booking | 12,181 | 1.40 |
| 235,000 | Chipotle Mexican Grill | 11,255 | 1.29 |
| 14,500 | Costco Wholesale | 10,659 | 1.22 |
| 34,520 | Danaher | 6,323 | 0.73 |
| 106,000 | Dexcom | 6,590 | 0.76 |
| 33,969 | Ecolab | 6,348 | 0.73 |
| 94,450 | Edwards Lifesciences | 5,589 | 0.64 |
| 90,000 | Freshpet | 10,721 | 1.23 |
| 51,500 | Global Payments | 4,554 | 0.52 |
| 32,000 | IDEX | 5,324 | 0.61 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| 88,250 | Intercontinental Exchange | 10,510 | 1.21 |
| 30,700 | Intuitive Surgical | 12,899 | 1.48 |
| 45,300 | Microsoft | 15,345 | 1.76 |
| 115,000 | Planet Fitness | 9,140 | 1.05 |
| 60,760 | Progressive | 11,612 | 1.33 |
| 46,805 | QUALCOMM | 5,768 | 0.66 |
| 20,555 | Roper Technologies | 8,520 | 0.98 |
| 41,350 | Salesforce | 11,076 | 1.27 |
| 15,880 | ServiceNow | 13,509 | 1.55 |
| 55,000 | TJX | 5,311 | 0.61 |
| 58,400 | Uber Technologies | 2,830 | 0.32 |
| 43,100 | Visa | 10,842 | 1.25 |
| 31,000 | Workday | 6,472 | 0.74 |
| | | 273,069 | 31.34 |
| | United States of America/Government Bonds: 5.53% (31/12/2023: 5.45%) | | |
| $10,600,000 | US Treasury 0.875% 15/11/30 | 6,931 | 0.80 |
| $15,500,000 | US Treasury 1.125% 31/10/26 | 11,688 | 1.34 |
| $6,000,000 | US Treasury 1.375% 15/11/40 | 2,978 | 0.34 |
| $10,000,000 | US Treasury 2.25% 15/08/46 | 5,182 | 0.60 |
| $14,000,000 | US Treasury 3.375% 15/05/33 | 10,299 | 1.18 |
| $6,000,000 | US Treasury 5.375% 15/02/31 | 5,023 | 0.58 |
| $7,000,000 | US Treasury 0.125% IL 15/01/31 | 6,016 | 0.69 |
| | | 48,117 | 5.53 |
| | UNITED KINGDOM: 27.45% (31/12/2023: 32.11%) | | |
| | United Kingdom/Equities: 20.93% (31/12/2023: 25.86%) | | |
| 225,000 | 3i Group | 8,048 | 0.92 |
| 100,000 | Ashtead Group | 4,925 | 0.57 |
| 95,000 | AstraZeneca | 9,935 | 1.14 |
| 200,000 | Bellway | 4,968 | 0.57 |
| 850,000 | Ceres Power | 1,457 | 0.17 |
| 1,300,000 | Chemring Group | 4,290 | 0.49 |
| 4,250,000 | Coats | 4,003 | 0.46 |
| 2,500,000 | ConvaTec Group | 5,540 | 0.64 |
| 175,000 | Cranswick | 8,496 | 0.98 |
| 2,000,000 | Essentra | 2,640 | 0.30 |
| 1,350,000 | Forterra | 2,192 | 0.25 |
| 1,000,000 | GB Group | 3,396 | 0.39 |
| 215,000 | Genus | 3,337 | 0.38 |
| 2,250,000 | Grainger | 5,074 | 0.58 |
| 525,000 | GSK | 7,059 | 0.81 |
| 250,000 | Hill & Smith | 4,655 | 0.53 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| 650,000 | HSBC | 5,098 | 0.59 |
| 150,000 | Intermediate Capital Group | 3,087 | 0.35 |
| 4,600,000 | Just Group | 7,452 | 0.86 |
| 300,000 | Kainos | 2,421 | 0.28 |
| 2,500,000 | Legal & General Group | 5,745 | 0.66 |
| 7,750,000 | Lloyds Banking Group | 4,259 | 0.49 |
| 70,000 | London Stock Exchange Group | 7,934 | 0.91 |
| 860,536 | Marshalls | 2,513 | 0.29 |
| 645,833 | National Grid | 6,125 | 0.70 |
| 550,000 | Prudential | 3,509 | 0.40 |
| 162,538 | Raspberry PI | 1,010 | 0.12 |
| 50,000 | Reckitt Benckiser Group | 2,413 | 0.28 |
| 550,000 | Rentokil Initial | 2,185 | 0.25 |
| 750,000 | Rightmove | 4,830 | 0.55 |
| 150,000 | Rio Tinto | 7,069 | 0.81 |
| 500,000 | Safestore^ | 3,272 | 0.38 |
| 425,000 | SSE | 6,881 | 0.79 |
| 275,000 | Telecom Plus | 4,697 | 0.54 |
| 700,000 | Tesco | 2,581 | 0.30 |
| 50,000 | Unilever | 2,269 | 0.26 |
| 2,000,000 | Vodafone Group | 1,371 | 0.16 |
| 350,000 | Weir Group | 7,651 | 0.88 |
| 350,000 | WH Smith | 4,147 | 0.48 |
| 125,000 | Whitbread | 3,692 | 0.42 |
| | | 182,226 | 20.93 |
| | United Kingdom/Government Bonds: 6.52% (31/12/2023: 6.25%) | | |
| £10,000,000 | UK Treasury 0.125% IL 22/03/26 | 15,058 | 1.73 |
| £2,250,000 | UK Treasury 0.25% 31/01/25 | 2,242 | 0.26 |
| £4,000,000 | UK Treasury 0.375% 22/10/30 | 3,218 | 0.37 |
| £12,000,000 | UK Treasury 0.5% 22/10/61 | 3,361 | 0.39 |
| £2,000,000 | UK Treasury 0.625% 31/07/35 | 1,342 | 0.15 |
| £10,000,000 | UK Treasury 0.875% 31/07/33 | 7,448 | 0.86 |
| £4,000,000 | UK Treasury 1.125% 31/01/39 | 2,510 | 0.29 |
| £3,000,000 | UK Treasury 1.5% 22/07/47 | 1,578 | 0.18 |
| £11,000,000 | UK Treasury 1.5% 31/07/53 | 5,115 | 0.59 |
| £8,000,000 | UK Treasury 1.75% 07/09/37 | 5,752 | 0.66 |
| £3,000,000 | UK Treasury 1.75% 22/07/57 | 1,444 | 0.17 |
| £4,000,000 | UK Treasury 3.25% 22/01/44 | 3,118 | 0.36 |
| £5,000,000 | UK Treasury 4.25% 07/12/46 | 4,445 | 0.51 |
| | | 56,631 | 6.52 |

# Portfolio Statement (Continued)

| Holding | | Market value £'000 | Total net assets (%) |
|---|---|---|---|
| | **FORWARD CURRENCY CONTRACTS: (0.01)% (31/12/2023: (0.04%))** | | |
| | Sold EUR13,000,000 for GBP10,868,083 Settlement 04/03/2025 | 44 | - |
| | Sold JPY2,970,000,000 for GBP15,754,616 Settlement 04/03/2025 | 543 | 0.06 |
| | Sold USD63,000,000 for GBP49,654,765 Settlement 04/03/2025 | (606) | (0.07) |
| | | (19) | (0.01) |
| Investments as shown in the balance sheet | | 854,841 | 98.19 |
| Net current assets | | 15,742 | 1.81 |
| Total net assets | | 870,583 | 100.00 |

All investments held are listed, unless otherwise stated.

^ Real Estate Investment Trust (REIT).

Stocks shown as ADRs represent American Depositary Receipts.

.

# Statement of Total Return

## For the year ended 31 December

| | Notes | | 2024 | | 2023 |
|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital gains | 3 | | 72,947 | | 94,880 |
| Revenue | 4 | 17,724 | | 19,310 | |
| Expenses | 5 | (7,319) | | (7,488) | |
| Interest payable and similar charges | | (13) | | (24) | |
| Net revenue before taxation | | 10,392 | | 11,798 | |
| Taxation | 6 | (710) | | (964) | |
| Net revenue after taxation | | | 9,682 | | 10,834 |
| **Total return before distribution** | | | **82,629** | | **105,714** |
| Distribution | 7 | | (9,682) | | (10,835) |
| **Change in net assets attributable to unitholders from investment activities** | | | **72,947** | | **94,879** |

# Statement of Change in Net Assets Attributable to Unitholders

## For the year ended 31 December

| | | 2024 | | 2023 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to unitholders | | 887,462 | | 913,393 |
| Amounts receivable on creation of units | 12,790 | | 160,087 | |
| Amounts payable on cancellation of units | (111,292) | | (290,615) | |
| | | (98,502) | | (130,528) |
| Change in net assets attributable to unitholders from investment activities | | 72,947 | | 94,879 |
| Retained distribution on accumulation units | | 8,675 | | 9,717 |
| Unclaimed distribution | | 1 | | 1 |
| **Closing net assets attributable to unitholders** | | **870,583** | | **887,462** |

# Balance Sheet

## As at 31 December

| | Notes | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| ASSETS | | | |
| Fixed assets | | | |
| Investments | | 855,447 | 859,009 |
| Current assets | | | |
| Debtors | 8 | 2,165 | 5,321 |
| Cash and bank balances | 9 | 15,645 | 25,600 |
| Total assets | | 873,257 | 889,930 |
| | | | |
| LIABILITIES | | | |
| Investment liabilities | | 606 | 553 |
| Creditors | | | |
| Bank overdrafts | | - | - |
| Distribution payable | | 436 | 512 |
| Other creditors | 10 | 1,632 | 1,403 |
| Total liabilities | | 2,674 | 2,468 |
| Net assets attributable to unitholders | | 870,583 | 887,462 |

# Notes to the Financial Statements

## 1.1 Accounting policies

a) The Financial Statements have been prepared on a historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (''IMA'') in May 2014, and amended in June 2017. The Financial Statements have been prepared on a going concern basis. The Financial Statements are prepared in accordance with the Trust Deed and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

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

b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted exdividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established. Dividends from Real Estate Investment Trusts ('REITs') are recognised as distributable income when the securities are quoted ex-dividend. Interest from debt securities is recognised as revenue using the effective interest method by reference to the purchase price. Distributions from collective investment schemes are recognised when the security is quoted ex-dividend. Dividends received from US Real Estate Investment Trusts ('REITs') are recognised as revenue when the security is quoted ex-dividend. An assesment of capital/income split is performed, based on prior year dividend announcement for each security. The capital element of the dividend is reallocated to the capital of the fund. Subsequently, when the capital/income split is announced for the dividend a final assessment is performed to determine the correct distribution to unitholders.

Special dividends and share buybacks are treated as revenue or capital depending on the facts of each particular case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend should be treated as capital in nature so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends should be recognised as revenue.

The Fund receives management fee rebates on its internal collective investment scheme holdings. This management fee rebate is accrued within the Fund on a daily basis in line with the agreements held, and is recognised within the Fund as either revenue or capital, in line with where the management fee was paid from within the underlying fund.

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

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

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

# Notes to the Financial Statements (Continued)

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

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

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

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

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

k) Any income arising from stock lending is treated as revenue on an accruals basis and is disclosed in the notes to the Financial Statements net of directly attributable fees. The value of the collateral kust always exceed the value of the stock on loan. The accepted collateral includes cash, equities, certain types of bonds and money market instruments as agreed with the Depositary.

l) All bonds have a potential credit risk, in that the issuer could default on its obligations to pay income and/or capital. An issuer default would likely result in a large drop in the value of that bond. The value of a bond will also be affected by the perceived credit risk of the issuer, including changes to credit ratings and the general level of aversion to credit risk in the market.

Generally, a higher level of perceived credit risk leads to a fall in the value of the bond, and vice versa. Credit risk can be measured by ratings assigned to issuers of bonds by third party credit rating agencies. The largest credit rating agencies are Moody’s, Standard & Poor’s and Fitch Ratings. Each credit rating agency uses different designations. The highest designation (Aaa (Moody’s), AAA (Standard & Poor’s and Fitch Ratings)) are intended to represent a lower probability of default of the issuer. The credit rating agencies designate “investment grade” bonds as Baa3 or above (Moody’s) or BBB- or above (Standard & Poor’s or Fitch Ratings).

## 1.2 Distribution policy

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

b) Where special dividends are treated as revenue, they are included in the amount available for distribution. The tax accounting treatment follows the principal amount.

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

# Notes to the Financial Statements (Continued)

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

## 2 Financial instruments

The analysis and tables provided below refer to the narrative disclosure on financial instruments risks on pages 15 to 17 of the Manager's Report.

### Price risk sensitivity

At 31 December 2024, if the price of investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, the net assets would increase or decrease by £42,743,007 (2023: £42,939,144) respectively.

### Foreign currency risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 5% the resulting change in the net assets attributable to unitholders of the Fund would be a decrease of approximately £26,716,533 (2023: £24,537,725). A 5% weakening in GBP would have an equal but opposite effect.

### Interest rate risk sensitivity

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 percent increase in interest rates would have the effect of decreasing the return and the net assets by £9,804,124 (2023: £10,914,555). A one percent decrease would have the opposite effect.

# Notes to the Financial Statements (Continued)

Currency exposures

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

| 2024 | Monetary Exposure £'000 | Non Monetary exposure £'000 | Total £'000 |
|---|---|---|---|
| Australian dollar | 19 | 26,868 | 26,887 |
| Danish krone | 41 | 6,352 | 6,393 |
| Euro currency | (10,274) | 98,565 | 88,291 |
| Hong Kong dollar | - | 13,056 | 13,056 |
| Japanese yen | (13,059) | 84,382 | 71,323 |
| Mexican peso | - | 1,131 | 1,131 |
| New Taiwan dollar | 96 | 2,102 | 2,198 |
| Norwegian krone | 29 | 1,980 | 2,009 |
| South African rand | - | 1,875 | 1,875 |
| South Korean won | - | 2,338 | 2,338 |
| Swiss franc | - | 30,971 | 30,971 |
| US dollar | (48,452) | 336,311 | 287,859 |
| Total | (71,600) | 605,931 | 534,331 |

| 2023 | Monetary Exposure £'000 | Non Monetary exposure £'000 | Total £'000 |
|---|---|---|---|
| Australian Dollar | 21 | 24,252 | 24,273 |
| Danish Krone | 33 | 8,611 | 8,644 |
| Euro | (10,792) | 99,115 | 88,323 |
| Hong Kong Dollar | 2 | 13,025 | 13,027 |
| Japanese Yen | (16,512) | 80,784 | 64,272 |
| Mexican Peso | - | 1,797 | 1,797 |
| New Taiwan Dollar | 41 | 2,938 | 2,979 |
| Norwegian Krone | 16 | 2,061 | 2,077 |
| South African Rand | - | 1,243 | 1,243 |
| South Korean Won | - | 5,577 | 5,577 |
| Swiss Franc | 2 | 31,985 | 31,987 |
| US Dollar | (47,868) | 294,423 | 246,555 |
| Total | (75,057) | 565,811 | 490,754 |

# Notes to the Financial Statements (Continued)

Interest rate risk profile of financial assets and financial liabilities
The interest rate risk profile of the Fund's financial assets as at the balance sheet date was:

| Currency | Floating Rate financial assets £'000 | Fixed Rate financial assets £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|---|---|---|---|---|
| 2024 | | | | |
| Pound Sterling | 11,872 | 56,630 | 193,541 | 262,043 |
| Australian dollar | - | - | 26,887 | 26,887 |
| Danish krone | - | - | 6,393 | 6,393 |
| Euro currency | 154 | 10,483 | 88,522 | 99,159 |
| Hong Kong dollar | - | - | 13,056 | 13,056 |
| Japanese yen | 2,114 | 12,836 | 72,128 | 87,078 |
| Mexican peso | - | - | 1,131 | 1,131 |
| New Taiwan dollar | 96 | - | 2,102 | 2,198 |
| Norwegian krone | - | - | 2,009 | 2,009 |
| South African rand | - | - | 1,875 | 1,875 |
| South Korean won | - | - | 2,338 | 2,338 |
| Swiss franc | - | - | 30,971 | 30,971 |
| US dollar | 1,408 | 48,117 | 288,594 | 338,119 |
| | 15,644 | 128,066 | 729,547 | 873,257 |
| 2023 | | | | |
| Sterling | 24,654 | 55,522 | 318,446 | 398,622 |
| Australian Dollar | - | - | 24,273 | 24,273 |
| Danish Krone | - | - | 8,644 | 8,644 |
| Euro | 249 | 11,110 | 88,286 | 99,645 |
| Hong Kong Dollar | - | - | 13,027 | 13,027 |
| Japanese Yen | 40 | 16,443 | 64,401 | 80,884 |
| Mexican Peso | - | - | 1,797 | 1,797 |
| New Taiwan Dollar | 41 | - | 2,938 | 2,979 |
| Norwegian Krone | - | - | 2,077 | 2,077 |
| South African Rand | - | - | 1,243 | 1,243 |
| South Korean Won | - | - | 5,577 | 5,577 |
| Swiss Franc | - | - | 31,987 | 31,987 |
| US Dollar | 516 | 48,346 | 246,717 | 295,579 |
| | 25,500 | 131,421 | 809,413 | 966,334 |

# Notes to the Financial Statements (Continued)

The interest rate risk profile of the Fund's financial liabilities as at the balance sheet date was:

| Currency | Floating Rate financial liabilities | Fixed Rate financial liabilities | Financial liabilities not carrying interest | Total |
|---|---|---|---|---|
| 2024 | £'000 | £'000 | £'000 | £'000 |
| Sterling | - | - | (2,068) | (2,068) |
| US Dollar | - | - | (606) | (606) |
| | - | - | (2,674) | (2,674) |
| 2023 | | | | |
| Sterling | - | - | (1,916) | (1,916) |
| Euro | - | - | (11,322) | (11,322) |
| Japanese Yen | - | - | (16,611) | (16,611) |
| US Dollar | - | - | (49,023) | (49,023) |
| | - | - | (78,872) | (78,872) |

## 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. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The Manager 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 the Fund.

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

All transactions in the Fund are conducted through counterparties approved by the Manager.

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

| Credit Rating | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | Market Value £'000s | % | Market Value £'000s | % |
| Total bonds BBB- credit rating and above | 128,067 | 14.71 | 131,421 | 14.80 |
| Total bonds below BBB- credit rating | - | - | - | - |
| Total bonds non-rated | - | - | - | - |
| **Total value of bonds** | **128,067** | **14.71** | **131,421** | **14.80** |
| | | | | |
| Bonds | 128,067 | 14.71 | 131,421 | 14.80 |
| Derivatives | (19) | (0.01) | (327) | (0.04) |
| Equities | 726,793 | 83.49 | 727,362 | 81.97 |
| **Total value of** | **854,841** | **98.19** | **858,456** | **96.73** |

# Notes to the Financial Statements (Continued)

## 3 Net capital gains

The net gains during the year comprise:

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Gains on non-derivative securities | 71,146 | 88,800 |
| (Losses)/gains on foreign currency exchange | (33) | 395 |
| Forward currency contracts | 1,834 | 5,677 |
| Transaction charges | - | 1 |
| US REIT | - | 7 |
| Net capital gains | 72,947 | 94,880 |

## 4 Revenue

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| UK dividends | 6,099 | 7,234 |
| REIT dividends | 436 | 440 |
| Overseas dividends | 6,805 | 8,056 |
| Interest on debt securities | 3,637 | 2,776 |
| Bank interest | 702 | 834 |
| Stock lending income | 45 | 1 |
| Rebates received from underlying funds | - | (31) |
| Total revenue | 17,724 | 19,310 |

## 5 Expenses

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Payable to the Manager | | |
| Annual management charge | 6,762 | 6,959 |
| Registrar's fees | 536 | 537 |
| | 7,298 | 7,496 |
| Other expenses | | |
| Audit fee* | 11 | 9 |
| Safe custody charges | (10) | (38) |
| Trustee's fees | 19 | 19 |
| Issuance fee | - | 1 |
| Notary Fee | 1 | 1 |
| | 21 | (8) |
| Total expenses | 7,319 | 7,488 |

Expenses include irrecoverable VAT where applicable.

* Audit fees for the financial year ending 2024 were £8,900 (2023: £7,190) (excluding VAT).

# Notes to the Financial Statements (Continued)

## 6 Taxation

a) Analysis of tax in the year:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Irrecoverable overseas tax | 710 | 963 |
| Tax on US REITs in capital | - | 1 |
| **Total tax for the year (see note 6b)** | **710** | **964** |

b) **Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%) (2023: 20%).

The differences are explained below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Net revenue before taxation | 10,392 | 11,798 |
| Corporation tax at 20% | 2,078 | 2,360 |
| Effects of: | | |
| Capital income subject to taxation | - | 1 |
| Irrecoverable overseas tax | 710 | 963 |
| Movement in excess management expenses | 714 | 724 |
| Non taxable overseas dividends | (1,437) | (1,618) |
| Tax on US REITs in capital | - | 1 |
| Revenue not subject to taxation | (1,233) | (1,455) |
| Overseas tax expensed | (7) | (7) |
| Excess management expenses adjustment in respect of prior years | (115) | (5) |
| Total effects | (1,368) | (1,396) |
| **Total tax charge for the year (see note 6a)** | **710** | **964** |

Authorised unit trusts are exempt from tax on capital gains.

c) **Deferred taxation:**

There is no provision required for deferred taxation at the Balance sheet date (2023: nil).

d) **Factors that may affect future tax charges:**

At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £16,296,952 (2023: £15,583,411) relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

# Notes to the Financial Statements (Continued)

## 7 Distributions

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Final | 9,111 | 10,229 |
| Add: Income deducted on cancellation of units | 633 | 1,093 |
| Deduct: Income received on creation of units | (62) | (487) |
| **Net distribution for the year** | **9,682** | **10,835** |
| | | |
| **Reconciliation to net revenue after taxation:** | | |
| Net distribution for the year | 9,682 | 10,835 |
| Tax on US REITs in capital | - | (1) |
| **Net revenue after taxation** | **9,682** | **10,834** |

## 8 Debtors

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Sales awaiting settlement | - | 1,950 |
| Amounts receivable on creation of units | 464 | 1,288 |
| Accrued revenue | 1,276 | 1,758 |
| Overseas tax recoverable | 425 | 325 |
| **Total debtors** | **2,165** | **5,321** |

## 9 Cash and bank balances

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Cash and bank balances | 15,645 | 25,600 |
| **Total cash and bank balances** | **15,645** | **25,600** |

## 10 Other creditors

| | | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| Amounts payable on cancellation of units | | 982 | 781 |
| Accrued expenses | - Manager | 586 | 523 |
| | - Other | 64 | 99 |
| **Total other creditors** | | **1,632** | **1,403** |

# Notes to the Financial Statements (Continued)

## 11 Unitholders' funds

The Fund currently has eight unit classes in issue.

| | D Inc | D Acc | R Inc | R Acc |
|---|---|---|---|---|
| Opening units in issue | 164,122 | 1,190,114 | 510,268 | 43,364,366 |
| Units issued | - | 17,406 | 167 | 837,103 |
| Units cancelled | (17,657) | (53,720) | (31,018) | (5,484,981) |
| Unit conversions | - | - | - | - |
| Closing units in issue | 146,465 | 1,153,800 | 479,417 | 38,716,488 |

| | Z Inc | Z Acc | ZI Inc | ZI Acc |
|---|---|---|---|---|
| Opening units in issue | 17,196,741 | 209,607,220 | 3,368,563 | 92,056,055 |
| Units issued | 623,264 | 1,784,533 | 257,200 | 691,609 |
| Units cancelled | (3,471,274) | (24,646,926) | (396,922) | (8,656,827) |
| Unit conversions | - | - | - | - |
| Closing units in issue | 14,348,731 | 186,744,827 | 3,228,841 | 84,090,837 |

## 12 Related parties

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

At 31 December 2024, there were no unitholders that hold more than 50% of units in the Fund. Other than disclosed elsewhere in the Financial Statements, there were no transactions between the Fund and related parties during the year.

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

# Notes to the Financial Statements (Continued)

## 13 Portfolio transaction costs

2024

| Analysis of purchases | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|---|---|---|---|---|---|---|
| Equity | 92,692 | 35 | 0.04 | 167 | 0.18 | 92,894 |
| Debt Instruments | 25,554 | - | - | - | - | 25,554 |
| Total | 118,246 | 35 | | 167 | | 118,448 |

2024

| Analysis of sales | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|---|---|---|---|---|---|---|
| Equity | 170,447 | (66) | (0.04) | (9) | (0.01) | 170,372 |
| Debt Instruments | 23,494 | - | - | - | - | 23,494 |
| Total | 193,941 | (66) | | (9) | | 193,866 |

2023

| Analysis of purchases | Net purchase cost £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total purchase cost £'000 |
|---|---|---|---|---|---|---|
| Debt Instruments | 59,263 | - | - | - | - | 59,263 |
| Equity | 84,323 | 30 | 0.04 | 158 | 0.19 | 84,511 |
| Total | 143,586 | 30 | | 158 | | 143,774 |

2023

| Analysis of sales | Net sale proceeds £'000 | Commissions paid £'000 | % | Taxes £'000 | % | Total sale proceeds £'000 |
|---|---|---|---|---|---|---|
| Debt Instruments | 53,574 | - | - | - | - | 53,574 |
| Equity | 190,817 | (67) | (0.04) | (6) | - | 190,744 |
| Total | 244,391 | (67) | | (6) | | 244,318 |

| | |
|---|---|
| Commission as a % of average net assets | 0.01% (2023: 0.01%) |
| Taxes as a % of average net assets | 0.02% (2023: 0.02%) |

Portfolio dealing spread

The average portfolio dealing spread as at the year end was 0.14% (2023: 0.10%).

# Notes to the Financial Statements (Continued)

## 14 Stock Lending

The Fund enters into stock lending arrangements with various counterparties. At the balance sheet date the bid value of securities on loan was £1,415,877 (2023: £5,432,395). The value of collateral held in respect of securities on loan was £1,486,744 (2023: £5,959,239).

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Value of stock on loan £'000 | Cash collateral £'000 | Value of stock on loan £'000 | Cash collateral £'000 |
| **Counterparty** | | | | |
| Goldman Sachs | 1,416 | - | - | - |
| United States of America | - | 1,487 | - | - |
| Macquarie Bank | - | - | 5,432 | - |
| Altria Group | - | - | - | 379 |
| Royal Caribbean Cruises | - | - | - | 379 |
| Cisco Systems | - | - | - | 379 |
| Hologic | - | - | - | 379 |
| EQT | - | - | - | 379 |
| General Dynamics | - | - | - | 379 |
| The Clorox | - | - | - | 379 |
| Elevance Health | - | - | - | 379 |
| Freeport-Mcmoran | - | - | - | 379 |
| Lockheed Martin | - | - | - | 379 |
| Other | - | - | - | 2,169 |
| **Total** | 1,416 | 1,487 | 5,432 | 5,959 |

| Collateral held | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Equities | 1,487 | 5,959 |
| **Total** | 1,487 | 5,959 |

# Notes to the Financial Statements (Continued)

## 15 Fair value disclosure

| | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Valuation technique | | | | |
| Level 1^ | 854,860 | - | 858,008 | - |
| Level 2^^ | 587 | (606) | 1,001 | (553) |
| Level 3^^^ | - | - | - | - |
| Total | 855,447 | (606) | 859,009 | (553) |

^ 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.

## 16 Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2023: none).

## 17 Post balance sheet events

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

# Distribution Tables

## For the year ended 31 December 2024

| | | Net revenue | Equalisation | Distribution payable/paid Current year | Prior year |
|---|---|---|---|---|---|
| **D Inc** | | | | | |
| Final | Group 1 | 3.163 | - | 3.163 | 3.265 |
| | Group 2 | 3.163 | - | 3.163 | 3.265 |
| **D Acc** | | | | | |
| Final | Group 1 | 4.984 | - | 4.984 | 5.081 |
| | Group 2 | 2.986 | 1.998 | 4.984 | 5.081 |
| **R Inc** | | | | | |
| Final | Group 1 | 1.969 | - | 1.969 | 2.289 |
| | Group 2 | 1.191 | 0.778 | 1.969 | 2.289 |
| **R Acc** | | | | | |
| Final | Group 1 | 3.090 | - | 3.090 | 3.463 |
| | Group 2 | 1.247 | 1.843 | 3.090 | 3.463 |
| **Z Inc** | | | | | |
| Final | Group 1 | 2.431 | - | 2.431 | 2.442 |
| | Group 2 | 1.244 | 1.187 | 2.431 | 2.442 |
| **Z Acc** | | | | | |
| Final | Group 1 | 2.816 | - | 2.816 | 2.790 |
| | Group 2 | 1.395 | 1.421 | 2.816 | 2.790 |
| **ZI Inc** | | | | | |
| Final | Group 1 | 2.255 | - | 2.255 | 2.228 |
| | Group 2 | 1.454 | 0.801 | 2.255 | 2.228 |
| **ZI Acc** | | | | | |
| Final | Group 1 | 2.571 | - | 2.571 | 2.506 |
| | Group 2 | 1.203 | 1.368 | 2.571 | 2.506 |

(All figures shown in pence per unit)

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

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

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

| | Group 2 units from | to | Group 1 & 2 units paid/transferred |
|---|---|---|---|
| Final | 01.01.24 | 31.12.24 | 28.02.25 |

## DIRECTORS' APPROVAL

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

| | |
|---|---|
| DocuSigned by: | Signé par : |
| Ouajnat Karim | Marion Le Morhedec |
| 9E9710AA503D457... | 5A850D8B42FD433... |
| Ouajnat Karim | Marion Le Morhedec |
| Director | Director |
| Wednesday 9th April 2025 | Wednesday 9th April 2025 |

# Statement of Manager's Responsibilities

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

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

In preparing the accounts the Manager is required to:

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

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

# Report of the Trustee

## STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF AXA GLOBAL SUSTAINABLE MANAGED FUND OF THE AXA FRAMLINGTON RANGE OF AUTHORISED UNIT TRUST SCHEMES ("THE TRUST") FOR THE YEAR END 31ST DECEMBER 2024.

The Depositary in its capacity as Trustee of AXA Global Sustainable Managed Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together"the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

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

The Depositary must ensure that:

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

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

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

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

Trustee
HSBC Global Trustee & Fiduciary Services (UK)
Wednesday 9th April 2025

# Report of the Independent Auditor

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF AXA GLOBAL SUSTAINABLE MANAGED FUND.

### OPINION

We have audited the financial statements of AXA Global Sustainable Managed Fund for the year ended 31 December 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2024 and of the net revenue and net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period which is 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

### OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our audit report thereon. The Manager is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY (THE "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and

- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and

- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

## RESPONSIBILITIES OF THE MANAGER

As explained more fully in the Manager's responsibilities statement set out on page 51, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.

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

- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification for a sample of special dividends as either a capital or revenue return.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.

- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

## USE OF OUR REPORT

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
Wednesday 9th April 2025

Signed by:
Ernst & Young LLP
8BCD9C037DF8424...

# Further Information (Unaudited)

## REMUNERATION POLICY OF THE MANAGER

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

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

AXA IM provides both fixed and variable remuneration. An employee's fixed remuneration is structured to reward organizational responsibility, professional experience and the individual's capability to perform the duties of the role. Variable remuneration is based on performance and may be awarded annually on both a non-deferred and, for certain employees, a deferred basis. Non-deferred variable remuneration may be awarded in cash or, where appropriate and subject to local laws and regulation, in instruments linked to the performance of AXA IM Funds. Deferred remuneration is awarded through various instruments structured to reward medium and long-term value creation for clients and AXA IM and long-term value creation for the AXA Group. AXA IM ensures appropriate balances between fixed and variable remuneration and deferred and non-deferred remuneration.

Details of the up-to-date Global Remuneration Policy are published online at https://www.axa-im.com/remuneration. This includes the description of how remuneration and benefits are awarded for employees, and further information on the AXA IM remuneration committee. A paper copy of the up-to-date Global Remuneration Policy is also available from the Manager free of charge upon request.

In line with the requirements of the Undertakings for Collective Investments in Transferable Securities (UCITS) V, AXA Investment Managers UK Limited is required to make quantitative disclosures of remuneration. These disclosures are made in line with the currently available guidance on quantitative remuneration disclosures. The amounts shown below reflect payments made in respect of the financial year 1 January 2024 to 31 December 2024:

| Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2024 (1) | |
|---|---|
| Fixed Pay (1) (2) (3) ('000 GBP) | 262,827 |
| Variable Pay (4) ('000 GBP) | 161,439 |
| Number of employees (5) | 2,944 |

(1) Excluding social charges.
(2) Fixed Pay amount is based on based on Staff list as of 31/12/2024.
(3) Fixed Pay amount is based on based FTE 1.
(4) 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 "DIP" paid over the financial year under review,
- and long-term incentives set up by the AXA Group. For shares, in this reporting are included the shares that have effectively vested over the financial year under review
- special awards paid during the year

(5) Number of employees includes Permanent and Temporary contracts excluding internships, VIE, apprentices and contractors (based on Staff list as of 31/12/2024).

# Further Information (continued)

Remuneration to Identified Employee:

| Aggregate amount of compensation paid and / or allocated to risk takers and senior management whose activities have a significant impact on the risk profile of investment vehicles | | | |
|---|---|---|---|
| | Risk Takers | Senior Management | Total |
| Fixed Pay and Variable Remuneration (£'000) | 85,026 | 57,145 | 142,171 |
| Number of employees | 294 | 101 | 395 |

UK Identified Employee Remuneration:

| Weighted amount of compensation paid and / or allocated to UK based risk takers and senior management whose activities have a significant impact on the risk profile of all investment vehicles where AXA IM UK act as Authorised Fund Manager or Alternative Investment Fund Manager | | | |
|---|---|---|---|
| | Risk Takers | Senior Management | Total |
| Fixed Pay and Variable Remuneration (£'000) | 1,877 | 1,262 | 3,139 |
| Number of employees | 69 | 11 | 80 |

## THE SECURITIES FINANCING TRANSACTIONS REGULATION

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps will be required on all reports & accounts published after 13 January 2017. During the year to 31 December 2024 and at the balance sheet date, the Fund did use SFTs or total return swaps. As such please see below disclosure.

## SECURITIES FINANCING TRANSACTIONS (SFTs)

### For the year ended 15 January 2024

### 1 Global Data

| Proportion of securities and commodities on loan | £'000 | % |
|---|---|---|
| Total lendable assets excluding cash and cash equivalents: | 617,060 | |
| Securities and commodities on loan | 1,416 | 0.23 |

| Assets engaged in SFTs and total return swaps | £'000 | % |
|---|---|---|
| Fund assets under management (AUM) | 856,039 | |
| Absolute value of assets engaged in: | | |
| Securities lending | 1,416 | 0.17 |

# Further Information (continued)

## 2 Concentration Data

| Top 10 Collateral Issuers | |
|---|---|
| Name and value of collateral and commodities received | £'000 |
| United States of America | 1,487 |

| Top 10 Counterparties | |
|---|---|
| Name and value of outstanding transactions<br>Securities lending | £'000 |
| Goldman Sachs | 1,416 |

## 3 Aggregate transaction data

Type, Quality and Currency of Collateral

| Type | Quality | Currencies |
|---|---|---|
| Securities lending | | |
| Bonds | IG | USD |

Maturity Tenor of Collateral (remaining period to maturity)

| Type | Less than one day £'000 | One day to one week £'000 | One week to one month £'000 | One to three months £'000 | Three months to one year £'000 | Above one year £'000 | Open maturity £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| Securities lending | - | - | - | - | - | 1,487 | | 1,487 |
| | - | - | - | - | - | 1,487 | | 1,487 |

Counterparty details

| Type | Countries of counterparty establishment | Settlement and clearing |
|---|---|---|
| Securities lending | GB | Bilateral, Triparty |

Maturity Tenor of SFTs and Total Return Swaps (remaining period to maturity)

| Type | Less than one day £'000 | One day to one week £'000 | One week to one month £'000 | One to three months £'000 | Three months to one year £'000 | Above one year £'000 | Open transactions £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| Securities lending | - | - | - | - | - | - | 1,416 | 1,416 |
| | - | - | - | - | - | - | 1,416 | 1,416 |

## 4 Re-use of Collateral

| Re-use of collateral received | % |
|---|---|
| Maximum allowable cash collateral re-use | 100.00 |

# Further Information (continued)

### 5 Safekeeping of Collateral Received

| Names and value of custodians safekeeping collateral | £'000 |
|---|---|
| HSBC Bank | 1,487 |

| | |
|---|---|
| Number of custodians safekeeping collateral | 1 |

### 6 Safekeeping of Collateral Granted

| Proportion of collateral held in: | % |
|---|---|
| Segregated accounts | 100.00 |

### 7 Return and Cost

| | Collective Investment £ | Manager of Collective £ | Third Parties £ | Total £ |
|---|---|---|---|---|
| Securities lending | | | | |
| Gross return | 40,999.24 | 0.00 | 13,666.41 | 54,665.65 |
| % of total gross return | 75.00% | 0.00% | 25.00% | 100.00% |
| Cost | 0.00 | 0.00 | 0.00 | 0.00 |

## VALUE ASSESSMENT

It is our duty as Authorised Fund Manager ("AFM") to act in the best interests of our investors. As part of fulfilling this duty, we need to consider whether the charges taken from our Funds are justified in the context of the overall service and value that we provide to our investors.

The FCA have introduced new rules requiring the Boards of AFMs to consider robustly and in detail whether they are delivering value for money to their investors and to explain the assessment annually in a Value Statement made available to the public.

The Value Statement report is available on the AXA IM website: https://retail.axa-im.co.uk/fund-centre

# Directory

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

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

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

Trustee
HSBC Global Trustee & Fiduciary Services (UK)
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.

Fund Accounting Administrator
State Street Bank & Trust Company
20 Churchill Place
London, E14 5HJ
Authorised and regulated by the Financial Conduct Authority.

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

Auditor
Ernst & Young LLP
Atria One, 144 Morrison Street
Edinburgh, EH3 8EX

Dealing and Correspondence
PO Box 10908
Chelmsford, CM99 2UT

Telephone Dealing & Enquiries 0345 777 5511
If you are calling from outside the UK, please call +44 1268 448667
Our lines are open Monday to Friday between 9am and 5:30pm
As part of our commitment to quality service, telephone calls are recorded.