

**Annual Long Report and Audited Financial Statements**  
**Year ended**  
**15 September 2022**

## **AXA Framlington UK Select Opportunities Fund**



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

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\* 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**

The aim of AXA Framlington UK Select Opportunities Fund (“the Fund”) is to provide long-term capital growth.

The Fund has at least 70% of its investments in shares of companies domiciled, incorporated or having significant business in the UK which the Manager believes will provide above-average returns. The Fund invests in companies of any size. The Manager selects shares based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth.

The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration the FTSE All Share index. The FTSE All Share index is designed to measure the performance of all eligible companies listed on the London Stock Exchange. This index best represents a core component of the Managers' investment universe.

This Fund is actively managed in reference to the FTSE All Share index, which may be used by investors to compare the Fund's performance.

## **Important Events During the Year**

The Russian invasion of Ukraine launched on 24 February 2022 has been negative for the global economy primarily as a result of the disruption it has caused in the supply of energy and other commodities. Inflation had already arisen as a concern following supply issues related to COVID and energy price hikes resulting from the conflict have worsened the situation. This, and the continuing geopolitical uncertainties raised by the war have led to high levels of market volatility. Bond yields have risen in anticipation of interest rate hikes, credit spreads have increased and there have been pronounced swings in equity prices as investors digest how the unpredictable news flow affects company earnings and countries' projected growth rates.

### **CHANGE OF TRUSTEE**

Please note that since 24th September 2021, the Trustee of the Framlington Unit Trust range changed from NatWest Trustee & Depositary Services to HSBC Global Trustee & Fiduciary Services (UK).

## Investment Review

Over the reporting period the Fund declined by -13.11% (Z class net of fees) versus a rise of 2.17% for the Fund's comparative index (FTSE All-Share) in a year driven by macroeconomic and geopolitical upheaval. As a result of this unprecedented period, over 3 years the Fund has reduced 0.45%, versus a rise of 9.01% in the Fund's comparative index.

The Fund's investment philosophy and process remains unaltered. We continue to meet numerous company management teams, looking for those businesses that are exhibiting an ability to grow and compound their profitability and cash flows, are well managed, and have sufficient balance sheet strength to support that growth.

Investment horizons currently appear compressed and markets are being overwhelmed by both macroeconomic and geopolitical events, rather than reflective of company specific fundamentals. Although this is a chastening environment in which to invest, we believe that increasing opportunities are presenting themselves, evidenced by the ongoing incidence of corporate takeovers. Market volatility is a fact of life but so are long term real returns. "Stocks over the long run have returned an average 5.5 to 7.0 percent per year (after inflation) since about 1800," - Jeremy Siegal, professor at the Wharton School of the University of Pennsylvania. John Pierpont (J.P.) Morgan famously answered, when asked in the early 1900s how the stock market would perform, that "It will fluctuate." It has, it is, and it will.

The immediate and direct ravages of COVID-19 on human life and behaviour subsided over the reporting period, although the impact on the unhindered flow of labour, capital and goods continues to be affected. As the COVID-19 'pig has moved through the python', the most tangible symptom of the distorting legacy of closing global economies and then reopening them in quick succession has been inflation. COVID-19-induced inflation has been turbo charged in certain areas by Russia's 'Special Military Operations' in Ukraine. This war, and the Western response, has resulted in the weaponisation of energy supplies (gas), causing a material spike in the cost of wholesale gas as well as causing a harmful acceleration in food price inflation. Inflation has consistently surprised on the upside and central banks, particularly the US Federal Reserve (Fed), are messaging that they will not stop raising rates until inflation is under control. Excessive demand over supply will reduce as monetary conditions tighten; central banks are determined that this should happen and if a recession is the outcome, then so be it.

Rising, 'sticky' inflation has resulted in rising rates along the yield curve. At the time of writing, 10-year Treasuries are yielding circa 4.3% versus a low of circa 50 basis points in April 2020, and UK 10-year Gilts are yielding circa 4.1% versus a low of circa 10 basis points in July 2020. The capital losses in these 'risk free' investments have been truly breathtaking. Consequently, bank lending rates to both businesses and consumers are rising and listed equity values are responding, with property, housebuilding and consumer discretionary stocks falling materially over the reporting period. Our focus on balance sheet strength remains core to our investment philosophy. Equity holders are the least preferred creditors, and we continue to believe that investing in companies that are appropriately financed is crucial to ensure that management teams are making decisions and allocating capital with the equity holders at front and centre of their minds, rather than having their hand forced by the preferred ranking of the debt holders. The 30-year mortgage rate in the US has recently moved up to 6.94%, its highest level since 2002. In early 2021 it hit an all-time low of 2.65%. It is not the absolute cost of debt held by governments, corporates and individuals that is necessarily the issue; it is the quantum and speed of the rise. With such a rapid change in the cost of capital, historical misallocations will soon come home to roost. Take note private equity!

Top Ten Holdings as at 15 September 2022		%
<b>Diageo</b>		5.40
<i>Consumer Staples</i>		
<b>AstraZeneca</b>		5.34
<i>Health Care</i>		
<b>Reckitt Benckiser</b>		4.04
<i>Consumer Staples</i>		
<b>Shell</b>		3.86
<i>Energy</i>		
<b>London Stock Exchange</b>		3.50
<i>Financials</i>		
<b>GSK</b>		3.49
<i>Health Care</i>		
<b>BP</b>		3.36
<i>Energy</i>		
<b>Rentokil Initial</b>		3.30
<i>Industrials</i>		
<b>Experian</b>		3.26
<i>Industrials</i>		
<b>iEnergizer</b>		3.24
<i>Industrials</i>		

## Investment Review (continued)

“The lesson is clear. Inflation devalues us all,” - Margaret Thatcher.

Much of the narrative has focussed on rising goods inflation, however there is growing evidence that this is now set to reduce. From the post COVID-19 peak, lumber is down circa -60%, copper -35%, oil -35%, iron ore -65%, DRAM -45% and Baltic freight rates -75%. The collapse in shipping rates from China to the US from the post COVID-19 peak is of particular note, implying an increasing balance between supply and demand of goods globally.

Inflationary pressures and the resulting increases in the cost of debt have had a profound effect on both bond and equity markets. Equities have suffered a material derating, particularly those companies deemed to be ‘long duration’. In contrast ‘old economy’ value stocks which are typically more cyclical, more capital intensive, subject to tightening or unpredictable regulation and more environmentally harmful, have outperformed. For example, rising commodity prices have boosted the earnings of oil and mining companies, rising yield curves have helped the net interest margins of banks and rising economic risks have helped regulated utilities to outperform. These are sectors that collectively the Fund has been less exposed to (versus its benchmark) since inception and this has impacted performance over the reporting period. In contrast, sectors exposed detrimentally to rising interest rates such as consumer discretionary, real estate, house builders and technology (increased discount rates) have underperformed. The delta in performance is eye watering. For example, over the 12 months to 30 September 2022, the energy sector in the UK is up +37%, basic materials +10% and utilities +5%, whereas real estate is down -28%, consumer discretionary -25% and industrials -18%.

Given the significant weightings of oil and gas, materials, banks, utilities and tobacco in the FTSE All Share versus other domestic UK indices and global indices, this has resulted in the largest dispersion between the performance of the FTSE 100 (+1%) and the FTSE 250 (Ex Investment Trusts -27%) on record (Year ended 30/09/22). The Fund remains underweight the largest constituents in the FTSE All Share and this has been detrimental to performance over the reporting period.

From a ‘stylistic’ perspective, companies with low levels of debt, low earnings variability and a high return on equity have significantly underperformed the wider stock market. These are qualities that we seek and believe that they are the key to the real returns that equities offer over the long term.

Although inflation appears to be subsiding from a goods perspective, inflation in services appears to be more persistent. If evidence emerges that this is peaking, it is logical to assume that central bank rhetoric will change, giving those stocks which have suffered a dramatic derating (despite no erosion to their long term competitive positions) a chance to outperform, and provide real returns to shareholders once again. Services inflation, wage inflation and levels of employment are backward looking and have not supported an impending fall in inflation. However, there are data points that suggest things may be changing. For example, the US Zillow house price index has started to decline, suggesting that in 6-9 months US rental rates will start to fall (note that ‘owners’ equivalent rent’ makes up one third of US Consumer Price Index). Additionally, when speaking to UK companies, the message we are increasingly hearing is that staff churn has dropped, hiring freezes are being enacted in anticipation of a slowing economy and management teams are planning for contracting capacity. Wage inflation endures, and it remains to be seen whether the balance of power moves demonstrably from the employee to the employer as the economy slows. Recession is likely to lie ahead, the depth and length of which we cannot possibly know. However, until inflation has peaked and interest rates have done likewise, equities are unlikely to make sustainable headway.

The corollary of the above is valuation. The UK FTSE 250 index, for example, is now trading on a forward price earnings ratio of 9.7X versus a long-term ratio of 14.1X, suggesting that the stock market is pricing in a circa 30% fall in earnings. It is impossible to know what the short-term performance of the stock market will be but a low starting valuation, where both strong and weak franchises have been punished commensurately is a good place to start for a long term, fundamental, unemotional stock picker.

“The Chimp is an emotional machine that thinks independently from us. It is not good or bad, it is just a chimp,” - Prof Steve Peters, The Chimp Paradox. It is time to lock your chimp away and favour long-term rationality.

Over the past six months of the reporting period, stock market volatility has been used to add and reduce holdings. In addition, in response to the profound economic impact of both COVID-19 and particularly the war in Ukraine, we exited

## Investment Review (continued)

several holdings including Trifast, On The Beach, Restaurant Group and Boohoo. In addition, our holding in Revolution Beauty was sold following growing concerns over its business controls and evidence of 'over trading'.

A new holding was taken in Dechra Pharmaceuticals, a business involved in the development and marketing of veterinary products worldwide. The investment was made as part of a fund raising to buy two businesses that extend both its product portfolio, and boosts its long term animal drug development pipeline.

### Outlook

At the time of writing, the UK is once again without a functioning Prime Minister. After a prolonged process of electing a new conservative party leader and Prime Minister (54 days), Liz Truss has resigned from office after 44 days. The second shortest to serve was George Canning, who lasted for 119 days before he died in office in 1827. Her legacy will be remembered for her appointed Chancellor's (Kwasi Kwarteng) ill conceived, unfunded 'mini budget' which contributed to a dramatic rise in UK Gilt yields and, by extension, mortgage rates. It will also be remembered for the volte-face on many of the policies set out and the brevity of tenure. Businesses cannot thrive and will not invest if the cost of capital and government economic policy is so changeable. Corporate investment plans of both capital and people are long-term in nature, and stable government policy and consistency of behaviour is a pre-requisite. We all watch through our fingers and hope that 'the adults' arrive to sort out the mess. Expectations are low, as are equity prices.

UK equities, in many parts of the UK stock market, have priced in a very poor economic outlook. This may transpire; yet innovative, well capitalised and well managed companies continue to reside on the UK stock market that will increase their market share through this economic cycle and will, in time, enjoy materially higher valuations. This combination of factors, together with weak sterling relative to the US dollar, is catalysing more takeover approaches of UK companies. This will continue and illustrates the opportunity available for investors with a rational investment horizon, driven by fundamentals and not short-term hysteria.

We remain focused on UK and internationally exposed businesses, where the fundamental profit drivers remain entrenched and equity holders benefit from the capital allocated and risks taken by management. We continue to believe that a rewarding strategy is to actively invest in UK-listed companies that are compounding their earnings and dividends, where corporate governance is world leading, where contract law and title law are dependable, and where company management teams are permanently accessible.

**Chris St John**  
**21 October 2022**

Source of all performance data: AXA Investment Managers, Morningstar to 15 September 2022.

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 15 September 2022

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
Shell	25,964	BP	22,630
Standard Chartered	15,443	Clinigen	20,666
Dechra Pharmaceuticals	7,862	Serica Energy	17,720
TI Fluid Systems	5,881	Ultra Electronics	13,515
Darktrace	5,164	Croda International	10,774
Pets at Home	4,640	Future	10,257
Reckitt Benckiser	4,471	Trifast	9,382
London Stock Exchange	4,226	AstraZeneca	9,299
Future	4,067	FeverTree Drinks	8,375
Lloyds Banking	3,039	Haleon	7,818
Other purchases	16,477	Other sales	96,907
<b>Total purchases for the year</b>	<b>97,234</b>	<b>Total sales for the year</b>	<b>227,343</b>

## 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 explains the Manager's approach to managing those risks.

### RISK PROFILE

The Fund invests principally in UK equities. The Fund may invest a proportion of its assets in smaller companies which offers the possibility of higher returns but may also involve a higher degree of risk. The value of investments and the revenue 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.

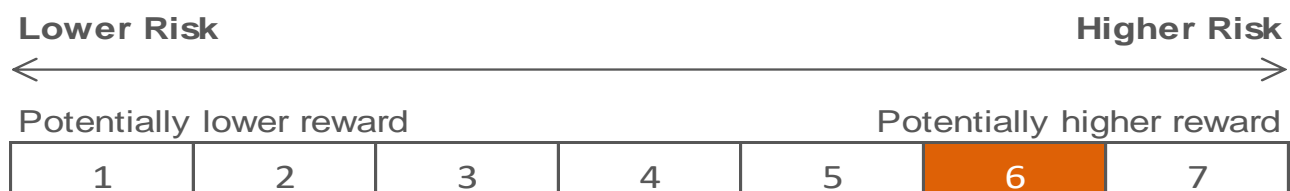
Internal investment guidelines are set, if necessary, to ensure equity risk is maintained within a range deemed suitable based on the Fund's investment objectives and investment policy.

### SMALLER COMPANIES RISK

Investments in smaller companies offers the possibility of higher return but also involve a higher degree of risk than investment in well established, larger companies. The shares of smaller companies can be more volatile which may lead to increased volatility in the Price of the Units of the Fund.

This is an inherent risk for funds invested within smaller companies. Investment guidelines (including 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.

### RISK AND REWARD PROFILE



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 may be subject to sudden and significant variation, which may result in substantial 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.

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 15 September 2022, the price of Z Accumulation units, with net income reinvested, rose by +10.64%. The FTSE All-Share Index (Total Return) increased by +20.87% over the same time period. During the same period, the price of Z Income units, with zero income reinvested, rose by +2.22%. (Source: AXA Investment Managers and Morningstar) (Prices in GBP).

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

Date	AXA Framlington UK Select Opportunities Z Acc	FTSE All-Share (TR)
15 Sep 2017 - 15 Sep 2018	+5.67%	+5.86%
15 Sep 2018 - 15 Sep 2019	+5.18%	+4.75%
15 Sep 2019 - 15 Sep 2020	-6.65%	-13.21%
15 Sep 2020 - 15 Sep 2021	+22.71%	+22.50%
15 Sep 2021 - 15 Sep 2022	-13.11%	+2.53%

Source: AXA Investment Managers & Morningstar. Basis: Single Price NAV, with net revenue reinvested, net of fees in GBP.

Past performance is not a guide to future performance.

### YIELD

D Inc*	1.10%
D Acc*	1.10%
R Inc	1.06%
R Acc	1.06%
Z Inc	1.77%
Z Acc	1.76%
ZI Inc	1.87%
ZI Acc	1.87%

### CHARGES

	Initial Charge	Annual Management Charge
D*	Nil	1.10%
R	Nil	1.50%
Z	Nil	0.85%
ZI	Nil	0.75%

**ONGOING CHARGES\*\***

D Inc*	1.16%
D Acc*	1.16%
R Inc	1.56%
R Acc	1.56%
Z Inc	0.91%
Z Acc	0.91%
ZI Inc	0.81%
ZI Acc	0.81%

\* D unit class launched on 25 May 2022.

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

**UNIT TRUST INDIVIDUAL SAVINGS ACCOUNTS**

The AXA Framlington UK Select Opportunities Fund is available as a Stocks and Shares ISA through the AXA Investment Managers Stocks and Shares ISA.

## Comparative Tables

	D Inc~ 15/09/2022 (p)	D Acc~ 15/09/2022 (p)
<b>Change in net assets per unit</b>		
Opening net asset value per unit <sup>†</sup>	1,982.00	3,762.00
Return before operating charges <sup>^</sup>	(82.37)	(156.25)
Operating charges	(7.01)	(13.30)
Return after operating charges <sup>^</sup>	(89.38)	(169.55)
Distributions	(20.82)	(39.52)
Retained distributions on accumulation units	-	39.52
<b>Closing net asset value per unit<sup>†</sup></b>	<b>1,871.80</b>	<b>3,592.45</b>
 * <sup>^</sup> after direct transaction costs of:	 1.19	 2.27
<b>Performance</b>		
Return after charges	-4.51%	-4.51%
<b>Other Information</b>		
Closing net asset value <sup>†</sup> (£'000)	6,652	39,335
Closing number of units	355,352	1,094,937
Operating charges	1.16%	1.16%
Direct transaction costs*	0.06%	0.06%
<b>Prices</b>		
Highest unit price #	2,003.00	3,802.00
Lowest unit price #	1837.00	3,487.00

## Comparative Tables (Continued)

	R Inc			R Acc		
Change in net assets per unit	15/09/2022 (p)	15/09/2021 (p)	15/09/2020 (p)	15/09/2022 (p)	15/09/2021 (p)	15/09/2020 (p)
Opening net asset value per unit <sup>†</sup>	2,192.76	1,808.27	1,961.85	4,159.72	3,408.99	3,674.47
Return before operating charges <sup>^</sup>	(268.80)	429.16	(114.36)	(510.40)	810.12	(210.76)
Operating charges	(32.31)	(31.06)	(29.17)	(61.09)	(59.39)	(54.72)
Return after operating charges <sup>^</sup>	(301.11)	398.10	(143.53)	(571.49)	750.73	(265.48)
Distributions	(20.11)	(13.61)	(10.05)	(38.14)	(25.68)	(18.83)
Retained distributions on accumulation units	-	-	-	38.14	25.68	18.83
<b>Closing net asset value per unit<sup>†</sup></b>	<b>1,871.54</b>	<b>2,192.76</b>	<b>1,808.27</b>	<b>3,588.23</b>	<b>4,159.72</b>	<b>3,408.99</b>
 * <sup>^</sup> after direct transaction costs of:	 1.26	 1.37	 1.84	 2.38	 2.62	 3.45
<b>Performance</b>						
Return after charges	-13.73%	22.02%	-7.32%	-13.74%	22.02%	-7.22%
<b>Other Information</b>						
Closing net asset value <sup>†</sup> (£'000)	12,169	24,745	37,735	221,019	343,915	324,269
Closing number of units	650,197	1,128,500	2,086,807	6,159,575	8,267,725	9,512,185
Operating charges	1.56%	1.58%	1.58%	1.56%	1.58%	1.58%
Direct transaction costs <sup>*</sup>	0.06%	0.07%	0.10%	0.06%	0.07%	0.10%
<b>Prices</b>						
Highest unit price #	2,253.00	2,244.00	2,084.00	4,274.00	4,235.00	3,903.00
Lowest unit price #	1,836.00	1,709.00	1,277.00	3,487.00	3,221.00	2,404.00

## Comparative Tables (Continued)

	Z Inc			Z Acc		
Change in net assets per unit	15/09/2022	15/09/2021	15/09/2020	15/09/2022	15/09/2021	15/09/2020
	(p)	(p)	(p)	(p)	(p)	(p)
Opening net asset value per unit <sup>†</sup>	169.85	140.02	152.09	199.47	162.42	173.92
Return before operating charges <sup>^</sup>	(20.87)	33.32	(9.06)	(24.56)	38.72	(9.99)
Operating charges	(1.46)	(1.43)	(1.31)	(1.72)	(1.67)	(1.51)
Return after operating charges <sup>^</sup>	(22.33)	31.89	(10.37)	(26.28)	37.05	(11.50)
Distributions	(2.60)	(2.06)	(1.70)	(3.06)	(2.40)	(1.96)
Retained distributions on accumulation units	-	-	-	3.06	2.40	1.96
<b>Closing net asset value per unit<sup>†</sup></b>	<b>144.92</b>	<b>169.85</b>	<b>140.02</b>	<b>173.19</b>	<b>199.47</b>	<b>162.42</b>
 * <sup>^</sup> after direct transaction costs of:	 0.10	 0.11	 0.14	 0.11	 0.13	 0.16
<b>Performance</b>						
Return after charges	-13.15%	22.78%	-6.82%	-13.17%	22.81%	-6.61%
<b>Other Information</b>						
Closing net asset value <sup>†</sup> (£'000)	4,341	7,444	7,906	14,333	25,729	25,082
Closing number of units	2,995,618	4,382,839	5,646,143	8,275,561	12,898,802	15,442,978
Operating charges	0.91%	0.93%	0.93%	0.91%	0.93%	0.93%
Direct transaction costs <sup>*</sup>	0.06%	0.07%	0.10%	0.06%	0.07%	0.10%
<b>Prices</b>						
Highest unit price #	174.80	174.40	161.90	205.30	203.00	185.20
Lowest unit price #	142.50	132.40	98.91	168.00	153.00	114.20

## Comparative Tables (Continued)

Change in net assets per unit	ZI Inc			ZI Acc		
	15/09/2022 (p)	15/09/2021 (p)	15/09/2020 (p)	15/09/2022 (p)	15/09/2021 (p)	15/09/2020 (p)
Opening net asset value per unit <sup>†</sup>	170.12	140.24	152.35	201.65	164.03	175.47
Return before operating charges <sup>^</sup>	(20.92)	33.39	(9.06)	(24.85)	39.13	(10.06)
Operating charges	(1.30)	(1.29)	(1.19)	(1.54)	(1.51)	(1.38)
Return after operating charges <sup>^</sup>	(22.22)	32.10	(10.25)	(26.39)	37.62	(11.44)
Distributions	(2.76)	(2.22)	(1.86)	(3.29)	(2.61)	(2.14)
Retained distributions on accumulation units	-	-	-	3.29	2.61	2.14
<b>Closing net asset value per unit<sup>†</sup></b>	<b>145.14</b>	<b>170.12</b>	<b>140.24</b>	<b>175.26</b>	<b>201.65</b>	<b>164.03</b>
* <sup>^</sup> after direct transaction costs of:	0.10	0.11	0.14	0.12	0.13	0.17
<b>Performance</b>						
Return after charges	-13.06%	22.89%	-6.73%	-13.09%	22.93%	-6.52%
<b>Other Information</b>						
Closing net asset value <sup>†</sup> (£'000)	139,703	219,861	214,098	349,625	450,986	432,758
Closing number of units	96,253,035	129,241,190	152,671,025	199,487,390	223,646,103	263,830,628
Operating charges	0.81%	0.83%	0.83%	0.81%	0.83%	0.83%
Direct transaction costs <sup>*</sup>	0.06%	0.07%	0.10%	0.06%	0.07%	0.10%
<b>Prices</b>						
Highest unit price #	175.20	174.70	162.30	207.60	205.20	186.90
Lowest unit price #	142.70	132.60	99.05	170.00	155.10	115.20

<sup>†</sup> 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.

<sup>^</sup> 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 class launched on 25 May 2022.

## Portfolio Statement

The AXA Framlington UK Select Opportunities Fund as at 15 September 2022 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding	Market value £'000	Total net assets (%)
<b>UNITED KINGDOM: 90.31%</b> (15/09/2021: 90.05%)		
<b>BASIC MATERIALS: 3.03%</b> (15/09/2021: 5.32%)		
<b>Chemicals: 0.73%</b> (15/09/2021: 1.79%)		
85,552 Croda International	5,727	0.73
2,455,573 Dyson <sup>1</sup>	-	-
	<b>5,727</b>	<b>0.73</b>
<b>Industrial Metals &amp; Mining: 2.30%</b> (15/09/2021: 3.53%)		
697,267 Antofagasta	8,148	1.04
1,863,975 Bodycote	9,926	1.26
	<b>18,074</b>	<b>2.30</b>
<b>CONSUMER DISCRETIONARY: 5.86%</b> (15/09/2021: 11.16%)		
<b>Automobiles &amp; Parts: 1.05%</b> (15/09/2021: 0.88%)		
5,825,252 TI Fluid Systems	8,237	1.05
	<b>8,237</b>	<b>1.05</b>
<b>Household Goods &amp; Home Construction: 0.00%</b> (15/09/2021: 0.63%)		
<b>Media: 1.74%</b> (15/09/2021: 3.26%)		
827,568 Future	13,663	1.74
	<b>13,663</b>	<b>1.74</b>
<b>Personal Goods: 0.00%</b> (15/09/2021: 0.88%)		
<b>Retailers: 3.07%</b> (15/09/2021: 3.84%)		
1,546,571 Dunelm	11,545	1.47
2,737,094 Moonpig	5,540	0.70
2,275,000 Pets at Home	7,066	0.90
	<b>24,151</b>	<b>3.07</b>



## Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
	<b>Travel &amp; Leisure: 0.00%</b> (15/09/2021: 1.67%)		
	<b>CONSUMER STAPLES: 9.87%</b> (15/09/2021: 7.51%)		
	<b>Beverages: 5.83%</b> (15/09/2021: 5.21%)		
1,134,773	Diageo	42,475	5.40
366,163	Fevertree Drinks	3,378	0.43
		<b>45,853</b>	<b>5.83</b>
	<b>Personal Care, Drug &amp; Grocery: 4.04%</b> (15/09/2021: 2.30%)		
493,742	Reckitt Benckiser	31,807	4.04
		<b>31,807</b>	<b>4.04</b>
	<b>ENERGY: 10.68%</b> (15/09/2021: 6.67%)		
	<b>Alternative Energy: 0.24%</b> (15/09/2021: 0.28%)		
8,200,000	AFC Energy	1,879	0.24
		<b>1,879</b>	<b>0.24</b>
	<b>Oil, Gas &amp; Coal: 10.44%</b> (15/09/2021: 6.39%)		
5,749,989	BP	26,450	3.36
6,957,042	Diversified Energy	9,155	1.16
4,260,000	Serica Energy	16,231	2.06
1,300,000	Shell	30,381	3.86
		<b>82,217</b>	<b>10.44</b>
	<b>FINANCIALS: 14.92%</b> (15/09/2021: 11.74%)		
	<b>Banks: 4.41%</b> (15/09/2021: 2.06%)		
38,398,211	Lloyds Banking	18,122	2.30
2,710,000	Standard Chartered	16,574	2.11
		<b>34,696</b>	<b>4.41</b>
	<b>Finance &amp; Credit Services: 4.96%</b> (15/09/2021: 3.24%)		
148	BENE IO <sup>1</sup>	-	-
355,346	London Stock Exchange	27,603	3.50
2,150,000	OSB	11,470	1.46
		<b>39,073</b>	<b>4.96</b>

## Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
<b>Investment Banking &amp; Brokerage: 1.34%</b> <b>(15/09/2021: 1.50%)</b>			
2,459,538	AJ Bell	6,828	0.87
3,542,670	Premier Miton	3,720	0.47
		<b>10,548</b>	<b>1.34</b>
<b>Life Insurance: 4.21%</b> <b>(15/09/2021: 4.94%)</b>			
6,885,875	Legal & General	18,000	2.28
1,611,238	Prudential	15,178	1.93
		<b>33,178</b>	<b>4.21</b>
<b>Open End &amp; Miscellaneous Investment Vehicles: 0.00%</b> <b>(15/09/2021: 0.00%)</b>			
629,063	Stirling Industries <sup>1</sup>	-	-
		-	-
<b>HEALTH CARE: 14.18%</b> <b>(15/09/2021: 14.12%)</b>			
<b>Medical Equipment &amp; Services: 3.30%</b> <b>(15/09/2021: 2.94%)</b>			
5,063,382	Advanced Medical Solutions	13,671	1.74
3,075,863	Creo Medical	2,030	0.26
966,006	Smith & Nephew	10,283	1.30
		<b>25,984</b>	<b>3.30</b>
<b>Pharmaceuticals &amp; Biotechnology: 10.88%</b> <b>(15/09/2021: 11.18%)</b>			
1	Amryt Pharma <sup>1</sup>	-	-
4,188,856	Amryt Pharma EMA CVR	346	0.04
4,188,856	Amryt Pharma FDA CVR <sup>1</sup>	-	-
4,188,856	Amryt Pharma Revenue CVR <sup>1</sup>	-	-
412,025	AstraZeneca	42,060	5.34
229,226	Dechra Pharmaceuticals	7,179	0.91
3,395,055	Eco Animal Health	3,565	0.45
20,324,724	Evgen Pharma	691	0.09
2,057,525	GSK	27,427	3.49
2	Silence Therapeutics	-	-
391,416	Silence Therapeutics ADR	4,378	0.56
		<b>85,646</b>	<b>10.88</b>

## Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
<b>INDUSTRIALS: 16.24%</b> <b>(15/09/2021: 18.86%)</b>			
<b>Aerospace &amp; Defense: 2.17%</b> <b>(15/09/2021: 3.15%)</b>			
5,925,636	Chemring	17,095	2.17
		<b>17,095</b>	<b>2.17</b>
<b>Electronic &amp; Electrical Equipment: 2.81%</b> <b>(15/09/2021: 4.44%)</b>			
4,999,117	Morgan Advanced Materials	12,298	1.56
4,043,074	Rotork	9,849	1.25
		<b>22,147</b>	<b>2.81</b>
<b>General Industrials: 2.37%</b> <b>(15/09/2021: 2.45%)</b>			
13,173,547	Coats	7,338	0.93
10,039,950	Melrose Industries	11,350	1.44
		<b>18,688</b>	<b>2.37</b>
<b>Industrial Engineering: 2.13%</b> <b>(15/09/2021: 1.84%)</b>			
1,112,977	Weir	16,778	2.13
		<b>16,778</b>	<b>2.13</b>
<b>Industrial Support Services: 4.14%</b> <b>(15/09/2021: 3.79%)</b>			
3,482,500	Essentra	6,617	0.84
4,873,142	Rentokil Initial	25,974	3.30
		<b>32,591</b>	<b>4.14</b>
<b>Industrial Transportation: 2.62%</b> <b>(15/09/2021: 3.19%)</b>			
478,216	Ashtead	20,611	2.62
		<b>20,611</b>	<b>2.62</b>
<b>REAL ESTATE: 3.03%</b> <b>(15/09/2021: 2.71%)</b>			
<b>Real Estate Investment &amp; Services: 3.03%</b> <b>(15/09/2021: 2.71%)</b>			
4,415,412	Grainger	11,736	1.49
1,996,250	Rightmove	12,125	1.54
		<b>23,861</b>	<b>3.03</b>

## Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
<b>TECHNOLOGY: 10.06%</b> (15/09/2021: 9.81%)			
<b>Software &amp; Computer Services: 10.06%</b> (15/09/2021: 9.81%)			
4,083,500	Ascential	9,049	1.15
894,793	Auction Technology	7,427	0.94
3,513,750	Auto Trader	21,912	2.78
372,556	AVEVA	11,288	1.44
2,244,900	Bytes Technology	9,429	1.20
2,415,176	Darktrace	9,286	1.18
1,489,412	Sage	10,762	1.37
		<b>79,153</b>	<b>10.06</b>
<b>TELECOMMUNICATIONS: 2.44%</b> (15/09/2021: 2.15%)			
<b>Telecommunications Equipment: 2.44%</b> (15/09/2021: 2.15%)			
7,403,338	Spirent Communications	19,234	2.44
		<b>19,234</b>	<b>2.44</b>
<b>EUROPE (excluding UK): 9.01%</b> (15/09/2021: 8.31%)			
<b>GUERNSEY: 4.42%</b> (15/09/2021: 2.20%)			
5,363,334	iEnergizer	25,476	3.24
3,784,839	Indus Gas	9,311	1.18
		<b>34,787</b>	<b>4.42</b>
<b>JERSEY: 4.59%</b> (15/09/2021: 6.11%)			
18,700,000	Breedon	10,509	1.33
942,226	Experian	25,647	3.26
		<b>36,156</b>	<b>4.59</b>

## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)
NORTH AMERICA: 0.00% (15/09/2021: 0.08%)		
UNITED STATES OF AMERICA: 0.00% (15/09/2021: 0.08%)		
Investments as shown in the balance sheet	781,834	99.32
Net current assets	5,343	0.68
<b>Total net assets</b>	<b>787,177</b>	<b>100.00</b>

Stocks shown as CVRs represent Contingent Value Rights.

<sup>1</sup> Nil valued/delisted/suspended securities not approved within the meaning of the Collective Investment Schemes Sourcebook. The regulations permit a maximum of 10% of the Fund to be invested in unapproved securities. Securities classed as unapproved are those which are not admitted to an official listing in a member state or traded on under the rules of an eligible securities market, as laid down in the Prospectus.

## Statement of Total Return

For the year ended 15 September

	Notes	£'000	2022 £'000	£'000	2021 £'000
Income					
Net capital (losses)/gains	3		(143,974)		202,564
Revenue	4	23,478		23,730	
Expenses	5	(9,993)		(11,510)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		13,485		12,219	
Taxation	6	(138)		(208)	
Net revenue after taxation			13,347		12,011
<b>Total return before distributions</b>			<b>(130,627)</b>		<b>214,575</b>
Distributions	7		(13,347)		(12,011)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(143,974)</b>		<b>202,564</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 September

	£'000	2022 £'000	£'000	2021 £'000
Opening net assets attributable to unitholders		1,072,680		1,041,848
Amounts receivable on creation of units	134,967		8,987	
Amounts payable on cancellation of units	(286,281)		(189,150)	
		(151,314)		(180,163)
Change in net assets attributable to unitholders from investment activities		(143,974)		202,564
Retained distribution on accumulation units		9,777		8,428
Unclaimed distribution		8		3
<b>Closing net assets attributable to unitholders</b>		<b>787,177</b>		<b>1,072,680</b>

## Balance Sheet

As at 15 September

		2022 £'000	2021 £'000
	Notes		
<b>ASSETS</b>			
Fixed assets			
Investments		781,834	1,055,899
Current assets			
Debtors	8	3,365	3,599
Cash and bank balances	9	7,166	19,089
<b>Total assets</b>		<b>792,365</b>	<b>1,078,587</b>
<b>LIABILITIES</b>			
Creditors			
Distribution payable		2,189	2,197
Other creditors	10	2,999	3,710
<b>Total liabilities</b>		<b>5,188</b>	<b>5,907</b>
<b>Net assets attributable to unitholders</b>		<b>787,177</b>	<b>1,072,680</b>

## 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, following consideration of the impact of COVID-19, 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 ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

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.

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



## Notes to the Financial Statements (Continued)

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 FRS102.7.1A.

### 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) 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. 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.

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 8 to 9 of the Manager's Report.

### Price risk sensitivity

At 15 September 2022, 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 £39,091,689 (2021: £52,794,964) 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 shareholders of the Fund would be a decrease of approximately £241,034 (2021: £67,688). A 5% weakening in GBP would have an equal but opposite effect.

### Interest rate risk sensitivity

As the majority of the Fund's financial assets are non-interest bearing, the Fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates. No interest rate risk sensitivity analysis is therefore provided.

## 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.

<b>2022</b>	<b>Monetary Exposure £'000</b>	<b>Non Monetary exposure £'000</b>	<b>Total £'000</b>
US Dollar	443	4,378	4,821
<b>Total</b>	<b>443</b>	<b>4,378</b>	<b>4,821</b>

<b>2021</b>	<b>Monetary Exposure £'000</b>	<b>Non Monetary exposure £'000</b>	<b>Total £'000</b>
Euro	58	-	58
US Dollar	393	902	1,295
<b>Total</b>	<b>451</b>	<b>902</b>	<b>1,353</b>

### 3 Net capital (losses)/ gains

The net (losses)/gains during the year comprise:

	<b>2022 £'000</b>	<b>2021 £'000</b>
(Losses)/gains on non-derivative securities	(143,981)	202,576
Gains/(losses) on foreign currency exchange	7	(12)
<b>Net capital (losses)/gains</b>	<b>(143,974)</b>	<b>202,564</b>

### 4 Revenue

	<b>2022 £'000</b>	<b>2021 £'000</b>
UK dividends	20,560	17,772
Overseas dividends	2,882	5,958
Bank interest	36	-
<b>Total revenue</b>	<b>23,478</b>	<b>23,730</b>

### 5 Expenses

	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Payable to the Manager</b>		
Annual management charge	9,401	10,640
Registrar's fees	559	631
	<b>9,960</b>	<b>11,271</b>
<b>Other expenses</b>		
Audit fee	8	9
Trustee's fees	25	230
	<b>33</b>	<b>239</b>
<b>Total expenses</b>	<b>9,993</b>	<b>11,510</b>

## Notes to the Financial Statements (Continued)

### 6 Taxation

#### a) Analysis of tax in the year:

	2022	2021
	£'000	£'000
Irrecoverable overseas tax	138	208

#### 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%) (2021: 20%).

The differences are explained below:

	2022	2021
	£'000	£'000
Net revenue before taxation	13,485	12,219
Corporation tax at 20%	2,697	2,444
Effects of:		
Irrecoverable overseas tax	138	208
Movement in excess management expenses	1,986	2,303
Non taxable overseas dividends	(571)	(1,193)
Non taxable UK dividends	(4,112)	(3,554)
Total effects	(2,559)	(2,236)
<b>Total tax charge for the year (see note 6a)</b>	<b>138</b>	<b>208</b>

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 (2021: 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 £106,935,515 (2021: £104,949,021) 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.

### 7 Distributions

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

	2022	2021
	£'000	£'000
Interim	3,059	3,293
Final	9,750	8,342
	12,809	11,635
Add: Income deducted on cancellation of units	884	395
Deduct: Income received on creation of units	(346)	(19)
<b>Net distribution for the year</b>	<b>13,347</b>	<b>12,011</b>

## Notes to the Financial Statements (Continued)

### 8 Debtors

	2022 £'000	2021 £'000
Amounts receivable on creation of units	51	3
Accrued revenue	3,314	3,596
<b>Total debtors</b>	<b>3,365</b>	<b>3,599</b>

### 9 Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	7,166	19,089
<b>Total cash and bank balances</b>	<b>7,166</b>	<b>19,089</b>

### 10 Other creditors

	2022 £'000	2021 £'000
Amounts payable on cancellation of units	1,488	2,211
Purchases awaiting settlement	357	-
Accrued expenses		
- Manager	1,076	1,378
- Other	78	121
<b>Total other creditors</b>	<b>2,999</b>	<b>3,710</b>

### 11 Unitholders' funds

The Fund currently has eight unit classes in issue.

	D Inc*	D Acc*	R Inc	R Acc	Z Inc	Z Acc
Opening units in issue	-	-	1,128,500	8,267,725	4,382,839	12,898,802
Units issued	368,928	1,116,607	5,886	31,050	167,405	695,612
Units cancelled	(13,576)	(21,670)	(484,189)	(2,139,200)	(1,554,626)	(5,318,853)
Unit conversions	-	-	-	-	-	-
<b>Closing units in issue</b>	<b>355,352</b>	<b>1,094,937</b>	<b>650,197</b>	<b>6,159,575</b>	<b>2,995,618</b>	<b>8,275,561</b>

	ZI Inc	ZI Acc
Opening units in issue	129,241,190	223,646,103
Units issued	3,701,288	6,473,319
Units cancelled	(36,689,443)	(30,632,032)
Unit conversions	-	-
<b>Closing units in issue</b>	<b>96,253,035</b>	<b>199,487,390</b>

\*D unit class launched on 25 May 2022.

## Notes to the Financial Statements (Continued)

### 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 15 September 2022, 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.

### 13 Portfolio transaction costs

#### 2022

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
<b>Analysis of purchases</b>						
Equity	96,787	43	0.04	404	0.42	97,234
<b>Total</b>	<b>96,787</b>	<b>43</b>		<b>404</b>		<b>97,234</b>

#### 2022

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
<b>Analysis of sales</b>						
Equity	227,479	(136)	(0.06)	-	-	227,343
<b>Total</b>	<b>227,479</b>	<b>(136)</b>		<b>-</b>		<b>227,343</b>

#### 2021

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
<b>Analysis of purchases</b>						
Equity	152,464	65	0.04	501	0.33	153,030
<b>Total</b>	<b>152,464</b>	<b>65</b>		<b>501</b>		<b>153,030</b>

#### 2021

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
<b>Analysis of sales</b>						
Equity	320,341	(168)	(0.05)	(1)	-	320,172
<b>Total</b>	<b>320,341</b>	<b>(168)</b>		<b>(1)</b>		<b>320,172</b>

Commission as a % of average net assets 0.02% (2020: 0.02%)

Taxes as a % of average net assets 0.04% (2020: 0.05%)

#### Portfolio dealing spread

The average portfolio dealing spread as at the year end was 0.54% (2021: 0.44%).

## Notes to the Financial Statements (Continued)

### 14 Fair value disclosure

	15 September 2022		15 September 2021	
	Assets £'000	Assets £'000	Assets £'000	Liabilities £'000
<b>Valuation technique</b>				
Level 1 <sup>^</sup>	781,488	-	1,055,899	-
Level 2 <sup>^^</sup>	-	-	-	-
Level 3 <sup>^^^</sup>	346	-	-	-
<b>Total</b>	<b>781,834</b>	<b>-</b>	<b>1,055,899</b>	<b>-</b>

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

<sup>^^</sup> 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.

<sup>^^^</sup> 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.

### 15 Commitments, contingent liabilities and contingent assets

There are no commitments, contingent liabilities and contingent assets as at the balance sheet date (2021: none).

### 16 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 15 September 2022

		Net revenue	Equalisation	Distribution payable/paid Current year      Prior year	
D Inc*					
Final	Group 1	20.819	-	20.819	
	Group 2	9.461	11.358	20.819	
D Acc*					
Final	Group 1	39.521	-	39.521	
	Group 2	10.718	28.803	39.521	
R Inc					
Interim	Group 1	1.648	-	1.648	1.657
	Group 2	1.648	-	1.648	1.657
Final	Group 1	18.459	-	18.459	11.957
	Group 2	10.683	7.776	18.459	11.957
R Acc					
Interim	Group 1	3.100	-	3.100	3.125
	Group 2	2.360	0.740	3.100	3.125
Final	Group 1	35.045	-	35.045	22.560
	Group 2	16.327	18.718	35.045	22.560
Z Inc					
Interim	Group 1	0.668	-	0.668	0.601
	Group 2	0.453	0.215	0.668	0.601
Final	Group 1	1.932	-	1.932	1.461
	Group 2	0.804	1.128	1.932	1.461
Z Acc					
Interim	Group 1	0.782	-	0.782	0.698
	Group 2	0.482	0.300	0.782	0.698
Final	Group 1	2.278	-	2.278	1.701
	Group 2	1.158	1.120	2.278	1.701
ZI Inc					
Interim	Group 1	0.752	-	0.752	0.675
	Group 2	0.494	0.258	0.752	0.675
Final	Group 1	2.012	-	2.012	1.546
	Group 2	0.866	1.146	2.012	1.546
ZI Acc					
Interim	Group 1	0.889	-	0.889	0.790
	Group 2	0.474	0.415	0.889	0.790
Final	Group 1	2.397	-	2.397	1.816
	Group 2	1.300	1.097	2.397	1.816

(All figures shown in pence per unit)

Units are classified as Group 2 for the following periods 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.

\*D unit class launched on 25 May 2022.

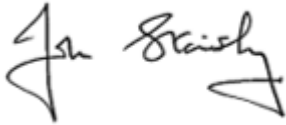
The relevant periods for Group 2 units and the payment/transfer dates are shown below:

	<b>Group 2 units from</b>	<b>to</b>	<b>Group 1 &amp; 2 units paid/transferred</b>
Interim	16.09.21	15.03.22	13.05.22
Final	16.03.22	15.09.22	15.11.22



**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:



John Stainsby  
Director  
16<sup>th</sup> December 2022



Amanda Prince  
Director  
16<sup>th</sup> December 2022

## 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 losses 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 AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF AXA FRAMLINGTON UK SELECT OPPORTUNITIES FUND FOR THE YEAR END 15 SEPTEMBER 2022

The Depositary in its capacity as Trustee of AXA Framlington UK Select Opportunities 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)  
16<sup>th</sup> December 2022

## Report of the Independent Auditor

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE AXA FRAMLINGTON UK SELECT OPPORTUNITIES FUND

#### OPINION

We have audited the financial statements of AXA Framlington UK Select Opportunities Fund ("the Fund") for the year ended 15 September 2022, 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 and distribution 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 15 September 2022 and of the net revenue and the net capital losses 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 of twelve months from when the financial statements were 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 34, 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 appropriateness of management's classification of material 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  
16<sup>th</sup> December 2022*

## 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 2021 to 31 December 2021:

Total amount of remuneration paid and / or allocated to all staff for the year ended December 31, 2021 <sup>(1)</sup>	
Fixed Pay <sup>(2)</sup> (£'000)	197,213
Variable Pay <sup>(3)</sup> (£'000)	230,700
Number of employees <sup>(4)</sup>	2,537

<sup>(1)</sup> Excluding social charges.

<sup>(2)</sup> Fixed Pay amount is based on 2020/21 compensation review final data.

<sup>(3)</sup> Variable compensation, includes:

- the amounts awarded for the performance of the previous year and fully paid over the financial year under review,
- deferred variable remuneration,
- and long-term incentives set up by the AXA Group.

<sup>(4)</sup> Number of employees includes Permanent and Temporary contracts excluding internships (based on Staff list as of 31/12/2021).

**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)	101,432	80,571	182,003
Number of employees	258	79	337

**UK Identified Employee Remuneration:**

Weighted amount of compensation paid and / or allocated to 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)	2,779	2,207	4,986
Number of employees	57	13	70

## 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 August 2022 and at the balance sheet date, the Fund did not use SFTs or total return swaps, as such no disclosure is required.

## 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

For the period up to 23rd September 2021  
NatWest Trustee and Depositary Services Limited  
Trustee and Depositary Services  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh, EH12 1HQ  
Authorised and regulated by the Financial Conduct Authority.

From 24th September 2021 to 15th September 2022  
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 advisers

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

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