

**Interim Long Report and Unaudited Financial Statements  
Six Months ended  
6 September 2022**

# **AXA Framlington Monthly Income 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 and Investment Policy**

The aim of this Fund is to produce a monthly income with potential for long-term growth of capital. The Manager also intends to achieve a yield of distributable income in excess of 100% of the FTSE All Share yield at the Fund's year end on a rolling 3 year basis, and in excess of 90% on an annual basis.

The Fund invests primarily (meaning at least 70% of its assets) in shares of UK listed companies which the Manager believes will provide above average income and capital growth. The Fund invests in companies of any size. The Fund also invests in bonds issued by companies or governments. The Manager selects shares based upon analysis of a company's prospects for future growth in dividend payments, financial status, quality of its management, expected profitability and prospects for growth.

The 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 Period**

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.

## Investment Review

As has been the case for the last few years, macro developments continued to be the dominant feature for equity markets. The invasion of Ukraine in late February caused commodity prices to soar from prior levels. Europe's dependence on Russian gas supplies was and is a particularly major issue. The imposition of sanctions on Russia caused issues as to the ethical right for Europe to carry on buying Russian gas. In addition, Russia's insistence that any gas purchased would have to be paid for in roubles caused issues.

The dependence of Europe on Russian gas supplies is the main economic weapon that Russia has. The six months saw a big reduction in supply with spurious maintenance excuses being used to justify the breaching of contracts. Europe's energy policy involves the filling of storage during the summer months thereby ensuring that there are sufficient supplies to keep the lights on over the winter. In response to the disruption to Russian supplies Europe embarked on a campaign to significantly increase the supply of LNG (Liquified Natural Gas).

The emergence of increasing demand for LNG caused prices to soar. Within the UK the price of electricity is priced off the cost of marginal generation which is normally gas based. Without government assistance winter fuel bills threatened to cause major issues for consumers and businesses.

Other commodities, including many soft commodities, have Ukraine as a large global supplier causing more steep price increases. These rises added to the inflationary pressures that were apparent in the past six months. Inflation soared, with the UK seeing the retail price index rise by close on 10% on an annual basis.

These rises were a significant contributor to an outbreak of strike action as workers agitated for large pay increases to compensate for this inflation. The job market was buoyant with high vacancies and low unemployment. This was particularly noticeable in the UK where the departure of some Europeans post-Brexit had reduced the available workforce. In addition, there has been an increase in the number of people either retiring early or suffering from long term sickness.

The main policy objective for central banks around the world is inflation control. They are all failing on this target and have been forced to act in an increasingly desperate manner. In the US, the first interest rate increase for more than 3 years was seen in March with a ¼% rise. At the time of writing this report there have been a further four increases totaling 2.75% with the promise of more to come. In addition, the US Federal Reserve (Fed) has started Quantitative tightening (QT) as they seek to shrink their balance sheet which was bloated by the support provided through the COVID-19 crisis. UK interest rates rose to 2.25% in the meeting in late September. Even the European Central Bank (ECB) exited from negative interest rates.

In a prolonged period of very low interest rates, growth companies get rerated. This has reversed as interest rates have begun to rise and this can be seen in the performance of the FTSE 250 index which fell by 4% during the half year. The FTSE 100 held up better helped by strength in oil stocks, mining stocks and banks. The FTSE 100 is more internationally orientated than the broad market and strength in the US dollar was a helpful tailwind.

The Monthly Income Fund is significantly underweight the FTSE 100 with exposure across the market cap spectrum, including exposure to shares listed on the AIM market. This asset allocation was detrimental to performance over the period. The Fund has higher exposure to the UK economy than the broader market. As interest rates rose and sterling fell, many of these shares underperformed on the expectation of tougher trading conditions.

<b>Top Ten Holdings</b>	
<b>as at 6 September 2022</b>	
	<b>%</b>
<b>iEnergizer</b>	<b>7.11</b>
<i>Industrials</i>	
<b>Shell</b>	<b>5.15</b>
<i>Energy</i>	
<b>BP</b>	<b>4.35</b>
<i>Energy</i>	
<b>AstraZeneca</b>	<b>3.88</b>
<i>Health Care</i>	
<b>British American Tobacco</b>	<b>3.84</b>
<i>Consumer Staples</i>	
<b>Diversified Energy</b>	<b>3.17</b>
<i>Energy</i>	
<b>GSK</b>	<b>2.75</b>
<i>Health Care</i>	
<b>Rio Tinto</b>	<b>2.59</b>
<i>Basic Materials</i>	
<b>HSBC</b>	<b>2.52</b>
<i>Financials</i>	
<b>Alumasc</b>	<b>2.17</b>
<i>Industrials</i>	

## **Investment Review (Continued)**

The fund's largest holding – iEnergizer – performed strongly on the back of very strong profit and dividend growth. Additionally, the company received a takeover approach. This was rejected as the board did not believe that it fully reflected the value of the business. Prospects still appear to be excellent. Diversified Energy were a beneficiary of the strength of US gas prices. Despite the strength of the shares, they still yield around 12% reflecting the increase in dividend payments and the strength of the US dollar.

Stocks such as DFS Furniture were weak reflecting the squeeze on consumer income and rising interest rates. They continue to take market share as many independents exit the market. They should continue to generate cash providing support for the dividend and share buy backs. The fund has exposure to construction through holdings of Alumasc, Epwin, Eurocell and SafeStyle UK. The last three holdings should benefit from an increased emphasis on home energy efficiency reflecting high energy prices and the need to reduce carbon emissions.

The majority of the portfolio's holdings are in companies with strong balance sheets that also generate cash. This puts them in a good position to continue to pay out dividends and to strengthen their market positions as their weaker competitors struggle.

There are tentative signs that some of the inflationary pressures are abating. The cost of shipping a container from China to Europe is reversing some of the large increases seen a year ago. Many commodities have been weak over the summer and Europe has made good progress in filling their gas storage. As economic conditions become harder, unemployment is likely to gently increase. This could enable central bankers to reign in their interest rate increases. One of the problems about the speed of interest rate increases is that there has been no ability for an assessment of the impact of prior increases. In the UK the recent mini budget has not been received well by investors.

Following the weakness in the broad equity markets this year valuations are much more attractive. This is being reflected in rising takeover activity which is likely to persist. Many investors have abandoned small cap investing which provides an interesting opportunity. The fund's structure with nearly 40% exposure to the FTSE 100 means that the fund has sufficient liquidity to try and access opportunities in less efficient areas of the market.

**George LUCKRAFT**  
**6 September 2022**

Source of all performance data: AXA Investment Managers, Morningstar to 6 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 six months ended 6 September 2022

<b>Total Purchases</b>	<b>Cost (£'000)</b>
NatWest	1,923
Victrex	859
Duke Royalty	500
3i	366
Alumasc	13
<b>Total purchases for the period</b>	<b>3,661</b>

<b>Major Sales</b>	<b>Proceeds (£'000)</b>
HSBC	1,176
Palace Capital	1,087
AstraZeneca	1,080
Rio Tinto	591
iEnergizer	373
Legal & General	281
FRP Advisory	237
Urban Logistics	224
Phoenix	168
BioPharma Credit Fund	119
Other sales	18
<b>Total sales for the period</b>	<b>5,354</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 primarily in UK equities and fixed interest securities. The Fund invests a proportion of its assets in smaller companies which offer the possibility of higher returns but which 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. The management fee is charged to capital, and while this will increase the distributable revenue, this may accordingly erode capital growth.

### 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.

### CREDIT RISK

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, an increased 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).

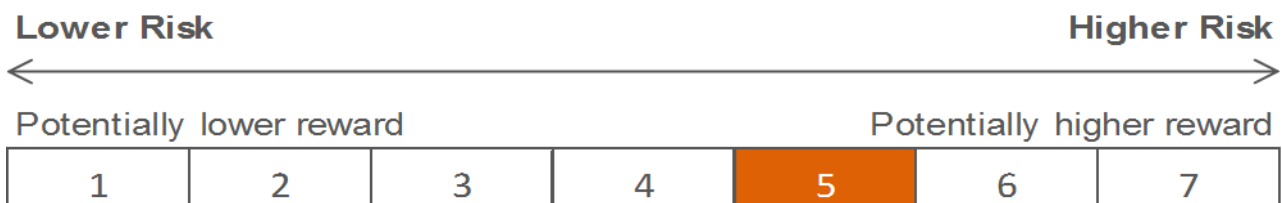
Internal investment guidelines are set, if necessary, to ensure credit risk is maintained within a range deemed suitable based on the Fund's investment objectives and investment policy. These guidelines could include credit quality indicators, measures of sensitivity to credit spread moves and diversification measures.

## 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.

## 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 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.

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 6 September 2022, the price of Z Accumulation units, with net income reinvested, rose by +16.95%. The FTSE All-Share Index (Total Return) increased by +18.95% over the same time period. During the same period, the price of Z Income units, with zero income reinvested, fell by -6.74% (Source: AXA Investment Managers and Morningstar) (Prices in GBP).

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

Date	AXA Framlington Monthly Income Z Acc	FTSE All Share (TR)
06 Sep 2017 - 06 Sep 2018	+3.11%	+4.17%
06 Sep 2018 - 06 Sep 2019	-1.71%	+3.22%
06 Sep 2019 - 06 Sep 2020	-13.35%	-15.98%
06 Sep 2020 - 06 Sep 2021	+39.43%	+31.61%
06 Sep 2021 - 06 Sep 2022	-4.49%	+0.05%

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*	0.85%
D Acc*	0.75%
R Inc	4.54%
R Acc	4.35%
Z Inc	4.51%
Z Acc	4.31%

### CHARGES

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

+ Charged to capital. Note that while this will increase the amount of income (which may be taxable) available for distribution to Unitholders in the Fund, it may constrain capital growth or even result in capital erosion over time.

**ONGOING CHARGES\*\***

D Inc*	1.17%
D Acc*	1.17%
R Inc	1.57%
R Acc	1.57%
Z Inc	0.82%
Z Acc	0.82%

\* 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 Monthly Income Fund is available as a Stocks and Shares ISA through the AXA Investment Managers Stocks and Shares ISA.

## Comparative Tables

	D Inc*			D Acc*		
	06/09/2022			06/09/2022		
Closing net asset value per unit (p) <sup>†</sup>	234.10			690.32		
Closing net asset value <sup>†</sup> (£'000)	13,781			9,277		
Closing number of units	5,886,901			1,343,905		
Operating charges <sup>^</sup>	1.17%			1.17%		

	R Inc			R Acc		
	06/09/2022	06/03/2022	06/03/2021	06/09/2022	06/03/2022	06/03/2021
Closing net asset value per unit (p) <sup>†</sup>	233.86	231.97	231.10	689.52	675.35	644.06
Closing net asset value <sup>†</sup> (£'000)	11,576	26,028	32,793	32,382	42,531	44,659
Closing number of units	4,950,162	11,220,325	14,190,281	4,696,248	6,297,566	6,933,904
Operating charges <sup>^</sup>	1.57%	1.58%	1.59%	1.57%	1.58%	1.59%

	Z Inc			Z Acc		
	06/09/2022	06/03/2022	06/03/2021	06/09/2022	06/03/2022	06/03/2021
Closing net asset value per unit (p) <sup>†</sup>	141.25	139.57	138.01	224.01	218.57	206.89
Closing net asset value <sup>†</sup> (£'000)	99,267	98,100	100,764	78,796	74,389	80,352
Closing number of units	70,275,990	70,287,356	73,010,495	35,176,050	34,033,572	38,837,149
Operating charges <sup>^</sup>	0.82%	0.83%	0.84%	0.82%	0.83%	0.84%

<sup>†</sup> Valued at bid-market prices.

<sup>^</sup> Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in expenses within the Statement of Total Return. The figures used within the table have been calculated against the average Net Asset Value for the accounting period.

\* D unit class launched on 25 May 2022.

## Portfolio Statement

The AXA Framlington Monthly Income Fund portfolio as at 6 September 2022 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding	Market value £'000	Total net assets (%)
<b>UNITED KINGDOM: 80.62%</b> (06/03/2022: 83.76%)		
<b>CORPORATE BONDS: 0.00%</b> (06/03/2022: 0.00%)		
£220,000	Sorbic International 10% 31/12/14 <sup>1</sup>	-
<hr/>		
<b>BASIC MATERIALS: 6.70%</b> (06/03/2022: 7.20%)		
<b>Chemicals: 0.35%</b> (06/03/2022: 0.00%)		
50,000	Victrex	863
		<b>863</b>
		<b>0.35</b>
<hr/>		
<b>Industrial Metals &amp; Mining: 6.35%</b> (06/03/2022: 7.20%)		
3,175,000	Anglo Pacific	5,264
1,800,000	Central Asia Metals	3,933
300,000	Chamberlin	15
135,000	Rio Tinto	6,356
		<b>15,568</b>
		<b>6.35</b>
<hr/>		
<b>CONSUMER DISCRETIONARY: 5.07%</b> (06/03/2022: 6.22%)		
<b>Household Goods &amp; Home Construction: 2.57%</b> (06/03/2022: 3.13%)		
1,812,552	Likewise	426
1,450,652	Springfield Properties	1,712
759,123	UP Global Sourcing	808
425,000	Vistry	3,355
		<b>6,301</b>
		<b>2.57</b>
<hr/>		
<b>Media: 0.47%</b> (06/03/2022: 0.56%)		
1,800,000	ITV	1,146
		<b>1,146</b>
		<b>0.47</b>
<hr/>		

## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)
<b>Retailers: 1.76%</b> <b>(06/03/2022: 2.27%)</b>		
1,275,000 DFS Furniture	1,645	0.67
1,000,000 ScS	1,480	0.61
2,500,000 Topps Tiles	1,177	0.48
	<b>4,302</b>	<b>1.76</b>
<b>Travel &amp; Leisure: 0.27%</b> <b>(06/03/2022: 0.26%)</b>		
448,000 Cake Box	672	0.27
	<b>672</b>	<b>0.27</b>
<b>CONSUMER STAPLES: 10.03%</b> <b>(06/03/2022: 9.18%)</b>		
<b>Food Producers: 1.86%</b> <b>(06/03/2022: 2.03%)</b>		
475,000 Hilton Food	4,569	1.86
	<b>4,569</b>	<b>1.86</b>
<b>Personal Care, Drug &amp; Grocery: 2.43%</b> <b>(06/03/2022: 2.17%)</b>		
4,500,000 Accrol	1,089	0.44
125,000 Unilever	4,876	1.99
	<b>5,965</b>	<b>2.43</b>
<b>Tobacco: 5.74%</b> <b>(06/03/2022: 4.98%)</b>		
270,000 British American Tobacco	9,395	3.84
242,500 Imperial Brands	4,663	1.90
	<b>14,058</b>	<b>5.74</b>
<b>ENERGY: 12.67%</b> <b>(06/03/2022: 10.27%)</b>		
<b>Alternative Energy: 0.00%</b> <b>(06/03/2022: 0.00%)</b>		
2,666,667 Hydrodec <sup>1</sup>	-	-
	-	-
<b>Oil, Gas &amp; Coal: 12.67%</b> <b>(06/03/2022: 10.27%)</b>		
2,350,000 BP	10,658	4.35
6,000,000 Diversified Energy	7,764	3.17
550,000 Shell	12,620	5.15
	<b>31,042</b>	<b>12.67</b>

## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)	
<b>FINANCIALS: 18.90%</b> (06/03/2022: 19.37%)			
<b>Banks: 3.34%</b> (06/03/2022: 2.67%)			
1,150,000	HSBC	6,170	2.52
789,285	NatWest	2,017	0.82
		<b>8,187</b>	<b>3.34</b>
<b>Closed End Investments: 2.31%</b> (06/03/2022: 2.15%)			
3,300,000	BioPharma Credit Fund	2,709	1.11
4,000,000	Riverstone Credit Opportunities Income Fund	2,937	1.20
		<b>5,646</b>	<b>2.31</b>
<b>Finance &amp; Credit Services: 1.92%</b> (06/03/2022: 2.12%)			
4,000,000	Appreciate	996	0.41
4,750,000	VPC Specialty Lending Investments Fund	3,705	1.51
		<b>4,701</b>	<b>1.92</b>
<b>Investment Banking &amp; Brokerage: 6.86%</b> (06/03/2022: 7.42%)			
235,000	3i	2,764	1.13
774,300	Ambrian <sup>1</sup>	-	-
104,226	Claremont Partners <sup>1</sup>	-	-
600,000	DSW Capital	660	0.27
370,000	Intermediate Capital	4,790	1.95
1,925,000	K3 Capital	4,139	1.69
300,000	Polar Capital	1,322	0.54
2,350,000	XPS Pensions	3,137	1.28
		<b>16,812</b>	<b>6.86</b>
<b>Life Insurance: 3.75%</b> (06/03/2022: 3.75%)			
1,800,000	Legal & General	4,700	1.92
725,000	Phoenix	4,494	1.83
		<b>9,194</b>	<b>3.75</b>
<b>Non-Life Insurance: 0.72%</b> (06/03/2022: 1.26%)			
1,575,000	Sabre Insurance	1,726	0.70
3,250,000	Tawa Associates	49	0.02
		<b>1,775</b>	<b>0.72</b>

## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)
<b>HEALTH CARE: 9.22%</b> (06/03/2022: 9.57%)		
<b>Health Care Providers: 1.96%</b> (06/03/2022: 2.11%)		
1,040,000	1,331	0.54
225,000	3,487	1.42
	<b>4,818</b>	<b>1.96</b>
<b>Pharmaceuticals &amp; Biotechnology: 7.26%</b> (06/03/2022: 7.46%)		
90,000	9,504	3.88
500,000	6,748	2.75
625,000	1,544	0.63
	<b>17,796</b>	<b>7.26</b>
<b>INDUSTRIALS: 10.29%</b> (06/03/2022: 12.75%)		
<b>Construction &amp; Materials: 4.90%</b> (06/03/2022: 6.60%*)		
3,260,000	5,314	2.17
5,518,500	3,918	1.60
1,840,000	2,760	1.13
	<b>11,992</b>	<b>4.90</b>
<b>General Industrials: 0.21%</b> (06/03/2022: 0.26%*)		
500,000	515	0.21
	<b>515</b>	<b>0.21</b>
<b>Industrial Support Services: 5.18%</b> (06/03/2022: 5.89%)		
3,550,000	3,798	1.55
400,000	2,876	1.17
2,900,000	1,856	0.76
1,300,000	2,054	0.84
400,000	2,112	0.86
	<b>12,696</b>	<b>5.18</b>

## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)
<b>REAL ESTATE: 3.43%</b> (06/03/2022: 4.06%)		
<b>Real Estate Investment Trusts: 3.43%</b> (06/03/2022: 4.06%)		
2,000,000	1,540	0.63
685,000	1,795	0.73
4,000,000	3,972	1.62
650,000	1,099	0.45
	<b>8,406</b>	<b>3.43</b>
<b>TECHNOLOGY: 1.87%</b> (06/03/2022: 2.54%)		
<b>Software &amp; Computer Services: 1.49%</b> (06/03/2022: 2.12%)		
1,500,000	2,790	1.14
1,716,000	858	0.35
	<b>3,648</b>	<b>1.49</b>
<b>Technology Hardware &amp; Equipment: 0.38%</b> (06/03/2022: 0.42%)		
2,750,000	936	0.38
	<b>936</b>	<b>0.38</b>
<b>TELECOMMUNICATIONS: 0.66%</b> (06/03/2022: 0.74%)		
<b>Telecommunications Equipment: 0.66%</b> (06/03/2022: 0.74%)		
1,250,000	1,625	0.66
	<b>1,625</b>	<b>0.66</b>
<b>UTILITIES: 1.78%</b> (06/03/2022: 1.86%)		
<b>Gas, Water &amp; Multiutilities: 1.78%</b> (06/03/2022: 1.86%)		
405,000	4,362	1.78
	<b>4,362</b>	<b>1.78</b>



## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)
<b>EUROPE (excluding UK): 13.27%</b> (06/03/2022: 12.59%)		
<b>Guernsey: 13.14%</b> (06/03/2022: 12.41%)		
1,750,000	APQ Global	123 0.05
1,152,000	DP Aircraft I	25 0.01
14,148,000	Duke Royalty	4,386 1.79
4,050,000	Hipgnosis Songs Fund	4,512 1.84
3,996,000	iEnergizer	17,423 7.11
1,750,000	Real Estate Credit Investments Fund	2,468 1.01
4,550,000	Regional #	3,076 1.26
6,688,000	Sancus Lending	110 0.04
1,500,000	SLF Realisation Fund	83 0.03
		<b>32,206 13.14</b>
<b>Jersey: 0.13%</b> (06/03/2022: 0.18%)		
1,076,864	SafeStyle UK	312 0.13
		<b>312 0.13</b>
<b>NORTH AMERICA: 0.60%</b> (06/03/2022: 0.75%)		
<b>Bermuda: 0.60%</b> (06/03/2022: 0.75%)		
490,000	Conduit	1,470 0.60
		<b>1,470 0.60</b>
<b>United States: 0.00%</b> (06/03/2022: 0.00%)		
2,075,000	XL TechGroup <sup>1</sup>	- -
		<b>- -</b>
Investments as shown in the balance sheet		231,583 94.49
Net current assets		13,496 5.51
<b>Total net assets</b>		<b>245,079 100.00</b>

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

<sup>1</sup> Not approved securities 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.

# Real Estate Investment Trust.

## Statement of Total Return

For the six months ended 6 September

	2022	2021
	£'000	£'000
Income		
Net capital (losses)/gains	(696)	28,001
Revenue	7,765	6,624
Expenses	(1,295)	(1,419)
Interest payable and similar charges	-	-
Net Revenue before taxation	6,470	5,205
Taxation	(63)	(52)
Net Revenue after taxation	6,407	5,153
<b>Total return before distributions</b>	<b>5,711</b>	<b>33,154</b>
Distributions	(2,881)	(3,143)
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>2,830</b>	<b>30,011</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the six months ended 6 September

	2022	2021
	£'000	£'000
Opening net assets attributable to unitholders	241,048	258,568
Amounts receivable on creation of units	10,511	6,577
Amounts payable on cancellation of units	(10,629)	(25,563)
	(118)	(18,986)
Change in net assets attributable to unitholders from investment activities	2,830	30,011
Retained distribution on accumulation units	1,305	1,397
Unclaimed distribution	14	14
<b>Closing net assets attributable to unitholders</b>	<b>245,079</b>	<b>271,004</b>

The above statement shows the comparative closing net assets at 6 September 2021 whereas the current accounting period commenced 7 March 2022.

## Balance Sheet

As at

	6 September 2022 £'000	6 March 2022 £'000
<b>ASSETS</b>		
Fixed assets		
Investments	231,583	234,053
Current assets		
Debtors	2,387	2,250
Cash and bank balances	11,851	8,717
<b>Total assets</b>	<b>245,821</b>	<b>245,020</b>
<b>LIABILITIES</b>		
Creditors		
Distribution payable	265	2,781
Other creditors	477	1,191
<b>Total liabilities</b>	<b>742</b>	<b>3,972</b>
<b>Net assets attributable to unitholders</b>	<b>245,079</b>	<b>241,048</b>

## **Notes to the Financial Statements**

### **Accounting policies**

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").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 6 March 2022 and are described in those annual financial statements.

## Distribution Tables

For the year ended 6 September 2022

		Net revenue	Equalisation	Distribution payable/paid	
				Current year	Prior year
<b>D Inc*</b>					
3rd Interim	Group 1	0.500	-	0.500	
	Group 2	-	0.500	0.500	
4th Interim	Group 1	0.500	-	0.500	
	Group 2	0.500	-	0.500	
5th Interim	Group 1	0.500	-	0.500	
	Group 2	-	0.500	0.500	
6th Interim	Group 1	0.500	-	0.500	
	Group 2	-	0.500	0.500	
<b>D Acc*</b>					
3rd Interim	Group 1	1.300	-	1.300	
	Group 2	-	1.300	1.300	
4th Interim	Group 1	1.300	-	1.300	
	Group 2	-	1.300	1.300	
5th Interim	Group 1	1.300	-	1.300	
	Group 2	-	1.300	1.300	
6th Interim	Group 1	1.300	-	1.300	
	Group 2	-	1.300	1.300	
<b>R Inc</b>					
1st Interim	Group 1	0.500	-	0.500	0.500
	Group 2	-	0.500	0.500	0.500
2nd Interim	Group 1	0.500	-	0.500	0.500
	Group 2	-	0.500	0.500	0.500
3rd Interim	Group 1	0.500	-	0.500	0.500
	Group 2	-	0.500	0.500	0.500
4th Interim	Group 1	0.500	-	0.500	0.500
	Group 2	-	0.500	0.500	0.500
5th Interim	Group 1	0.500	-	0.500	0.500
	Group 2	-	0.500	0.500	0.500
6th Interim	Group 1	0.500	-	0.500	0.500
	Group 2	-	0.500	0.500	0.500

## Distribution Tables (Continued)

<b>R Acc</b>					
1st Interim	Group 1	1.300	-	1.300	1.300
	Group 2	-	1.300	1.300	1.300
2nd Interim	Group 1	1.300	-	1.300	1.300
	Group 2	-	1.300	1.300	1.300
3rd Interim	Group 1	1.300	-	1.300	1.300
	Group 2	-	1.300	1.300	1.300
4th Interim	Group 1	1.300	-	1.300	1.300
	Group 2	-	1.300	1.300	1.300
5th Interim	Group 1	1.300	-	1.300	1.300
	Group 2	-	1.300	1.300	1.300
6th Interim	Group 1	1.300	-	1.300	1.300
	Group 2	-	1.300	1.300	1.300
<b>Z Inc</b>					
1st Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
2nd Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
3rd Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
4th Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
5th Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
6th Interim	Group 1	0.300	-	0.300	0.300
	Group 2	-	0.300	0.300	0.300
<b>Z Acc</b>					
1st Interim	Group 1	0.400	-	0.400	0.400
	Group 2	-	0.400	0.400	0.400
2nd Interim	Group 1	0.400	-	0.400	0.400
	Group 2	-	0.400	0.400	0.400
3rd Interim	Group 1	0.400	-	0.400	0.400
	Group 2	-	0.400	0.400	0.400
4th Interim	Group 1	0.400	-	0.400	0.400
	Group 2	-	0.400	0.400	0.400
5th Interim	Group 1	0.400	-	0.400	0.400
	Group 2	-	0.400	0.400	0.400
6th Interim	Group 1	0.400	-	0.400	0.400
	Group 2	-	0.400	0.400	0.400

(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.

## Distribution Tables (Continued)

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.

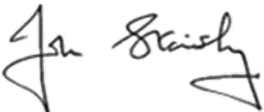
The relevant periods for Group 2 units and the payment/transfer dates are shown below:

	<b>Group 2 units from</b>	<b>to</b>	<b>Group 1 &amp; 2 units paid/transferred</b>
1st Interim	07.03.22	06.04.22	06.05.22
2nd Interim	07.04.22	06.05.22	06.06.22
3rd Interim	07.05.22	06.06.22	06.07.22
4th Interim	07.06.22	06.07.22	05.08.22
5th Interim	07.07.22	06.08.22	06.09.22
6th Interim	07.08.22	06.09.22	06.10.22

\* D unit class launched on 25 May 2022,

**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  
28<sup>th</sup> October 2022



Marcello Arona  
Director  
28<sup>th</sup> October 2022



## **Further Information**

### **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 period to 6 September 2022 and at the balance sheet date, the Fund did not use SFTs or total return swaps, as such no disclosure is required.

## 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)  
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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

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