

UK investing at AXA IM



We believe in the value of long-term equity investing. By investing in companies which grow their earnings and economic output over time, investors can achieve returns over and above those of broad markets and benefit from secular growth across the UK and global economy.

Compounding returns are central to successful equity investing. Understanding key trends and meeting company management is critical to assessing the sustainability of a business and its earnings over time. In this respect, the UK market is an attractive opportunity set for growth investors, offering world-leading corporate governance, dependable contract law and accessible company management teams.

Our UK investment team is at the heart of our long-term approach, with our seven dedicated UK equity managers having an average experience of 23 years.

The UK equity team also benefits from AXA IM's wider investment expertise, including:

- Global equity and thematic investing research from our global equity team
- A dedicated Responsible Investment team and ESG analysts
- An experienced investment analytics team

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**Compounding
earnings can
deliver for
investors
over time.**”

Our philosophy

The power of compound returns



Earnings growth accounts for more than 70% of equity returns over the long term.¹

Attractive price



We seek companies with an attractive absolute valuation, relative to growth prospects

Low turnover



Investors can only reap the benefit of compound returns if they are prepared to take a patient, long-term approach.

The importance of ESG



We incorporate ESG decisions into our investment process, as these are critical to assessing the sustainability of a company's earnings over time.

¹ BCG Analysis, 31/12/13. Sources of return to equity shareholders investment horizons in US (1993-2013). For illustrative purpose only.

AXA IM's range of UK investments²

We split our UK investment offering into three categories:

- **Growth** – for investors seeking capital growth from across the FTSE All-Share
- **Income** – providing income in excess of the FTSE All-Share, on a monthly or quarterly distribution
- **Multi-asset funds** – designed to grow capital over time whilst lowering volatility

Investing for growth

Fund	Manager	Fund overview
AXA Framlington UK Growth	Nigel Yates	<p>The AXA Framlington UK Growth Fund aims to deliver capital growth by investing in large and mid-cap companies, with a minimum exposure of 50% to FTSE 100 shares.</p> <p>The manager seeks to assess the ESG credentials of a business in order to identify well-run companies in attractive growth markets.</p> <p>The fund invests in businesses split across three growth buckets:</p> <ul style="list-style-type: none"> • Reliable growth • Structural growth • Improving growth <p>The fund will typically have between 40-60 holdings.</p>
AXA Framlington UK Select Opportunities	Chris St John	<p>AXA Framlington UK Select Opportunities is a core UK unconstrained multi-cap fund, aiming to deliver capital growth.</p> <p>The fund will be structurally underweight the FTSE 100, hold a maximum weight of 6% in any one stock and typically have between 60-80 holdings.</p>
AXA AWF Framlington UK	Chris St John	<p>The AXA AWF Framlington UK Fund is an unconstrained multi-cap fund investing across the FTSE All-Share market aiming to deliver capital growth with volatility no greater than its benchmark.</p> <p>This is a diverse portfolio of 60-90 stocks which has a structural underweight to the FTSE 100, mega caps in particular.</p>
AXA Framlington UK Mid Cap	Chris St John	<p>AXA Framlington UK Mid Cap is a core mid-cap fund with a minimum of 70% in FTSE 250 stocks. The fund will typically have between 60-80 holdings. The manager looks for companies which are growing and have the funding to support that growth.</p>
AXA Framlington UK Smaller Companies	Dan Harlow	<p>AXA Framlington UK Smaller Companies is a diversified small cap growth fund investing primarily in FTSE Small Cap and AIM-listed shares. The fund typically has 70-80 holdings, which helps to mitigate the volatility associated with smaller companies.</p> <p>The manager looks for companies with strong intellectual property, an attractive brand or a differentiated business model, all of which help to provide pricing power.</p>

² The Fund Overview description is a guideline which is subject to change without notice. Please refer to the prospectus for the full investment guidelines and risks for each of the funds below.



Investing for income

Fund	Manager	Fund overview
AXA Framlington UK Equity Income	Simon Young	<p>AXA Framlington UK Equity Income aims to deliver higher than average income with long-term growth of income and capital.</p> <p>The manager invests in proven businesses with high barriers to entry, specifically:</p> <ul style="list-style-type: none"> • Low cost providers • Businesses with high levels of intellectual property • Groups with strong sales networks • Businesses with high levels of repeat income. <p>By focusing on these types of companies, the manager aims to find companies which can compound their earnings while also paying a reasonable dividend.</p>
AXA Framlington Monthly Income	George Luckraft	<p>The AXA Framlington Monthly Income Fund aims to deliver income of 110% of the FTSE All-Share, distributed monthly.</p> <p>The manager takes a 'growth at a reasonable price' approach to investing and looks for companies with good cashflow and which are not too indebted. Many holdings will provide growth across the economic cycle but will not necessarily be immune to the economic backdrop. The manager aims to invest across the cap spectrum with a third of the portfolio invested in FTSE 100 names to help manage fund liquidity. This gives the fund more flexibility than a typical small cap income fund.</p>

Multi-asset investing

Our multi-asset funds include the AXA IM Distribution range. The range is managed by Jamie Forbes-Wilson and Matt Huddart, with input from Nick Hayes and Mark Healy on the fixed income sleeve across the range. It combines the best of AXA IM's growth equity and fixed income expertise to deliver a range of truly diversified multi-asset portfolios.

Fund	Fund overview
AXA Defensive Distribution Fund	<p>This fund is designed for cautious investors, offering low volatility returns with some capital growth.</p> <p>Around 60% of the portfolio will be in index-linked Gilts, providing:</p> <ul style="list-style-type: none"> • An inflation protected income stream • Diversification benefits
AXA Distribution Fund	<p>This fund is designed for cautious investors and aims to outperform the IA 20-60 sector.</p> <p>UK equities will consist of around 50-60% of the portfolio with the managers preferring quality growth equities, capable of growing their earnings over time. The balance of the fund invests in a mix of predominantly UK index-linked, for inflation protection, and conventional Gilts.</p>
AXA Ethical Distribution Fund	<p>This fund is designed for cautious ethical investors and aims to outperform the IA 20-60 sector.</p> <p>The fund has a small to mid-cap bias due to its ethical nature. We screen out stocks with issues around areas such as animal testing, water pollution, gambling, unsustainable timber, nuclear or military activity, fossil fuels, human rights violations, pornography and tobacco. As a result, the fund's carbon intensity is c. 60% lower than the FTSE All-Share with a water intensity of just 10% of the index.</p>
AXA Global Distribution Fund	<p>This fund is designed for cautious investors and aims to outperform the IA 20-60 sector. The fund invests across global and UK equities, index-linked bonds and cash.</p> <p>Global equities will comprise around 50-60% of the portfolio, with stock selection based on bottom-up fundamentals. The fund avoids taking regional view on equity markets.</p>

Fund	Fund overview
AXA Framlington Managed Balanced	<p>The Managed Balanced Fund is run by Jamie Forbes-Wilson and Matt Huddart. It is designed for conservative investors and aims to outperform the IA 40-85 sector.</p> <p>The fund will have around 15-25% in global sovereign debt investments, designed to act as a structural hedge against market falls. This also gives the managers the ability to acquire companies at attractive prices and avoid being forced sellers at disadvantageous times.</p>

Risk Warnings

AXA Framlington UK Growth

AXA Framlington UK Select Opportunities

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

AXA WF Framlington UK

Credit Risk: Risk that issuers of debt securities held in the Sub-Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value. Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

Counterparty Risk: Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

AXA Framlington UK Mid Cap

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

AXA Framlington UK Smaller Companies

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

AXA Framlington UK Equity Income

Concentration Risk: as this Fund may, from time to time, hold relatively few investments, it may be subject to greater fluctuations in value than a fund holding a larger number of investments. Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

AXA Framlington Monthly Income

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

AXA Defensive Distribution Fund

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

Interest Rate Risk: fluctuations in interest rates will change the value of bonds, impacting the value of the Fund. Generally, when interest rates rise, the value of the bonds fall and vice versa. The valuation of bonds will also change according to market perceptions of future movements in interest rates. Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

AXA Distribution Fund

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

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AXA Ethical Distribution Fund

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

Interest Rate Risk: fluctuations in interest rates will change the value of bonds, impacting the value of the Fund. Generally, when interest rates rise, the value of the bonds fall and vice versa. The valuation of bonds will also change according to market perceptions of future movements in interest rates. Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

AXA Global Distribution Fund

Risk linked to Method and Model: attention is drawn to the fact that the Fund's strategy is based on the utilisation of a proprietary share selection model. The effectiveness of the model is not guaranteed and the utilisation of the model may not result in the investment objective being met.

Hedging Risk: Currency Hedging within the Fund seeks to reduce the impact of exchange rate movements of the investments' currencies relative to the fund's base currency. Over a period of time the hedging strategy itself may create a positive or negative impact to the value of the Fund, mainly due to differences in short-term interest rates between the currencies.

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

Currency Risk: the Fund holds investments denominated in currencies other than the base currency of the Fund. As a result, exchange rate movements may cause the value of investments (and any income received from them) to fall or rise affecting the Fund's value. Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

AXA Managed Balanced Fund

Emerging Market Risks: emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. As a result, investments in such countries may cause greater fluctuations in the Fund's value than investments in more developed countries. In addition the reliability of trading, settlement and custody systems in some emerging market countries may not be equal to more developed countries and result in greater operational and liquidity risk.

Credit Risk: the risk that an issuer of bonds will default on its obligations to pay income or repay capital, resulting in a decrease in Fund value. The value of a bond (and, subsequently, the Fund) is also affected by changes in market perceptions of the risk of future default. Investment grade issuers are regarded as less likely to default than issuers of high yield bonds.

Currency Risk: the Fund holds investments denominated in currencies other than the base currency of the Fund. As a result, exchange rate movements may cause the value of investments (and any income received from them) to fall or rise affecting the Fund's value.

Interest Rate Risk: fluctuations in interest rates will change the value of bonds, impacting the value of the Fund. Generally, when interest rates rise, the value of the bonds fall and vice versa. The valuation of bonds will also change according to market perceptions of future movements in interest rates. Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.



Investment
Managers

**If you would like to find out more about our UK range of investments,
speak to your local AXA IM representative,
or email LONClientServices@axa-im.com**

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