

AXA Framlington UK Mid Cap Fund Z GBP

Fund Managers's Comment

Main changes to the portfolio during February

We continued to focus on well-capitalised companies that have growing profits, cashflows and, where appropriate, dividends. Market volatility was used to add to and reduce core holdings.

Factors affecting performance during February

The economic data in February pointed to inflation that was stickier than expected and growth that was higher than expected. This had the impact of pushing up interest rate expectations to levels higher than predicted at the start of the year. Over the month, the Fund outperformed its comparative benchmark index, the FTSE 250 ex-investment trusts Index.

Unemployment in the UK remained reassuringly stable, with wage growth at an elevated 6.7% year-on-year, however anecdotal feedback from company meetings suggests that in many instances, staff churn is falling and wage settlements are being set at manageable levels. House prices fell for a fifth consecutive month. A technical recession was avoided by the UK and the Bank of England (BoE) raised base rates by a further 50 basis points (bps), to 4%. However, the tone of the accompanying central bank statement was more dovish (monetary policy promoting lowering interest rates) than had been expected, with the BoE keen to wait and see the impact on the economy of the recent rate increases. The market is currently pricing in UK peak rates of 4.7% which could yet prove too high.

The FTSE All Share Index was up +1.52% and its constituent parts all posted modest gains: the FTSE 100 Index up +1.76%, the FTSE 250 ex-investment companies Index up +0.42%, and FTSE Small Cap ex-investment companies Index up +0.62%.

In corporate news, February continued the 2023 trend of consumer names performing well, with Pets at Home and Dunelm continuing to contribute to Fund performance. Hill & Smith announced the \$35mn acquisition of Enduro Composites and there were solid updates from Spectris, Serco, Weir, and IMI.

Other notable performers during the period were Just Group and Darktrace. In contrast, Watches of Switzerland fell, despite reconfirming annual earnings expectations, after reporting quarterly sales which showed a slowdown in US jewellery sales. Indivior fell after confirming a litigation provision that many in the market had not anticipated. In addition, Dechra fell despite the long-term investment thesis remaining attractive, as it guided the market to the lower end of analyst earnings expectations for the year ended 30 June 2023. Future was weak following a trading statement which said operating profit performance was in line with expectations, despite commenting on slowing income growth from online advertising.

Current market influences and outlook

Equity markets continue to be driven by inflation, interest rate expectations, and macroeconomic data points. After a strong start to equity markets in 2023, equity investors have - in general - reversed expectations that central banks will quickly pivot to interest rate reductions and have now realigned closer to central bank guidance. Rates are likely to be held for a prolonged period following the end of the tightening cycle until economic data precipitates a change. Market volatility will remain in the near term as central bankers move into a new data-dependent framework and investors will no doubt pay close attention to data releases and the output of central bank meetings. We will continue to focus on long-term company fundamentals and take advantage of volatility caused by short-term trading capital.

While the outlook for equities may be finely balanced, our approach remains centred on owning good quality businesses that can reinvest and compound their returns over time. We

Benchmark

Since: 04/03/2011

100% FTSE 250 Ex Inv Co Total Return Gross

The Fund is actively managed with significant deviation expected in term of constitution and performance compared to benchmark.

Fund Profile

ESG Rating



ESG Relative Rating

Lower  Higher

CO2 Relative rating

More CO₂  Less CO₂

% of AUM covered by ESG absolute rating: Portfolio = 92.7% Benchmark = 94.6% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 94.1% Benchmark = 95.5% (not meaningful for coverage below 50%)

For more information about the methodology, please read the section 'ESG Metrics Definition' below

Fund Manager

Christopher ST. JOHN

Dan HARLOW - Co-Manager

Fund Managers's Comment (Continued)

continue to believe that understanding longer-term structural trends and identifying responsible, reliable, and ultimately sustainable companies, in a targeted, focused, and active approach, remains the key to longer-term success.

Additional Information

Administration: Z GBP

Legal form	Unit Trust
UCITS Compliant	Yes
AIF Compliant	No
Legal country	United Kingdom
1st NAV date	04/03/2011
Fund currency	GBP
Shareclass currency	GBP
Valuation	Daily
Share type	Accumulation / Income
ISIN code C / D	GB00B64W4Q70 / GB00B3SYV567
SEDOL Code C / D	B64W4Q7 / B3SYV56
MEX Code C / D	FRMDCA / FRMDCP
Ongoing charges	0.82%
Financial management fees	0.75%
Performance fees : none	
Minimum initial subscription	100 000 GBP
Minimum subsequent subscription	5 000 GBP
Management company	AXA Investment Managers UK Limited
Delegation of account administration	STATE STREET BANK AND TRUST COMPANY
Custodian	HSBC BANK PLC

As disclosed in the most recent Annual Report, the ongoing charges calculation excludes performance fees, but includes management and applied services fees. The effective Applied Service Fee is accrued at each calculation of the Net Asset Value and included in the ongoing charges of each Share Class. The investment will be reduced by the payment of the above mentioned fees.

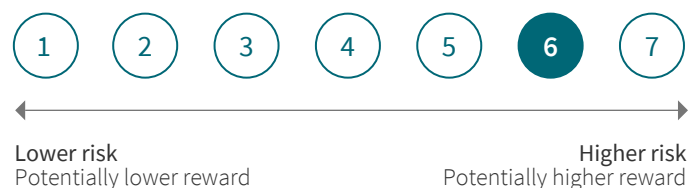
Fund Objectives

The aim of this Fund is to provide long-term capital growth over a period of 5 years or more.

Investment Horizon

This Fund may not be suitable for investors who plan to withdraw their contribution within five years.

Risk Characteristics



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile.

The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

Why is this Sub-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 Risk

Counterparty Risk: failure by any counterparty to a transaction (e.g. derivatives and securities lending) with the Fund to meet its obligations may adversely affect the value of the Fund. The Fund may receive assets from the counterparty to protect against any such adverse effect but there is a risk that the value of such assets at the time of the failure would be insufficient to cover the loss to the Fund.

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.

Subscription Redemption

Your orders to buy, sell or transfer units in the Fund must be received by the Administrator by 12 noon on any working day, to receive that day's Fund price. Please note that if your order is placed by an intermediary or Financial Adviser they may require extra processing time. The Net Asset Value of this Fund is calculated on a daily basis.

Minimum initial investment: £100,000
Minimum subsequent investment: £5,000

* 1st NAV date: 04/03/2011

Additional Information (Continued)

How to Invest

Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document / scheme documents, which provide full product details including investment charges and risks. The information contained herein is not a substitute for those documents or for professional external advice.

Retail Investors

Retail investors should contact their Financial intermediary.

ESG Metrics Definition

The ESG absolute rating is based on a third party scoring methodology. If the fund has one tree (5 trees), it means that it is in the lowest (highest) ESG absolute rating category.

For more information on the methodology, please visit <https://www.axa-im.com/responsible-investing>.

ESG relative rating is calculated as the difference between the ESG absolute rating of the portfolio and the ESG absolute rating of its benchmark. If ESG Relative rating is positive (negative), this means that the portfolio has a higher (lower) ESG absolute rating than the benchmark.

CO2 relative intensity is calculated as the difference between the CIntensity of the fund (expressed in tCO2/M€ Revenues) and the one of benchmark.

If CO2 Relative intensity is green, it means that the intensity of portfolio is lower than that of the benchmark. If CO2 Relative intensity orange, it means that the intensity of the portfolio is higher than that of the benchmark. If CO2 Relative intensity is yellow, it means that intensity of the portfolio is similar than that of the benchmark. ESG indicators are for informational purposes only.

The portfolio does not present any regulatory or contractual objectives on ESG indicators.

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* 1st NAV date: 04/03/2011

Additional Information (Continued)

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and-complaints)

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[home.chooseLanguage](https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2)) and provides you with information on available means of redress (available at:

<https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2>).

Summary of investor rights in English is available on AXA IM website

<https://www.axa-im.com/important-information/summary-investor-rights>.

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