

**Annual Long Report and Audited Financial Statements**  
**Year ended**  
**31 August 2023**

# **AXA Framlington Biotech 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 & Investment Policy**

The aim of AXA Framlington Biotech Fund (“the Fund”) is to provide long-term capital growth over a period of 5 years or more.

The Fund invests in shares of listed companies, principally (meaning at least 80% of its assets) in the biotechnology, genomic and medical research industry, which the Manager believes will provide above-average returns. The Fund invests in companies of any size which can be based anywhere in the world, albeit the Fund tends to be biased towards the US as this is where the majority of biotechnology companies are based. 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 NASDAQ Biotechnology Price Return index.

The NASDAQ Biotechnology Price Return index is designed to measure the performance of NASDAQ stocks in the biotechnology sector. This index best represents a core component of the Managers' investment universe.

This Fund is actively managed in reference to the NASDAQ Biotechnology Price Return index, which may be used by investors to compare the Fund's performance.

AXA Framlington Biotech Fund (‘the Fund’) is authorised and regulated by the Financial Conduct Authority.

## Investment Review

The biotechnology sector as measured by the NASDAQ Biotech Index (NBI) has underperformed the broader US equity markets over the last year. The AXA Framlington Biotech Fund has performed largely in line over the year to end August 2023, but continues to outperform on mid and longer term versus the NBI against which it is measured.

2023 has been challenging as demand for equities (outside of select technology stocks) remains low given the macro-economic backdrop. The sector itself has also faced some specific challenges, particularly from the Food and Drug Administration (FDA). Its department that regulates and approves drugs in the US delayed approvals to drugs which were widely expected to be approved on time. Additionally, the US Federal Trade Commission (FTC) has been taking a hard look at some of the larger announced merger and acquisition (M&A) deals.

Nevertheless, research and development (R&D) progress continues, with several clinical meaningful positive updates, and in the majority of cases commercial launches are meeting and beating revenue expectations as the sector proves its defensive characteristics.

M&A activity also continues with a number of target stocks over the last year held in the Fund. In dollar value, 2023 is likely to be one of the best years for biotechnology M&A in history as the drivers of demand for deals, large cap biopharma bolstering top line growth and filling R&D pipelines, meet relatively cheap biotech valuations.

Over the last year and expected over the coming year(s) the healthcare sector has produced clinical data and drug launches for the treatment of Alzheimer's disease and obesity. These are likely to be two of the biggest commercial opportunities for companies within the sector that we have seen.

The US launch of Eisai and Biogen's drug Leqembi to treat early-stage Alzheimer's disease follows further supportive late-stage clinical data from Eli Lilly targeting a similar drug mechanism. Both drugs are a solid first step in terms of efficacy and offer patients a much-needed new therapeutic option. From our viewpoint the data, regulatory approval, and launch is important to validate a controversial mechanism of action, demonstrate regulatory support and reimbursement coverage, and ultimately catalyse more R&D in the space so that patients have access to (better) generation two and three options in time. With other smaller capitalisation biotech companies in earlier stages of development, it is an area we are investing in within the Fund.

Wall Street currently forecast that the obesity market for the glucagon-like peptide 1 (GLP1) drugs from Novo Nordisk and Eli Lilly will be over \$50bn. This would likely make them the biggest drug class in history. The evolution of obesity being considered a disease in its own right that requires treatment, rather than a lifestyle condition that can be reversed with lifestyle modification only, has been fairly rapid. The recent data from Novo, which shows taking these drugs and losing weight leads to a significant reduction in cardiovascular outcomes - like heart attacks - for patients, should validate this view and support even greater use, particularly in Europe where outcomes data is often needed to support broad government payment for drugs.

The implications of the success of these anti-obesity medications are many. They will meaningfully impact society at large, and, from an equity standpoint, a number of other healthcare stocks as well as those in sectors outside of healthcare such as food and beverage. Within the biotechnology sector we are investing in this opportunity through both the larger

<b>Top Ten Holdings</b>	
<b>as at 31 August 2023</b>	
	<b>%</b>
<b>Regeneron Pharmaceuticals</b>	<b>7.90</b>
<i>USA equities</i>	
<b>Vertex Pharmaceuticals</b>	<b>6.00</b>
<i>USA equities</i>	
<b>Biogen</b>	<b>5.98</b>
<i>USA equities</i>	
<b>Amgen</b>	<b>4.33</b>
<i>USA equities</i>	
<b>Alnylam Pharmaceuticals</b>	<b>3.88</b>
<i>USA equities</i>	
<b>Moderna</b>	<b>3.51</b>
<i>USA equities</i>	
<b>Argenx ADR</b>	<b>3.33</b>
<i>Netherlands equities</i>	
<b>Gilead Sciences</b>	<b>3.02</b>
<i>USA equities</i>	
<b>Novo Nordisk</b>	<b>2.41</b>
<i>Denmark equities</i>	
<b>Neurocrine Biosciences</b>	<b>2.28</b>
<i>USA equities</i>	
Stocks shown as ADRs represent American Depositary Receipts.	

## Investment Review (Continued)

cap biopharma stocks that already have commercial obesity products, and in the smaller cap stocks developing obesity therapeutics.

The AXA Framlington Biotech Fund was down c. 2% over the year, largely in line with the NBI index, and outperformed the average performance of the peer group. Clinical trial success for a number of the small and mid-cap holdings in the Fund have contributed positively to performance. This includes MoonLake Immunotherapeutics developing a drug to treat a severe dermatology condition called Hidradentis Supportiva (HS) and Psoriatic Arthritis, and Ideaya Bioscience that showed early but meaningful data for a targeted oncology pipeline agent to treat patients with metastatic Uveal Melanoma.

Small and mid-cap companies within the portfolio also detracted from performance. These include Esperion which, despite reported supportive long term outcomes data for its lipid lowering drug, has become embroiled in a disagreement with its big pharma commercial partner, and its low cash position warrants some concern. Further, the frustrating share price decline of Arcutis, despite successfully launching its topical agent for psoriasis, has impacted the Fund performance negatively.

The Fund held/holds Seagen, Horizon Therapeutics and Prometheus Biosciences all of which have been targets for acquisition from large-cap biopharma over the last year, contributing to returns.

## OUTLOOK

Broader market sentiment will continue to impact the share prices of stocks within the biotech sector. While a macro-driven, risk-off environment is difficult to navigate for equities generally, we believe that therapeutic innovation will continue to be valued and appreciated longer term. While the FDA remains supportive, we are seeing evidence of increased scrutiny and caution, especially in certain therapeutic areas. High-profile data and regulatory catalysts from individual firms that have read through for the broader biotech sector will dominate investor sentiment, resulting in volatility.

Having said that, sector valuations remain compelling, sentiment is at a low, and as we move into a backdrop where interest rates start to plateau, biotech as an investment opportunity continues to look good in our view. Our investment philosophy around focusing on quality stocks across all market caps which are led by management teams with proven track records stays intact despite these challenges.

The US political landscape is important for healthcare generally, and biotech specifically, with regards to patient access and drug pricing. Therefore, over the course of the year, the focus will likely remain on the Inflation Reduction Act and the implications for stocks within the sector, and longer-term changes to the traditional drug development paradigm.

M&A will continue as it has done year on year. Clearly this is not an investment criterion for us specifically, but one we expect to continue to support investment performance if we hold stocks with quality R&D pipelines at good valuations.

### Linden Thomson

Source of all performance data: AXA Investment Managers, Morningstar to 31 August 2023.

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 R Inc Class.

Stocks are mentioned for illustrative purposes only and do not constitute investment advice or a recommendation.

## Portfolio Changes

For the year ended 31 August 2023

<b>Major Purchases</b>	<b>Cost (£'000)</b>	<b>Major Sales</b>	<b>Proceeds (£'000)</b>
Bristol-Myers Squibb	12,609	Gilead Sciences	19,099
BioNTech ADR	12,229	Bristol-Myers Squibb	11,550
BeiGene ADR	9,721	Horizon Therapeutics	10,762
Gilead Sciences	9,098	Regeneron Pharmaceuticals	8,937
Sanofi	8,753	BioMarin Pharmaceutical	8,085
Novo Nordisk	8,239	MoonLake Immunotherapeutics	7,847
Eli Lilly	7,134	Prometheus Biosciences	7,691
Commonwealth Serum Laboratories	6,975	Argenx ADR	7,497
Prothena	6,483	Global Blood Therapeutics	6,943
Argenx ADR	6,327	Seagen	6,746
Other purchases	120,202	Other sales	132,770
<b>Total purchases for the year</b>	<b>207,770</b>	<b>Total sales for the year</b>	<b>227,927</b>

Stocks shown as ADRs represent American Depositary Receipts.

## 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

As the Fund invests in a single sector it has the potential to be more volatile than the Fund which invests in a more diversified portfolio of equities across a range of sectors. The Fund also invests in overseas securities and therefore it may hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to fall or rise. The Fund invests in companies which are particularly vulnerable to rapidly changing technology and a relatively high risk of obsolescence caused by scientific and technological advances. Investment in biotechnology related businesses may be more volatile than investment in broader healthcare related, or other more diversified industries. 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.

### CURRENCY RISK

Assets of the Fund (including cash), and any income paid on those assets, may be denominated in a currency other than the base currency of the Fund. Changes in the exchange rate between the base currency and the currency of an asset may cause the value of the asset/income (expressed in the base currency) to fall as well as rise even if there is no change of the value of such assets in its local currency. This may also cause additional volatility in the Fund's price. It may not be possible or practicable to hedge against such exchange rate risk.

The Manager aims to reduce the risk of movements in exchange rates on the value of all or part of the assets of the Fund through the use of currency exchange transactions. The Fund may enter into currency exchange transactions either on a spot basis (i.e., exchanging at the current price) or through forward currency transactions (i.e., agreeing to purchase the currency at an agreed price at a future date). Neither spot transactions nor forward currency transactions will completely

eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. The performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. Forward currency transactions may also have the effect of reducing or enhancing the Fund's performance due to the difference between the exchange rate available on such transactions compared to the current (spot) exchange rate. Under normal market conditions this difference in exchange rates is mainly caused by the different short term interest rates applicable to the currency of the assets and the base currency of the Fund. Where the interest rate applying to the foreign currency is higher than that of the Fund's base currency, this can reduce the Fund's performance and vice-versa. This impact on performance is usually far less pronounced than the effect of fluctuations of exchange rates that the use of such transactions is intended to reduce, but the impact can be significant over time, particularly where there is a wide gap between the interest rates applicable to the two currencies. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. Therefore, the successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. Furthermore, it may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the Fund from the anticipated decline in value of its assets as a result of such fluctuations.

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

## INDUSTRY SECTOR OR REGION RISK

The Fund may invest in a portfolio of shares which is focused towards one particular market sector or geographic region. This focus may result in higher risk when compared to the Fund that has spread or diversified investments more broadly. Some sectors and regions can experience rapid and extreme price movements when compared with movements in securities markets generally. Investors should note that funds with a specific focus should be considered for investment as part of a wider diversified portfolio.

Internal investment guidelines seek to ensure suitable levels of diversification based on the Fund's investment objectives and investment policy.

## CHANGING TECHNOLOGY RISK

The Fund may invest in companies which are particularly vulnerable to rapidly changing technology and a relatively high risk of obsolescence caused by scientific and technological advances. In addition, investment in, for example, internet related or biotechnology businesses may be more volatile than investment in broader based technological or healthcare related businesses or other more diversified industries.

Internal investment guidelines seek to ensure suitable levels of diversification based on the Fund's investment objectives and investment policy.

## STOCK LENDING

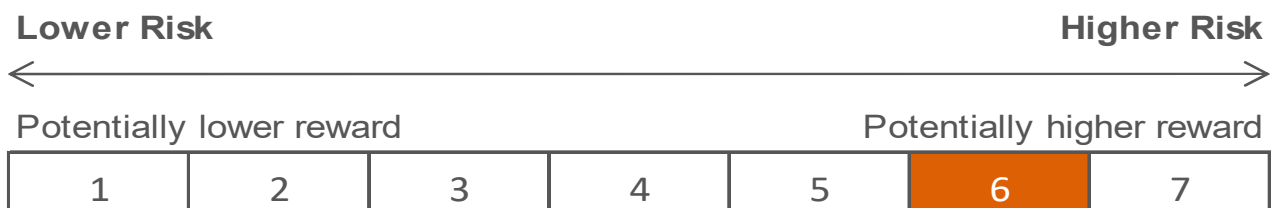
The Fund may participate in a stock lending programme managed by an affiliate of the Manager (acting as stock lending agent) for the purpose of lending the Fund's securities via entering into a stock lending authorisation agreement. If the Fund engages in stock lending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the relevant Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities and may incur a capital loss which might result in a reduction in the net asset value of the relevant Fund. The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will be



requested to post collateral, in the form of cash or debt or equity securities, as from time to time set out in the relevant stock lending agreement, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to any shortfall between the value of the realised collateral and the market value of the replacement securities. Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. When entering into stock lending the Fund may also be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time) and legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable. In addition to the specific risks identified above stock lending carry other risks, as described in this Risk Factors section, notably (i) counterparty risk, ii) custody insolvency and iii) liquidity risk.

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

## RISK AND REWARD PROFILE



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 31 August 2023, the price of R Income units, with zero income reinvested, rose by +21.17%. The NASDAQ Biotech Price Return increased by +9.83% over the same time period. During the same period, the price of R Accumulation units, with net income reinvested, rose by +21.25%. (Source: AXA Investment Managers and Morningstar) (Prices in GBP).

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

Date	AXA Framlington Biotech R Inc	NASDAQ Biotech Price Return
31 Aug 2018 - 31 Aug 2019	-12.18%	-10.16%
31 Aug 2019 - 31 Aug 2020	+23.94%	+19.86%
31 Aug 2020 - 31 Aug 2021	+19.54%	+22.06%
31 Aug 2021 - 31 Aug 2022	-4.32%	-14.59%
31 Aug 2022 - 31 Aug 2023	-2.67%	-2.15%

Source: AXA Investment Managers & Morningstar, single price basis (NAV) with zero income reinvested for Income units, single price basis (NAV) with net income reinvested for Accumulation units.

Past performance is not a guide to future performance.

### YIELD

D Inc	Nil
D Acc	Nil
R Acc USD	Nil
R Inc	Nil
R Acc	Nil
Z Inc	Nil
Z Acc	Nil

### CHARGES

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

\*Units in the R(USD) Class are only available at the Manager's discretion by contractual agreement.

## ONGOING CHARGES\*\*

D Inc	1.18%
D Acc	1.18%
R Acc USD	1.58%
R Inc	1.58%
R Acc	1.58%
Z Inc	0.83%
Z Acc	0.83%

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

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

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

## Comparative Tables

Change in net assets per unit	D Inc~		D Acc~	
	31/08/2023 (p)	31/08/2022 (p)	31/08/2023 (p)	31/08/2022 (p)
Opening net asset value per unit <sup>†</sup>	250.66	207.90	250.39	207.70
Return before operating charges <sup>^</sup>	(2.74)	43.51	(2.73)	43.44
Operating charges	(3.00)	(0.75)	(3.00)	(0.75)
Return after operating charges <sup>^</sup>	(5.74)	42.76	(5.73)	42.69
Distributions	-	-	-	-
Retained distributions on accumulation units	-	-	-	-
<b>Closing net asset value per unit<sup>†</sup></b>	<b>244.92</b>	<b>250.66</b>	<b>244.66</b>	<b>250.39</b>
* <sup>^</sup> after direct transaction costs of:	0.16	0.13	0.16	0.13
<b>Performance</b>				
Return after charges	-2.29%	20.57%	-2.29%	20.55%
<b>Other Information</b>				
Closing net asset value <sup>†</sup> (£'000)	135	106	5,316	5,774
Closing number of units	55,029	42,351	2,172,935	2,306,110
Operating charges	1.18%	1.18%	1.18%	1.18%
Direct transaction costs <sup>*</sup>	0.06%	0.05%	0.06%	0.05%
<b>Prices</b>				
Highest unit price #	272.70	266.10	272.50	265.90
Lowest unit price #	236.00	204.00	235.80	203.70

## Comparative Tables (Continued)

Change in net assets per unit	R Inc			R Acc		
	31/08/2023 (p)	31/08/2022 (p)	31/08/2021 (p)	31/08/2023 (p)	31/08/2022 (p)	31/08/2021 (p)
Opening net asset value per unit <sup>†</sup>	250.36	261.58	222.20	250.19	261.13	221.83
Return before operating charges <sup>^</sup>	(2.65)	(7.27)	43.69	(2.67)	(6.98)	43.62
Operating charges	(4.06)	(3.95)	(4.31)	(4.03)	(3.96)	(4.32)
Return after operating charges <sup>^</sup>	(6.71)	(11.22)	39.38	(6.70)	(10.94)	39.30
Distributions	-	-	-	-	-	-
Retained distributions on accumulation units	-	-	-	-	-	-
<b>Closing net asset value per unit<sup>†</sup></b>	<b>243.65</b>	<b>250.36</b>	<b>261.58</b>	<b>243.49</b>	<b>250.19</b>	<b>261.13</b>
<sup>^</sup> after direct transaction costs of:	0.16	0.11	0.09	0.16	0.11	0.09
<b>Performance</b>						
Return after charges	-2.68%	-4.29%	17.72%	-2.68%	-4.19%	17.72%
<b>Other Information</b>						
Closing net asset value <sup>†</sup> (£'000)	824	3,627	4,364	31,502	58,502	73,906
Closing number of units	338,023	1,448,640	1,668,395	12,937,571	23,382,526	28,302,650
Operating charges	1.58%	1.68%	1.82%	1.58%	1.68%	1.82%
Direct transaction costs <sup>*</sup>	0.06%	0.05%	0.04%	0.06%	0.05%	0.04%
<b>Prices</b>						
Highest unit price #	272.20	267.30	266.60	272.00	266.80	266.20
Lowest unit price #	234.90	196.90	214.60	234.70	196.60	214.30

## Comparative Tables (Continued)

R Acc USD

Change in net assets per unit	31/08/2023 (p)	31/08/2022 (p)	31/08/2021 (p)
Opening net asset value per unit <sup>†</sup>	124.05	129.48	109.98
Return before operating charges <sup>^</sup>	(1.33)	(3.46)	21.64
Operating charges	(1.99)	(1.97)	(2.14)
Return after operating charges <sup>^</sup>	(3.32)	(5.43)	19.50
Distributions	-	-	-
Retained distributions on accumulation units	-	-	-
<b>Closing net asset value per unit<sup>†</sup></b>	<b>120.73</b>	<b>124.05</b>	<b>129.48</b>

\*<sup>^</sup>after direct transaction costs of:                      0.08                      0.05                      0.05

### Performance

Return after charges                      -2.68%                      -4.19%                      17.73%

### Other Information

Closing net asset value <sup>†</sup> (£'000)	124	138	182
Closing number of units	102,876	111,490	140,889
Operating charges	1.58%	1.68%	1.82%
Direct transaction costs <sup>*</sup>	0.06%	0.05%	0.04%

### Prices

Highest unit price #	161.90	182.80	132.00
Lowest unit price #	137.80	119.40	107.50

## Comparative Tables (Continued)

Change in net assets per unit	Z Inc			Z Acc		
	31/08/2023 (p)	31/08/2022 (p)	31/08/2021 (p)	31/08/2023 (p)	31/08/2022 (p)	31/08/2021 (p)
Opening net asset value per unit <sup>†</sup>	169.23	175.16	147.31	492.77	510.02	428.93
Return before operating charges <sup>^</sup>	(1.86)	(4.61)	29.16	(5.43)	(13.41)	84.89
Operating charges	(1.43)	(1.32)	(1.31)	(4.16)	(3.84)	(3.80)
Return after operating charges <sup>^</sup>	(3.29)	(5.93)	27.85	(9.59)	(17.25)	81.09
Distributions	-	-	-	-	-	-
Retained distributions on accumulation units	-	-	-	-	-	-
<b>Closing net asset value per unit<sup>†</sup></b>	<b>165.94</b>	<b>169.23</b>	<b>175.16</b>	<b>483.18</b>	<b>492.77</b>	<b>510.02</b>
<sup>*</sup> ^after direct transaction costs of:	0.11	0.07	0.06	0.31	0.21	0.18
<b>Performance</b>						
Return after charges	-1.94%	-3.39%	18.91%	-1.95%	-3.38%	18.91%
<b>Other Information</b>						
Closing net asset value <sup>†</sup> (£'000)	28,950	27,587	26,631	358,505	351,709	373,451
Closing number of units	17,446,209	16,301,353	15,203,501	74,197,693	71,374,479	73,222,595
Operating charges	0.83%	0.83%	0.83%	0.83%	0.83%	0.83%
Direct transaction costs <sup>*</sup>	0.06%	0.05%	0.04%	0.06%	0.05%	0.04%
<b>Prices</b>						
Highest unit price #	184.30	179.70	177.60	536.50	523.10	517.00
Lowest unit price #	159.90	132.60	142.30	465.60	386.20	414.40

<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.

<sup>\*</sup> 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, figures in the table have been annualised, where appropriate.



## Portfolio Statement

The AXA Framlington Biotech Fund portfolio as at 31 August 2023 consisted of the following investments, which are ordinary shares unless otherwise stated.

Holding	Market value £'000	Total net assets (%)
<b>EUROPE (excluding UK): 17.54%</b> <b>(31/08/2022: 11.43%)</b>		
<b>Denmark: 5.13%</b> <b>(31/08/2022: 1.74%)</b>		
20,302	6,261	1.47
69,402	10,247	2.41
177,470	5,334	1.25
	<b>21,842</b>	<b>5.13</b>
<b>France: 2.19%</b> <b>(31/08/2022: 0.95%)</b>		
109,489	9,333	2.19
	<b>9,333</b>	<b>2.19</b>
<b>Germany: 2.85%</b> <b>(31/08/2022: 0.00%)</b>		
92,521	9,123	2.14
123,755	3,010	0.71
	<b>12,133</b>	<b>2.85</b>
<b>Ireland : 2.64%</b> <b>(31/08/2022: 2.76%)</b>		
288,032	6,612	1.55
108,242	4,635	1.09
	<b>11,247</b>	<b>2.64</b>
<b>Netherlands: 3.85%</b> <b>(31/08/2022: 4.11%)</b>		
35,697	14,155	3.33
271,135	2,226	0.52
	<b>16,381</b>	<b>3.85</b>
<b>Sweden: 0.88%</b> <b>(31/08/2022: 0.65%)</b>		
517,333	3,481	0.82
802,650	260	0.06
	<b>3,741</b>	<b>0.88</b>

## Portfolio Statement (Continued)

Holding	Market value £'000	Total net assets (%)	
<b>Switzerland: 0.00%</b> (31/08/2022: 1.22%)			
<b>NORTH AMERICA: 75.05%</b> (31/08/2022: 84.04%)			
<b>Canada: 1.33%</b> (31/08/2022: 1.47%)			
184,585	Xenon Pharmaceuticals	5,658	1.33
		<b>5,658</b>	<b>1.33</b>
<b>Cayman Islands: 3.39%</b> (31/08/2022: 2.11%)			
52,504	BeiGene ADR	8,730	2.05
128,464	MoonLake Immunotherapeutics	5,681	1.34
		<b>14,411</b>	<b>3.39</b>
<b>United States of America: 70.33%</b> (31/08/2022: 80.46%)			
260,576	Agios Pharmaceuticals	5,602	1.32
106,284	Alnylam Pharmaceuticals	16,519	3.88
90,672	Amgen	18,437	4.33
227,911	Arcus Biosciences	3,606	0.85
120,753	Biogen	25,435	5.98
119,628	BioMarin Pharmaceutical	8,847	2.08
109,031	Celldex Therapeutics	2,385	0.56
338,311	Denali Therapeutics	6,222	1.46
456,284	Dyne Therapeutics	4,279	1.01
17,340	Eli Lilly	7,494	1.76
408,906	Exelixis	7,253	1.71
281,665	EyePoint Pharmaceuticals	2,455	0.58
209,890	Gilead Sciences	12,855	3.02
1,558,420	GlycoMimetics	1,966	0.46
329,777	Ideaya Biosciences	7,573	1.78
52,370	Illumina	6,859	1.61
77,020	Incyte	3,963	0.93
345,852	Insmed	6,022	1.42
257,615	Ionis Pharmaceuticals	8,240	1.94
33,969	Karuna Therapeutics	4,914	1.16
262,155	Mirum Pharmaceuticals	5,462	1.28
162,233	Moderna	14,925	3.51
113,588	Neurocrine Biosciences	9,711	2.28
611,953	Ocular Therapeutix	1,853	0.44
244,949	Pilant Therapeutics	3,226	0.76
51,046	Regeneron Pharmaceuticals	33,591	7.90
57,820	Sarepta Therapeutics	5,458	1.28
1,716,321	Savara	5,062	1.19
516,877	Scholar Rock	2,454	0.58

## Portfolio Statement (Continued)

Holding		Market value £'000	Total net assets (%)
58,286	Seagen	9,508	2.24
194,013	Ultragenyx Pharmaceutical	5,591	1.31
46,797	United Therapeutics	8,431	1.98
259,723	Vera Therapeutics	3,843	0.90
92,254	Vertex Pharmaceuticals	25,525	6.00
3,020,217	X4 Pharmaceuticals	3,168	0.75
2,738,726	X4 Pharmaceuticals Warrant 06/07/27	365	0.09
1,549,000	X4 Pharmaceuticals Warrant 09/12/27 <sup>1</sup>	-	-
		<b>299,099</b>	<b>70.33</b>
<b>UNITED KINGDOM: 3.05%</b>			
<b>(31/08/2022: 1.56%)</b>			
275,137	Bicycle Therapeutics ADR	4,902	1.15
93,120	Immunocore ADR	4,091	0.96
272,472	Verona Pharma ADR	3,975	0.94
		<b>12,968</b>	<b>3.05</b>
Investments as shown in the balance sheet		406,813	95.64
Net current assets		18,543	4.36
<b>Total net assets</b>		<b>425,356</b>	<b>100.00</b>

Stocks shown as ADRs represent American Depositary Receipts.

<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.

## Statement of Total Return

For the year ended 31 August

	Notes	£'000	2023 £'000	£'000	2022 £'000
Income					
Net capital losses	3		(6,741)		(17,691)
Revenue	4	2,146		2,345	
Expenses	5	(4,029)		(4,032)	
Interest payable and similar charges		-		-	
Net expense before taxation		(1,883)		(1,687)	
Taxation	6	(299)		(325)	
Net expense after taxation			(2,182)		(2,012)
<b>Total return before equalisation</b>			<b>(8,923)</b>		<b>(19,703)</b>
Equalisation	7		129		33
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(8,794)</b>		<b>(19,670)</b>

## Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 August

	£'000	2023 £'000	£'000	2022 £'000
Opening net assets attributable to unitholders		447,443		478,534
Amounts receivable on creation of units	36,936		30,860	
Amounts payable on cancellation of units	(50,229)		(42,281)	
		(13,293)		(11,421)
Change in net assets attributable to unitholders from investment activities		(8,794)		(19,670)
<b>Closing net assets attributable to unitholders</b>		<b>425,356</b>		<b>447,443</b>

## Balance Sheet

As at 31 August

	Notes	2023 £'000	2022 £'000
<b>ASSETS</b>			
Fixed assets			
Investments		406,813	434,133
Current assets			
Debtors	8	803	225
Cash and bank balances	9	18,761	14,423
<b>Total assets</b>		<b>426,377</b>	<b>448,781</b>
<b>LIABILITIES</b>			
Creditors			
Other creditors	10	1,021	1,338
<b>Total liabilities</b>		<b>1,021</b>	<b>1,338</b>
<b>Net assets attributable to unitholders</b>		<b>425,356</b>	<b>447,443</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, 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.

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.

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.

## Notes to the Financial Statements (Continued)

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

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

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

### 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.

The Fund is currently in deficit, therefore no distribution is being made.

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

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

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 7 to 9 of the Manager's Report.

### Price risk sensitivity

At 31 August 2023, 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 £20,340,653 (2022: £21,706,650) respectively.

### Foreign currency risk sensitivity

Assuming all other factors remain stable, if GBP strengthens by 5% the resulting change in the net assets attributable to unitholders of the Fund would be a decrease of approximately £20,423,252 (2022: £21,715,452). A 5% weakening in GBP would have an equal but opposite effect.

## Notes to the Financial Statements (Continued)

### 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.

### 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.

	Monetary Exposure	Non Monetary exposure	Total
2023	£'000	£'000	£'000
Danish Krone	5	21,842	21,847
Euro	1,450	12,343	13,793
Swedish Krona	36	3,741	3,777
US Dollar	160	368,887	369,047
<b>Total</b>	<b>1,651</b>	<b>406,813</b>	<b>408,464</b>

	Monetary Exposure	Non Monetary exposure	Total
2022	£'000	£'000	£'000
Danish Krone	-	7,778	7,778
Euro	-	4,230	4,230
Swedish Krona	-	2,919	2,919
US Dollar	176	419,206	419,382
<b>Total</b>	<b>176</b>	<b>434,133</b>	<b>434,309</b>

### 3 Net capital losses

The net losses during the year comprise:

	2023	2022
	£'000	£'000
Losses on non-derivative securities	(7,164)	(17,559)
Gains/(losses) on foreign currency exchange	422	(103)
Transaction charges	1	(29)
<b>Net capital losses</b>	<b>(6,741)</b>	<b>(17,691)</b>

### 4 Revenue

	2023	2022
	£'000	£'000
Overseas dividends	1,857	2,331
Bank interest	289	14
<b>Total revenue</b>	<b>2,146</b>	<b>2,345</b>



## Notes to the Financial Statements (Continued)

### 5 Expenses

	2023	2022
	£'000	£'000
<b>Payable to the Manager</b>		
Annual management charge	3,741	3,725
Registrar's fees	269	253
	<b>4,010</b>	<b>3,978</b>
<b>Other expenses</b>		
Audit fee	9	8
Safe custody charges	(9)	26
Trustee's fees	19	20
	<b>19</b>	<b>54</b>
<b>Total expenses</b>	<b>4,029</b>	<b>4,032</b>

Expenses include irrecoverable VAT where applicable.

### 6 Taxation

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

	2023	2022
	£'000	£'000
Irrecoverable overseas tax	299	325

#### 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%) (2022: 20%).

The differences are explained below:

	2023	2022
	£'000	£'000
Net expense before taxation	(1,883)	(1,687)
Corporation tax at 20%	(377)	(337)
Effects of:		
Irrecoverable overseas tax	299	325
Movement in excess management expenses	779	773
Revenue not subject to taxation	(402)	(436)
Total effects	676	662
<b>Total tax charge for the year (see note 6a)</b>	<b>299</b>	<b>325</b>

Authorised unit trusts are exempt from tax on capital gains.

## Notes to the Financial Statements (Continued)

### c) Deferred taxation:

There is no provision required for deferred taxation at the Balance sheet date (2022: 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 £12,729,258 (2022: £11,950,619) 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 Equalisation

At year end, there was insufficient income to meet expenses and taxation and, as permitted by the Trust Deed, an amount of £2,052,708 (2022: £1,979,060) has been transferred from the capital account to revenue account to meet this shortfall.

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

	2023 £'000	2022 £'000
Final	-	-
Add: Income deducted on cancellation of units	(280)	(175)
Deduct: Income received on creation of units	151	142
<b>Net equalisation for the year</b>	<b>(129)</b>	<b>(33)</b>
<b>Reconciliation to net revenue after taxation:</b>		
Net equalisation for the year	(129)	(33)
Shortfall transfer from capital	(2,053)	(1,979)
<b>Net expense after taxation</b>	<b>(2,182)</b>	<b>(2,012)</b>

## 8 Debtors

	2023 £'000	2022 £'000
Sales awaiting settlement	260	-
Amounts receivable on creation of units	394	72
Accrued revenue	143	153
Overseas tax recoverable	6	-
<b>Total debtors</b>	<b>803</b>	<b>225</b>

## 9 Cash and bank balances

	2023 £'000	2022 £'000
Cash and bank balances	18,761	14,423
<b>Total cash and bank balances</b>	<b>18,761</b>	<b>14,423</b>

## 10 Other creditors

	2023 £'000	2022 £'000
Amounts payable on cancellation of units	343	555
Accrued expenses	578	639
- Manager	578	639
- Other	100	144
<b>Total other creditors</b>	<b>1,021</b>	<b>1,338</b>

## Notes to the Financial Statements (Continued)

### 11 Unitholders' funds

The Fund currently has seven unit classes in issue.

	D Inc	D Acc	R Acc USD	R Inc	R Acc	Z Inc
Opening units in issue	42,351	2,306,110	111,490	1,448,640	23,382,526	16,301,353
Units issued	15,686	60,325	-	1,867,613	447,572	3,105,156
Units cancelled	(3,008)	(193,500)	(8,614)	(2,978,230)	(10,892,527)	(1,960,300)
Unit conversions	-	-	-	-	-	-
<b>Closing units in issue</b>	<b>55,029</b>	<b>2,172,935</b>	<b>102,876</b>	<b>338,023</b>	<b>12,937,571</b>	<b>17,446,209</b>

	Z Acc
Opening units in issue	71,374,479
Units issued	9,724,903
Units cancelled	(6,901,689)
Unit conversions	-
<b>Closing units in issue</b>	<b>74,197,693</b>

### 12 Related parties

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

At 31 August 2023, 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

#### 2023

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
<b>Analysis of purchases</b>						
Equity	207,634	110	0.05	26	0.01	207,770
<b>Total</b>	<b>207,634</b>	<b>110</b>		<b>26</b>		<b>207,770</b>

#### 2023

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
<b>Analysis of sales</b>						
Equity	228,067	(137)	(0.06)	(3)	-	227,927
<b>Total</b>	<b>228,067</b>	<b>(137)</b>		<b>(3)</b>		<b>227,927</b>

## Notes to the Financial Statements (Continued)

2022

	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Total purchase cost £'000
<b>Analysis of purchases</b>						
Equity	180,786	77	0.04	37	0.02	180,900
<b>Total</b>	<b>180,786</b>	<b>77</b>		<b>37</b>		<b>180,900</b>

2022

	Net sale proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Total sale proceeds £'000
<b>Analysis of sales</b>						
Equity	193,450	(80)	(0.04)	(2)	-	193,368
<b>Total</b>	<b>193,450</b>	<b>(80)</b>		<b>(2)</b>		<b>193,368</b>

Commission as a % of average net assets 0.05% (2022: 0.04%)

Taxes as a % of average net assets 0.01% (2022: 0.01%)

### Portfolio dealing spread

The average portfolio dealing spread as at the year end was 0.10% (2022: 0.13%).

## 14 Fair value disclosure

	31 August 2023		31 August 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
<b>Valuation technique</b>				
Level 1 <sup>^</sup>	406,813	-	434,133	-
Level 2 <sup>^^</sup>	-	-	-	-
Level 3 <sup>^^^</sup>	-	-	-	-
<b>Total</b>	<b>406,813</b>	<b>-</b>	<b>434,133</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 (2022: none).

## 16 Post balance sheet events

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

**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:



Marcello Arona  
Director  
Thursday 30<sup>th</sup> November 2023

*Jane Wadia*

Jane Wadia  
Director  
Thursday 30<sup>th</sup> November 2023

## **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 IN RESPECT OF THE SCHEME AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF THE TRUSTEE TO THE UNITHOLDERS OF AXA FRAMLINGTON BIOTECH FUND OF THE AXA FRAMLINGTON RANGE OF AUTHORISED UNIT TRUST SCHEMES ("THE TRUST") FOR THE YEAR END 31TH AUGUST 2023.

The Depositary in its capacity as Trustee of AXA Framlington Biotech 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)  
Thursday 30<sup>th</sup> November 2023

## Report of the Independent Auditor

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF AXA FRAMLINGTON BIOTECH FUND

#### OPINION

We have audited the financial statements of AXA Framlington Biotech Fund for the year ended 31 August 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 August 2023 and of the the net expense and 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 which is 12 months from when the financial statements are authorised for issue.

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

#### OTHER INFORMATION

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine



whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager’s report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

## **RESPONSIBILITIES OF THE MANAGER**

As explained more fully in the Manager’s responsibilities statement set out on page 30, 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 for a sample of special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

## USE OF OUR REPORT

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

*Ernst & Young LLP*

Ernst & Young LLP  
Statutory Auditor  
Edinburgh  
Thursday 30<sup>th</sup> November 2023

## 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 2022 to 31 December 2022:

Total amount of remuneration paid and / or allocated globally to all staff for the year ended December 31, 2022 <sup>(1)</sup>	
Fixed Pay <sup>(2)</sup> (£'000)	220,567
Variable Pay <sup>(3)</sup> (£'000)	274,564
Number of employees <sup>(4)</sup>	2,675

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

<sup>(2)</sup> Fixed Pay amount is based on 2021/22 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 31/12/2022).

**Remuneration to Identified Employee:**

Aggregate amount of global 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)	136,672	76,261	212,933
Number of employees	277	62	339

**UK Identified Employee Remuneration:**

Weighted amount of compensation paid and / or allocated to UK based risk takers and senior management whose activities have a significant impact on the risk profile of all investment vehicles where AXA IM UK act as Authorised Fund Manager or Alternative Investment Fund Manager			
	Risk Takers	Senior Management	Total
Fixed Pay and Variable Remuneration (£'000)	2,239	1,249	3,488
Number of employees	69	13	82

## 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 2023 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

HSBC Global Trustee & Fiduciary Services (UK)  
8 Canada Square,  
London, E14 5HQ  
HSBC Bank plc is a subsidiary of HSBC Holdings plc.  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### Fund Accounting Administrator

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

### Legal adviser

Eversheds LLP  
One Wood Street  
London, EC2V 7WS

### Auditor

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

### Dealing and Correspondence

PO Box 10908  
Chelmsford, CM99 2UT

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