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## AXA Defensive Distribution Fund

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“As the most cautious fund within the AXA Distribution range, our emphasis is on reducing the overall volatility of the AXA Defensive Distribution Fund’s investment returns. In order to achieve this, fixed income assets, such as index-linked gilts, typically make up the majority of the Fund’s investments.”

- **A clear, conservative investment:** the aim of this Fund is to achieve income with some prospects for capital growth over the long term. The Fund's investment strategy therefore revolves around two key elements – a core focus on quality fixed income, equity and cash assets and a diversified central asset mix that remains broadly consistent over time.
- **Proven process:** the manager aims to identify companies with robust, proven business models, favouring those with strong competitive positions, good cash generation, healthy balance sheets and capable, committed management. Buying quality companies when they are out of favour, or those that are trading at a discount to their intrinsic value, is central to the investment process. Once a stock is added to the portfolio, it is generally held for the long term, in order to fully realise the value for investors.
- **Regular income stream:** this is a potentially attractive option for more cautious investors because the manager aims to minimise the volatility of returns and provide a consistent, growing income over time. Quarterly distribution payments provide a regular income stream for investors<sup>1</sup>.
- **Diversified, high quality assets:** the Fund's core asset mix – typically 55% index-linked gilts, 29% UK equities, 7% conventional gilts and 9% cash – remains broadly consistent over time and provides a stable, diversified platform from which to build long-term performance. Index-linked gilts generally form the major element of the portfolio strategy due to their distinct risk/return characteristics. Not only do they offer returns that rise in line with inflation but their low performance correlation with other major asset classes means they are an excellent source of portfolio diversification.
- **Strength, scale and scope of resources:** the AXA Defensive Distribution Fund currently has more than £650 million in assets under management (AUM). The Fund forms part of the successful AXA Distribution “family” of Funds, with in excess of £13 billion in combined AUM as at 31 December 2014.
- **Experienced team:** Co fund managers Jim Stride and Matthew Huddart have a wealth of industry experience. They are supported by AXA IM's well-established UK equity and fixed income teams.

<sup>1</sup>Income is paid out to investors in the income share class, where it is reinvested for investors in the accumulation share class.

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