

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU DO NOT UNDERSTAND IT OR ARE IN DOUBT AS TO THE ACTION TO BE TAKEN, PLEASE CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, FINANCIAL ADVISER OR WEALTH MANAGER IMMEDIATELY.

Date: 4 April 2025

Dear Investor,

Changes to AXA Framlington UK Smaller Companies Fund (the “Fund”)

We, AXA Investment Managers UK Limited, are writing to you because you are a unitholder in the Fund, for which we act as authorised fund manager.

The purpose of this letter is to inform you of certain changes to the Fund which will take effect as detailed below. Although the changes do not require you to take any action or require your approval, we recommend that you read this letter carefully.

The Financial Conduct Authority (“FCA”) has been notified of the changes and has confirmed that they will not affect the ongoing authorisation of the Fund. Under the FCA’s Rules, you are entitled to 60 days’ advance notice of the changes because we regard them as “significant changes” for the purposes of the Rules, and this letter constitutes that notice.

What is changing?

Investment Policy – ESG Criteria

First and principally, to ensure alignment with the FCA’s requirements for transparency regarding the sustainability features of funds, we are revising the investment policy of the Fund to describe how we apply certain environmental, social and governance (ESG) criteria as part of the investment process. This is explained below, and details of the changes being made to the Fund’s investment policy are provided for your review in the Appendix to this letter. The Prospectus of the AXA Framlington Range of Authorised Unit Trusts (the “**Prospectus**”) and the Fund’s Key Investor Information documents (“**KIIDs**”) will be amended and republished to coincide with the coming into effect of the changes.

It should be noted that the investment policy changes are being made primarily to reflect regulatory requirements and that there will be no change in practice to how the Fund is managed. The existing investment strategy will continue to be followed. In addition, the current investment objective and risk profile of the Fund will continue to apply.

New Benchmark

Second, we are informing you of a change to the benchmark index which may be used to compare the Fund’s performance. The current benchmark is the FTSE Small Cap Ex Investment Trusts Index. This index is no longer considered a suitable performance comparator as it now comprises just over 100 companies, and it has a significant micro-cap and real estate bias. We believe that the Fund’s benchmark should be changed to reflect more appropriately its investment strategy and portfolio. We have decided that a composite benchmark comprising the FTSE Small Cap Index and the FTSE AIM 100 Index, excluding investment trusts and adjusted periodically to reflect the relative values of the two indices, will be a more appropriate performance comparator for the Fund. This new benchmark is designed to measure the performance of smaller market capitalisation companies on the London Stock Exchange’s main and secondary markets, and it best represents the types of companies in which the Fund invests.

As with the ESG-related changes described above, it should be noted that the change of benchmark will not affect how the Fund's portfolio is managed. The existing investment objective and policy will continue to be followed.

Why are we changing the investment policy of the Fund?

In November 2023, the FCA published its Policy Statement PS23/16 (the "**Policy Statement**") for fund managers, implementing (a) new rules and guidance covering sustainability disclosures in fund documentation, and (b) the use of investment labels by funds seeking to achieve certain defined sustainability outcomes, subject to satisfying specific qualifying criteria. In response to the requirements of the Policy Statement, we are now extending the Fund's investment policy to clarify how we apply ESG-related factors as part of our investment process.

AXA Investment Managers has a long tradition of responsible investing, and ESG considerations are already embedded within our investment process to complement and enhance the traditional financial analysis underlying our stock selection. As noted above, the changes which we are now making to the Fund's investment policy are intended to provide additional information for investors, and they will not alter how the Fund is currently managed.

How are we changing the investment policy of the Fund?

We are making additional ESG disclosures within the Fund's investment policy to explain the following:

- (i) how we apply exclusions and screening methods in accordance with AXA IM's sector-specific investment guidelines and ESG Standards policy, and how we monitor their application at portfolio level through the use of certain metrics;
- (ii) how we use ESG ratings as a component of the investment process, to contribute to the selection of investments; and
- (iii) how we engage with companies to promote our ESG criteria and how our divestment policy may be used for holdings which no longer satisfy our requirements.

We will also confirm in the Prospectus that, notwithstanding the ESG elements of the investment process, the Fund does not have a specific sustainability goal or objective and that, accordingly, it cannot satisfy the conditions for use of an investment label under the rules brought in by the Policy Statement.

Please see the Appendix to this letter for details of the additional disclosures which are being included within the investment policy of the Fund, as set out in the Prospectus.

When will the changes take effect?

The amended investment policy of the Fund will be adopted formally with effect from 9 June 2025. The benchmark change will take effect on 1 July 2025.

What is the cost of making these changes?

We will meet the costs of amending the Fund's documentation to reflect the changes described in this letter and the costs associated with notifying unitholders.

There will not be any portfolio re-alignment costs or other transaction costs resulting from the changes.

Will these changes result in a change to the Fund's investment objective or risk profiles?

No, as noted above the changes described in this notification do not involve a change to the Fund's investment objective or risk profile.

Further Information

These changes will be reflected in the Funds' KIIDs and in the Prospectus of the AXA Framlington Range of Authorised Unit Trusts. Under the FCA's Rules, a Consumer Facing Disclosure document ("**CFD**") has also been published to provide investors with information regarding the sustainability characteristics of the Fund. Copies of the KIIDs, the Prospectus, and the CFD are available on our website <https://www.axa-im.co.uk>.

Should you have any questions about the changes being made or any other aspect of the Funds, or would like to request a copy of the KIID(s) or the CFD, please contact our Customer Services team by phone on 0345 777 5511 (Monday to Friday 9.00am - 5.30pm) or via email on axa-im@uk.dsystems.com. Alternatively, please contact your usual local representative.

Yours sincerely,



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Ouajnat Karim, Director
For and on behalf of
AXA Investment Managers UK Limited

Appendix

Changes to the Investment Policies of the Fund

With effect from 9 June 2025, the investment policy of the Fund will be as set out below.

Current Investment Policy	Amended Investment Policy
<p>The Fund has at least 70% of its investments in shares of companies domiciled, incorporated or having significant business in the UK which the Manager believes will provide above-average returns. The Fund invests primarily in small companies. The Manager selects shares based upon analysis of a company's financial status, quality of its management, expected profitability and prospects for growth.</p> <p>The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration the FTSE Small Capitalisation Index Ex Investment Trusts index. The FTSE Small Capitalisation Index Ex Investment Trusts index is designed to measure the performance of small market capitalisation companies on the London Stock Exchange main market. This index best represents a core component of the Managers' investment universe. The Fund may also invest in other transferable securities and units in collective investment schemes. The Fund may use derivatives for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.</p> <p>The FTSE Small Capitalisation Index Ex Investment Trusts Total Return Gross may be used by investors to compare the Fund's performance.</p>	<p>The Fund has at least 70% of its investments in shares of companies domiciled, incorporated or having significant business in the UK which the Manager believes will provide above-average returns. The Fund invests primarily in small companies. The Manager selects shares based upon its analysis of a company's financial status, the quality of its management, its expected profitability and prospects for growth.</p> <p>While the Fund does not pursue a specific sustainability objective, it avoids investing in companies which present excessive degrees of environmental, social and governance (ESG) risk.</p> <p>To avoid investing in companies which present excessive degrees of ESG risk, and as part of its responsible investment approach, the Manager will filter and define the Fund's investment universe by:</p> <ul style="list-style-type: none"> (i) applying AXA Investment Managers' sector-specific investment guidelines relating to responsible investment. Such guidelines exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as tobacco production, ecosystem protection and deforestation, controversial weapons and climate risks); and (ii) applying the AXA Investment Managers ESG Standards policy. This policy excludes: (a) companies involved in the manufacture of white phosphorus weapons, or which fail to meet certain criteria relating to human rights and anti-corruption as well as other ESG factors; (b) companies which cause, contribute, or are linked to violations of international norms and standards in a material manner or which are involved in incidents and/or events that pose a severe business or reputational risk to the relevant company due to the impact of its involvement on stakeholders or the environment; and (c) companies

	<p>with the lowest ESG scores, being any score below 1.43 (out of a maximum score of 10), reflecting the worst ESG practices.</p> <p>When selecting investments for the Fund, the Manager will consider a company's ESG score within its broader analysis of the company, where applicable. The Manager believes that companies with higher or improving ESG scores may be expected to manage risk associated with ESG issues more effectively, which may be expected to contribute to the better financial performance of such companies in the long term. The ESG score is, however, just one component of the Manager's investment process and is not the sole driver of the investment decision-making process.</p> <p>ESG scores are obtained from the Manager's selected external provider(s) as detailed in the "Responsible Investment" section of this Prospectus and may be adjusted by the Manager (or created by the Manager where an external score is not available), in each case using its own research. It is possible, however, that there will not be an ESG score for an investment in a limited number of cases.</p> <p>The AXA Investment Managers ESG Standards policy and AXA Investment Managers' sector-specific investment guidelines are subject to change. The latest copies are accessible via the links provided in the "Responsible Investment" section and are also available from the Manager on request.</p> <p>The Manager undertakes engagements with investee companies with the aim of preserving or enhancing long-term value and creating better ESG outcomes for its investors over the long-term. Engagement is typically conducted at the firm level, rather than on an individual portfolio basis, and seeks to influence better ESG practices within investee companies in which AXA Investment Managers has the largest stakes, to maximise its contribution to the achievement of specific ESG objectives across the AXA IM Group. However, where relevant, engagement may be undertaken by the portfolio manager of the Fund. Where an engagement takes place with a company held by the Fund, the Manager expects that this will lead to an enhancement in such company's ESG outcomes, and therefore support the long-term profitability of the company, and in turn, the achievement of the Fund's objective. Where weaknesses are identified, the Manager may consider the use of escalation techniques (such as voting against certain resolutions presented by management at general meetings) in certain cases. More details on the Manager's approach to engagement with companies are available on the</p>
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	<p>website https://www.axa-im.co.uk/ under the heading "Responsible Investing".</p> <p>If the Manager deems that an investment no longer meets the criteria set out in this investment policy or its expectations in terms of that investment's prospects for achieving the Fund's objective, the Manager will disinvest as soon as practicable having regard to the best interests of the Fund's investors and in accordance with its best execution policy.</p> <p>The Fund may also invest in other transferable securities and units in collective investment schemes (including schemes that are managed by the Manager or its associates). The Fund may use derivatives for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.</p> <p>Benchmark:</p> <p><i>Until 30 June 2025:</i></p> <p>The Manager has full discretion to select investments for the Fund in line with the above investment policy and in doing so may take into consideration the FTSE Small Capitalisation Index Ex Investment Trusts index. The FTSE Small Capitalisation Index Ex Investment Trusts index is designed to measure the performance of small market capitalisation companies on the London Stock Exchange main market. This index best represents a core component of the Managers' investment universe.</p> <p><i>With effect from 1 July 2025:</i></p> <p>The Fund is actively managed, and the Manager has full discretion to select investments for the Fund in line with the above investment policy. In doing so, the Manager may take into consideration a composite benchmark made up of the following indices (adjusted periodically to reflect market weightings between them): the FTSE Small Cap Index and the FTSE AIM 100 Index, excluding investment trusts (the "Benchmark"). The Benchmark is designed to measure the performance of smaller market capitalisation companies on the London Stock Exchange's main and secondary markets, and it best represents the types of companies in which the Fund invests.</p> <p>The Benchmark may be used by investors to compare the Fund's performance.</p>
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