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Company Registration No. 03601496

AXA Investment Managers GS Limited

Annual Report and Financial Statements

31 December 2019

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AXA Investment Managers GS Limited

Annual Report and Financial Statements 2019

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AXA Investment Managers GS Limited

Annual Report and Financial Statements 2019

Officers and professional advisers

Directors

Andrea Rossi	(Resigned: 1 December 2019)
Christof Kutscher	(Non-executive)
Colin Clark	(Non-executive)
Daniel Leon	(Appointed: 9 March 2020)
Joseph Pinto	(Resigned: 6 December 2019)
John Stainsby	
Paul Dackombe	(Non-executive; Resigned: 6 December 2019)
Philip Barker	(Appointed: 14 January 2020)
Philippe Le Barrois d'Orgeval	

Company secretary

Josephine Tubbs

Registered office

7 Newgate Street
London
EC1A 7NX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

AXA Investment Managers GS Limited

Strategic report

The directors present their Strategic report on AXA Investment Managers GS Limited (the "Company") for the year ended 31 December 2019. The Company is wholly owned by AXA Investment Managers SA (AXA IM), a global, multi-asset investment management company registered in France with €801bn of assets under management as at 31 December 2019. The ultimate parent of the Company is AXA SA, a world leader in financial protection.

Principal activities

The Company provides securities lending and trading services such as equity and fixed income dealing activities to various clients globally, as well as distribution services for investment funds through a branch in Madrid, Spain. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

Development and performance of the Company

The directors consider turnover, Assets Under Distribution ('AUD'), and securities lending volumes to be key performance indicators. The Company reported a £2.8m (15%) decrease in turnover to £15.7m in 2019 (2018: £18.5m) and AUD decreased by £0.8bn to £3.8bn in 2019 (2018: £4.6bn). Securities Lending fees of £5.6m in 2019 were lower than the previous year amount of £6.9m.

The asset management industry continues to face significant challenges ranging from Brexit, margin compression, changing client needs and adaptation to regulatory developments. To mitigate against these risks the Company will work to continue to meet and exceed the needs of clients and, by doing so, continue to grow the profitability of the Company.

For the Madrid branch, which facilitates access to local markets, turnover decreased 15% to £6.8m in 2019 (2018: £8.0m). This was partly due to the effect of outflows experienced during the year. The directors are actively monitoring developments in the EU/UK trade negotiations for potential impacts and are considering a number of options in relation to the Madrid branch which will no longer be a viable structure in its current form due to loss of passporting as a result of the UK's exit from the EU. Currently two options are contemplated to be completed before the end of 2020, including operating out of an established subsidiary within Spain that is licensed by the Spanish regulator or transferring the branch business into a new branch of AXA Investment Managers Paris, a group related company in France before the end of the transition period.

The directors are satisfied with the financial position of the Company as at the year end. The Company held net assets of £8.8m as at 31 December 2019 (2018: £9.8m) after the payment of a £2.3m dividend in June 2019.

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006 (the Act)

The Company, its stakeholders and relevant issues

The directors of AXA Investment Managers GS Limited (the "Company") consider, both individually and collectively, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

In coming to this conclusion, the directors have considered who the stakeholders of the business are and issues it needs to take into consideration and concluded that the following are material to the Company:

- *Clients:* The clients of the Company and the quality and pricing of the products and services provided to them which have a major influence on the reputation of the Company.
- *Employees:* Though the Company only directly employs a few of its workforce (most employees are employed by another subsidiary within the group; AXA Investment Managers Limited) the workforce's culture, values, behaviours, performance, and engagement drive how it serves its clients and interacts with suppliers.
- *Suppliers and third parties:* The Company actively manages and promotes strong relationships with its suppliers (either internal or external to the AXA Group ("AXA")) to ensure good service, cost effectiveness, use of economies of scale and effective collaboration.
- *Regulator:* The Company is authorised and regulated by the Financial Conduct Authority ("FCA") Ensuring there is a strong and positive relationship with the Company's regulator is key to the Company's business success. It determines its licence to operate, its ability to recruit and retain senior staff and its reputation with clients.
- *The environment:* The Company aims to minimise its impact on the environment in order to maintain its reputation and licence to operate. It is committed to reducing its impact on the environment by actively managing energy, paper, water consumption and waste.

AXA Investment Managers GS Limited

Strategic report (continued)

- **Communities:** The Company understands that it has a vital role to play in being a responsible corporate citizen and believes this is important to the reputation of the Company and its licence to operate.
- **Shareholder:** The Company is wholly owned by AXA Investment Managers SA (AXA IM), a global, multi-asset investment management company registered in France. The ultimate parent of the Company is AXA SA (AXA), a world leader in financial protection. The shareholder expects a financial return on its investment and this is delivered through regular dividends.

Methods of engagement

For each of these groups or issues the Company seeks to ensure it understands concerns or salient matters through a process of engagement:

Clients:

The Company strives to build trusted relationships with clients and to always treat them fairly, providing commitment to its clients that the business delivers against its purpose, empowering them to live better lives. Client experience tracking enables feedback to be gained from clients at a number of different points in the client journey enabling action plans and changes to client experiences where necessary. The Company's core values are to be a trusted partner to its clients by adopting a marketing strategy which places the individual customer at the centre of the Company's marketing design and delivery. Our objective is to nurture and deepen existing and prospective relationships by providing clients with regular coordinated market insight, strategy and product expertise. The Company strives to increase customer centricity by improving the end to end customer experience, prioritising further improvements to infrastructure, tools and online services.

Employees:

Employees are fundamental to the successful delivery of the Company's business plan and the Company is focused on promoting the interests of its employees. The Company is committed to equal opportunity in employment and opposes all forms of unfair or unlawful discrimination. Employees and workers (permanent, fixed term, contractors and agency staff) are not discriminated against because of age, race (including colour, nationality or ethnic or national origin), sex, sexual orientation, gender reassignment, religion or belief, marriage or civil partnership, pregnancy or maternity or disability. The Company is committed to the principle of equal opportunity and ensuring that employees are not discriminated against in recruitment, career development or promotion.

In 2020, AXA IM was awarded its second Economic Dividends for Gender Equality (EDGE) certification for our global promise for continuous, measurable developments in workplace gender equality. This means our gender equality practices, benchmarked against both peers and global standards, show to be wholeheartedly committed to achieving an equal workplace for both women and men.

The Company also encourages the involvement of certain employees in the Company's performance through various long-term incentive schemes upon meeting certain qualifying criteria.

Additionally, at AXA and AXA IM, we value a culture of feedback and constant listening. We survey our employees through our Pulse surveys which aim to collect employee feedback and measure employee engagement. The latest is measured through the eNPS (Employee Net Promoter Score).

Suppliers:

The Company promotes strong relationships with its network of suppliers which are actively managed through an AXA Group company-wide procurement approach to ensure economies of scale and collaboration with suppliers can be achieved. The Company aims to pay suppliers within agreed terms and actively monitors the payment turnaround period.

Regulator:

The Company aims to maintain strong, effective relationships with the FCA, working in a collaborative and transparent manner to enable good client outcomes. Proper governance and effective communication are key in fostering these relationships. The collaborative nature of this relationship is set by the tone at the top where there is continuous engagement with the regulator. It is vital that the relationship is well maintained as this is directly linked to the Company's business being able to operate in the UK.

The environment:

As a global organisation in 2019 AXA has further doubled green and clean investments target to €24 billion and actively divested funds away from carbon-intensive industries such as our pledge to divest from companies which derive more than 30% of their revenues from coal, have a coal-based energy mix that exceeds 30%, or produce more than 20 million tonnes of coal per year. Also, AXA committed to a long-term "exit" strategy reducing exposure to the thermal coal industry to zero by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world.

AXA Investment Managers GS Limited

Strategic report (continued)

At an entity level, the Company is committed to reducing its impact on the environment by actively managing the use of energy, paper, water consumption and waste.

Community:

The Company strives to play a positive role in society and actively supports communities it operates in. From volunteering and mentoring to fundraising or sharing business expertise, the Company encourages its employees to get involved wherever possible.

In 1991, AXA IM created AXA Hearts in Action, our international volunteer program. Founded in France under the name AXA Atout Coeur, the program now stretches from Europe to the Americas, Asia to Africa. In one of the past periods, more than 34,000 AXA employees across at least 38 AXA Entities gave back to communities, making their skills and time available to conduct community investment projects. Through AXA Hearts in Action, AXA IM employees are currently engaged in long-term partnerships with 17 organizations based in 10 countries.

In 2019 and 2020, AXA IM rolled out two global Mental Health webinars – one specifically for line managers and another for AXA IM’s HR department. The purpose of the webinar was to upskill our employees to better understand and promote positive mental health in the workplace.

Additionally, AXA IM partners with organisations committed to helping our industry better reflect the communities we serve. Some of these partnerships include:

- 30% Club’s UK Investor Group, focusing on diversifying the investment industry’s boards
- LGBT Great, focusing on LGBT+ inclusion in the investment industry
- Mental Health at Work
- Diversity Project, an initiative to promote diversity within the UK investment industry

Finally, in 2019, AXA IM in the UK ran 38 internships and VIEs (international internships) across the business with a representation of over 10 different nationalities across the entry-level positions.

Investors:

The Company engages with its ultimate shareholder through regular briefing of group directors on its performance and upward reporting through management information systems.

Key decisions and consideration of stakeholders

The strategic plan of AXA IM introduced in 2018, known as Spark IM 2020, which covered the period under review, was designed to have a long-term beneficial impact on the Company and contribute to the success of its stakeholders. It considered the following key initiatives in order to meet the needs of its key stakeholders:

- Adapting product offerings to satisfy new client needs.
- Focus and accelerate growth in key areas of strength
- Rejuvenate its relationships with key clients
- Transform its operating model to offer competitive solutions to clients. This was achieved through leveraging key transversal initiatives to generate significant cost savings and strengthening its governance framework to evolve business processes and practices.

The plan also involved a cultural transformation, focusing on the following key levers:

- Empowerment and accountability
- Behaviours and values
- Feedback

The cultural transformation focused on promoting client centricity, simplicity and servicing clients efficiently.

The directors consider that the Company’s employee engagement programmes, explained above, continue to serve the Company’s requirement in enabling employees from all levels of the organisation to actively contribute and participate in decisions where appropriate.

The Company supports the Group’s environmental policy and evaluates and monitors its environmental impacts, seeking to reduce them year on year.

In June 2019, the Board approved its annual Slavery & Human Trafficking Statement pursuant to Section 54 of the UK Modern Slavery Act 2015 (“MSA”). The AXA Group has a long history of adhering to and promoting strong professional ethics and is committed to conducting its business according to the highest standards of honesty and fairness. This commitment to observing such ethical standards is designed not only to ensure compliance with applicable laws and regulations in the various jurisdictions where AXA operates but also to earning and keeping the continued trust of its clients, shareholders, personnel and business

Strategic report (continued)

partners. The directors believe that the Company's success and reputation is not only dependant on the quality of its products and the services provided to its clients, but also on the way it does business. The Company ensures that it works with suppliers that meet the AXA standards with respect to ethics and corporate responsibility through a clearly documented process for supplier selection and contracting.

During the year under review, the Board approved the payment of a final dividend amounting to £1.5m which will be paid in June 2020. The payment is funded through profits made during the year and/or drawn from available reserves and is made in accordance with the principles and practices of good capital management, which the directors consider appropriate to the Company, including:

- Maintaining a level of capital consistent with Board approved risk appetite statements
- Maintaining sufficient resources to fund planned growth
- Compliance with the FCA capital adequacy requirements

The directors took into account all relevant matters set out in Part 23, Chapter 1 of the Companies Act concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's business and the actual and contingent liabilities (present and future) inherent in that business. The directors concluded that neither the long-term interests of the Company nor the interests of its creditors will be significantly prejudiced by payment of the final dividend and that distributable reserves are sufficient to cover the dividends.

Description of principal risks and uncertainties

The risks that impact the Company are categorised under the two broad headings of "business" and "operational" risks. Those which the Company manages for its clients are categorised as investment risks.

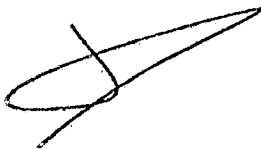
All risks are actively monitored by the Global Risk team. The Board is ultimately responsible for ensuring that the Company effectively manages its risks with the objectives of protecting both the client and the Company's assets from unforeseen losses and optimising shareholder value within set strategic risk tolerances.

The overall risk control function of the Company is articulated through three levels of control as described below:

- Level 1: Business line management are responsible for identifying and mitigating the risks arising within their areas of functional activity.
- Level 2: Independent assurance functions of Compliance, Legal, Finance, Operational and Risk teams provide technical guidance to business lines and Senior Management.
- Level 3: The Internal Audit team provide independent assurance to both the Board and the Audit and Risk Committee.

These risks and the processes used to mitigate them are discussed within the Directors' report.

Approved by the Board and signed on its behalf by



Philippe Le Barrois d'Orgeval
Director
20 April 2020

Directors' report

The directors present their annual report and the audited financial statements of AXA Investment Managers GS Limited for the year ended 31 December 2019.

Results and dividends

The Company's profit for the financial year after taxation amounts to £1.3m (2018: £3.4m). A final dividend of £2.3m (2018: £5.6m) relating to the year ended 31 December 2018 was paid in June 2019. A final dividend amount of £1.3m is proposed but has not been accounted for within the current year financial statements.

Future developments

The future developments in the business of the Company have been disclosed in the Strategic report.

Financial risk management

The risks that impact the Company are categorised under the two broad headings of Business and Operational risks. Those which the Company manages for its clients are categorised as investment risks.

Business risk

The Company's most significant business risks are the following:

Market depreciation

Loss of earnings caused by a reduction in the value of Assets Under Distribution through market effects, which could result in a reduction in management fees. This risk is monitored closely and various stress tests are undertaken as part of the Company's Internal Capital Adequacy Assessment Process to model the impact of market downturns.

Brexit risk

Two main categories of potential risk have been identified: macro-economic and organisational. Macro-economic risk relates to the potential destabilising effect of the Brexit negotiations and their final outcome on asset prices, the currency market and interest rates. Organisational risk relates to the effect that the UK's exit from the EU will have on the Company's Madrid branch's ability to market or manage its products at the end of the transition period i.e. from 1 January 2021, the effect on its human resources, its operations or its corporate structure. This risk is being monitored closely and various analyses have been undertaken and considered as part of the Company's Internal Capital Adequacy Assessment Process to model the impact of this risk on the Company's financial position.

COVID 19 risk

From January 2020, global financial markets experienced significant volatility resulting from the spread of a novel coronavirus known as COVID-19. Since the emergence of this virus, the global progression has led to large scale instability in financial markets and required all firms to take measures to safeguard their employees' health and safety and ensure the continuity of their business. The Company has taken appropriate measures as part of its Business Continuity Plan ("BCP"), which is an important part of its Operational Resilience framework. In line with other firms, it has adopted an extended remote working plan and is confident in its ability to maintain an equivalent level of service to its stakeholders whilst the crisis lasts. Management do not believe that the spread of COVID-19 is an adjusting event for the information presented within these financial statements and also believe that the Company continues to be a going concern.

Sales risk

Loss of clients either through lack of innovation or poor performance, and/or poor client service. This risk is monitored closely and various stress tests are also undertaken as part of the Company's Internal Capital Adequacy Assessment Process to model the impact of the risk on the Company's financial position.

Pricing compression risk

This risk represents general pricing compression due to competition and client initiated fee renegotiations. The AXA Investment Managers Global New Business Committee reviews all pricing requests, ensuring that the business taken on board is or remains profitable.

Credit risk

The Company has limited exposure to credit risk. Its exposures are to its key debtors, being:

- UK and Spanish authorised banks in relation to cash reserves
- GATE account (AXA centralised treasury facility)
- Sales debtors on fees invoiced to clients
- Fee share receivable from AXA IM Group related entities
- Securities lending clients

Directors' report (continued)

Credit risk exposures comprise the extent to which the Company provides credit to clients and related group undertakings and therefore, the extent to which it is subject to credit risk is governed by the terms and conditions it has with individual clients and the related group entities.

With regard to bank deposits (UK authorised banks and GATE accounts), the Company deposits money only with approved counterparties on agreed terms.

In addition, the Company also has credit risk arising from a counterparty guarantee provided to AXA Rosenberg Management Ireland Limited for securities financing activity relating to its managed assets. To mitigate against this risk, all securities lending activity is governed by collateral and margin policies agreed by the Global Risk Committee.

Market risk

Apart from foreign exchange exposures on the balance sheet and the current asset investment exposures, the Company has no other direct exposures to Market risk as the assets it distributes are held independently of the Company. The Company's revenues are impacted by fluctuations in foreign exchange rates and market performance as a result of its level of fee income being driven by the value of assets it distributes. This risk is monitored closely and stress tests are undertaken as part of the Company's Internal Capital Adequacy Assessment Process to model the impact of the risk.

Pension risk

Most of the staff engaged in the Company's activities are members of the AXA UK Pension Scheme which embraces a number of companies in the AXA UK Group. The Scheme has both defined benefit and defined contribution sections. The pension scheme was restructured and the Company no longer has any active members to the defined benefit section of the scheme. This risk is monitored closely and considered as part of the Company's Internal Capital Adequacy Assessment Process to assess its impact on the Company's financial position. A few employees based in Spain are members of another Group related pension scheme in Spain.

Operational risks

Operational risks are categorised under the following definitions:

- **Human resource risk** – is the potential loss resulting from lack of recruiting capacity, deficiencies in people's abilities and skills or from the inability to retain key people within the organisation.
- **Investment guidelines risk** – is the potential loss resulting from client compensation due to fund manager or model breach of regulatory guidelines (imposed by local regulators) or client guidelines (agreed with clients). This risk is not applicable to the Company as it does not manage any funds.
- **Process/execution risk** – is the potential loss resulting from inadequate or failed internal or external processes (e.g. execution processes or reconciliation processes), or inadvertent or deliberate employee process execution (e.g. errors or fraud).
- **System risk** – is the potential loss resulting from software or hardware failures affecting investment management information systems. System risk covers project management risk, system development risk, system test risk, cyber risk, system operations and incident management risk.
- **External event risk** – is the potential loss resulting from external events (e.g. wars or natural disasters), including loss of (access to) information, loss of (access to) building, or Vendor/Partner disruption.
- **Modelling risk** – is the potential loss resulting from inadequate, inaccurate or failed model, methodology or mark-to-market calculation errors.
- **Valuation risk** – is the potential loss resulting from failures in the valuation process resulting from people errors, process failure or system error/failure.
- **Regulatory (Compliance) Risk**: Failure to comply with regulatory requirements on asset management activities.
- **Legal risk**: Potential loss resulting from breach of laws and/or regulation (including licence), contracts/product documentation or internal legal standards and policies.
- **Mis-selling risk**: The potential loss resulting from client compensation due to: Mismatch between sales/marketing action and actual product characteristics; inadequate client type compared to the product characteristics or complexity; and not managing a product in accordance with the proposition sold to client.

The Company manages these risks through the maintenance of an Operational Risk Framework comprising policies, principles and procedures that seek to ensure the most significant risk exposures are identified, assessed, controlled and monitored.

AXA Investment Managers GS Limited

Directors' report (continued)

In addition, as a result of the Global COVID-19 pandemic crisis, the Company has taken appropriate measures as part of its Business Continuity Plan ("BCP"), which is an important part of its Operational Resilience framework. In line with other firms, it has adopted an extended remote working plan and is confident in its ability to maintain an equivalent level of service to its stakeholders whilst the crisis lasts.

Political donations and political expenditure

The Company made no political donations during the year (2018: £nil).

Pillar 3 Regulatory capital disclosure and capital management

In accordance with the rules of the FCA, the Company has published information on its risk and management objectives and policies, and on its regulatory capital requirements and resources. This information is available on application to the Company Secretary at 7 Newgate Street, London, EC1A 7NX or by visiting the AXA IM website <https://adviser.axa-im.co.uk/en/capital-requirements-directive>.

The Company's objectives when managing capital are;

- to safeguard the Company's ability to continue as a going concern
- to satisfy the requirements of its regulators, and
- to maintain financial strength to support new business growth.

Country by Country Reporting

The Capital Requirements (Country by Country Reporting) Regulations require each credit institution and investment firm, as defined within the Directive, which are regulated under CRD IV, to disclose annually, specifying by Member State and by the Country in which it has an establishment, the following information for the financial year:

- Name, nature of activities and geographical location
- Turnover
- Number of employees on a full time equivalent basis
- Profit or loss before tax
- Tax on profit or loss
- Public subsidies received

The above disclosures will be published on the Company's website in advance of 31 December 2020.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Christof Kutscher	(Non-executive)
Colin Clark	(Non-executive)
Daniel Leon	
John Stainsby	
Philip Barker	
Philippe Le Barrois d'Orgeval	

Third party indemnity

During the reporting year and until the date of signing the financial statements, the Company's Articles of Association included a qualifying third party indemnity which indemnifies, out of the assets of the Company, every director of the Company against certain liabilities incurred by him/her as an officer of the Company.

AXA Investment Managers GS Limited

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the appropriate Board of Directors' meeting.

Approved by the Board and signed on its behalf by



Philippe Le Barrois d'Orgeval

Director

20 April 2020

Independent auditors' report to the members of AXA Investment Managers GS Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 April 2020

AXA Investment Managers GS Limited

Statement of Comprehensive Income Year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	2	15,682,307	18,476,497
Administrative expenses		(13,467,498)	(14,405,758)
Other operating income	3	50,154	57,552
Operating profit	4	<u>2,264,963</u>	<u>4,128,291</u>
Finance income	5	13,024	28,902
Finance expense	6	(19,161)	(21,117)
Foreign exchange (loss)/profit		(545,862)	52,945
Profit before taxation		<u>1,712,964</u>	<u>4,189,021</u>
Tax on profit	8	(436,845)	(780,214)
Profit for the financial year and total comprehensive income		<u><u>1,276,119</u></u>	<u><u>3,408,807</u></u>

There are no material differences between the profit before taxation and the profit for the financial years stated above and their historical cost equivalents.

The Company had no other comprehensive income other than the profit for the current and preceding year as disclosed in the statement of comprehensive income.

The results for the year are from continuing operations.

The notes on pages 15 to 28 form an integral part of these financial statements.

AXA Investment Managers GS Limited

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	13,137	-
Investment in subsidiary	10	54,864	-
		<u>68,001</u>	<u>-</u>
Current assets			
Investments	11	158,799	187,676
Debtors	12	4,768,097	4,090,509
Cash at bank and in hand		8,788,709	10,877,546
		<u>13,715,605</u>	<u>15,155,731</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(4,247,075)	(4,894,114)
		<u>9,468,530</u>	<u>10,261,617</u>
Net current assets			
Provisions for liabilities	14	(740,707)	(441,912)
		<u>8,795,824</u>	<u>9,819,705</u>
Net assets			
Capital and reserves			
Called up share capital	15	800,000	800,000
Retained earnings		7,995,824	9,019,705
		<u>8,795,824</u>	<u>9,819,705</u>
Total shareholders' funds			

The notes on pages 15 to 28 form an integral part of these financial statements.

The financial statements of AXA Investment Managers GS Limited, registered number 03601496, were approved by the Board of Directors on 20 April 2020.

Signed on behalf of the Board of Directors by



Philippe Le Barrois d'Orgeval
Director
20 April 2020

AXA Investment Managers GS Limited

Statement of Changes in Equity Year ended 31 December 2019

	Called up share capital £	Retained earnings £	Total £
Balance as at 1 January 2018	800,000	11,210,898	12,010,898
Profit for the financial year	-	3,408,807	3,408,807
Dividends	-	(5,600,000)	(5,600,000)
Balance as at 31 December 2018	800,000	9,019,705	9,819,705
Profit for the financial year	-	1,276,119	1,276,119
Dividends	-	(2,300,000)	(2,300,000)
Balance as at 31 December 2019	800,000	7,995,824	8,795,824

The notes on pages 15 to 28 form an integral part of these financial statements.

Notes to the financial statements Year ended 31 December 2019

General Information

AXA Investment Managers GS Limited provides securities lending and trading services to various clients globally, as well as distribution services for investment funds through a branch in Madrid, Spain.

The Company, which is incorporated and domiciled in the United Kingdom, is a private limited company under the Companies Act 2006, with the entire share capital held by its parent AXA Investment Managers SA. The address of the Company's registered office is 7 Newgate Street, London, EC1A 7NX.

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based Payment' (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows),
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 and 18 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

b) Investment in subsidiary

Shares in subsidiary undertakings are carried at their book value less provision for any impairment with reference to the underlying net assets. If the carrying value is impaired, the carrying value is reduced through a charge to the profit and loss account.

The Company is a majority-owned subsidiary of AXA SA and is included in the consolidated financial statements of AXA SA which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Notes to the financial statements (continued)

Year ended 31 December 2019

1. Accounting policies (continued)

c) Going concern

The Company meets its day-to-day working capital requirements through its liquidity resources held within UK and Spanish authorised banks and its GATE accounts. The Company's forecasts and projections, taking account of severe but plausible scenarios, show that the Company should be able to operate within the level of its forecasted liquid resources. Having assessed the principle risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

d) New standards, amendments and IFRIC interpretations

New standards impacting the Company that will be adopted in the annual financial statements for the year ended 31 December 2019, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

IFRS 16 has not had a material impact on the company. IFRIC 23 has not had a material impact on the company due to there being no uncertain tax treatments.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

e) Revenue recognition

The Company's revenue is derived primarily from the distribution of investment products, securities lending and trading activities. Revenue is recognised to the extent that it is highly probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Therefore revenue is recognised on an accruals basis except for performance fees which are recognised as earned on crystallisation.

f) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

g) Foreign currencies

(i) Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Finance income or expense'.

Notes to the financial statements (continued)
Year ended 31 December 2019

1. Accounting policies (continued)

h) Use of estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

i) Pensions

The AXA Group operates a number of pension schemes around the world to which contributions, determined in accordance with actuarial advice, are made by Group undertakings in respect of their employees. The charge for pension costs principally represents the costs of providing pension benefits to staff in respect of their service during the year.

The Company participates in a defined benefit pension scheme which shares risks between entities under common control, and which requires contributions to be made to a separately administered fund. Because of the nature of the information available, it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan. Accordingly it accounts for the plan as a defined contribution plan as per paragraph 34 of IAS 19. The defined benefit pension scheme was closed to new members in August 2013.

Contributions to the defined contribution scheme are recognised in the income statement in the period in which they become payable.

j) Current asset investments

Current asset investments are designated at fair value through profit and loss. Fair value is determined by reference to official quoted market prices at the close of business on the balance sheet date. Any resulting gain or loss is included in 'Other operating income' in the profit and loss account.

k) Tangible fixed assets

IT equipment is valued at cost less depreciation calculated on the straight line basis to write off the assets over their estimated useful life of 5 years.

l) Cash at bank and in hand

In the statement of financial position, cash at bank and in hand include cash in hand, deposits held at call with banks, the GATE facility and bank overdrafts.

m) Debtors

Debtors comprise of amounts owed by group undertakings, accrued income, trade debtors and other debtors. Amounts owed by group undertakings are amounts due from group undertakings for trading related services and distribution services performed in the ordinary course of business. Trade debtors are amounts due from customers for securities lending services performed in the ordinary course of business. Accrued income relates to amounts due to the company for services provided to clients and related group undertakings which have not yet been invoiced. Collection is generally expected in 3 months or less, and therefore they are classified as current assets.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade debtors and amounts owed by group undertakings. To measure the expected credit losses, these debtors have been grouped based on shared credit risk characteristics and the days past due.

n) Creditors

Creditors comprise of trade creditors, amounts owed to group undertakings, taxation and social security, corporation tax payable, accruals and other creditors. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts owed to group undertakings are amounts due to group undertakings for corporate services performed in the ordinary course of business. Accruals relates to amounts due by the Company for services provided to it which have not yet been invoiced. Corporation tax payable are amounts due to the local tax authorities under which the Company operates.

Notes to the financial statements (continued)
Year ended 31 December 2019

1. Accounting policies (continued)

o) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provision is made in the financial statements for any legal claims where costs are likely to be incurred and represent the cost of defending and concluding claims.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements, but are disclosed unless they are considered to be remote.

The Group of which the Company is a member carries professional indemnity insurance which covers the Company. No separate disclosure is made of the detail of claims or the costs covered by insurance, as to do so could seriously prejudice the position of the Company.

2. Revenue

Revenue represents amounts derived from the distribution of investment products, securities lending services and trading activities.

An analysis using categories adopted for management reporting is shown below:

Business activity – Turnover	2019	2018
	£	£
Securities Lending	5,586,377	6,915,345
Trading & other	3,270,306	3,525,573
Distribution	6,825,624	8,035,579
	15,682,307	18,476,497
	£	£
Geographical segments - Turnover	2019	2018
	£	£
UK	8,856,683	10,440,918
Spain	6,825,624	8,035,579
	15,682,307	18,476,497

The capital of the Company is managed at an entity level hence a separate disclosure has not been made in respect of the respective geographical net assets.

3. Other operating income

	2019	2018
	£	£
Expenses recharged to other group entities	25,908	70,328
Fair value gain/(loss) on current asset investments (Note 11)	24,246	(12,776)
	50,154	57,552

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Notes to the financial statements (continued) Year ended 31 December 2019

4. Operating profit

Operating profit is stated after charging:

	2019	2018
	£	£
Wages and salaries	1,586,821	1,479,377
Social security costs	112,080	124,366
Other pension costs	22,867	26,888
Staff costs	<u>1,721,768</u>	<u>1,630,631</u>
Fees payable to the Company's auditors for:		
- Audit of the Company	30,060	15,321
- Audit related assurance services	12,000	12,000
	<u>42,060</u>	<u>27,321</u>

There is an amount within total administrative expenses of £7,158,387 (2018: £7,678,557), which relates to recharges from AXA Investment Managers Limited. The Company has 11 (2018: 11) employees. In addition to this, there are several employees accounted for within the wages and salaries costs that are employed by AXA Investment Managers Limited and are disclosed in the statutory financial statements of that company. There is also an additional charge from AXA Investment Managers SA of £3,416,678 (2018: £2,978,927) included within total administrative expenses relating to business recharges (including relevant salary recharges), IT costs and other expenditure.

5. Finance income

	2019	2018
	£	£
Interest received on bank accounts	<u>13,024</u>	<u>28,902</u>

6. Finance expense

	2019	2018
	£	£
Interest paid	<u>19,161</u>	<u>21,117</u>

7. Directors' emoluments

	2019	2018
	£	£
Aggregate emoluments	236,790	200,229
Company contributions to money purchase pension schemes	<u>4,740</u>	<u>5,036</u>

Retirement benefits accrued to nil directors (2018: nil) under a defined benefit scheme. Retirement benefits accrued to one director (2018: 3) under a defined contribution scheme. In 2019, one director (2018: nil) exercised share options and 3 directors (2018: 6) received awards of shares under long term incentive plan awards. Compensation for loss of office was provided to one director during 2019 (Nil:2018).

	2019	2018
	£	£
Highest paid director		
Total amount of emoluments	80,121	57,885
Company contributions to pension schemes	<u>4,740</u>	<u>3,525</u>

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Notes to the financial statements (continued) Year ended 31 December 2019

8. Tax on profit

(a) Analysis of tax charge for the year

	2019	2018
	£	£
Current tax		
UK corporation tax - current year at 19% (2018: 19%)	(30,703)	161,886
Adjustments in respect of prior years	-	-
Foreign tax current year	467,548	841,077
Foreign tax adjustment in respect of prior years	-	(222,749)
Total current tax	<u>436,845</u>	<u>780,214</u>
Tax on profit	<u>436,845</u>	<u>780,214</u>

(b) Factors affecting the tax charge for the year

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2019	2018
	£	£
Profit before taxation	<u>1,712,964</u>	<u>4,189,021</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	325,463	795,914
Effect of:		
Income not subject to UK tax	(356,166)	(634,028)
Tax on overseas earnings	467,548	841,077
Adjustments to tax charge in respect of previous periods	-	(222,749)
Current tax charge for the year	<u>436,845</u>	<u>780,214</u>

Factors affecting future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2018: 19%). Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

It was announced in the budget on 11 March 2020 that the above noted corporation tax rate reduction will be repealed. The effect of this change has no impact on the balance sheet at 31 December 2019. The budget announcement was substantively enacted on 17 March 2020.

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Notes to the financial statements (continued) Year ended 31 December 2019

9. Tangible assets

	IT equipment £	Total £
Cost		
At 1 January 2019	-	-
Additions	14,548	14,548
Disposals	-	-
At 31 December 2019	<u>14,548</u>	<u>14,548</u>
Accumulated depreciation		
At 1 January 2019	-	-
Charge for the year	1,411	1,411
Disposals	-	-
At 31 December 2019	<u>1,411</u>	<u>1,411</u>
Net book value		
At 31 December 2019	<u>13,137</u>	<u>13,137</u>
At 31 December 2018	<u>-</u>	<u>-</u>

10. Investment in subsidiary

The company owns the whole of the issued ordinary share capital of AXA Investment Managers Iberica AV SA, which is incorporated in Spain. AXA Investment Managers Iberica AV SA is functionally dormant.

	Net book value 2019 £	Net book value 2018 £
AXA Investment Managers Iberica AV SA	<u>54,864</u>	<u>-</u>

The net book value of £54,864 represents the investment made during the year, there were no impairments made during this period.

11. Investments

	2019 £	2018 £
At 1 January	187,676	198,312
Additions	-	-
Disposals	(44,950)	-
Foreign exchange adjustment	(8,173)	2,140
Fair value adjustment	<u>24,246</u>	<u>(12,776)</u>
At 31 December	<u>158,799</u>	<u>187,676</u>

Current asset investments relate to holdings in various authorised collective investments schemes operated by another group company. These investments are part of the Company's long term incentive plans for employees.

Fair value is determined by reference to official published market prices at the close of business at the balance sheet date and therefore would be categorised within Level 1 of the fair value hierarchy.

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Notes to the financial statements (continued) Year ended 31 December 2019

12. Debtors

	2019	2018
	£	£
Amounts owed by group undertakings	3,583,985	3,023,668
Other debtors	338,329	113,177
Accrued income	845,783	884,300
Trade debtors	-	69,364
	<u>4,768,097</u>	<u>4,090,509</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	254	8,055
Amounts owed to group undertakings	3,208,115	2,889,257
Taxation and social security	167,265	110,401
Corporation tax payable	283,580	1,002,612
Accruals	553,676	852,029
Other creditors	34,185	31,760
	<u>4,247,075</u>	<u>4,894,114</u>

Amounts owed to group undertakings are unsecured and repayable on demand.

14. Provisions for liabilities

	2019	2018
	£	£
Incentive plans	452,656	441,912
Severance	288,051	-
	<u>740,707</u>	<u>441,912</u>

Incentive plans

	2019	2018
	£	£
At 1 January	441,912	283,444
Payments made in the year	(97,312)	(24,552)
Charge to profit and loss account	108,056	183,020
At 31 December	<u>452,656</u>	<u>441,912</u>

The provision of £452,656 for payments under incentive plans represents the expected amounts to be paid to employees in respect of their past service to the Company under certain incentive schemes (Note 16). Payments are expected to be made over the period of the schemes of 3 to 4 years. The provision is not discounted.

Severance

The provision of £288,051 (2018: nil) as at 31 December 2019 is the estimated cost of settling the severance liability. Payments are expected to be made within a year, therefore the provision is not discounted.

Notes to the financial statements (continued)
Year ended 31 December 2019

15. Called up share capital

	2019	2018
	£	£
Authorised share capital		
5,000,000 (2018: 5,000,000) ordinary shares at £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, issued and fully paid		
800,000 (2018: 800,000) ordinary shares at £1 each	<u>800,000</u>	<u>800,000</u>

16. Long term incentive schemes

The Company strives to align the interests of its key employees with the long term strategy of the AXA IM Group to provide superior long term investment performance to its clients. The AXA IM Group Remuneration Committee ensures that the Company's remuneration philosophy supports this business strategy and has implemented the following long term incentive schemes to attract and retain the best skills and talent within the Company:

a) Deferred Incentive Plan (DIP Cash)

DIP Cash awards vest over a period of three years after grant (provided the beneficiary is employed on the vesting dates) and are made in cash. For awards made in 2012 and 2013 under the DIP scheme, the amounts vest in equal thirds in years 2, 3 and 4. For 2014, the DIP awards vest in equal thirds in years 1, 2 and 3. For 2015, the DIP awards will vest 50% in year 1, 25% in year 2 and 25% in year 3.

Prior to 2015, payments may be adjusted where the results of the AXA IM Group in the year prior to vesting do not allow the provisioning in full or in part for the amount vesting. From 2015, other performance adjustments criteria apply.

A reconciliation of the DIP Cash awards movements over the year to 31 December 2019 is shown below:

	2019	2018
	£	£
Balance at the beginning of the year	-	13,044
Amount vested during the year	-	(13,163)
Exchange adjustment	-	119
Balance at the end of the year	<u>-</u>	<u>-</u>

b) Deferred Incentive Plan Funds (DIP Funds)

DIP Funds awards vest by equal thirds over a period of three years after grant and are structured as rights to phantom options whose value is indexed to the Net Asset Value of the AXA IM Representative Fund (fund of AXA IM funds). Two AXA IM Representative sub-Funds with different risk profiles have been created.

The acquisition of the third tranche of the DIP Funds is subject to investment performance conditions.

Upon vesting, the beneficiary has a period of 5 years during which they can exercise their vested phantom options. After 5 years, all unexercised options expire automatically.

A reconciliation of the phantom option movements over the year to 31 December 2019 is shown below:

Summary Table AXA IM Representative Fund 1 EUR	2019	2018
Number of unvested options at the beginning of the year	485	796
Number of options granted during the year	-	-
Number of options vested during the year	(333)	(324)
Units added for performance adjustment	-	13
Number of options at the end of the year	<u>152</u>	<u>485</u>

Notes to the financial statements (continued)
Year ended 31 December 2019

16. Long term incentive schemes (continued)

b) Deferred Incentive Plan Funds (DIP Funds) (continued)

Summary Table AXA IM Representative Fund 2 EUR	2019	2018
Number of unvested options at the beginning of the year	414	726
Number of options granted during the year	-	-
Number of options vested during the year	(354)	(334)
Units added for performance adjustment	-	22
Number of options at the end of the year	60	414

From 2018 onwards, the Deferred Incentive Plan (DIP(Funds)) plans are 4 year deferred cash plans that have been indexed to the investment performance of a basket of AXA IM Funds representative of the investment platform the recipient belongs or to the performance of a selection of funds from different investment platforms in case the recipient belongs to a support function.

A reconciliation of the phantom option movements over the year to 31 December 2019 is shown below:

Summary Table DIP Funds 2018	2019	2018
Number of unvested options at the beginning of the year	116,611	-
Number of options granted during the year	-	116,780
Number of options vested during the year	(28,951)	-
Units added/(subtracted) for performance adjustment	168	(169)
Exchange adjustment	(975)	-
Number of options at the end of the year	86,853	116,611

Summary Table DIP Funds 2019	2019	2018
Number of unvested options at the beginning of the year	-	-
Number of options granted during the year	97,468	-
Number of options at the end of the year	97,468	-

c) AXA IM Performance Shares

AXA IM Performance Shares allow the acquisition of a certain number of shares of the AXA IM Group based upon a performance assessment period. The number of shares acquired may vary from the number of rights to shares originally granted, depending on the performance assessment.

For Performance Shares awarded prior to 2015, French residents have a 2 year performance assessment and acquisition period, followed by a 2 year restriction period. Other beneficiaries have a 4 year acquisition period and no restriction period. In all cases shares can only be sold from the beginning of the fifth year of any given plan. Each plan has a 10 year duration, which exposes employees to the performance of the AXA IM Group throughout that 10-year period and aligns their interests with those of the AXA IM Group.

For AXA-IM Performance Shares awarded in 2015 and beyond, the performance assessment period is 3 years and the acquisition period is 4 years. The same structure applies to all beneficiaries. The number of shares acquired may vary from the number of rights to shares originally granted, depending on the performance and risk adjustment. Each plan has a 10 year duration, which exposes employees to the performance of the AXA IM Group throughout that 10-year period and aligns their interests with those of the AXA IM Group.

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Notes to the financial statements (continued) Year ended 31 December 2019

16. Long term incentive schemes (continued)

c) AXA IM Performance Shares (continued)

A reconciliation of the AXA-IM Performance Shares option movements over the year to 31 December 2019 is shown below:

Summary Table AXA IM Performance Shares	2019	2018
Number of rights at the beginning of the year	243	240
Number of rights granted during the year	-	-
Number of rights vested during the year	(27)	(12)
Units added for performance adjustment	-	15
Number of rights at the end of the year	216	243

Summary Table AXA Performance Shares	2019	2018
Number of rights at the beginning of the year*	-	717
Number of rights granted during the year*	-	644
Number of rights at the end of the year*	-	1,361

*For this year, the Company has taken advantage of the exemption in FRS101 not to disclose share based information that is disclosed in the published AXA Group accounts.

17. Dividends

	2019	2018
	£	£
Final dividend paid £2.88 (2018: £7.00) per share	2,300,000	5,600,000

In addition, the directors are proposing a final dividend in respect of the financial year ended 31 December 2019 of £1.63 per share which will absorb an estimated £1.3m of shareholders' funds. This dividend will be paid in June 2020 and has not been accounted for within the current year financial statements.

**Notes to the financial statements (continued)
Year ended 31 December 2019**

18. Pension costs

Staff engaged in the Company's activities are members of the AXA UK Pension Scheme which embraces a number of companies in the AXA UK Group. The Scheme has both defined benefit and defined contribution sections but the Company is unable to accurately identify its share of the underlying assets and liabilities of the defined benefit section. There is no contractual agreement or stated policy for charging the net defined benefit cost to the Company, as such the Company has recognised within the financial statements a cost equal to its contribution for the period. On 31 August 2013 the AXA UK Pension Scheme closed to both new members and future accrual and all remaining active members moved to deferred status.

Responsibility for the governance of the plan, including investment decisions, contribution schedules and scheme administration, lies with a single trustee board consisting of company appointed directors and member nominated directors. Additionally, the Law Debenture Pension Trust Corporation is a director, acting on behalf of the Trustee board with Special Director Status.

The AXA UK Group pension scheme is targeted to be fully funded over a ten year time horizon (2028), contributions are payable in the event that the funding deficit is below a pre-agreed anticipated level. The level of contributions to be paid under the funding deficit recovery plan are based on the actuarial valuation performed every three years, however, these may change more frequently if significant events occur in the year. Following the 2018 triennial actuarial valuation, it was agreed between the Trustee and AXA UK that over the next annual reporting period the contributions to be paid will be nil (2018: £66m payable in 2019). The assumptions adopted for the triennial actuarial valuations are determined by the Trustee and are normally more prudent than the assumptions adopted for IAS 19 purposes, which are on a best estimate basis.

An internal review by AXA UK of the defined benefit scheme, revealed an IAS 19 surplus of £263m as at 31 December 2019 (£293m surplus as at 31 December 2018). This represents a snapshot of the present cost of meeting pension obligations that will crystallise over a period of many years. The Scheme invests in a wide range of assets, including equities, which over the long term, are expected by the Directors to meet the liabilities of the scheme.

The total pension cost which has been charged to the profit and loss account of the Company is £0.2m (2018: £0.2m). The outstanding contributions as at 31 December 2019 are £nil (2018: £nil).

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Notes to the financial statements (continued) Year ended 31 December 2019

19. Related party transactions

No disclosure has been made of transactions with other group companies which are wholly owned by AXA Investment Managers SA, in accordance with paragraph 8(k) of FRS101, as the Company is a wholly owned subsidiary of AXA Investment Managers SA, which is fully consolidated in the publicly available financial statements of AXA SA.

During the year, the Company provided services of £8,554,866 (2018: £9,669,219) to other related parties. These transactions were included in revenue.

	2019	2018
	£	£
AXA Investment Managers Deutschland GmbH	461,150	507,535
AXA Belgium SA	1,014,302	633,876
AXA Investment Managers Paris SA	2,418,705	2,161,027
AXA Investment Managers IF	(824,915)	(149,261)
AXA Funds Management SA	5,200,545	6,307,772
AXA Investment Managers Chorus Ltd	58,392	105,077
AXA China Region Insurance Company (Bermuda) Ltd	123,006	100,439
AXA Insurance Ltd	12,868	152
AXA Insurance UK Plc	86,405	2,602
AXA PPP Healthcare Ltd	4,408	-
	8,554,866	9,669,219

During the year, the Company received services of £186,392 (2018: £158,637) from other related parties. These transactions were included in administration expenses.

	2019	2018
	£	£
AXA Seguros Generales SA	24,955	29,383
AXA Real Estate Investment Managers Iberica SA	161,437	129,254
	186,392	158,637

The following balances were receivable from group related entities at 31 December:

	2019	2018
	£	£
AXA Investment Managers Deutschland GmbH	157,774	114,349
AXA Belgium SA	66,322	7,953
AXA Investment Managers Paris SA	885,265	522,545
AXA Investment Managers IF	-	227,200
AXA Funds Management SA	1,451,673	1,485,464
AXA Investment Managers Chorus Ltd	4,649	2,874
AXA China Region Insurance Company (Bermuda) Ltd	1,680	73,538
AXA Insurance Ltd	12,710	-
AXA Insurance UK Plc	79,496	3,144
AXA PPP Healthcare Ltd	4,354	-
	2,663,923	2,437,067

AXA Investment Managers GS Limited

Notes to the financial statements (continued) Year ended 31 December 2019

19. Related party transactions (continued)

The following balances were payable to group related entities at 31 December:

	2019	2018
	£	£
AXA Investment Managers Paris SA	-	1,346
AXA Investment Managers IF	752,349	150,994
AXA Real Estate Investment Managers Iberica SA	56,952	-
	<u>809,301</u>	<u>152,340</u>

All companies listed above are/were part of the AXA Group, of which AXA SA is the ultimate parent company.

20. Immediate and ultimate parent company and controlling party

The Company is a subsidiary of AXA Investment Managers SA, a company incorporated in France. The Company's ultimate parent and controlling company is AXA SA, a company incorporated in France.

The parent undertaking of the largest and smallest group which includes the Company and for which Group financial statements are prepared is AXA SA. Copies of the Group financial statements of AXA SA are available from that company at 25 Avenue Matignon, 75008 Paris, France.

21. Subsequent events – COVID 19

From January 2020, global financial markets experienced significant volatility resulting from the spread of a novel coronavirus known as COVID-19. Since the emergence of this virus, the global progression has led to large scale instability in financial markets and required all firms to take measures to safeguard their employees' health and safety and ensure the continuity of their business. The Company has taken appropriate measures as part of its Business Continuity Plan ("BCP"), which is an important part of its Operational Resilience framework. In line with other firms, it has adopted an extended remote working plan and is confident in its ability to maintain an equivalent level of service to its stakeholders whilst the crisis lasts. Regular updates regarding COVID-19 and its impacts are made available on the AXA IM website: <https://www.axa-im.com/coronavirus-updates>

AXA Investment Managers is closely monitoring the global progression of the virus and the impact of the current market conditions on the value of its assets under management and business.

A financial forecast has been prepared to model the potential impact of this pandemic which indicates that - assuming that the assumptions made by management within the forecast prove to be accurate - the firm will remain profitable for the year to December 2020 and will retain capital in excess of its regulatory requirement (based upon ICAAP) as well as sufficient cash to cover its obligations as they fall due. The forecast also includes consideration of the potential impact of further falls in AUM, actions that could be taken in order to reduce the impact of the virus, and available financial resources. The directors have therefore concluded that it is appropriate to prepare the accounts on a going concern basis.