



**AXA Rosenberg**

**Core strength**



Be Life Confident

# Core strength

Building a well balanced and diversified portfolio remains a fundamental principle for investors. You would already be familiar with the outstanding benefits AXA's Global Equity Growth and Global Equity Value Funds have provided over the last few years. The introduction of the AXA Wholesale Global Equity Core Fund now allows you the opportunity to offer your clients a truly well balanced portfolio through the provision of a core or neutral investment style.

Through AXA Rosenberg, we now provide you and your clients with access to one of the world's premier core investment specialists.

AXA Rosenberg is an Orinda, California based international equities manager forming part of the Global AXA Group. AXA Rosenberg has a total of 260 staff and over \$US55 billion in funds under management as at December 2004. Today, AXA Rosenberg is a leader in the world of global equity investing. AXA Rosenberg's challenge is to build equity portfolios with the greatest potential to deliver above average returns while protecting the investor from unwanted risk. Each portfolio has a designated benchmark, a market index that provides a target risk profile. Using technology, they select the combination of stocks that provides the highest potential return while closely matching the risk profile of the designated benchmark.

**"A time-tried investment principle... to discover and acquire undervalued individual securities as the result of comprehensive and expert statistical investigations."**

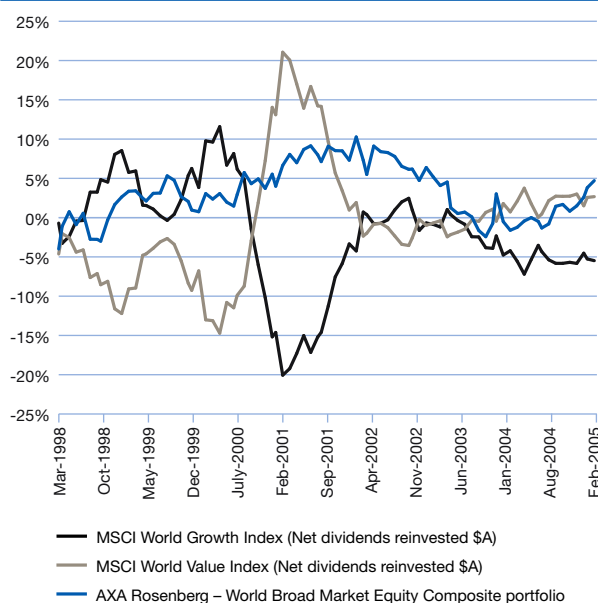
**Graham and Dodd**  
1934

## Why core?

AXA Rosenberg is an active, bottom-up manager, combining fundamental knowledge with quantitative techniques. Their 'core' (or style neutral) approach produces a portfolio of international stocks that has neither a growth or value bias over the medium to long term.

Adding a 'core' manager to your investment mix can reduce the volatility impact of economic and market cycles.

**Excess Return to the MSCI World Index  
(Net dividends reinvested \$A)  
For 7 years ending Feb 2005 (gross of fees)**



Source: AXA Rosenberg and Mercer software

The above graph shows the reduced level of volatility that the AXA Rosenberg portfolio has provided, compared to the MSCI World Growth Index (index for global growth stocks) and the MSCI World Value Index (index for global value stocks). This reduced level of volatility demonstrates the advantages of a quality 'core' manager in a well diversified portfolio.



## Investment philosophy

AXA Rosenberg believes that unique skills are needed to successfully add value, as developed markets are reasonably efficient. They believe that the stock price reflects the market's assessment of how well a company is positioned to generate future earnings. They try to identify any mis-pricing between the stock price and fundamental value of a company through a rigorous, bottom-up approach.

AXA Rosenberg's competitive advantage lays in its application of a sophisticated analytical model that applies a process similar to that which a human expert would follow when performing analysis on a stock. The difference is that an expert system can systematically analyse and compare a large universe of stocks in a consistent, simultaneous and objective manner.

Core beliefs	Investment strategy
<ul style="list-style-type: none"> <li>Markets are reasonably efficient</li> </ul>	→ <ul style="list-style-type: none"> <li>Relative value approach by sector</li> </ul>
<ul style="list-style-type: none"> <li>Earnings matter!</li> </ul>	→ <ul style="list-style-type: none"> <li>Build portfolios with superior earnings to the market</li> </ul>
<ul style="list-style-type: none"> <li>Undervalued stocks are identified through rigorous analysis of fundamental data</li> </ul>	→ <ul style="list-style-type: none"> <li>Analyse around 200 Balance Sheet and Income Statement items for 17,500 companies worldwide</li> </ul>
<ul style="list-style-type: none"> <li>Timing market/sectors creates volatile returns</li> </ul>	→ <ul style="list-style-type: none"> <li>Create portfolios with similar country, sector and company size exposure to the chosen benchmark</li> </ul>
<ul style="list-style-type: none"> <li>Models generate consistent returns</li> </ul>	→ <ul style="list-style-type: none"> <li>Rely on systematic models which eliminate biases and mental shortcuts</li> </ul>

## Performance summary

AXA Rosenberg targets returns that exceed the MSCI World ex Australia Accumulation Index by around 2.5 per cent per annum over rolling five-year periods, while aiming to achieve a tracking error of approximately 5.0 per cent (gross of fund costs).

While the AXA Global Equity – Core Fund is a new fund and therefore has no past performance, AXA Rosenberg has been managing international equities for many years. Following is the actual gross performance they have achieved over the five years ending 31 December 2004. (Please note that the performance of any Australian stocks has been removed from these

performance figures as the AXA Global Equity – Core Fund will not invest in any Australian stocks).

The following table indicates the manager's performance relative to peers (median manager in the Mercer International Shares Specialist Universe) and the MSCI World ex Australia Accumulation Index over one, two, three, four and five-year periods through to 31 December 2004. The manager's performance has exceeded all measures over all time periods.

	1 year % pa	2 years % pa	3 years % pa	4 years % pa	5 years % pa
AXA Rosenberg	12.5	5.4	-4.3	-3.9	-1.7
MSCI (ex-Aust) Index Return	9.9	4.5	-7.5	-8.1	-6.1
Excess return over MSCI Index	2.6	0.9	3.2	4.2	4.4
Peers return (Mercer Median)	10.4	4.9	-6.8	-7.0	-4.2
Excess return over peers	2.1	0.6	2.5	3.1	2.5

\* All figures are before tax and before fees.

AXA Rosenberg has generally been able to add consistent value with an acceptable tracking error and low standard deviation. Their historical performance provides some important insights into its likely future performance characteristics. The investment process targets outperformance around 2.5 per cent per annum above the MSCI ex-Australia World Accumulation Index. This has been achieved consistently in the past. Without any significant style or size bias over time, AXA Rosenberg is consistently able to add value during most parts of the economic cycle. AXA Rosenberg have generally out-performed the index in both rising and falling markets.

“As a rule the most successful man in life is the man who has the best information.”

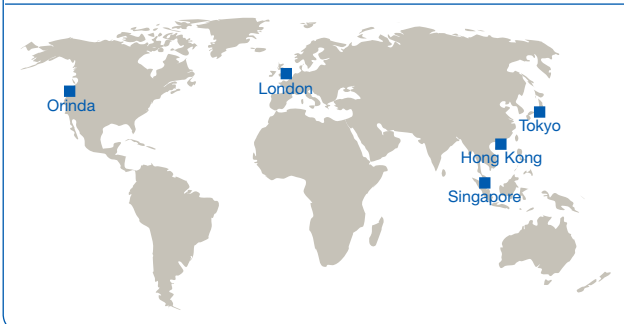
**Benjamin Disraeli**  
1804 – 1881

In 2003 the manager underperformed as the market rewarded speculative, low quality stocks which were not held in the portfolio.

## Global breadth and depth

Today, the AXA Rosenberg Group has offices in five locations and employs over 260 full-time employees worldwide.

### Worldwide locations of AXA Rosenberg Group



Each office is responsible for managing the investment process for the region (eg Orinda – North America, London – Europe, Tokyo – Japan, Singapore – Asia Pacific).

In addition, The Barr Rosenberg Research Centre, also located in Orinda, California, is the focus of all ongoing research and development for the investment process.

## Take advantage of this opportunity

For more information on AXA Rosenberg's investment capabilities or on AXA's range of investment funds, please speak to your Business Development Manager on 1800 644 644.

## Important information

This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, you need to consider (with or without the assistance of an adviser) whether this information is appropriate to your needs, objectives and circumstances. You should obtain a copy of the relevant Product Disclosure Statement (PDS) before making a decision to invest in any financial product. Copies of our PDSs can be obtained from your adviser or by calling 131 737. Applications for investment in AXA Australia products will only be accepted on receipt of an application form accompanying a current PDS. Detailed information about the product is contained in the PDS. The National Mutual Funds Management Limited and its associates derive income from issuing interests in the products, full details of which are contained in the PDSs. Unless specifically stated, the repayment of capital or performance of our products is not guaranteed. This information is provided for persons in Australia only and is not provided for the use of any person who is in any other country. Past performance is no indicator of future performance. All forms of investment involve risk and the value of investments and the income derived from them can fall as well as rise and is not guaranteed.

