

AXA's Australian Equity – Growth Fund

Fund performance^{1, 2, 3}

One year rolling return

	Dec 2011 %	Dec 2010 %	Dec 2009 %	Dec 2008 %	Dec 2007 %
Distribution	4.7	2.0	2.4	9.6	23.8
Growth	-17.5	-2.8	34.3	-47.3	-3.8
Total	-12.8	-0.8	36.8	-37.7	20.0
Benchmark	-11.0	1.9	37.6	-38.9	16.2

Fund return at 31 December 2011

	3 months %	1 year %	3 Years pa %	5 years pa %	7 years pa %
Distribution	2.3	4.7	3.2	9.0	11.2
Growth	-0.4	-17.5	2.5	-11.4	-7.0
Total	1.9	-12.8	5.7	-2.4	4.2
Benchmark	2.1	-11.0	7.7	-2.4	4.4

Market and fund review

While stock markets recovered globally, the S&P/ASX 300 Accumulation Index was up just 2.1% for the quarter. That left the local market down 11.0% for 2011. At the company level, Australian banks suffered ratings downgrades and warned of difficult funding markets and consumer companies facing tough trading conditions downgraded guidance. The Reserve Bank of Australia responded to the deteriorating environment by cutting cash rates twice, to 4.25%.

AXA's Australian Equity Growth Fund underperformed its benchmark in the December quarter.

The main contributors in the quarter were Oil Search, Transfield Services, Brambles and Bradken. Oil Search regained some lost ground in the October rally and has continued to rally to year relative highs. Transfield Services announced a buyback and Brambles outperformed in November helped by the rising US\$. Newcrest Mining also detracted from performance. Detractors included Newcrest Mining as the gold price continues to sell off and so is not behaving as a safe haven asset.

Alliance Growth Equities indicates the investment outlook continues to be highly uncertain with some large tail risks to the downside; a disorderly default somewhere in Europe could be the cause of a Lehman type event, although governments so far have acted just enough to prevent this. Alliance Growth Equities still hold the view that the global economy will battle through with below trend growth as the world takes time to recover from the financial crisis. With so much uncertainty in the macro picture, Alliance Growth Equities continues to keep focus on companies that have a better control of their destinies, a robust outlook and a sustainable competitive advantage that have potential to deliver beyond market expectations.

¹ Past performance is not necessarily indicative of future performance. The performance figures have not taken into consideration the following fees: an entry fee of up to 4.4% on each amount invested; or where the investor has chosen the nil-entry fee option, deferred fees of up to 0.3625% per quarter on application of the first 4 years and early withdrawal fees of up to 5.28% on redemptions made within the first 4 years (both payable by reduction in units), a buy-sell spread of 0.30%, a sliding scale management fee rebate applicable for balances over \$50,000, an optional adviser review fee where applicable and any trail commission rebates. The Growth return reflects changes in the capital value of units, while the distribution return reflects total distributions paid from the fund.



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Sector allocation at 31 December, 2011

Sector	Portfolio %	Benchmark %
Energy	8.0	7.1
Materials	25.4	25.0
Industrials	10.7	7.2
Consumer Discretionary	5.5	3.9
Consumer Staples	7.8	8.0
Health Care	3.5	3.6
Information Technology	0.0	0.7
Telecommunication Services	5.8	4.5
Utilities	0.0	1.6
Financials - Including Prop. Trusts	32.7	38.4
Other	0.0	0.0
Liquidity	0.6	0.0
Total	100.0	100.0

Top 10 holdings at 31 December 2011

	Sector	Portfolio %	Benchmark %
BHP Billiton	Materials	12.2	11.2
ANZ	Financials Ex Prop. Trusts	6.9	5.5
CBA	Financials Ex Prop. Trusts	6.7	7.9
Westpac	Financials Ex Prop. Trusts	5.9	6.2
Wesfarmers	Consumer Staples	5.8	3.5
Telstra Corp	Telecom. Services	5.8	4.2
NAB	Financials Ex Prop. Trusts	5.7	5.3
Rio Tinto	Materials	3.9	2.7
Newcrest Mining	Materials	2.9	2.3
Origin Energy	Energy	2.8	1.5
Total		58.6	50.3
Total number of holdings		37	292

Fund size at 31 December 2011: \$20.4 million

Inception date: August 2001

Investment objective: To provide investors with long-term capital growth. The fund aims to outperform the S&P/ASX 300 Accumulation Index after costs and over rolling five year periods.

Investment manager: The fund uses the global investment resources and capabilities of Alliance Growth Equities, the growth style investment and research management unit of AllianceBernstein L.P. (AllianceBernstein), a leading global investment management firm. This expertise is delivered to Australian investors through a joint venture between AXA Asia-Pacific Holdings and AllianceBernstein Australia Limited.

² The benchmark is the S&P/ASX 300 Accumulation Index.

³ The Australian Equity - Growth Fund was closed to new investors on 30 September 2004. The Fund is now offered as Generations Alliance Growth Australian Equity as part of the Generations range.

Important information

This publication has been prepared to provide general information only and does not take into account the financial objectives, situation or needs of any particular person. 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. Before making any 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. Past performance is not necessarily indicative of future performance. 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. The Fund is closed to new applications for investment.

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