

# AXA's Australian Equity – Value Fund

## Fund performance<sup>1, 2, 3</sup>

### One year rolling return

	Dec 2011 %	Dec 2010 %	Dec 2009 %	Dec 2008 %	Dec 2007 %
Distribution	5.8	2.4	3.9	9.0	11.6
Growth	-21.4	-4.1	32.4	-47.5	0.2
<b>Total</b>	<b>-15.6</b>	<b>-1.7</b>	<b>36.3</b>	<b>-38.4</b>	<b>11.8</b>
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	3.0	5.8	4.3	7.2	7.9
Growth	-2.6	-21.4	-0.1	-12.1	-5.3
<b>Total</b>	<b>0.4</b>	<b>-15.6</b>	<b>4.2</b>	<b>-4.9</b>	<b>2.6</b>
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 Value Fund underperformed its benchmark in the December quarter.

The two largest detractors, OneSteel and Fairfax Media, were both victims of investors' short term fears. OneSteel underperformed on speculation that it may need to raise equity. Sentiment toward Fairfax Media remains poor after the Fairfax family sold its 10% company stake in November and newspaper advertisement revenues dropped dramatically. Contributors included National Australia Bank (NAB) and Telstra. NAB's return on equity improves as it builds on its business market strengths and turns around its retail franchise. Its unfavorable debts have receded, it has continued to roll off negative assets, and it is making modest profits in areas that are recovering from large losses. Telstra's shareholders approved the A\$11 billion NBN proposal, and the company submitted a revised Structural Separation Undertaking, anticipated to be viewed more favourably by the Australian Competition and Consumer Commission.

AllianceBernstein indicates that there is an abundance of cheaply priced stocks in the Australian market, with valuation spreads at close to all time highs and they believe there is an exceptional value opportunity for them to capture. However, AllianceBernstein also indicate that in the face of continued global macro uncertainty, they do not believe that now is the right time to increase the overall risk in the portfolio. Hence, their objective is to take the appropriate combination of risks and seek the right balance between cyclical and defensives.

<sup>1</sup> Past performance is not necessarily indicative of future performance. The performance figures for the Australian Equity – Value Fund 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.



## AXA's Australian Equity - Value Fund

### Sector allocation at 31 December 2011

Sector	Portfolio %	Benchmark %
Energy	2.6	7.1
Materials	21.9	25.0
Industrials	3.1	7.2
Consumer Discretionary	10.1	3.9
Consumer Staples	1.7	8.0
Health Care	0.0	3.6
Information Technology	0.0	0.7
Telecommunication Services	10.5	4.5
Utilities	0.0	1.6
Financials - including Prop. Trusts	47.9	38.4
Other	0.0	0.0
Liquidity	2.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Top 10 holdings at 31 December 2011

	Sector	Portfolio %	Benchmark %
NAB	Financials Ex Prop. Trusts	10.0	5.3
BHP Billiton	Materials	9.8	11.2
ANZ	Financials Ex Prop. Trusts	8.9	5.5
Telstra	Telecom. Services	8.8	4.2
Rio Tinto	Materials	6.4	2.7
Westpac	Financials Ex Prop. Trusts	6.4	6.2
CBA	Financials Ex Prop. Trusts	4.5	7.9
Macquarie Group	Financials Ex Prop. Trusts	4.3	0.8
Insurance Aust Group	Financials Ex Prop. Trusts	3.2	0.8
Fairfax Media	Consumer Discretionary	3.1	0.6
<b>Total</b>		<b>65.4</b>	<b>45.2</b>
<b>Total number of holdings</b>		<b>41</b>	<b>292</b>

**Fund size at 31 December 2011:** \$24.6 million

**Inception date:** July 2003

**Investment objective:** The Fund aims to outperform the S&P/ASX 300 Accumulation Index after costs and rolling five year periods.

**Investment manager:** The Fund uses the global investment resources and capabilities of Bernstein Value Equities, the value 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.

<sup>2</sup> The Benchmark is the S&P/ASX 300 Accumulation Index

<sup>3</sup> The Australian Equity - Value Fund was closed to new investors on 30 September 2004. The Fund is now offered as Generations Bernstein Value 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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