

# AXA's Australian Equity – Value Fund

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

### One year rolling return

	Jun 2010 %	Jun 2009 %	Jun 2008 %	Jun 2007 %	Jun 2006 %
Distribution	2.0	3.9	10.1	13.2	10.4
Growth	9.2	-18.5	-32.5	12.4	13.7
<b>Total</b>	<b>11.2</b>	<b>-14.6</b>	<b>-22.4</b>	<b>25.6</b>	<b>24.1</b>
Benchmark	13.1	-20.3	-13.7	29.2	24.0

### Fund return at 30 June 2010

	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa
Distribution	0.3	2.0	5.9	8.0	n/a
Growth	-11.9	9.2	-15.6	-5.2	n/a
<b>Total</b>	<b>-11.6</b>	<b>11.2</b>	<b>-9.7</b>	<b>2.8</b>	<b>n/a</b>
Benchmark	-11.2	13.1	-8.0	4.5	9.7

## Market and fund review

After peaking in mid-April, both global and Australian equity markets retreated as a number of developments sapped confidence. Europe's debt woes set off alarms, doubts emerged over the durability of the US economic recovery and there was concern that China's attempts to puncture a real estate bubble may have harmful spill-over effects. The unpleasant brew caused Australian equities—as measured by the S&P/ASX 300 Accumulation Index—to fall 11.2% in the June quarter. Australian shares' weakness was broadly in step with the global decline.

Sector returns were consistent with lower risk appetite, as market components that tend to do well in times of risk aversion fared best. Telecommunications provided a positive return and the consumer staples and utilities sectors did relatively well in a difficult month.

AXA's Australian Equity Value Fund underperformed its benchmark in the June quarter.

In the June quarter, much-maligned Telstra was our biggest winner as the telecommunications company signed an agreement with the Federal Government to cooperate to develop the National Broadband Network. Other notable return contributors included Macarthur Coal and Amcor (also a success over the financial year). Detractors included Woolworths Ltd, Westfield Group and Qantas.

Bernstein Value Equities indicates attention to risk is the forefront of their investment approach and the risk consciousness has motivated them to reduce their financials exposure. Further, Bernstein Value Equities believe funding cost will become burdensome for a number of Australian financial institutions and have cut down its holdings in Westpac and Macquarie. By contrast Bernstein Value Equities has increased the listed property exposure via purchasing more shares in Westfield and Dexus, which according to Bernstein Value Equities have high quality US, UK and Australian assets.

<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 30 June 2010

Sector	Portfolio %	Benchmark %
Energy	2.9	7.3
Materials	29.5	25.4
Industrials	4.1	6.2
Consumer Discretionary	4.2	4.3
Consumer Staples	4.8	8.9
Health Care	1.0	3.6
Information Technology	0.0	0.8
Telecommunication Services	9.7	3.9
Utilities	0.0	1.4
Financials - including Prop. Trusts	42.7	38.2
Other	0.0	
Liquidity	1.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Top 10 holdings at 30 June 2010

	Sector	Portfolio %	Benchmark %
BHP Billiton	Materials	12.7	12.3
NAB	Financials Ex Prop. Trusts	8.0	4.8
Telstra	Telecom. Services	7.5	3.5
ANZ	Financials Ex Prop. Trusts	7.4	5.3
CBA	Financials Ex Prop. Trusts	6.9	7.3
Rio Tinto	Materials	5.8	2.8
News Corp	Consumer Discretionary	3.6	0.7
Westpac	Financials Ex Prop. Trusts	3.3	6.1
Insurance Aust Group	Financials Ex Prop. Trusts	3.0	0.7
QBE Ins Group	Financials Ex Prop. Trusts	2.9	1.8
<b>Total</b>		<b>61.1</b>	<b>45.3</b>
<b>Total number of holdings</b>		<b>50</b>	<b>300</b>

**Fund size at 30 June 2010:** \$30.3 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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