

AXA's Australian Monthly Income Fund

Fund performance^{1, 2, 3}

One year rolling return

	Jun 2010 %	Jun 2009 %	Jun 2008 %	Jun 2007 %	Jun 2006 %
Distribution	3.6	5.1	7.1	6.2	5.7
Growth	0.0	0.0	0.0	0.0	0.0
Total	3.6	5.1	7.1	6.2	5.7

Fund return at 30 June 2010

	3 months %	1 year %	3 years % pa	5 years % pa	Since Incept. % pa
Distribution	1.0	3.6	5.3	5.5	5.5
Growth	0.0	0.0	0.0	0.0	0.0
Total	1.0	3.6	5.3	5.5	5.5

Please be advised that this investment is not a bank deposit and is not guaranteed. Loss of some or all principal investment is a risk associated with the product.

Market and fund review

The Fund's June earning rate was 4.4% compared to 3.8% in March 2010.

The cash rate has now stabilised at 4.5% for the short term following 25 basis point increases at each of the Reserve Bank's meetings in April and May. Since this time, the Reserve Bank has left rates unchanged and this is likely to be the case for the near term. The volatility in equity and bond markets and concerns around European sovereign debt have moderated expectations of further interest rate rises in the short term. Following six rate increases since October 2009, interest rates are now trending around longer term averages.

The global economy continues to expand but there are concerns about the slower rate of growth in key nations. There are indications that growth in China is starting to moderate. Some European nations are facing significant cuts in spending amidst tightening fiscal policies and concerns over the levels of sovereign debt. US growth appears to be improving but labour markets are yet to show signs of recovery.

The RBA expects inflation slightly above 3% in the short term and at the upper end of its preferred range over the next 12 months, even though the effects of earlier expansionary policy measures are gradually being removed. The pace of wages growth is now increasing. Consumer spending is increasing slightly, but households are somewhat cautious. Business investment is expected to increase over the coming year, although access to credit is still a concern.

In October 2008, the Federal Government announced a deposit guarantee initiative applicable to a range of bank and non-bank authorised deposit-taking institutions. This guarantee (which was removed from 1 April 2010 for wholesale funding only) did not extend to mortgage funds and as a result, the Fund saw an increase in withdrawal requests. Consequently, it was decided to extend the period for the payment of redemption requests with effect from 23 October 2008. Six withdrawal offers have been paid since 2009 and the next withdrawal offer will be paid in September. Applications continue to be accepted and distributions may be reinvested in the Fund.

The fund's asset base has its largest exposure to variable rate interest earnings. Optimal asset allocation remains critical whilst ensuring that high credit standards are maintained. The manager continues to ensure that target asset allocations and adequate liquidity levels are maintained.

¹ Past performance is not necessarily indicative of future performance. Performance figures have not taken into consideration the following fees: withdrawal fees on investments held for less than 12 months charged on a sliding scale up to a maximum of 1.5% (payable by reduction in units), an optional adviser review fee where applicable, any upfront rebates due to adviser commission dial down and any trail commission rebates. The Distribution return reflects total distributions paid from the Fund, while the Growth return reflects changes in the capital value of units.



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Sector allocation

at 30 June 2010

	% of fund	\$ million
Commercial loans		
- Hospitality	4.0	59.7
- Residential	0.3	5.1
- Industrial	14.6	215.7
- Commercial	23.1	341.5
- Retail	27.8	411.6
- Development	0.1	0.8
- Specialised & other	2.3	34.4
Mortgage backed securities	0.1	1.0
Income securities	14.3	210.8
Cash	13.4	199.0
Total	100.0	1,479.6

Top 10 fixed interest securities

at 30 June 2010

	% of Fund
Ale Property Trust	1.5
Select Access Inv	1.4
Elm B.V.	1.3
Consolidated Press Fin.	1.0
QBE Intl Hldgs UK	1.0
ANZ	0.9
Westpac Banking	0.9
ANZ	0.7
General Prop Trust	0.7
Southern Cross Air	0.7
Total	10.1

Commercial loans geographical allocation

at 30 June 2010

	% of loans
WA	34.3
NSW & ACT	29.4
VIC	19.6
QLD	11.9
TAS	2.8
SA & NT	2.0
Total	100.0

Total average loan to valuation ratio across commercial loan portfolio: 57.2%

Fund size at 30 June 2010:⁴ \$543.0 million

Inception date: July 2000

Investment objective: To provide a competitive interest income return on a monthly basis, while at the same time providing a stable unit price.

Investment manager: AXA Australia is responsible for the Fund's exposure to mortgage investments. AllianceBernstein is the investment manager for the Fund's exposure to fixed interest securities and cash/money market securities through the AllianceBernstein Fixed Income Investment team.

2 The Australian Monthly Income Fund, issued by National Mutual Funds Management Ltd, is available by way of PDS which you can obtain from your financial adviser or by calling 1800 780 085. You should read the PDS before making an investment decision.

3 Withdrawals from the Fund are subject to any Withdrawal Offer made by the responsible entity.

4 This figure excludes the unit holding of the Wholesale Australian Monthly Income Fund as at 30 June 2010. The unit holding for the Wholesale Australian Monthly Income Fund is \$936.6 million as at 30 June 2010.

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 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. Past performance is not necessarily indicative of future performance. Detailed information about the product is contained in the PDS. Applications for investment in AXA Australia products will only be accepted on receipt of an application form accompanying a current PDS. A copy of the PDS is can be obtained by calling 137 292. National Mutual Funds Management Ltd and its associates derive income from issuing interests in the product, full details of which is contained in the PDS. 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.

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