

AXA's Wholesale Australian Equity – Industrials Fund

Fund performance^{1,2,3}

One year rolling return

	Dec 2011 %	Dec 2010 %	Dec 2009 %	Dec 2008 %	Dec 2007 %
Distribution	4.7	4.2	3.9	9.2	35.7
Growth	-8.7	-7.9	31.0	-47.0	-21.6
Total	-4.0	-3.7	34.9	-37.8	14.1
Benchmark	-3.8	-2.6	34.1	-40.0	7.9

Fund return at 31 December 2011

	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa
Distribution	4.0	4.7	4.3	12.0	12.1
Growth	-0.1	-8.7	3.3	-14.4	-8.2
Total	3.9	-4.0	7.6	-2.4	3.9
Benchmark	4.0	-3.8	7.9	-4.0	2.6

Market and fund review

While stock markets recovered globally, the S&P/ASX 300 Industrial Accumulation Index was up 4.0% 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 Wholesale Australian Equities Industrial 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.

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-style event, although governments so far have acted just enough to prevent this. Alliance Industrials Growth Equities believes that the global economy will muddle through with below trend growth as the world takes time to recover from the financial crisis. Earnings downgrades have come through and there are probably some more to come. However, the market does look a bit cheap on likely earnings levels.

¹ Past performance is not necessarily indicative of future performance. Performance figures are calculated using exit prices, are net of management fees, ongoing fees and expenses, assume distributions are reinvested and tax is not deducted. 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 analysis at 31 December 2011

Sector	Portfolio %	Benchmark %
Energy	0.0	0.0
Materials	5.9	4.7
Industrials	14.1	10.1
Consumer Discretionary	6.7	5.5
Consumer Staples	11.7	11.3
Health Care	3.8	5.1
Information Technology	0.0	0.9
Telecommunication Services	7.4	6.3
Utilities	0.0	2.3
Financials Includes Listed Prop.	49.4	53.8
Other	0.0	0.0
Liquidity	1.0	0.0
Total	100.0	100.0

Top 10 holdings at 31 December 2011

	Profile	Portfolio %	Benchmark %
CBA	Financials Ex Prop. Trusts	10.8	11.0
ANZ Bank	Financials Ex Prop. Trusts	9.9	7.8
NAB	Financials Ex Prop. Trusts	7.8	7.4
Westpac	Financials Ex Prop. Trusts	7.5	8.7
Telstra Corp	Telecom. Services	7.4	5.9
Wesfarmers	Consumer Staples	7.3	4.9
Woolworths	Consumer Staples	4.4	4.4
Brambles	Industrials	3.4	1.5
Suncorp Metway	Financials Ex Prop. Trusts	3.2	1.5
Challenger Financial Services	Financials Ex Prop. Trusts	3.2	1.2
Total		64.9	54.3
Total holdings		32	185

Fund size at 31 December 2011: \$44.1 million

Inception date: November 1998

Investment objective: To outperform the S&P/ASX 300 Industrials 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 Industrial Accumulation Index.

³ The Wholesale Australian Equity – Industrials 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.

Important information

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