

AXA's Emerging Markets Fund

Fund performance^{1, 2, 3}

Fund return at 30 June 2011

	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa
Distribution	0.0	n/a	n/a	n/a	n/a
Growth	-6.1	n/a	n/a	n/a	n/a
Total	-6.1	n/a	n/a	n/a	n/a
Benchmark	-4.5	0.8	0.5	3.6	10.7

Market and fund review

Emerging markets trailed developed markets in the second quarter of 2011, afflicted by a renewed flight to quality. The MSCI Emerging Markets Index in Australian dollars fell by 4.5% over the quarter, compared with a modest 0.5% rise for the MSCI World. By country, the key economies of Brazil, Russia, India and China all lost ground over the quarter. The best performers included Chile, the Czech Republic and Indonesia. Defensive sectors generally performed better than more cyclical ones, with consumer staples, telecom and healthcare stocks all delivering positive returns. The consumer discretionary sector also performed well, returning 5.9%. The energy and materials sectors fell furthest.

AXA's Emerging Markets Fund underperformed its benchmark in the June quarter.

Asian stocks numbered among many of the quarter's largest contributors and detractors. South Korea's Hana Financial detracted after investors reacted to concerns that its merger with Korea Exchange Bank might fail owing to regulatory issues. Shares of Taiwan's AU Optronics also weighed on returns amid continued pricing pressures for flat panel displays. China Rongsheng Heavy, which manufactures and markets ships, marine vessels and carriers, fell on concerns about its weak order book and a guidance revision that was below that given at the time of its IPO six months ago. South Korean holding Samsung Engineering was the quarter's biggest contributor, thanks to positive news flow regarding its order book that should lead to earnings upgrades. Polish metals and mining firm KGHM benefited from a rally in Polish equities, as well as from its exposure to silver mining amid rising prices. Hong Kong-listed Chinese real estate developer Evergrande outperformed after reporting a 50% increase in sales since a year ago.

AllianceBernstein indicates that despite the challenges of the last year, with higher-than-expected inflation and moderating growth, both their growth and value teams are optimistic about opportunities in the emerging markets. AllianceBernstein expect macroeconomic pressures on emerging-market economies to moderate in the second half of 2011, opening the way for stocks to advance from their current range bound levels. The growth team has been adjusting its position in China to reflect where it believes the best opportunities now lie. The value team has been disciplined in rebalancing towards attractively valued companies in the face of what it believed were transitory shocks. Finally, AllianceBernstein indicated that due to the complementary nature of the growth and value sleeves, the Emerging Markets portfolio offers comparable long-term growth potential and lower valuations than its benchmark, thus offering very strong absolute and relative return potential.

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 Growth return reflects changes in the capital value of units, while the Distribution return reflects total distributions paid from the Fund.

² The benchmark is the Morgan Stanley Capital International (MSCI) Emerging Markets Index (net dividends reinvested) before fees in Australian dollar terms.

³ AXA's Emerging Markets 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



Sector allocation at 30 June 2011

	Portfolio Benchmark	
Energy	15.3	14.5
Materials	15.4	14.9
Industrials	6.4	7.5
Consumer Discretionary	10.9	7.7
Consumer Staples	3.5	6.7
Health Care	0.6	1.0
Information Technology	13.6	12.1
Telecom. Services	2.1	7.3
Utilities	2.6	3.6
Financials	27.4	24.7
Liquidity & Other	2.2	0.0
Total	100.0	100.0

Top 10 holdings at 30 June 2011

	Country	Portfolio	Benchmark
Samsung Electronics	KOR	4.2	2.4
Vale	BRA	3.4	2.5
Gazprom	RUS	3.1	2.0
Petroleo Brasileiro	BRA	2.8	2.9
Lukoil	RUS	2.0	0.8
Banco Do Brazil	BRA	1.7	0.3
KGHM Polska	POL	1.6	0.3
CNOOC Ltd	CHI	1.6	1.1
Samsung Engineering	KOR	1.6	0.2
America Movil	MEX	1.4	1.3
Totals		23.4	13.8
Total Number of holdings		216	824

Country Allocation at 30 June 2011

	Portfolio	Benchmark
Brazil	16.2	15.5
Korea	16.1	14.8
China	13.8	17.3
Russia	10.1	6.8
Taiwan	8.8	11.1
India	8.5	7.4
South Africa	4.9	7.3
Turkey	3.7	1.4
Mexico	2.4	4.4
Indonesia	2.3	2.6
Hong Kong	2.2	0.0
Thailand	1.7	1.7
Poland	1.7	1.7
United Kingdom	1.1	0.0
Chile	1.0	1.7
Malaysia	0.8	3.2
Qatar	0.8	0.0
Czech Republic	0.6	0.4
Canada	0.4	0.0
Kazakhstan	0.4	0.0
Egypt	0.4	0.3
Singapore	0.3	0.0
Mongolia	0.3	0.0
United Arab Emir.	0.3	0.0
Argentina	0.2	0.0
Sweden	0.2	0.0
Ukraine	0.2	0.0
Kuwait	0.2	0.0
Peru	0.2	0.5
Oman	0.1	0.0
United States	0.1	0.0
Other	0.0	1.9
Total	100.0	100.0

Fund size at 30 June 2011: \$4.9 million

Inception date: July 2010

Investment objective: The objective of the Fund is to provide unit holders with long-term capital growth and to outperform the Morgan Stanley Capital International (MSCI) Emerging Markets Index by 3% per annum over full market cycles (before fees).

Investment manager: Investment manager of the Fund is AllianceBernstein Australia Limited ABN 53 095 022 718, AFSL No. 230698 (AllianceBernstein). The Emerging Markets Fund is managed by Alliance Bernstein Blend Strategies and takes advantage of Alliance Growth and Bernstein Value Equities.

Important information

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