

10 June 2010

Dear Friends, Investors and Colleagues,

We witnessed another bumpy month in May. Your funds resisted well although they both underperformed their respective benchmarks, mainly due to a stronger performance of the benchmark's US stocks for the Global fund, and the slight underperformance of our Asian stocks in the Emerging Markets fund.

Charles has been travelling in Asia in the past weeks and is concerned about the increasing social tensions in China. Home prices have soared almost 90% in the last two years in Shanghai, and reached Paris price levels, which makes investors fearful of a real estate bubble burst. The team, who shares this concern, is cautious about companies too much linked to the Chinese economic growth, and prefers to overweight exporters in growing industries, such as solar companies.

Please find our monthly comment for each fund below.

We will be pleased to answer any questions you may have by email:
talents@axa-im.com

Yours sincerely,

Charles, Guillaume and Nils

AXA WF Framlington Talents (Global Equity – F share)

AXA WF Framlington Talents was down 4.2% in May while the MSCI World was down 2.0%. (1)

Challenges, as for risks, usually come along opportunities. As such, we believe that the loss of confidence in the euro is a good opportunity for European exporters and are not worried about the future of well-managed European companies. We increased our exposure to three major financial companies: Banco Santander, Mediobanca and Generali. Mediobanca is Generali's largest shareholder and Vincent Bolloré, who is currently one of Mediobanca's largest shareholders, also increased his exposure to the insurance business through direct Generali share purchase during the May stock market slump.

We increased our stake in Chinese exporters of solar cells, first by increasing our exposure to Trina Solar after a recent strong drop in the share price, and then by adding Suntech Power Holdings to the portfolio. Suntech tends to be more technology driven than Trina and used to trade with a large valuation premium to Trina. This premium has recently declined and we used this opportunity to get exposure. The company was founded by Zhengrong Shi who today is CEO and Chairman.

Krill producer Aker Biomarine has become one of our largest holdings as we participated in its recent share placement. Its share price is back close to its historic low after a 200% spike during a few weeks in April and in our view does not take into account the impact of the latest partnerships announced by the company.

You will find a short description of our 6 largest holdings for this month on the next pages.

Most of the portfolio is invested in companies that can create value regardless of economic growth in the developed world: 37% of the portfolio is invested in holding companies of flexible entrepreneurs who know how to grow in tough economic environments by building new businesses and playing the cycle well (Odet, Aker, Immsi, UB, RHJ...). 6% is invested in "new growth companies" that mostly depend on the success of their new ventures rather than on the overall economic environment (Tanzanian, Aker Bio, Soitec...), a further 21% in emerging markets companies and 35% in established growth companies (such as Dell).

Our portfolio is invested 47% in Europe, 21% in Asia ex-Japan (China, Malaysia, South Korea, Taiwan and India), 10% in Japan, 17% in North America and 5% in other countries. We continue to be fully committed and keep our personal assets invested in the fund, as we believe that the entrepreneurs we choose will create value by reacting fast, using arising opportunities and being more creative. (2)

Our top 6 holdings as of 31/05/2010:

Vincent Bolloré | French | Financière de l'Odéon | 9%

Masayoshi Son | Japanese | Softbank | 5%

Kwok Ho | Chinese | Chaoda | 5%

Roberto Colaninno | Italian | Immsi | 5%

Michael Dell | American | Dell | 4%

Kjell Inge Rokke | Norwegian | Aker | 3%

AXA WF Framlington Talents 6 largest holdings (this month's updates in green):

Financière de l'Odet (9% of our portfolio): Most of the group's assets are in transport and logistics, mainly in Africa. It also owns large plantations (oil palm, rubber trees, vineyards), oil and agricultural products storage facilities, media and communication assets such as Havas, Aegis, DirectTV, Direct Soir. Bolloré set up a factory in Brittany that now produce promising electric car LMP batteries. He strongly believes that his LMP batteries, which are heat-resistant up to 180°C, are superior to the LI batteries chosen by Renault-Nissan, Peugeot, Volkswagen, Mitsubishi or Toyota, which can burn at 60°C.

Softbank (5% of our portfolio), founded by Masayoshi Son, is well positioned to become Asia's Google. It controls Yahoo! Japan, a 30% stake in Alibaba and 40% in Oak Pacific Interactive, both leading internet businesses in China, and owns Softbank Mobile, the fastest growing mobile phone company that sells the iPhone and the newly introduced iPad in Japan.

Chaoda (5% of our portfolio): Kwok Ho's vegetable production company. Mr. Kwok saw the great potential for quality food and created Chaoda, which combines large-scale standardized farming with an extensive sales network. The business model not only aids the progress of industrialization, scale production and standardization, it also increases local farmers' incomes. The company recently announced the acquisition of organism technology patents and appointed Nobel Prize winners Professor Wiesel and Professor Lam as consultants to develop edible vaccines derived from plants such as vegetables, fruits, and seeds against viruses and bacteria.

Immsi (4% of our portfolio): Roberto Colaninno is a "turnaround specialist" who saved Olivetti in 1997 and scooter maker Piaggio in 2004. It also owns €70 million worth of real estate in Rome and Sardinia, Rodriguez shipyards and a 7% stake in the new Alitalia - perhaps Colaninno's next turnaround story. Piaggio increases its market share with innovative products, such as the hybrid three-wheeler scooters launched end September in France. Immsi trades at a 54% discount to its net asset value. In March it sold 3% of Piaggio to reduce its debt.

Dell (4% of our portfolio): Established in 1984 by Michael Dell with a USD1,000 investment, Dell revolutionized the computer industry by offering tailor-made products on the mass market. Michael started his business as a college student by assembling computers from single parts in his dormitory and selling them to classmates at huge discount compared to computers sold in stores.

Aker (3% of our portfolio), Norwegian Kjell Inge Rokke's conglomerate, builds world class companies to resolve the world's fundamental challenges related to energy, the environment and nutrition. It is cash rich with a December 2009 Net Asset Value of 19.5 billion NOK or 269 NOK per share. It owns 40% in DetNorske, a large oil company on the Norwegian continental shelf and Aker Drilling. Aker currently trades at a 41% discount to NAV.

AXA WF Framlington Emerging Markets Talents (F share)

« Formerly known as AXA WF Talents BRICK »

Guillaume de Corbiac, co-fund manager

In May, AXA WF Framlington Emerging Markets Talents was down 2.3% while the MSCI EM Index was down 1.2%. (1)

This month, stock markets were particularly volatile, which generated particularly interesting investment opportunities. On the back of such market conditions, we trimmed down our cash position from 8% of the portfolio at the end of April to less than 2% as of end May.

In China, market turbulences negatively affected the share price of most of our holdings including our main position, Chaoda Modern (Kwok Ho), down 18% despite its very attractive ratios. We took some profits on some of our fairly valued Chinese investments like Focus Media (Jason Jiang) or Yip's Chemicals (Ip Chi Shing), and reinvested the proceeds in discounted names, several of which we had sold at a 30% to 60% higher price during 2009.

In India, Mahindra & Mahindra (Mahindra family) was up after it announced it could bid for Ssangyong Motor, a South Korean car maker. Bajaj Holdings & Investments (Bajaj family), the controlling company of famous rickshaw brand Baja Auto, was up 13% after better than expected results. We slightly reduced our stake in the stock as well as in April's best performers Indiabulls Financials (Sameer Gehlaut) and Fortis Healthcare (Singh family), in order to increase our stake in India's leading biotech company Biocon (Kiran Mazumdar Shaw) and to buy a stake in Jyothy Laboratories (MP Ramachandran). The latter is a fast growing maker of whitener, detergents, soap, and insect repellents. The stock was up 22% this month.

In Indonesia, we sold our last shares in Bhakti Investama (Hary Tanoesodibijo) as the company was becoming overvalued, and we increased our stake in Malaysian low cost airline Airasia (Tony Fernandes). In Brazil, we bought more shares in holding company Camargo Correa (Egidio de Sousa family) and bought a stake in fashionable flip-flop sandals manufacturer Grendene (Alexandre Grendene Bartelle).

We maintain a diversified portfolio: 30% invested in China, 21% in India, 16% in other Asian countries (mostly South Korea, Malaysia, Singapore, Indonesia, Philippines, Vietnam), 16% in Latin America (mostly Brazil, Mexico, Chile, Argentina, Colombia), 10% in Africa (mostly Tanzania, South Africa and Egypt), 3% in Turkey, 2% in Israel, and 2% in Russia. We remain confident that AXA WF Framlington Emerging Markets Talents' stocks have great potential. (2)

Our top 6 holdings as of 31/05/2010:

Kwok Ho | Chinese | Chaoda Modern Agriculture | 5%
Jeffrey Kang | Chinese | Cogo Group | 3%
James E. Sinclair | American | Tanzanian Royalty | 3%
Tony Fernandes | Malaysian | Airasia | 2%
Gao Jifan | Chinese | Trina Solar | 2%
Laurie Dippenaar | South African | RMB Holdings | 2%

(1) Performances are calculated with dividends, net of withholding taxes and management fees, in €, F share, as of 31/05/2010. The figures provided relate to past months or years and past performance is not a reliable indicator as to future performance. Investors should be aware that the price of shares and the income from them may go down as well as up and is not guaranteed. All data and performance information into the document have not been yet certified by the Fund's auditors.

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