

08 July 2010

Dear Friends, Investors and Colleagues,

Michael Dell mentioned in June that he was thinking about taking his company private – which points to the company's low valuation. Dell is among many other great companies in our portfolio that these days seem undervalued and offer attractive upsides.

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)

Charles Firmin-Didot, fund manager; Nils Meinefeld back-up manager

AXA WF Framlington Talents was down 1.4% in June while the MSCI World was down 3.3%. (1)

Many of our Norwegian stocks such as Aker, Aker Biomarine or Marine Harvest fell more than 10% in June as investors fled this volatile market disregarding attractive valuations. We remain optimistic on these companies.

On a more positive note, our largest private company did well: HBI's valuation was increased by 50% as Europe's third largest catering company grew profits and reduced its debt significantly.

Other good news was the release of iPhone 4 for Softbank and its customers, who were the first globally to be able to purchase Apple's latest highly anticipated product.

We added to Porsche who are the main owner of export driven Volkswagen and took some profits on South African Rainbow Mines that has been a clear beneficiary of the ongoing gold rush. Our favourite gold entrepreneur Jim Sinclair still sees a lot of upside for gold in the months to come considering gold as the security cushion against "huge frantic greed driven operations" by irresponsible actors on the markets.

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: 36% 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...). 7% 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 19% in emerging markets companies and 38% in established growth companies (such as Dell).

Our portfolio is invested 50% in Europe, 20% in Asia ex-Japan (China, Malaysia, South Korea, Taiwan and India), 10% in Japan, 15% 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 30/06/2010:

Vincent Bolloré | French | Financière de l'Odet | 10%
Masayoshi Son | Japanese | Softbank | 5%
Roberto Colaninno | Italian | Immsi | 5%
George Kaiser | American | North American Palladium | 4%
Michael Dell | American | Dell | 4%
Kwok Ho | Chinese | Chaoda | 4%

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

Financière de l'Odet (10% 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 produces 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 competitors.

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 iPad and [the newly introduced iPhone4](#) in Japan.

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 44% discount to its net asset value.

North American Palladium (4% of our portfolio), is under control of American smart investor George Kaiser who made his fortune in oil. North American Palladium (PAL) is a diversified mining company focusing on palladium which for example is used for filters in clean diesel cars. PAL bought the Sleeping Giant gold mine to benefit from the bullish outlook on gold.

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. [Michael Dell recently announced he was thinking of taking Dell private due to its low valuation.](#)

Chaoda (4% 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.

AXA WF Framlington Emerging Markets Talents (F share)

« Formerly known as AXA WF Talents BRICK »

Guillaume de Corbiac, fund manager; Charles Firmin-Didot, back-up manager

In June, AXA WF Framlington Emerging Markets Talents was up 0.3% while the MSCI EM Index was down 0.5%. (1)

In China, where the market stabilized after last month high volatility, we bought a stake in leading domestic online game company Perfect World, which was founded in 2004 by 38 year-old entrepreneur Michael Yufeng Chi, and whose share price had been falling sharply over the last few weeks. In the retail sector, winter clothes manufacturer Bosideng (Dekang Gao) was up 15%. We took the opportunity to reduce our stake in order to increase our investment in solar panel manufacturer Suntech Power (Zheng Rong Shi) and Trina Solar (Gao Jifan) that were respectively down 9% and 1% this month.

In India, leading biotech company Biocon (Kiran Mazumdar Shaw) announced a new acquisition target and closed the month up 11%. Jyothy Laboratories (MP Ramachandran), a fast growing maker of whitener, detergents, soap, and insect repellents was up another 22% this month, while Panacea Biotec (Jain family) started to recover from its May drop following the news that its founders were authorized by the regulator to increase their stake from 69% to 75% of the capital.

In South Korea we took some profits on Pacific Corp, the holding company of successful pan-Asian cosmetic brand Amorepacific, that was up 22% this month following the announcement of better than estimated figures.

In Brazil, we bought more shares in fashionable flip-flop sandals manufacturer Grendene (Alexandre Grendene Bartelle) which still seems unfairly valued. In Turkey we increased our stake in Turkish real estate developer Sinpas (Avni Çelik) after the share price slipped 14% and the company announced it was issuing capital and buying back some of its own shares.

We maintain a diversified portfolio: 32% invested in China, 22% in India, 16% in other Asian countries (mostly South Korea, Malaysia, Singapore, Indonesia, Philippines, Vietnam), 14% in Latin America (mostly Brazil, Mexico, Chile, Argentina, Colombia), 9% 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 30/06/2010:

Kwok Ho | Chinese | Chaoda Modern Agriculture | 4%
Jeffrey Kang | Chinese | Cogo Group | 3%
James E. Sinclair | American | Tanzanian Royalty | 2%
Tony Fernandes | Malaysian | Airasia | 2%
Sunil Bharti Mittal | Indian | Bharti Airtel | 2%
Gao Jifan | Chinese | Trina Solar | 2%

(1) Performances are calculated with dividends, net of withholding taxes and management fees, in €, F share, as of 30/06/2010. 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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