

Talents Newsletter

November 2009

09 December 2009

Dear Friends, Investors and Colleagues,

With the dollar weakness and an inflation scenario in mind, we are happy to see that most of our companies are rich in tangible assets: land, mineral reserves, forests, factories and in turn seem well prepared for next year's challenges.

At this stage, we would also like to use the opportunity to thank you for your trust in Talents over the year and wish you a happy holiday season.

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 Firmin-Didot and Team

AXA WF Framlington Talents (Global equity – F share)

AXA WF Talents was up 0.9% in November while the MSCI World was up 2.3%. (1)

Most of our largest holdings remained relatively flat or decreased in value over the last month, which led to the lower gain of our portfolios compared to the MSCI World Index in November.

We participated in the capital increase of HBI, the private holding company that owns Elior. This capital increase featured an attractive price for a business that is recovering well. HBI Chairman Robert Zolade seems to share this view, since he also participated.

Good news came from our precious metals stocks North American Palladium and Tanzanian Royalty with respective share price gains of approximately 26% and 19%.

We are happy to see that UB Holdings seems to be gaining momentum: Despite its large discount to NAV coupled with the rising price of its listed subsidiaries, Villya Mallya's Indian holding company had not budged much in the previous months. The 18% increase for November certainly points in the direction where we think the share price should be headed to.

Good news continues to come from China. The strongest gainer over the month was again Trina Solar with an increase of around 43%. The company benefits from a strong interest in its superior cost structure. Also, Chaoda Modern continued its rise in line with an increasing interest and demand for sustainable agriculture. In November, Asset Magazine named Chaoda as one of China's most promising companies in 2009.

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

Our portfolio is 46% invested in Europe, 26% in Asia ex-Japan (China, Malaysia, South Korea, Taiwan and India), 8% in Japan, 15% in North America and 4% 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 to the crisis, using arising opportunities and being more creative. (2)

Our top 6 holdings as of 30/11/2009:

Vincent Bolloré | French | Financière de l'Odet | 9%
Masayoshi Son | Japanese | Softbank | 5%
Kwok Ho | Chinese | Chaoda | 5%
Michael Dell | American | Dell | 4%
Roberto Colaninno | Italian | Immsi | 4%
John Fredriksen | Norwegian | Marine Harvest | 3%

AXA WF Framlington Talents 6 largest holdings:

Financière de l'Odet (9% of our portfolio): Vincent Bolloré's top holding, employs 32,000 people. 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. It recently built up a 5.6% stake in Vallourec which it bought at a third of the price it sold it for two years ago. Its factory in Brittany builds the most promising electric car battery. Bolloré bought back its shares aggressively and still trades at half of its net asset value.

Softbank (5% of our portfolio), founded and controlled by Masayoshi Son, is well positioned to become Asia's Google, valued around only 10% of Google's market cap. It controls large assets such as Yahoo! Japan (Japan's "Ebay" and "Yahoo" together), 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 in Japan and exclusive distributor of the iPhone.

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 was named as one of China's most promising companies in 2009 by Asset Magazine.

Dell (4% of our portfolio): Established in 1984 by Michael Dell with a USD1000 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. Today, the company is firmly on track to renew its profitability thanks to its restructuring.

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 Euros worth of real estate in Rome and Sardenia, 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 last week in France. Immsi trades at a 40% discount to its net asset value.

Marine Harvest (3% of our portfolio) is one of John Fredriksen's water-related investments and the world's largest seafood producer. The company sells farmed salmon in many countries worldwide. Aquacultures could offer a more sustainable way to provide healthy food on a global scale.

AXA WF Framlington Emerging Markets Talents (F share)

« Formerly known as AXA WF Talents BRICK »

In November AXA WF Framlington Emerging Markets Talents was up 3.7% while the MSCI EM index was up 2.5% (1).

This month, most of our largest holdings continued to outperform the market: Chinese fresh fruit and vegetable producer Chaoda Modern Agriculture (Kwok Ho) was up 12%, Indian conglomerate UB Holdings (Vijay Mallya) up 18%, Chinese solar company Trina Solar (Jifan Gao) up 41%, and Chinese winter clothes brand Bosideng (Dekang Gao) up 15%.

On the downside, around one third of our portfolio underperformed on fears that the state of Dubai could default on its debt and significantly impact stock markets. We seized the opportunity to increase our investments in several of these companies, and took some profits on Trina Solar and Bosideng to reduce our weight in China.

In Brazil, our biggest position, health insurer Amilpar, founded and managed by Edson De Godoy Bueno and his wife Dulce, acquired a competitor in the state of Sao Paulo. The stock went up 28% this month as the news lifted investors' anxiety about whether the entrepreneurial couple would make good use of its large cash reserves.

In India, we seized an opportunity to buy more shares of the wind-turbine maker Suzlon at a bargain, after its stock dipped in October. This month, Tulsii Tanti's company announced it was selling its stake in Hansen Transmissions, allowing the company to significantly reduce its debt, which was followed by the stock's rebound.

In Africa, we invested in the family-operated Egyptian conglomerate Elsewedy Cables, managed by the 46-year-old Ahmed Ahmed El Sewedy. Elsewedy Cables is one of the major cable and electrical product manufacturers in Africa and the Middle East. It has recently set up a wind energy division that offers solutions to local wind farm projects.

We maintain a diversified portfolio: 34% invested in China, 20% in India, 15% in other Asian countries (mostly South Korea, Malaysia, Indonesia, Taiwan, Philippines, Vietnam), 15% in Latin America (mostly Brazil, Mexico, Chile, Argentina, Colombia), 8% in Africa (mostly Tanzania, South Africa and Egypt), 3% in Israel, 3% in Turkey, 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 30/11/2009:

Kwok Ho | Chinese | Chaoda Modern Agriculture | 5%
James E. Sinclair | American | Tanzanian Royalty | 4%
Jeffrey Kang | Chinese | Cogo Group | 3%
Jason Jiang | Chinese | Focus Media Holding | 3%
Vijay Mallya | Indian | United Breweries Holdings | 3%
Jifan Gao | Chinese | Trina Solar | 2%

(1), (2): see last page

Registration map: see last page

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(1) Performances are calculated with dividends, net of withholding taxes and management fees, in €, F share, as of 30/11/09. 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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