

08 December 2011

Dear Friends, Investors and Colleagues,

This month research group Muddy Waters continued to attack the reputation of Chinese companies. Focus Media, the leading advertising panel owner, dived 60% in 2 hours before recovering slowly as the company showed that the analysis was wrong. Who is telling the truth? The companies, the “detectives” or neither of them? Even the new Spanish government suspects that state accounts may have been distorted by the previous administration. History will tell. In the meantime, we continue our purchases at bargain prices, but at a slower pace as we are unsure when the low point will be.

Please find below our monthly comment for each fund.

We will be pleased to answer any questions you may have and remain interested in receiving your views about entrepreneurs. You can reach us at talents@axa-im.com

Yours sincerely,

Charles and Nils

AXA WF Framlington Talents (Global Equity – F share)

Charles Firmin-Didot, fund manager; Nils Meinefeld co-manager

AXA WF Framlington Talents was down 3.5% in November while the MSCI World Index was up 1.1% (1).

While good news seem hard to come by in recent months, Jeff Bezos (Amazon) continues to deliver as its new tablet computer Kindle Fire had a strong debut and the sales suggest for it to be the second most sought after device in the increasingly competitive segment.

Howard Schulz (Starbucks) and his team keep on brewing good coffee almost all over the world. They beat expectations over the quarter and the stock was up about 10% over the month – one of our top performers in November.

Another US company – Dell (Michael Dell) – published solid numbers in the quarter on the back of good B2B sales. At the same time they managed to once again surprise the markets with better than expected margins.

Ferdinand Piech, leading member of the Porsche family, is one step closer to finalising his automotive empire. The EU commission gave green light to go ahead with the takeover of MAN trucks. Together with Scania – which is already controlled by Porsche/Volkswagen – MAN will become one of the world's largest truck producers.

Most of the portfolio is invested in companies that in our opinion can create value regardless of economic growth in the developed world: 38% 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). 4% 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...), 16% in emerging markets companies and 42% in established growth companies (such as Dell).

Our portfolio is invested 49% in Europe, 28% in North America, 7% in Japan, 10% in Asia ex Japan, and 6% 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 30/11/2011:

Vincent Bolloré | French | Financière de l'Odet | 9%
Kjell Inge Rokke | Norwegian | Aker | 5%
Masayoshi Son | Japanese | Softbank | 5%
Roberto Colaninno | Italian | Immsi | 5%
Michael Dell | American | Dell | 4%
Emilio Botin | Spanish | Banco Santander | 3%

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

AXA WF Framlington Talents 6 largest holdings:

Financière de l'Odéon (9% of our portfolio): is Vincent Bolloré's holding company. Its main divisions are transports and logistics, energy distribution and batteries, plantation and media. Other investments include Mediobanca. Their electric batteries technology enabled them to win the Paris Autolib business: 1740 cars with 1098 stations should be delivered by June 2012. The battery technology aims at taking a market share in the promising electricity storage market.

Aker (5% of our portfolio): Norwegian Kjell Inge Rokke's conglomerate, builds companies to resolve the world's fundamental challenges related to energy, the environment and nutrition. It controls oil explorer Det Norske, Aker Solutions and Aker Biomarine (see above). It sold Aker Drilling in August and now has plenty of cash to invest. It trades at a 42% discount to the sum of its parts.

Immsi (5% of our portfolio): Immsi (3% of our portfolio), Roberto Colaninno's holding company, controls Piaggio, has interesting real estate assets in Rome and Sardegna and a 7% stake in the new Alitalia.

Dell (4% of our portfolio): Founder Michael Dell came back as CEO 5 years ago. As he has demonstrated a talent to transform ideas into empires, is still young, and has no conflict of interest, we trust him. Today's transformation is impressive: quarterly profits are up from around \$300 million to \$800 million.

Softbank (4% 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 Renren, China's Facebook. Softbank Mobile is Japan's fastest growing mobile phone company. Alibaba group was valued 36 billion US\$ in a private transaction early November.

Banco Santander (3% of our portfolio): Has been turned into the largest European bank in market cap by Emilio Botin. The company has used the financial turmoil over the last few years to expand their business thanks to their sustainable business model.

AXA WF Framlington Emerging Markets Talents (F share)

« Formerly known as AXA WF Talents BRICK »

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

In October, AXA WF Framlington Emerging Markets Talents was down 5.7% while the MSCI EM Index was down 3.3% in Euro terms.(1)

After some stabilisation in October, November was again a tougher month. Russian consumer goods and telecommunications services tycoon Vladimir Evtushenkov's Sistema was one the top performers, ending the month up at around 16% and Korean Financial services firm Mirae Asset Securities (Hyeon Joo Park) was also a gainer at plus 13% over the month. That said many stocks were down.

Among the laggards were China Techfaith down 32%, Jingwei (Jeffrey) Kang's Cogo Group was down 32%, Tulsi Tanti's Suzlon was down almost 40% and Mohan Bhandari's Bilcare lost 31% over the month.

In Hongkong, Fosun International had another big press appearance in November. The Wall Street Journal highlighted the company as "representation of a new generation of Chinese financial investors, full of drive and quick to move." The stock price did not move on the coverage and remained flattish over the month.

Turkish Koc Holding (Mustapha Vehbi Koç) delivered net income that beat expectations over the quarter driven by better-than-expected margins at Tupras (oil refinery), Tofas and Ford Otomotiv (autos). On the back of the results the stock recovered lost ground and ended the month flat.

We maintain a diversified portfolio: 23% invested in China, 16% in India, 18% in other Asian countries (mostly South Korea, Malaysia, Indonesia, the Philippines, Taiwan, and Vietnam), 26% in Latin America (mostly Brazil, Mexico, Chile, Argentina, and Colombia), 7% in Africa (South Africa), 2% in Turkey, 6% in Russia, 2% in Israel. We remain confident that AXA WF Framlington Emerging Markets Talents' stocks have great potential.(2)

Our top 6 holdings as of 30/11/2011:

Roberto de Sousa Aranha Setubal | Brazilian | Itausa | 4%
Bon-Moo Koo | South Korean | LG Corp | 3%
Vladimir Evtushenkov | Russe | Sistema JSCF | 3%
Kwok Ho | Chinese | Chaoda Modern Agriculture | 3%
Benjamin Steinbruch | Brazilian | CIA Siderurgica | 3%
Phuthuma Nhleko | South African | MTN Group | 2%

Talents Newsletter

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(1) Performances are calculated with dividends, net of withholding taxes and management fees, in €, F share, as of 30/11/2011. 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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The tax treatment relating to the holding, acquisition or disposal of shares in the fund depend on each investor's tax status or treatment and may be subject to change. Any potential investor is strongly encouraged to seek advice from its own tax advisors.

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