

## AXA Investment Managers 2009 results

- A rise in assets under management to €499 billion (+3%)
- A fall in turnover<sup>1</sup> to €1,057 million (-20,6%), due to lower average volumes of outstanding assets in some asset classes and non-recurrence of the exceptional income in 2008
- High profitability: underlying earnings<sup>2</sup> of €171 million and a reduction of 13% in our expenses

*“AXA Investment Managers (AXA IM) is starting 2010 in a financially strong position. Despite the difficult market conditions that have impacted our 2009 net new money, we have remained profitable and consider ourselves well prepared to pursue our investments and strategic developments and help our clients benefit from a return to growth. In a still uncertain environment, the AXA IM offer based on rigorous risk management and covering all asset classes is, more than ever, in a position to meet clients’ needs for long term investment solutions”*, says AXA IM’s CEO Dominique Carrel-Billiard.

### Key figures

In 2009, AXA IM’s **assets under management** increased slightly to €499 billion versus €485 billion at the end of December 2008.

**Revenues** fell by 20.6% to €1,057 million due to a reduction in average volumes of assets under management in certain asset classes unpopular with investors and non-recurrence of the exceptional income in 2008.

As a result of a disciplined approach to costs, **expenses** have decreased by 13% to €757 millions.

**Net new money** showed a steep decline compared with 2008, down by €18.5 billion. This was mainly due to a fall in demand for active asset managers and risky asset classes in times of crisis and challenging performance for certain areas of expertise within the AXA IM group.

<sup>1</sup> Net of commissions to distributors and the elimination of internal transactions between companies in the AXA IM Group. The contribution to AXA Group turnover reached €1,436 million in 2008

<sup>2</sup> Group share

## Highlights for each investment platform

- **Fixed income (€325 billion<sup>3</sup>)** achieved very good results, showing a 10% increase in assets. More than 80% of its Luxembourg funds were ranked in the first and second quartiles of their categories. Net new money exceeded €2 billion.
- **Equities (€81 billion)** reorganised under the direction of Stéphane Prunet into two distinct units: quantitative management by AXA Rosenberg and qualitative management by AXA Framlington, offers our clients solid, diversified and flexible investment solutions. AXA Framlington offers a number of innovative equity strategies and held up particularly well through the crisis, with more than 50% of its funds beating their benchmark indices. As with the majority of quantitative equity managers, AXA Rosenberg's quantitative model ran into many difficulties in volatile markets over the past two years. However investment performance is currently turning around and research has identified new sources of added value.
- **Investment Solutions (€16 billion<sup>4</sup>)** continued to develop, deploying a range of target maturity funds and launching global investment products and arbitrage on credit to enable institutional clients to seize the opportunities offered by the crisis.
- **AXA IM alternative activities (€76 billion) strengthened in 2009.**
  - Funds of Hedge Funds' strategies held up well despite market volatility through a due diligence process and rigorous risk management. Assets increased to €3.7 billion.
  - AXA Structured Finance developed its expertise in insurance-linked securities with the launch of its first catastrophe bond fund. Despite investor mistrust it pursued its position in distressed assets.
  - As the largest European real estate manager and the fourth largest worldwide<sup>5</sup>, AXA Real Estate continued to develop, positioning its business in Asia and the United States, with an increasing contribution from real estate debt products and the forthcoming launch of new opportunist and core funds to capture the return to fund raising in this asset class.
  - Awarded Private Equity Company of the Year by the Financial Times<sup>6</sup>, AXA Private Equity held up robustly during the crisis thanks to a conservative investment policy and limited use of leverage. With \$25 billion of assets managed or advised, AXA Private Equity covers the whole asset class: LBO, infrastructure, funds of funds, mezzanine and venture.

<sup>3</sup> This amount covers both the management of currency rates and the management of fixed income below the budget and accounting constraint for insurance companies working in team I<sup>2</sup> at the Investment Solutions platform

<sup>4</sup> Outstanding assets corresponding to the management of equities and bonds within this expertise are posted with all outstanding assets in their respective asset classes

<sup>5</sup> Source: EuroProperty, July 2009

<sup>6</sup> Source: European M&A awards, Financial Times & Mergermarket

## We have reinforced and clarified our strategy despite the crisis

- **Reinforcing the multi-expert model with a new brand signature and architecture<sup>7</sup>:**
  - New brand signature and architecture reflects AXA IM's alignment with AXA Group, illustrating the strength of the win-win development model that it has shared with AXA Group since its creation;
  - New brand signature and architecture embodies AXA IM's value proposition to clients: attentiveness, proximity and investment solutions tailored to their needs;
  - New brand architecture is aligned with AXA IM's organisational structure.
  
- **Strengthening operating capability**
  - Distribution teams, now led by recently recruited Jon Bailie, have been regionalised to strengthen AXA IM's client interface at the local level.
  - A new central function has been created - Markets and Investment Strategy - covering seven business lines<sup>8</sup>, which manage fund ranges and orchestrates product strategy. The mission of this new function is to improve market timing by bringing together AXA IM's client and markets insights.
  
- **Reorganising investment platforms and clarifying product offer:**
  - AXA IM has pooled all qualitative equity management teams under the AXA Framlington\* brand to optimise growth potential in the equity markets and to strengthen AXA IM's ability to develop internationally;
  - AXA IM has completed the organisation of its fixed income business\* into two teams: an team of fund managers dealing with interest-rate positions, and a team of credit specialists;
  - The Investment Solutions platform now has an asset allocation process across all the teams;
  - The Funds of Hedge Funds team, still nascent in 2006, now compares positively with its competitors in terms of both investment performance and size;
  - AXA Real Estate is now about to globalise its expertise;
  - To conclude, we have made a strategic commitment to active management, as evidenced by the conclusion of our partnership to handle ETF funds.

<sup>7</sup> Our multi-expert model breaks down into seven strong brands: AXA Fixed Income, AXA Framlington, AXA Rosenberg, AXA Funds of Hedge Funds, AXA Structured Finance, AXA Real Estate and AXA Private Equity

<sup>8</sup> Product management - Client and market segmentation - Corporate Marketing, Web and Design – Communication – Investment Strategy - Responsible Investment

\* Without fund management dedicated to insurance companies by Investment Solutions' platform.

## The outlook for 2010

AXA IM anticipates a return to economic growth in 2010 and renewal of investors' risk appetite, although a number of substantial challenges remain in place (deteriorating government deficit and a slow employment recovery that is strangling consumer spending).

Under these circumstances, AXA IM teams will be focusing on four priorities:

- Client relations, with strengthened sales teams;
- Investment performance, with the continual strengthening of risk management processes;
- Product innovation, with global product launches (notably at AXA Framlington and AXA Fixed Income), the creation of new share classes for fixed income mutual funds to reduce duration risk for investors ("Redex") and the launch of new funds for AXA IM's alternative expertises;
- Responsible investment and the pursuit of our mainstreaming strategy (RI Search application expanded to Fixed Income to assess our portfolios' footprint under ESG standards).

ENDS

## About AXA Investment Managers (AXA IM)

AXA Investment Managers is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management. AXA IM is one of the largest European-based asset managers with approximately €500 billion in assets under management as of the end of December 2009. AXA IM employs nearly 3,000 people around the world and operates out of 22 countries.

### Press Contacts :

#### AXA IM

Dominique Frantzen

Tel.: +32 (0)2 679 63 61

E-mail : dominique.frantzen@axa-im.com

#### Bellier Financial

Edwin Nabbe

Tel : +31 (0)20 419 09 01

E-mail : edwin.nabbe@bellierfinancial.com