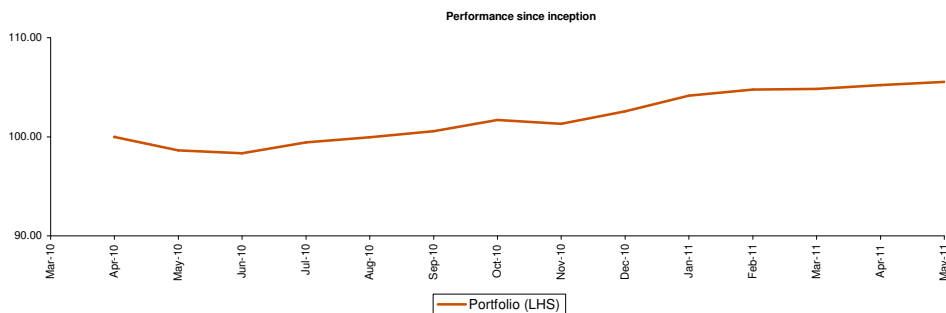


AXA IM European Loan Fund

May-11



Performance



In May, the CS WELLI returned 0.55%, split into 0.41% of interest return and 0.14% of price return. In the meantime, the CS European HY had a total return of 0.49%. The average price of loans currently stands at 92.62%. It leads to a five years Discount Margin of Euribor + 465 bps. By comparison, the CS European HY currently offers a spread to worst at 491 bps, despite being very largely unsecured.

Lower tier assets overperformed upper tier ones: CCC have returned +2.59% compared to 0.90% for B loans. Second Lien and First Lien performance were respectively +0.83% and +0.60%.

On a sector basis the best performers were made of Utility +3.02, Automotives +2.1%, Consumer durables +2.2%. The weakest performers were Media -1.39% Food -0.21% and Gaming 0.07%.

After recent news where amend-to-extend were leading the leveraged loan market activity, repayments and new issues have surged. Standard & Poor tracked €8.3 billion of repayment, making the Q2 2011 of €16.7 billion the highest reading on record, up from €9.7 billion in the first quarter of 2011. While this technical imbalance was starting to put pressure on terms offered to investors we are now seeing the new issuance pipeline building up and soaking up the excess liquidity. As a result new issues (documentation and yield) remain very attractive.

The spillover effect of the Greek crisis has seen so far limited and loans have demonstrated their resilience. This can be partly explained by the fact that the European loan market has very little exposure to peripheral countries. However we would expect the sovereign debt restructuring scare to weight more on the market in the near future, probably shutting down the bond market at some stage and increasing volatility.

Cumulative Performance	1 month	3 month	LTM	Perf Euribor 3M LTM +
ELF	0.3%	0.8%	7.0%	593 bps

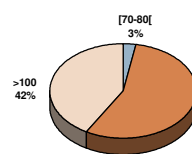
Key Data	Current Month	Previous Month
NAV (mEUR)	49	49
Market Value	99.05%	98.69%
Nominal Loans (mEUR)	45	46
Cash after pre-trades (% of NAV)	8.10%	9.91%
Spread over Euribor	308 bps	321 bps

Portfolio Breakdown

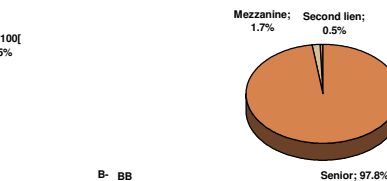
Top 10 single names	% of NAV	S&P Implied	Sector
Brenntag	4.63%	BB+	Chemicals & plastics
Smurfit Kappa	3.57%	BB-	Forest products
United Biscuits	3.35%	B	Food products
Gondola	3.14%	B	Retailers (except food & drug)
Picard	3.05%	B	Food products
Mylan	3.04%	BB+	Health care
Formula One	3.01%	B+	Leisure goods/activities/movies
Wind	2.96%	BB-	Telecommunications
Del Monte Foods	2.82%	B+	Food products
Hca	2.81%	B+	Health care

Top 5 Industries	% of NAV
Health care	15.30%
Food products	11.32%
Cable & satellite television	8.61%
Chemicals & plastics	6.05%
Retailers (except food & drug)	5.09%

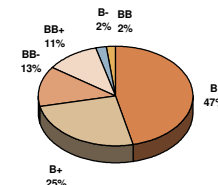
Distribution by Market Value



Distribution by Seniority



Distribution by S&P Implied Credit Estimate



New Defaults, Rating Action, Restructuring, Covenant breaches

Default	Current S&P Implied Credit Estimate	Old	Holding as of month end	Market Value as of month end	Price change since last report
Nil					

Rating actions	Current S&P Implied	Old	Holding as of month end	Market Value as of month end	Price change since last report
Downgrades					
Upgrades					

Restructuring	Current S&P Implied Credit Estimate	Seniority	Holding as of month end	Market Value as of month end	Price change since last report	Comments
Nil						

STRATEGY

Axa IM loan fund performance for the first 12 months established at 5.2%, well in line with the stated target of 5 to 6% total return. The fund has clearly maintained a conservative bias, with allocation primarily to higher-rated paper, shorter-maturity one and new issues.

As it stands, we reiterate the target of 5-6% for the next 12 months, the fund will benefit from the potential increase in Euribor rates and we anticipate some further tightening in credit spreads as least for the next 6 months.

As the pipeline of primary issues build up, we expect to increase allocations to this segment of the market, which offers an attractive risk-return premium compared to the secondary.

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