

Value added

Axa Wholesale Global Equity Value and Schroder Global Active Value are both value-style global funds, but as the analysis shows, they differ substantially in market cap and sector preferences.

VALUATION RATIOS		
AXA/BERNSTEIN SCHRODERS		
Price-earnings	9.81	9.43
Price-book	1.36	1.09
Price-sales	0.65	0.47
Price-cash flow	5.43	3.98
Dividend yield %	4.07	6.24

TOP 10 HOLDINGS		
AXA/BERNSTEIN		% OF ASSETS
Chevron Corporation		2.60
ConocoPhillips		2.51
JPMorgan Chase		2.12
Royal Dutch Shell		1.91
Allianz		1.83
ExxonMobil Corporation		1.80
BASF		1.70
ING Groep		1.66
American International Group		1.59
E.ON		1.58

SCHRODERS		% OF ASSETS
Telefonaktiebolaget Ericsson		0.49
Credito Agricole		0.47
Royal Dutch Shell		0.46
Eni		0.46
British Energy Group		0.44
TeliaSonera		0.44
Repsol YPF		0.43
AstraZeneca		0.43
Natixis		0.43
Honda Motor		0.42

AXA/BERNSTEIN		TOP STOCK SECTORS (%)
Financial services		31.11
Industrial materials		21.50
Energy		15.92
Consumer goods		7.07
Health-care services		6.15

SCHRODERS		TOP STOCK SECTORS (%)
Financial services		27.70
Industrial materials		16.11
Telecommunications		12.63
Energy		9.95
Consumer goods		8.73

UNEARTHING VALUE AND POTENTIAL		
	AXA/BERNSTEIN	SCHRODERS
Fund size (\$m)	4575.47 (April 30, 2008)	168.39 (April 30, 2008)
Fee exposure*	1.00 per cent a year	1.05 per cent a year
Age	6.5 years (launched November 22, 2001)	3 years (launched July 26, 2005)
Investment team	Lead manager: 19-member Investment Policy Group, chaired by Sharon Fay	Lead manager: David Philpotts (since October 2004)
Asset allocation*	99.20 per cent global shares, 0.80 per cent cash (April 30, 2008)	98.37 per cent global shares, 1.63 per cent cash (April 30, 2008)
Strategy	Bernstein's relative value approach uses a quant model to rank stocks relative to country and global industry peers, the most attractive (cheapest) then studied intensively by an army of analysts who assess to determine intrinsic value. The portfolio is constructed by the Investment Policy Group.	Schroders' valuation screens include dividend yield, cash-flow yield, sales yield, and price/book. Companies are assessed on their probability of outperformance, quality of fundamentals and market impact from both volatility and liquidity perspectives to determine portfolio stock weights.
Stocks held*	145 (April 30, 2008)	834 (April 30, 2008)
Currency hedging	May be up to 30.0 per cent hedged.	Available both hedged and unhedged.
Size exposure*	The Axa/Bernstein portfolio was almost entirely invested in larger companies (91.75 per cent of portfolio value), while these accounted for only 41.58 per cent of the all-cap Schroders fund, which also had meaningful allocations to mid-cap (38.63 per cent) and small-cap stocks (19.79 per cent). The difference is illustrated clearly in the respective market capitalisations: Axa/Bernstein's \$50,015 million was much higher than Schroders' \$6578 million.	
Style exposure*	While both funds were invested predominantly in value-style companies, Schroders had the higher allocation (79.99 to Axa/Bernstein's 76.82 per cent). Axa/Bernstein had more than double Schroders' allocation to Large Value (70.75 to 32.83 per cent), while Schroders' Mid-Cap Value allocation of 31.20 per cent was more than five times the equivalent in the Axa/Bernstein portfolio. Small value stocks also accounted for 15.96 per cent of the Schroders portfolio, a segment where Axa/Bernstein had no investment.	
Sector exposure *	There were also some noticeable differences between the two funds' principal sector weights. Axa/Bernstein had more invested in Industrial materials (21.50 per cent of portfolio value to 16.11 per cent for Schroders); more in energy companies (15.92 per cent to Schroders' 9.95 per cent); and a greater allocation to health-care firms (6.15 to 2.69 per cent). Schroders' telecommunications weighting was twice the size of Axa/Bernstein's (12.63 to 6.09 per cent). Schroders also favouring utilities. Consumer and business services stocks comprised 11.01 per cent of the Schroders portfolio, but only 5.38 per cent for Axa/Bernstein.	
Country exposure*	Axa/Bernstein's portfolio was tilted firmly towards North American companies (41.89 per cent of portfolio value compared with Schroders' 26.57 per cent). The Schroders portfolio was more focused on European stocks (49.92 per cent), Schroders also having the greater investment in Asia (23.51 per cent to Axa/Bernstein's 18.08 per cent). These regional tilts translated into some interesting variations at the country level. Schroders had small weightings to a number of countries where Axa/Bernstein was not invested, among them Greece, Ireland and Turkey. Interestingly, though, Axa/Bernstein had the higher allocation to German stocks (9.80 per cent to Schroders' 6.03 per cent), despite having the lower overall exposure to Europe.	
Stock intersection*	The two portfolios shared 56 common holdings at 30 April 2008, which accounted for almost half (48.14 per cent) of the more concentrated 145-stock Axa/Bernstein portfolio, but a much smaller 15.21 per cent of Schroders' widely-dispersed portfolio of 834 companies. As a result of this difference in concentration, Schroders' individual weights were smaller than was the case for Axa/Bernstein. The largest single weighting in the Schroders portfolio, Telefonaktiebolaget Ericsson, was only 0.49 per cent, for instance, while Axa/Bernstein's largest (US energy stock Chevron Corporation) was 2.60 per cent. Axa/Bernstein's top 10 holdings were dominated by energy (Chevron, ConocoPhillips, Shell, ExxonMobil) and financial services companies (JPMorgan, Allianz, ING and American International). Schroders' major holdings included French financials Credit Agricole and Natixis; British Energy, which owns the country's privatised nuclear power plants; Swiss pharmaceutical firm AstraZeneca; Swedish telco TeliaSonera; and energy companies Shell and Repsol, the latter a Spanish firm.	

*DATA SOURCE: MORNINGSTAR PORTFOLIO X-RAY AT APRIL 30, 2008. FOR MORE INFORMATION, SEE WWW.MORNINGSTARADVISER.COM.AU.

EQUITY-STYLE BREAKDOWN							
	AXA/BERNSTEIN			SCHRODERS			Key
	Value	Blend	Growth	Value	Blend	Growth	
Large	70.75	16.17	4.84	32.83	7.90	0.85	
Mid	6.07	1.76	0.42	31.20	6.63	0.80	
Small	0.00	0.00	0.00	15.96	3.35	0.49	

Key

	0-10%		10-25%
	25-50%		50-100%