

May 2010

## Alfred Berg Emerging Markets

DKK

### Market Outlook

Financial markets sold off sharply in the first week of May, with increasing investor scepticism over the Eurozone's ability to successfully ring fence Greece's sovereign debt problems and prevent contagion to the rest of Europe. Eurozone governments finally took action on 10th May, announcing a €500bn mutual financial support package bolstered by a further €250bn in IMF assistance. Markets initially snapped back in response, but then reverted back to risk aversion mode out of concern that Eurozone fiscal consolidation could drag down global growth, that China in its worry over property bubbles might tap on the brakes too hard, and that the seemingly strong US recovery might peter out with the winding down of government stimulus. The German ban on short-selling also prompted fears that governments were beginning to deal with markets in a capricious and heavy-handed manner, intensifying focus on possible last-minute amendments to the US banking regulation reform bill. In EM, political tensions on the Korean peninsula also weighed on Asian asset prices. This degeneration in sentiment was reflected in EM spreads which widened 71bps over the month. The overall return of the JPM EMBI Global Diversified index was negative (-1.50%), due to wider spreads on generalized risk aversion and flight to quality in USD rates.

### Main events:

- Malaysian central bank raises interest rates 25bps to 2.5% as expected
- BOK left rates unchanged at 2%, but acknowledged inflationary pressures
- Thailand political tensions escalate into sustained violence and paralysis of parts of the capital

Despite the recent volatility, we expect EM fixed income markets to continue to benefit from a global asset reallocation in the medium-term given stronger growth prospects, better fiscal positions and more attractive valuations. We remain very positive about EM prospects, as valuations are now very attractive providing high carry and fundamentals are still very strong. However, given the headwinds, caution is warranted. We do not see the same one-way market as in the first quarter, and going forward there will be more scope for relative value strategies amidst more intense market swings. Our long-standing alpha trades are still in place while the market struggles to find a direction.

Alfred Berg Emerging Markets Obligationer invests mainly in liquid government bonds issued in USD and EUR, which are listed on regulated markets in an EU member state or admitted to trading on regulated markets, which are members of the WFE (World Federation of Exchanges). Most countries have a credit rating equivalent to or below BBB (Standard Poors).

### FUND FEATURES

Inception:	April 2 2004
Benchmark:	JP Morgan EMB Global Composite Index (DKK)
ISIN:	DK0016268766

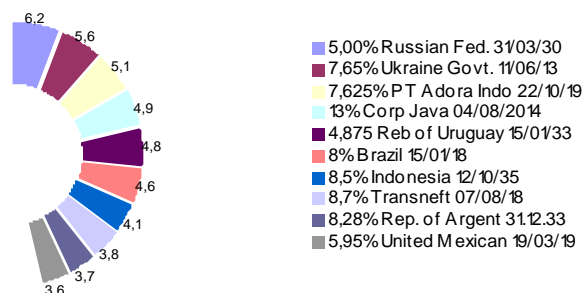


## PORTFOLIO COMPOSITION (31.05.2010)

## Country Breakdown

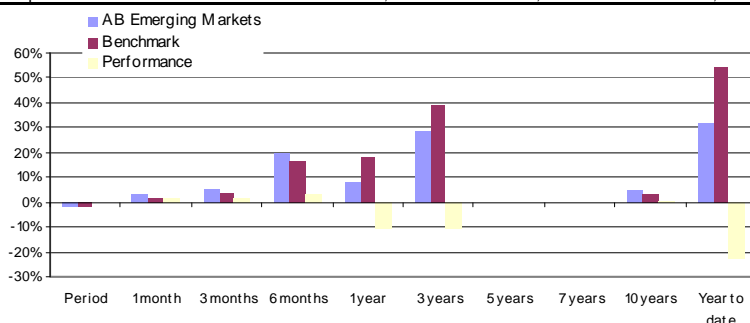
Issuer Country			
INDONESIA	9,2%	NETHERLANDS	3,2%
MEXICO	8,5%	GABON	3,0%
URUGUAY	7,2%	ISRAEL	2,8%
RUSSIA	6,2%	POLAND	2,5%
UKRAINE	5,6%	LUXEMBOURG	2,5%
COLOMBIA	5,1%	CAYMAN ISLANDS	2,3%
BRAZIL	4,6%	VENEZUELA	2,1%
QATAR	4,4%	UAE	1,3%
IRELAND	3,8%	MALAYSIA	1,3%
ARGENTINA	3,8%	EGYPT	1,2%
TURKEY	3,4%	Currency Forwards	-0,6%
SOUTH AFRICA	3,4%	Cash	9,6%
PERU	3,4%	Total	100%

## Ten largest holdings



## PERFORMANCE IN DKK (31.05.2010)

Period	AB Emerging Markets	Benchmark	Performance
1 month	-1,9%	-1,7%	-0,2%
3 months	2,6%	1,5%	1,2%
6 months	5,2%	3,6%	1,6%
1 year	19,9%	16,9%	3,0%
3 years	7,9%	18,5%	-10,5%
5 years	28,4%	38,8%	-10,4%
7 years	-	-	-
10 years	-	-	-
Year to date	4,2%	3,3%	0,9%
Inception	31,7%	54,7%	-23,1%



## RISK INDICATORS (31.05.2010)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	6,77	17,92	14,29
Benchmark Volatility (%)	5,60	13,95	11,15
Tracking Error (%)	2,26	4,71	4,07
Information Ratio	1,34	-0,69	-0,40
Sharpe Ratio	2,76	-0,03	0,14

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