

March 2010

Alfred Berg Europa

DKK

Market & Economy

March ended on a high note. Many market observers expected a trading range for shares, but in fact stock market indexes broke out of their trend channels to the upside. The re-rating of shares seems to have entered a serious phase. "This time it's different" one hears often, but is it really? First, economic recovery in the United States, later in Europe. How often haven't we seen that? In the meantime, Asia continues to boom and pulls Japan with it out of its long hibernation. Interest rates display the same pattern, first they rise in the U.S., to almost 4% for 10-year bonds now, while European interest rates were still falling. Eventually though, Central banks will move and gently push short rates up. But they will continue to profess that interest rates will remain low for the foreseeable future because they are frightened that higher rates might kill the economic recovery before it gets good and well underway. And when they do raise rates, like in Australia recently, the market will take it as a sign of economic strength and markets react positively.

Of course, there is still plenty to worry about. Greece keeps grabbing the headlines. It is like a child who has asked for a financial guarantee from its parents. They are willing to provide the backstop, sure, but would rather not sign for it. It was clear from the beginning that the so-called European safety net was more smoke and mirrors than reality, although over the weekend Europe's leaders have put together a EUR 45bn rescue package. So, the market will continue to test the robustness of the European project. A (partial) default edges closer if Greece were not willing to accept the stricter IMF terms. Keeping in mind setting precedents for Portugal, Spain and the others the conclusion to this Greek tragedy is more important than Greece's weight in the European economy would suggest. Moreover, some European banks are big investors in Southern European sovereign debt. But Greek banks, no, we don't hold those anymore. With the downgrades of Greece, the Greek banks will follow, since they hold generous amounts of Greek debt.

Speaking of government bonds: Bill Gross, manager of the largest bond-fund in the world, Pimco, has said that the bull market for bonds, which has lasted since 1982, is just about over. He now says interest rates will go up, which probably means he has shortened the duration of his portfolio. Let's just say: "Usually, he is talking his own book". In addition, he recently announced he wanted to start an equity-fund. A bit late perhaps, but telling nonetheless...

It's a shame that pension funds, forced by regulations, have stocked up on bonds and have relatively low equity weightings. How are they supposed to make up for the losses of the past couple of years? We live in a rich, but sometimes odd country, where the world's largest pension funds have to sell stocks when they are low and can only purchase more when share prices have recovered. Each quarter coverage ratios are calculated and investment policies adjusted, in order to cover liabilities that won't fall due for another 30-40-50-60 years!

Anyway, how much further have equities to go from here, now that the bashfulness of the market seems to be gradually transforming into enthusiasm? Some old resistance levels like 1220 for the S&P 500 are slowly coming within reach. Basement bargains are no longer to be had, more and more it starts to feel like a "normal" market with reasonable prices and ditto dividends. A bit like the years 2004-2006. The biggest part of the recovery may be behind us, but with a global dividend yield of 4% the market still seems attractive.

Alfred Berg Europa invests in European listed equities with the objective of creating a long-term excess return, which lies within a defined range relative to the yield on the S&P/Citigroup High Income Europe Net TR (unhedged) in DKK. Investments are mainly in companies with high, stable and growing dividends. This is done in order to compose a portfolio with a relatively defensive nature, which is further substantiated by diversification with distribution of resources at both small, mid and large cap. Investments are primarily in companies from developed markets, but up to 20% of the portfolio's assets may be invested in emerging markets. We practise active portfolio management, which is why the portfolio is not comprised as benchmark. The portfolio's risk in relation to the comparison basis is measured and monitored continuously.

FUND FEATURES

Inception:	December 14 1998
Benchmark:	S&P/Citigroup High Income Europe Net TR (DKK)
ISIN:	DK0010248764



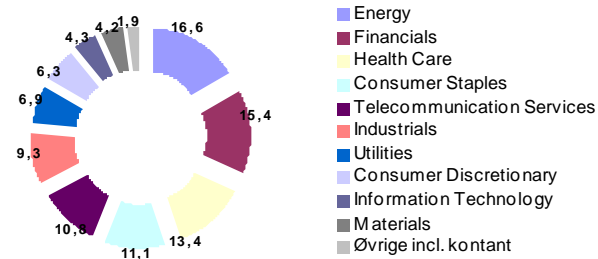
In our global portfolio we enjoyed the fruits of investing in the Far East. Not only was the portfolio 4% overweight in Asia (15% against 11% for the benchmark), the choices our Hong Kong team made also contributed. With a well diversified portfolio, also in Emerging markets like India, Indonesia and China, the regional index was soundly beaten. That is very visible in the separate Asia Pacific HIEF which ended the month up 10%, which is 3.9% better than the respective benchmark. Combined with a small underperformance in Europe (-0.4%) and a similar-sized out performance for North America (+0.5%) this makes for a global out performance of 0.6%, gross of fees, for the month of March.

In absolute sense the fund has not advanced as much as the MSCI Index because of the currency hedge. In the past our hedge has been beneficial, but in the first quarter the hedge of US dollar, Australian dollar etc was detrimental to the increase in price of the fund and the unhedged MSCI World did better by 4.7%, gross of fees. Our fund rose 3.7% in the same period, gross of fees.

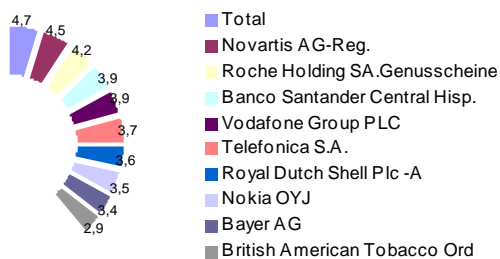
The Premium Global Dividend Fund rose 4.2% last month. For the first quarter the return was 2.7%, to which the option writing program did not contribute much in this instance. The major part of the return was attributable to the investment in the Global High Income Equity Fund (which comprises 75% of the PGDF).

PORTFOLIO COMPOSITION (31.03.2010)

Section breakdown

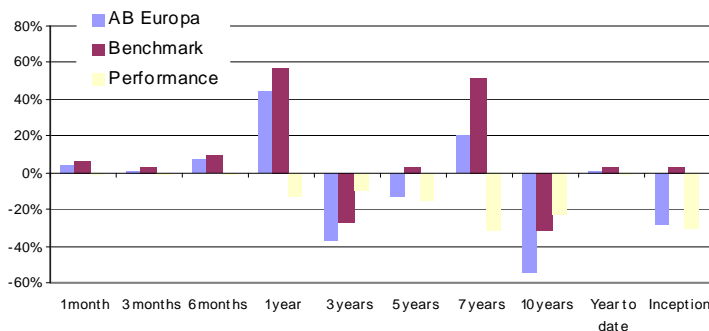


Ten largest holdings



PERFORMANCE IN DKK (31.03.2010)

Period	AB Europa	Benchmark	Performance
1 month	4,5%	5,7%	-1,2%
3 months	1,3%	2,6%	-1,4%
6 months	7,6%	9,4%	-1,9%
1 year	44,0%	57,3%	-13,3%
3 years	-37,5%	-27,1%	-10,4%
5 years	-13,2%	2,7%	-15,9%
7 years	20,0%	52,0%	-32,0%
10 years	-54,4%	-31,7%	-22,7%
Year to date	1,3%	2,6%	-1,4%
Inception	-28,1%	2,7%	-30,8%



RISK INDICATORS (31.03.210)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	14,72	21,53	17,98
Benchmark Volatility (%)	17,24	21,93	18,2
Tracking Error (%)	3,77	4,42	3,67
Information Ratio	-3,52	-1,02	-0,9
Sharpe Ratio	2,9	-0,83	-0,33

This document has been prepared solely for informational purposes and does not constitute 1) an offer to buy or sell or a solicitation of an offer to buy or sell any security or financial instrument mentioned in this document or 2) any investment advice. Any decision to invest in the securities described herein should be made after reviewing the prospectus, which can be obtained free of charge from Fortis Investments*. Prospective investors should conduct such investigations as the investor deems necessary and should seek their own legal, accounting and tax advice in order to make an independent determination of the suitability and consequences of an investment in the securities. Fortis Investments does not make any representation or warranty, express or implied, of any nature nor accepts any responsibility or liability of any kind with respect to the accuracy or completeness of the information contained herein. The information or opinions contained herein are subject to change without notice. Fortis Investments has no obligation to update or amend any information or opinions contained herein. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemptions of units.