

June 2010

## Alfred Berg Europa

DKK

### Market & Economy

June was not a happy month for investors, at -1.2% Alfred Berg Europa and the index performance was not better than the unhedged MSCI World Index, which declined -0.4%. The hedging was beneficial for the first time in months, because the euro rebounded against the dollar by the end of the month. Not many people realize that the weaker euro has also contributed to the poor sentiment for stocks in the previous months.

Defensive sectors like fast moving consumer goods, telecoms and pharma did relatively well but more cyclical sectors like basic materials, technology and industrials suffered. We saw that in the portfolio with Nokia, which has trouble keeping up with Apple's smartphones. Elsewhere we remain overweight the Far East, with a 15% weight in the portfolio versus 10% in the index. The region has not performed better than last month but our Asian team was able to generate 100bps of alpha. In terms of shares we are still positioned cautiously vis-à-vis commodities and the slowing growth (albeit from a high level) in China. India and Singapore are examples of high growth and we have also bought some financials with high dividends in Australia. We think that the main part of the correction in Asia is behind us, especially since the valuation of the Chinese market is at historically low levels and the authorities are loosening restrictions after a rather hard landing in the property market, especially regarding mortgage criteria. With approximately 150 names we have a very diversified regional portfolio that is a match for the hectic volatility in Asia.

In the US, valuation levels have become more reasonable in the eyes of our team there. There are export issues with large corporations making less money outside of the US because of the strong dollar. But for many midsized and smaller companies exports mostly mean selling to someone in the next state rather than across international borders. Only 15% of GDP is made outside of the US. Of course there are always worries about the speed of the recovery, the government deficit although the Fed does not care as much about that as the government. The Fed's mandate is growth and around 2% inflation. On both fronts there is work to be done so the monetary taps will remain open for the time being. We keep the North American region underweight because we see stronger earnings momentum and dividend potential in other regions.

We may be in the summer doldrums but we still see a market with good entry levels for investors with a medium term horizon. The good old names like Royal Dutch Shell, with a 6% dividend yield and growing cash flows over the next few years (assuming oil prices above USD 60) compare quite favourably to bond yields of 1-2-3%.

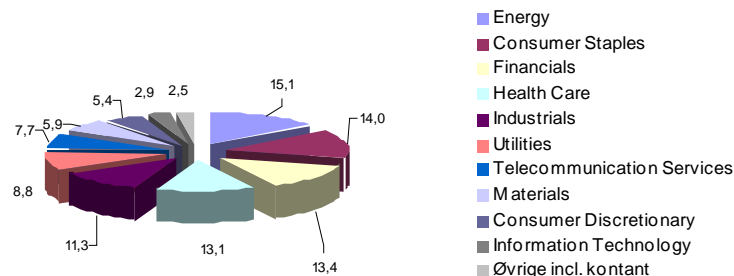
Alfred Berg Europa invests in European listed equities with the objective of creating a long-term excess return, which lies within a defined range relative to the yield on the S&P/Citigroup High Income Europe Net TR (unhedged) in DKK. Investments are mainly in companies with high, stable and growing 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

**PORTFOLIO COMPOSITION** (30.06.2010)

Section breakdown

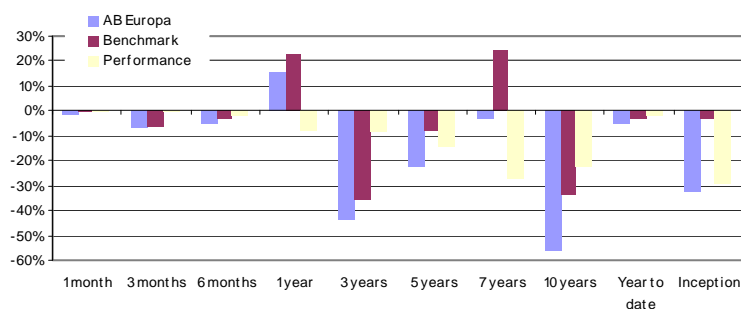


Ten largest holdings



**PERFORMANCE IN DKK** (30.06.2010)

Period	AB Europa	Benchmark	Performance
1 month	-1,2%	-0,4%	-0,8%
3 months	-6,6%	-5,8%	-0,8%
6 months	-5,4%	-3,3%	-2,1%
1 year	15,3%	22,7%	-7,4%
3 years	-44,3%	-35,5%	-8,8%
5 years	-22,3%	-8,0%	-14,4%
7 years	-2,8%	24,6%	-27,4%
10 years	-55,6%	-33,3%	-22,3%
Year to date	-5,4%	-3,3%	-2,1%
Inception	-32,9%	-3,3%	-29,7%



**RISK INDICATORS** (30.06.2010)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	12,65	21,29	17,91
Benchmark Volatility (%)	14,4	21,74	18,14
Tracking Error (%)	2,19	4,39	3,68
Information Ratio	-3,40	-0,94	-0,89
Sharpe Ratio	1,11	-0,97	-0,45

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