

March 2010

Alfred Berg Rusland

DKK

Market and Economy

March has been a decent month for Russian equity market and for Emerging Markets in general. Most emerging markets rose in the month on anticipation that global economic recovery will drive up corporate earnings and increase demand for commodities. Alfred Berg Rusland advanced by 12,6% in March outperforming its benchmark MSCI Russia index (+10.4%) and India (+9.24%), Brazil (+7.30%), and China (+5.42%), as well as MSCI Emerging Markets (+8.08%) and MSCI World (+6.25%). Despite the remarkable decline in systemic risk, global investors have been unwilling to commit to high beta commodity plays while evidence of global economic recovery remains fragile. In terms of valuations, Russia continues to look cheap, trading not just in absolute, but also in relative terms well below its EM peers with a forward looking P/E of 7.9x compared with the MSCI Emerging Markets average of 12.5x. On a relative basis the discount to the EM average has widened slightly over 1Q 2010.

The economy expanded in March and in the first quarter of the year as manufacturing and service industries from banks to food retailers continued to recover. While recovery in the manufacturing remained subdued, activity in the services sector rebounded strongly. Surging demand for commodities and higher consumer spending helped to pull Russia out of economic slump. The economy grew 1.1% in March, following the 0.5% expansion in February. Russia's GDP increased an estimated annual 0.5% in the quarter after a 2.6% decline in the fourth quarter of 2009. Railroad shipments, seen as a proxy for changes in industrial output, jumped an annual 12.7% in the 1Q 2010. Crude oil output reached 10.12 mln bpd in March, which is the new record in the post-Soviet Russian history, up 0.4% m-o-m, and 3.3% y-o-y, while crude oil prices rose in the month by 3.4% exceeding the level of US \$82/bbl. Natural gas production reached 1,936 mln cubic meters per day in March, down 6.4% m-o-m, reflecting a seasonal decline in output due to weaker demand. The gas output in March, even though still below the pre-crisis level, was up 22.5% y-o-y. The balance of payments data showed strong improvement in external trade balance as the capital account deficit has shrunk. The current account surplus rose to US \$33.9 bn in 1Q 2010, and capital account balance deficit narrowed to US \$5.4 bn. The external trade balance surplus more than doubled y-o-y to US \$46.0 bn in 1Q 2010 as exports rose 1.6 times, due to strong contribution from energy and commodity segments, while imports rose just 17.7%. The improvements in the capital account were largely driven by banks and corporates, which posted a combined outflow of just US \$1 bn. Consumer prices rose by a moderate 0.7% m-o-m in March, following the 0.9% m-o-m growth in February and 1.6% m-o-m increase in January. Food and non-food prices rose in the month by 1.0% and 0.7% respectively, and service sector prices increased in March by 0.4% m-o-m. Since the beginning of the year, consumer prices have grown by 3.2%, compared with 5.4% for the same period of last year.

Outlook and Strategy

We continue to believe that Russia is a solid long-term investment case as the country has a solid macroeconomic outlook supported by the infrastructure spending, strong long commodity prices, intact secular growth case and corporate earnings. Among primary drivers of Russian equities we see strong recovery in economic growth rates, rising local demand, improved liquidity, monetary easing, low global interest rates, and supportive valuations. Going forward, in our strategy we will focus on several commodity companies on the one hand, and on a number of domestic consumer-oriented companies on the other (such as retail, services, banking, telecoms and real estate developers). We believe Russian policymakers will maintain expansionary policies for some time. The resulting momentum of low rates and abundant liquidity will produce strong cyclical backdrop for the economic recovery, supported by a weaker dollar and high global commodity prices. In our view both materials and energy sectors have the scope to benefit from this dynamic going forward.

Alfred Berg Rusland invests in depositary receipts of Russian shares. The sub-fund's goal is to create a long-term excess return relative to benchmark.

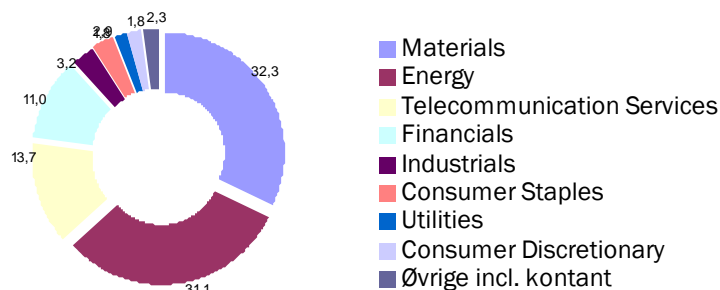
Much of the analytical work consists of assessing the macro factors influence on different sectors and industries in Russia because the Russian market is strongly influenced by its political and economic development. In parallel with macro-analysis, corporate analysis is carried out continuously with the aim to identify undervalued companies within each industry.

FUND FEATURES

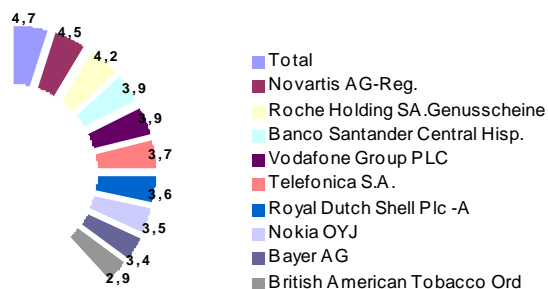
Inception:	December 9 1997
Benchmark:	MSCI RUSSIA 10/40 (DKK)
ISIN:	DK0010237809

PORTFOLIO COMPOSITION (31.03.2010)

Section breakdown

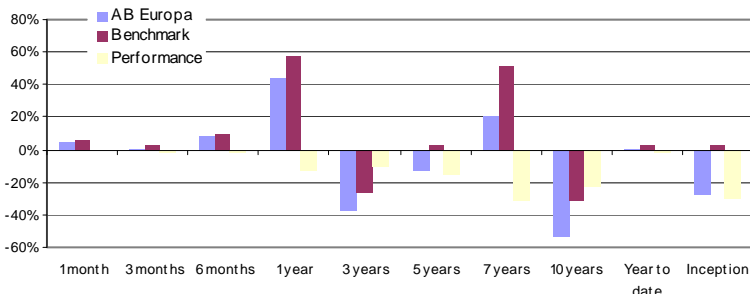


Ten largest holdings



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

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