

April 2010

## Alfred Berg Rusland

### Market and Economy

Russian equities closed down 0.97% for the month (MICEX) with large-cap stocks (-0.47) outperforming small-caps (-0.75) and mid-caps (-2.19%). In April only two sectors outperformed MICEX Composite and closed in a positive territory: Manufacturing (+1.78%) and Oil & Gas (+0.18). Metals & Mining and Consumer sectors lost in April 0.62% and 0.66% respectively. MICEX Power Utilities sector index was down 1.15%, Telecoms 2.13%, Financials 3.49%, and Chemicals lost 8.03%. Although in the first half of the month Russian equity market rebounded strongly, negative news flow from Greece has prevailed and dragged the market down.

Low inflation in April continued to surprise. Russia's CPI stood at 0.3% in April, which is significantly lower than 0.7% recorded in April of last year. The 12-month inflation rate declined further to 6.1% in April from 6.5% in March, with favorable base effects coming to an end last month.

The Central Bank of Russia has lowered its refinancing rate by 25 basis points on April 30. The move emphasized the significance Central Bank attributes to lower inflation throughout the month. With the 12-month inflation rate set to subside to 6.1-6.2%, there is more scope for further rate cuts, particularly in a view of uneven growth pattern of the real sector and slower pace of recovery in lending.

### Portfolio Activity

In April, the Alfred Berg Invest Rusland portfolio was up 1.2% in absolute terms and outperformed the MSCI Russia 10/40 Net Return custom benchmark by 0.3%. The benchmark-relative outperformance was principally due to strong positive effect from stock selection in Materials (UralKali, Polymetal), Telecommunications Services (Systema), Energy (Gazprom), and Financials (Sberbank), as well as due to sector allocation to Materials and Financial Services sectors.

### Outlook and Strategy

The primary growth drivers of Russian equities should remain ongoing recovery in economic growth, rising local demand, monetary easing, low global interest rates, and supportive valuations. In our strategy we focus on commodity companies on one hand and on a number of domestic consumer-oriented themes on the other. We believe that despite remaining global economic uncertainty, strong Russian fundamentals will prevail once global markets stabilize. We forecast GDP to expand 5% this year, which represents one of the highest expected growth rates in the EM space. Russia still enjoys the lowest P/E in the EM universe, and although we support the view that the low ratio is heavily influenced by the depressed P/E for Energy sector, financials, telecoms and materials trade at a discount to EM peers that is arguably too low.

We have a favorable earnings outlook for this year and expect earnings growth of 35-40% for the MSCI Russia this year and 22% for 2011, both significantly higher than for the EM universe average. The Russian Ministry of Economic Development forecasts the real GDP growth at 4% in 2010 and 3.5% in 2011 (up from their previous estimates 3.1% and 3.4%, respectively). Higher oil prices remain the primary reason for the upgrade, and the ministry now expect oil prices at USD 76/bbl in 2010-2011 (up from the earlier USD 65/bbl and USD 70/bbl, respectively). The move brings the official GDP forecast in line with the IMF outlook as well as with our conservative 5% forecast for the year. We are optimistic about the prospects of further economic recovery, but reiterate our expectation that at least in 2010, the risks to economic growth may include reversal of the fiscal stimulus, a rebound in imports, and weak investment demand.

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.

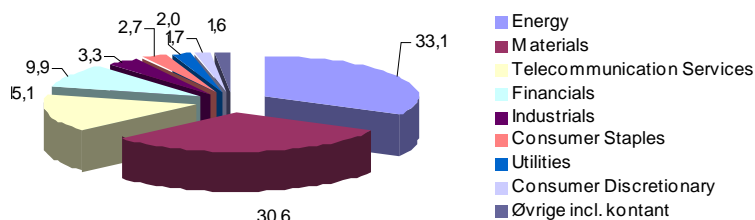
Much of the analytical work consists of assessing the macro factors influence on different sectors and industries in Russia because the Russian market is strongly influenced by its political and economic development. In parallel with macro-analysis, corporate analysis is carried out continuously with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

### FUND FEATURES

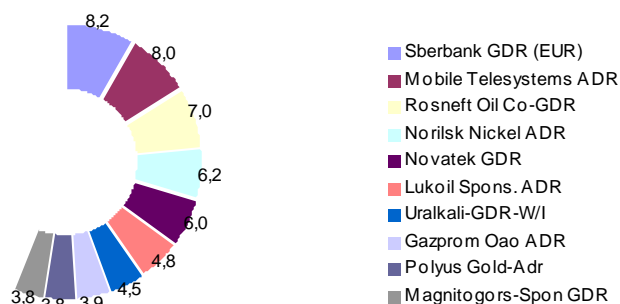
Inception:	December 9 1997
Benchmark:	MSCI RUSSIA 10/40 (DKK)
ISIN:	DK0010237809

**PORTFOLIO COMPOSITION** (30.04.2010)

Section breakdown

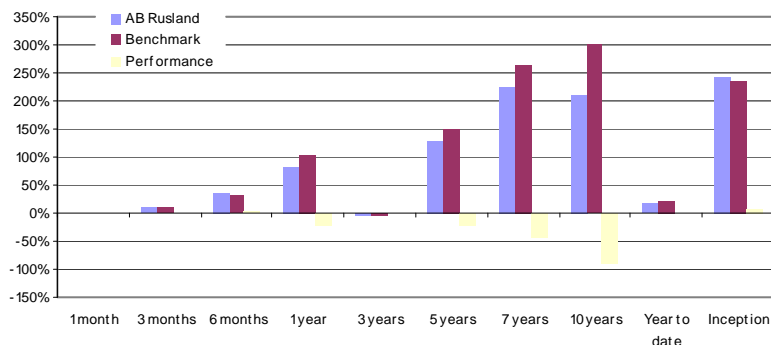


Ten largest holdings



**PERFORMANCE IN DKK** (30.04.2010)

Period	AB Rusland	Benchmark	Performance
1 month	1,2%	0,9%	0,3%
3 months	11,9%	12,4%	-0,6%
6 months	36,0%	33,0%	3,0%
1 year	82,4%	103,1%	-20,7%
3 years	-3,5%	-2,5%	-0,9%
5 years	128,6%	148,7%	-20,1%
7 years	224,1%	266,0%	-41,9%
10 years	210,1%	300,6%	-90,5%
Year to date	18,6%	19,7%	-1,1%
Inception	243,1%	235,6%	7,5%



**RISK INDICATORS** (30.04.210)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	26,17	39,81	34,4
Benchmark Volatility (%)	25,32	43,96	38,36
Tracking Error (%)	13,08	11,62	11,34
Information Ratio	-1,58	-0,03	-0,18
Sharpe Ratio	3,1	-0,11	0,43

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