

July 2010

## Alfred Berg Rusland

DKK

### Market and Economy

In July the Russian equity market rose mainly due to oil prices growth, neutral news flow regarding problems in Europe and signs of Russian economy recovery. There was a positive shift in Russian capital flows. In the Q1 2010 there was net capital outflow (USD 14,7 bln). In the Q2 2010 situation changed to the net capital inflow (USD 4,5 bln). According to the Minister of Finance budget deficit in the first half of 2010 was relatively low (2,3% of GDP). At the same time industrial production growth slowed down in June. It was 9,7% (y-o-y) instead of 12,6%(y-o-y) in May 2010. Unemployment declined further – 6,8% in June (7,3% in May). Inflation went down as well – 5,5% (y-o-y) as of the end of July.

The Oil and Gas sector was the best performer largely due to oil price rebound. Gasprom contributed significantly to the outperformance. Difference between spot gas price in Europe and long-term contracts prices for Gasprom shrank in last few months, and investors reacted positively to this situation. LUKOIL decision to buy back its stocks from ConocoPhillips had a positive influence on stock prices. Before this announcement there was a significant risk that ConocoPhillips would sell its stake in LUKOIL on the market.

The Telecommunication Services underperformed other sectors. Telecommunication companies low market beta and corporate restructuring in fixed line telecoms pause contributed to the underperformance. Fixed line companies stocks prices fluctuated around buyback prices for those shareholders who did not vote for the industry consolidation on the base of Rostelecom or vote against this consolidation.

### Portfolio Activity

Alfred Berg Rusland rose 4,2% in July and outperformed its benchmark. The out performance was mainly due to underweight in Utilities. Underweight in Federal Grid had the most significant positive effect within this sector. Regulated Asset Base parameters (important factor for future revenues) had been confirmed for this company.

### Outlook and Strategy

We continue to expect a positive tendency on Russian equity market. Economy perspectives look positive. Recent data about retail sales growth, investments acceleration and real wages increase supports this opinion. In June retail sales were up 5,8% (y-o-y), investments gained 7,4%(y-o-y) and real wages rose 5,5% (y-o-y). We would not be surprised if Russia economy expanded by 5% in 2010 which should lead to a 60-70% earnings growth. Earnings growth is one of the main factors driving stocks prices in the mid/long-term. In the expected scenario this factor might help Russia to pick up with the other emerging markets as it is still undervalued on the base of fundamental multiples. According to our estimations, P/E (E – 2010 earnings estimation) for Russia is 8,9 while this parameter for emerging markets on average is equal to 12,4.

Although we think that the equity market growth should be rather volatile. There is a risk of negative scenario realization in Europe. Negative news related to this issue might lead to a volatility increase on stock markets around the World as well as on the Russian market. We do not consider this risk to be high. European authorities have reacted quickly to tackle debt/deficit problems. In addition excessive slowdown in China economy might have a negative impact on Russia, and news related to this issue might add volatility to the market.

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.

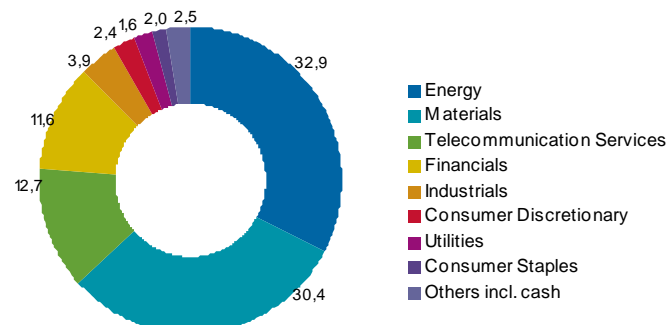
Much of the analytical work consists of assessing the macro factors influence on different sectors and industries in Russia because the Russian market is strongly influenced by its political and economic development. In parallel with macro-analysis, corporate analysis is carried out continuously with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

### FUND FEATURES

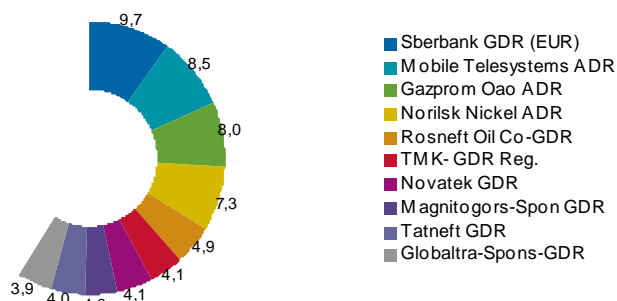
Inception:	December 9 1997
Benchmark:	MSCI RUSSIA 10/40 (DKK)
ISIN:	DK0010237809

**PORTFOLIO COMPOSITION** (31.07.2010)

Section breakdown

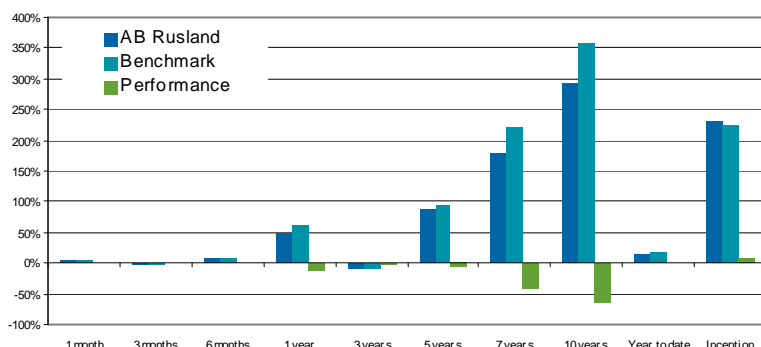


Ten largest holdings



**PERFORMANCE IN DKK** (31.07.2010)

Period	AB Rusland	Benchmark	Performance
1 month	4,2%	4,1%	0,1%
3 months	-3,5%	-3,6%	0,1%
6 months	7,9%	8,3%	-0,4%
1 year	48,7%	61,5%	-12,8%
3 years	-10,5%	-9,3%	-1,2%
5 years	89,5%	95,3%	-5,8%
7 years	179,1%	221,3%	-42,3%
10 years	293,1%	356,8%	-63,7%
Year to date	14,4%	15,4%	-0,9%
Inception	231,1%	223,4%	7,6%



**RISK INDICATORS** (31.07.2010)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	18,03	39,66	34,44
Benchmark Volatility (%)	19,37	43,82	38,26
Tracking Error (%)	9,15	11,62	11,25
Information Ratio	-1,40	-0,04	-0,06
Sharpe Ratio	2,64	-0,17	0,31

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