

FLASH NOTE • EQUITY

GLOBAL MINIMUM VARIANCE

August 22, 2011

OUTPERFORMANCE IN CURRENT MARKET

Alfred Berg Global Minimum Variance (AB GLOBAL MV) has been live for slightly over 5 months and has generated excess return of 9.17% since inception. From its launch on March 7, 2011 through August 22, 2011, AB GLOBAL MV has declined 7.57% while its benchmark, the MSCI World Net Return Index, has dropped 16.75%. Much of this outperformance came in August as Standard and Poors downgraded US government debt, prospects for economic growth took a sudden turn for the worse, security return correlations increased and “fear indices” (such as VIX, VSTOXX and others) spiked to levels not seen since March 2009.

Such behavior is characteristic of the fund’s investment strategy of providing stability during periods of market turmoil. If calm gradually returns to equity markets as we expect, it is likely that the fund will give back some of this excess return. But, as long as the factors underlying investor uncertainty remain in place, the fund has the potential to benefit given its bias towards less volatile stocks and stocks with lower correlations to each other.

CONTRIBUTION FROM SECTOR SELECTION

A little over one third of the outperformance since inception can be attributed to sector allocation. This period has been dominated by investor concerns over the sovereign debt crisis in fiscally weak Eurozone countries, the faltering global economic recovery and political uncertainty over the U.S. government debt ceiling that culminated in a historic downgrade of U.S. sovereign debt. Unsurprisingly, in this risk-averse environment the fund’s overexposure to defensive sectors such as Consumer Staples and Health Care has added value (1.5% and 0.8% respectively on a relative basis). In addition, financial sector stocks have performed poorly, further helping relative performance by about 0.6% as the fund was consistently underexposed to Financials*. Linger concerns over high unemployment, weak housing markets and the availability of credit to consumers and businesses as well as the looming cutbacks in government spending required to curb budgetary deficits have had a negative impact on cyclical sectors such as Materials, Energy and Industrials and as a result, the fund’s underweight in these areas has further boosted its relative performance.

STRONG CONTRIBUTION FROM STOCK SELECTION

Stock selection within sectors has also been strong, particularly among Financials (2.0%), Consumer Discretionary (1.9%) and Energy (1.2%)**. In the Financials sector, the fund has avoided underperforming U.S. and European banks. In the Consumer Discretionary sector, the fund’s holdings in companies that typically fare well amid a slowdown, such as McDonald’s and Dollar Tree, have done well. In the Energy sector it has been a combination of both these aspects: the fund did not have exposure to underperforming European companies such as BP and Total, while overweights in North American companies such as TransCanada, Enbridge and Suncor helped performance.

PERFORMANCE

Period	AB Global MV	Benchmark	Performance
MtD	-4.70%	-13.30%	8.60%
QtD	-4.97%	-14.21%	9.24%
Inception	-7.57%	-16.75%	9.17%

Data as of August 22, 2011

Source: Alfred Berg Fondsmæglerselskab

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* Data as of August 18, 2011

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Source: Alfred Berg Fondsmæglerselskab