

December 2011

Alfred Berg

Emerging Market Obligationer

DKK

MARKET REVIEW

Global: US job growth remained sub-par in November. Unemployment fell, partly due to the labour force shrinking as some people decided to stop looking for jobs. Initial jobless claims trended lower, pointing to some improvement ahead. Consumer confidence improved, but retail sales grew only modestly. Orders for capital goods fell, pointing to lower business investment. House prices trended lower. Some leading indicators in the eurozone stabilised, but at recessionary levels. Eurozone employment fell in the third quarter. The ECB cut interest rates and extended unlimited three-year loans to the banking sector, preventing a liquidity crunch. In emerging markets, real data such as industrial production and trade showed some loss of momentum.

US bond yields fell by 19bp to 1.88% in December, while German yields fell by 41bp to 1.83%. Throughout the year, the development of bond yields was comparable to equities: gains in the first few months, steep drops during the summer and broadly sideways movements in the final few months. However, bond yields ended the year close to their all-time lows. The US Federal Reserve made clear that it will keep rates low for a long period and may initiate another round of quantitative easing in 2012. The ECB cut rates in both November and December and made the aggressive move to provide three-year loans to the banking sector. Inflation trended lower in many countries. While in several emerging markets, central banks eased monetary policy.

Emerging markets external debt finished the year on a positive note as the probability of a catastrophic tail risk event from Europe receded. Regional and macro themes that had dominated the quarter continued, with Latam outperforming EMEA. The EMBI Global Diversified index was up 1.13% in December helped by stable spreads and lower UST yields.

FUND PERFORMANCE

In December Alfred Berg Emerging Market Obligationer generated a positive return of 1%. The main detractors were the fund's macro hedges and its off-benchmark exposure to Kazakhstan. Generating positive performance for the fund however was its exposure to Venezuelan and Argentinean external debt.

We believe that there is still value in emerging market external debt so our core position remains long spread duration.

The fund continues to be long in Latin America, both strategically and tactically, in particular Venezuela and Argentina, while remaining neutral in EMEA overall (long Russia versus Turkey and South Africa).

In December we further reduced our exposure to off-benchmark positions and the less liquid instruments held within the portfolio.

We hedged the portfolio on UST duration.

Otherwise positions remain little changed throughout December as assets are cheap and there are marginal inflows into external debt from investors.

OUTLOOK & POSITIONING

We maintain our constructive view on emerging markets and the conditions seem to be in place for a rally in the first quarter. Investor sentiment remains depressed, positions are light and valuations are attractive. Although we believe that risk appetite will return and the probability of a tail risk event continues to recede, markets still remain susceptible to events as they play out in Europe and volatility is likely to remain high.

The market is not immune to an unforeseen event risk like the call for a referendum in Greece, but in the absence of another political shocker, the balance of risk is for investors putting money to work.

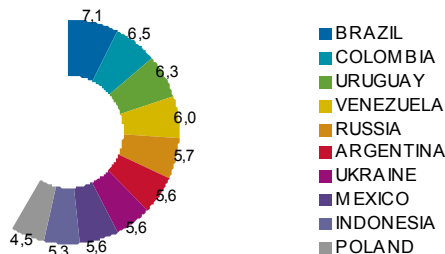
Alfred Berg Emerging Markets Obligationer invests mainly in liquid government bonds issued in USD and EUR, which are listed on regulated markets in an EU member state or admitted to trading on regulated markets, which are members of the WFE (World Federation of Exchanges). Most countries have a credit rating equivalent to or below BBB (Standard Pooors).

FUND FEATURES

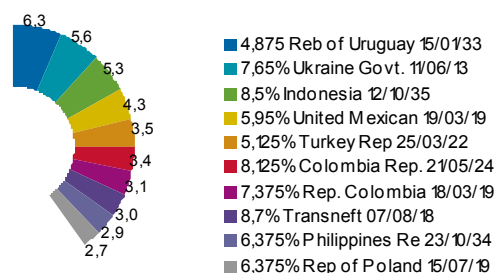
Inception:	November 4 2004
Benchmark:	JP Morgan EMB Global Composite Index (DKK)
ISIN:	DK0016268766

PORTFOLIO COMPOSITION (31.12.2011)

Issuer Country Top 10

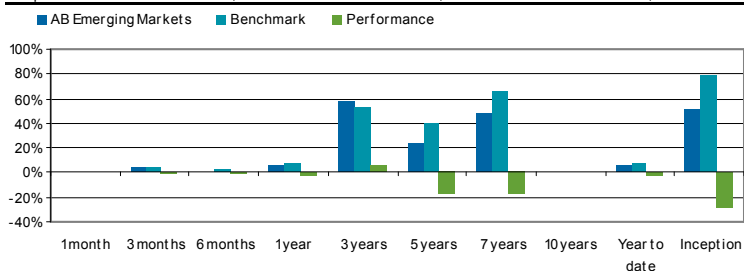


Ten largest holdings



PERFORMANCE IN DKK (31.12.2011)

Period	AB Emerging Markets	Benchmark	Performance
1 month	1,0%	1,1%	0,0%
3 months	4,0%	4,4%	-0,4%
6 months	0,3%	1,9%	-1,5%
1 year	5,0%	7,1%	-2,1%
3 years	57,5%	52,6%	4,9%
5 years	23,5%	40,1%	-16,5%
7 years	48,7%	65,8%	-17,1%
10 years	-	-	-
Year to date	5,0%	7,1%	-2,1%
Inception	50,4%	79,1%	-28,8%



RISK INDICATORS (31.12.2011)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	8,66	8,94	14,63
Benchmark Volatility (%)	7,26	7,11	11,54
Tracking Error (%)	1,58	2,46	3,79
Information Ratio	-1,34	0,49	-0,70
Sharpe Ratio	0,43	1,68	0,12

KEY FIGURES (31.12.2011)

OAD (yrs)	7,02
OAS (bps)	456
Effective Yield (%)	6,36
Yield to worst (%)	6,36

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