

December 2011

Alfred Berg High Yield

DKK

MARKET REVIEW

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.

The 10 year German Bund yield experienced an almost unbroken run of easing in December, declining from 2.28% at end November to 1.83%, an easing of 45 bp. It had risen by 25 bp in November. The short end of the curve benefited from the cut in official interest rates announced by the ECB on the 8th and expectations of a further relaxation of monetary policy. The German 2 year yield eased by 20 bp, to end the month at 0.14%, an all-time low. The German Bund profited from its safe-haven investment status as concerns about the euro zone were never really allayed. Spanish, Portuguese and Irish yield spreads narrowed slightly, while those of Italy and France tended to increase

The Global HY credit spread tightened by 40bp, ending the month of December at 777bp. (Merrill Lynch Global HY unconstrained).

FUND PERFORMANCE AND ACTIVITY

In December, Alfred Berg High Yield generated a 2.60% return, outperforming the benchmark by 20 bps. Positive contributors to performance came both allocation and good selection, notably in the following sectors Energy (Chesapeake, Connacher Oil & Gas), Telecom (Intelsat Jackson) and Healthcare (Apria, Davita). The significant cash position detracted from performance during the month of December.

In terms of rating Single B's outperformed so there was small negative contribution from allocation as the fund was overweight cash. This was largely offset by good selection within BB-rated issuers.

In line with our maintained cautious stance we continued to reduce key overweights and underweights during the month, raising the overall quality of the portfolio (reduction in B's, increased BBB and BB exposure). The fund is currently market weight B rated issuers and slightly underweight BB rated issuers relative to its benchmark. The cash position at the end of the month stood at 6.3%.

OUTLOOK & POSITIONING

While economic growth expectations have dropped for Europe (we had already targeted the now consensus forecasts), the consensus for U.S. growth is still 2.1% in 2012 (and less than 1% in Europe). We believe growth, while likely to remain positive in the U.S., will continue to be uneven and below potential. Contrary to the post-Lehman period, corporate balance sheets are healthier, refinancing hurdles have been lowered especially in the U.S. and thus even with slow and uneven economic growth the near term expected default rate should remain low, all factors which bode well for corporate credit especially in a low risk free interest rate environment.

- Given the sustained market volatility, largely in Europe but with the U.S. economic and political situation unsteady, we maintain our cautious fund positioning. We will remain defensive on sectors, favouring sectors with stable cash flows (Telecoms) and those operating at or near trough demand (Autos).
- We will remain underweight European credit exposure and maintain elevated cash levels. In terms of rating we will continue to remain underweight single B's and very little CCC and Below.

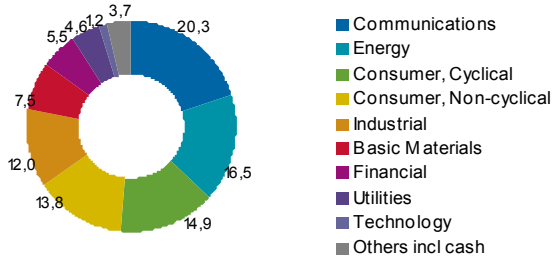
Alfred Berg High Yield Obligationer invests primarily in global corporate bonds that at the time of the investment have a credit rating from Standard & Poor's of BB + to CCC with the objective to create long-term excess returns relative to the Merrill Lynch Global High Yield Constrained Index (USD).

FUND FEATURES

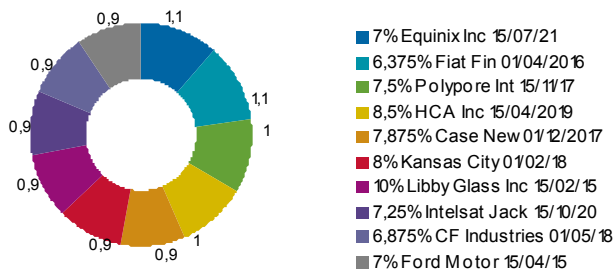
Inception: March 19 2001
Benchmark: Merrill Lynch Global High Yield
BB-B rated, 2% Constrained
Ex Financials, 100% EUR hedged (DKK)
ISIN: DK0016108640

PORTFOLIO COMPOSITION (31.12.2011)

Section breakdown

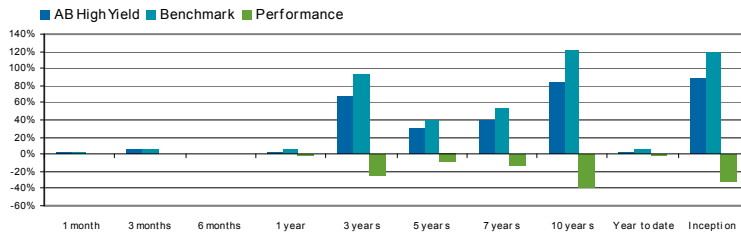


Ten largest holdings



PERFORMANCE IN DKK (31.12.2011)

Period	AB High Yield	Benchmark	Performance
1 month	2,6%	2,4%	0,2%
3 months	5,6%	5,5%	0,1%
6 months	-0,5%	-0,4%	0,0%
1 year	3,2%	4,5%	-1,3%
3 years	68,3%	92,6%	-24,3%
5 years	30,0%	39,1%	-9,1%
7 years	40,2%	54,5%	-14,3%
10 years	83,1%	122,2%	-39,1%
Year to date	3,2%	4,5%	-1,3%
Inception	88,2%	119,6%	-31,5%



RISK INDICATORS (31.12.2011)

	Last 12M	Last 36M	Last 60M
Fund Volatility (%)	8,79	9,43	12,15
Benchmark Volatility (%)	8,77	10,99	14,95
Tracking Error (%)	1,18	2,44	3,65
Information Ratio	-1,13	-2,25	-0,40
Sharpe Ratio	0,22	1,86	0,23

OTHER INDICATORS (31.12.2011)

OAD (yrs)	4,18
OAS (bps)	551
Effective Yield (%)	7,27
Yield to worst (%)	6,80

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