

JGAM Investment Cases

24 January 2012

Investment Committee

Going back into the market

On 12 and 16 January 2012 JGAM held its regular monthly Investment Committee meeting deciding on investment for our Managed Asset Allocation portfolios. We also recommend these investments to our Advisory clients .

The main reason for the recommendation to increase exposure to the market is the improving U.S. economy and a European Central Bank engaged in a reflationary monetary policy providing unlimited liquidity to European banks which has diminished the pressure and uncertainty in the European markets.

In our Managed portfolios we have increased our exposure to the U.S. corporate and the Mexican bond market. We have invested in oil and increased exposure to gold and bought some U.S. stocks.

We still see a non-trivial risk that the eurozone and/or the Middle East crisis will escalate . We recommend non-cyclical stocks and the oil and gold positions are what we label “all weather investments”, protecting a portfolio in case of a return of a “risk off” scenario.

In consideration of your present portfolio and your investment profile, we recommend the following securities:

Bonds

Currency	Bond	Rating
USD	3.75% Arcelormittal 05.08.2015	BBB-
USD	3.625% Entergy Corp 15.09.2015	BBB-
USD	3.75% Best Buy Co. 15.03.2016	BBB-
MXN	8.00% Mexican Bonos 19.12.2013	A-

Equities/Exchange Traded Funds

Stock	Ticker
Target Corp	TGT
United States 12 month oil fund (ETF)	USL
Qualcomm Inc	QCOM
SPDR Gold Trust (ETF)	GLD

Closure of recommendation

We recommend selling **ETF Grains** and **Ipath Dow Jones – USB Grains**, as the current prospective for the underlying soft commodities has turned negative and we see more perspective in the above recommendations. However, long term we are still positive on the commodity sector.

Description of recommended securities

ArcelorMittal produces steel. The company manufactures cold rolled, electro galvanized and coated steels, slabs, special quality bars and wire rods. ArcelorMittal has steel making operations in Europe, USA, Asia and Africa. Source of recommendation: Pershing.

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Best Buy Co., retails consumer electronics, home office products, entertainment software, appliances and related services through its retail stores, as well as its web site. The company also retails pre-recorded home entertainment products through retail stores. Source of recommendation: Pershing.

Entergy Corporation is an integrated energy company that is primarily focused on electric power production and retail electric distribution operations. The company delivers electricity to utility customers in Arkansas, Louisiana, Mississippi and Texas. Entergy also owns and operates nuclear plants in the northern United States. Source of recommendation: Pershing.

Mexican Bonos is a government bond issued by the Mexican state. Source of recommendation: Pershing.

Target Corp operates general merchandise discount stores in the United States. The Company's merchandising operations include general merchandise and food discount stores and a fully integrated online business. Target also offers credit to qualified applicants through its branded proprietary credit cards. Source of recommendation: Morgan Stanley.

United States 12 month oil fund is an exchange traded fund (ETF) incorporated in the USA. The fund's objective is to have changes in percentage terms of its unit's net assets value reflect changes of the price of WTI Crude Oil delivered to Cushing, Oklahoma, as measured by changes in percentage terms of the price of an average of the next 12 month's WTI Crude Oil futures contracts on the NYMEX. Source of recommendation: Pershing.

Qualcomm Inc designs, manufactures and markets digital wireless telecommunications products and services based on its code division multiple access (CDMA) technology and other technologies. It has four segments: Qualcomm CDMA Technologies (QCT); Qualcomm Technology Licensing (QTL); Qualcomm Wireless & Internet (QWI), and Qualcomm Strategic Initiatives (QSI). QCT is a developer and supplier of CDMA-based integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products. QTL grants licenses or otherwise provides rights to use portions of its intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products. In May 2011, it acquired Atheros Communications, Inc. In November 2011, it acquired all of the technology and other assets of HaloIPT. Source of recommendation: Morgan Stanley.

SPDR Gold trust is an investment fund incorporated in the USA. The investment objective of the trust is for the shares to reflect the performance of the price of gold bullion, less the trust's expenses. The trust holds gold and is expected from time to time to issue baskets in exchange for deposits of gold and to distribute gold in connection with redemptions of baskets. Source of recommendation: Morgan Stanley.

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Investments on the basis of this publication are subject to risk. The price of and return on securities may fall as well as rise. Past performance is not a guide to the future, and investors may not get back the full amount invested. The price of emerging-market securities can be extremely volatile.

When an investment is denominated in a currency other than the investor's base currency, the investor must be warned that changes in exchange rates may have an adverse effect on the value and price of or return on an investment.

Bond investment involves risk. Many factors, including the country's credit quality, willingness to pay, liquidity, social conditions and economic developments may affect the price of a bond. Indirect factors may also affect the price of a bond, for instance global economic factors, global risk tolerance and geopolitical risks.

Equity investments are associated with risk. Movements in the equity market, the sector and/or news flow, etc. regarding the company may affect the price of the equity. In connection with an ADR or similar papers, the foreign exchange risk exists relative to the currency in which the underlying equity trades.

Alternative investments (including commodity investments) involve risk. Movements in the credit market, the sector and/or the news flow, etc. regarding the issuer may affect the price of an alternative investment.

Leveraged investments are very risky, exposed to all the above mentioned factors as well as a fall in the value of collaterals combined with an increase in the value of the loan currencies. Leveraged investments are only recommended for investors with a suitable risk profile.

All of the above mentioned risk factors should not be regarded as exhaustive.