

Fixed Income Portfolio

20 August 2009

Investment Committee

We have kept a neutral weight in fixed income portfolios. However, we have decided to reduce exposure to the USD within the portfolios.

We have increased gearing in leveraged portfolios to 0.8 for max one time leverage and to 1.6 for max two time leverage.

We see more and more signs that the major economies are coming out of recession and have therefore decided to increase our exposure to the emerging markets. Brazil is expected by many research sources to be one of the markets which get through the economic crisis in the best shape. BRL has already had a good performance in 2009 and we might see some profit taking in the market. But BRL yields are still attractive and we expect that the demand for BRL and investments in Brazil will pick up, when the markets once again gets appetite for risk.

Jyske Bank has a buy recommendation on Mexican bonds. Even though Mexico has a negative outlook with S&P. Both the currency and yields have reacted on these news and we find that the yields in Mexico is acceptable to the risk we take on the new positions. Therefore, we take advantage of the low prices and a possible pick up.

BCA has a positive view on the NZD currency and therefore we allocate a portion to NZD bonds expiring in 2014. Furthermore, we get a pick up in yields of approximately 290 bp compared to USD bonds, and a better diversification of the portfolio.

Based on the above we invest the proceeds from the sale of USD bonds plus the loan proceeds into Brazil bond 2016, Mexican bond 2015 and New Zealand bond 2014.

The above apply to the following portfolios no. 94/97 – 93/96.

In our non-leveraged/IRA portfolios we allocate the proceeds from the sale of the USD bonds into the Brazil bond 2016.

In our portfolios/IRA below USD 200,000 we reduce our exposure to Jyske Invest Dollar Bond Fund and allocate the sales into Jyske Invest Emerging Market Local Bond Fund.

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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.