Foreign Exchange Strategy

26 November 2009

Investment Committee

JYSKE GLOBAL
ASSET MANAGEMENT

We maintain the current **loan mix**.
Low Risk: CHF 50% & USD 50%
Medium risk: USD 100%

The CHF has since March of 2009 traded within its narrow EUR/CHF trading range 1.5000 – 1.5200. The SNB has indicated it has no interest in a stronger CHF and is intervening at regular intervals. The USD remains weak and is currently testing the important chartpoint 1.5000 against the EUR. We expect the USD to move towards 1.6000. We maintain the below stop losses.

Stop Losses on loan mix:
Medium Risk leverage: 1.0640 (USD/CHF)
Low Risk leverage: 1.4200 (EUR/USD)

Our **AUD, NOK** and **MXN** cash positions have performed very well since established in late May (AUD & NOK) and September (MXN). The positions are currently up by 19%, 15%, and 5% respectively. We decided keeping all positions as they still have great potential against the USD. The USD seems very vulnerable at the current level even though Ben Bernanke earlier this month verbally tried to support the USD. BCA coined the speech "talk is cheap" as the US is really interested in a weak currency. In 1971, the then US secretary of the Treasury John Connolly told his European counterparts: "the dollar is our currency but your problem". With no inflation, a high unemployment rate and a deteriorating trade balance a weak USD will alleviate the current dire situation and the government thus has a inherent interest in a weakening USD.

We decided to take a further cash positions against the USD and will buy **CAD**. We expect the CAD to revisit its high against the USD at 0.9755. According to BCA Canada is a magnet for foreign capital seeking higher returns and a break of parity will be very positive for the CAD.

In order to protect our positions from a sudden change in sentiment we decided maintaining our current take profits in AUD and NOK. We changed our stop loss in MXN to the entry level in order to ensure the invested capital. We will place a stop loss on the CAD position at 1.1120. The change in the USD bearish sentiment can come from either a short squeeze as almost everyone is a USD bear and thus on the same side of the USD boat or if equity markets become negative. In portfolios with Jyske Invest British Bond Fund we decided to sell the Bond position taking a pure **GBP** cash position which we protect with a stop loss

Stop Losses:	**Re-Entry**
0.8850 (AUD/USD)	0.9250
5.9200 (USD/NOK)	5.6200
13.5000 (USD/MXN)	
1.1120 (USD/CAD)	
1.5750 (GBP/USD)	

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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.

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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.