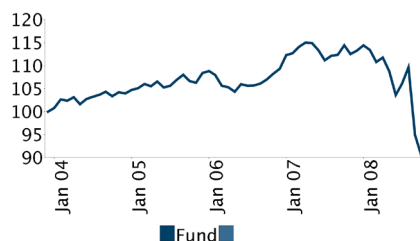


Hedge Mortgage Arbitrage

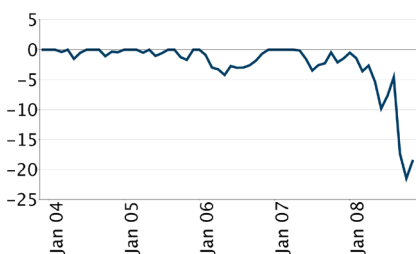
Key figures

NAV as of 30-11-2008	125.80
Return year to date	-17.33
Total assets mill. EUR	60.74

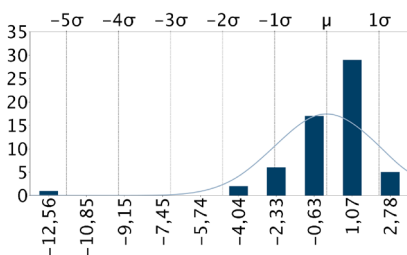
Hist. perf. as of 31-10-2008



Drawdown



Return distribution



Fund report

Danske Invest Hedge Mortgage Arbitrage provided a negative return of 5.0% in October. Year to date, the Fund provided a return of -20.3%.

Market volatility continued in October, and once again intervention by several central banks, governments and supervisory authorities impacted the Fund. E.g. the coordinated global rate cut on 8 October by a number of central banks headed by the Fed and the ECB. Scandinavian governments have furthermore taken various measures to cope with the problems in the mortgage credit market and make mortgage bonds more attractive to investors.

The heavy volatility that we have seen throughout the financial markets has also had a substantial bearing on Danish mortgage bonds. Danish mortgage bonds over a wide front suffered large price falls relative to other bonds with a corresponding duration. Mortgage bonds are trading at their widest spread ever to both government bonds and the swap curve. In a period when 10-year yields have fallen and government bonds increased, mortgage bonds have dropped significantly.

In terms of interest rates, Denmark fared worse than Germany. Apart from a general flight to quality spurred by the risk aversion in the market, the Danish central bank was forced to raise its key interest rate in response to the pressure against the Danish krone. This scared many foreign investors off as they no longer see Denmark, from a currency perspective, as a core euro country but rather as a peripheral country. Going forward, we expect financial markets to remain very volatile which will also impact Fund returns. The situation will continue to be very serious, but governments in both Europe and the US are still struggling to resolve the problems in the financial markets.

In Denmark, the government launched a financial rescue package to shore up its L&P sector, in co-operation with the Danish Financial Supervisory Authority and various industry associations. The package is designed to protect pensions solvency and prevent any major sell-off of mortgage bonds and will, longer term, encourage the L&P sector to keep large holdings of Danish mortgage bonds. In addition, the Danish central bank and The Social Pension Fund announced plans to increase their holding of Danish mortgage bonds. We believe that both acti-

Return

	DIMA	Euro Corp.	Bank deposit, DKK	EFFAS Denmark > 1	MSCI World	OMXC20
Avg. return monthly	-0.17	0.06	0.26	0.29	0.02	0.31
Return since inception	-9.60	3.67	16.69	18.85	1.44	20.08

Risk

	DIMA	Euro Corp. Bond In	Bank deposit, DKK	EFFAS Denmark > 1	MSCI World	OMXC20
Standard deviation	8.09	3.86	0.32	2.99	12.53	18.25
Sharpe ratio	-0.61	-0.59	0.00	0.12	-0.22	0.03
Downside deviation	9.62	3.69	0.00	1.64	10.59	16.98
Minimum return	-13.37	-4.75	0.00	-1.61	-10.40	-18.78
Maximum return	3.31	1.54	0.51	2.44	8.02	7.80
Worst drawdown	-21.49	-9.04	0.00	-3.73	-34.93	-43.85
Positive months	36	33	60	37	35	36
Avg pos. monthly return	1.02	0.75	0.26	0.83	2.30	3.50
Negative months	23	26	0	23	24	24
Avg. neg. monthly return	-1.96	-0.80	-	-0.57	-3.14	-4.12

Trailing returns as of 30-11-2008

	Year to date	1 mdr	3 mdr	6 mdr	12 mdr	36 mdr	60 mdr	Start
Fund	-17.33	3.63	-14.60	-13.90	-16.77	-11.92	-	-9.63

Hedge Mortgage Arbitrage

Investment manager

Danske Capital, a division of Danske Bank A/S, is one of the leading asset managers in the Nordic region, managing more than DKK 50.4 billion in assets for over 600 institutional clients.

Our team of experienced investment professionals has on average 13 years of experience managing fixed income portfolios totalling DKK 40.1 billion. Undoubtedly, Danske Capital is the largest manager of Danish fixed income portfolios and the leading Danish mortgage bond manager.

The experience we gained from the management of traditional fixed income products has been the catalyst for the launching of Danske Invest Hedge Mortgage Arbitrage Fund. Below you will see the management team of the Fund.

Contact Details

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Basic information

Isin	KYG2655P1019
Dividends	No
Launch	30 December 2003
Base currency	DKK
Website	www.danskehedge.com
Benchmark	None
Valuation Day	Every Monday
Subscription Day	Every Tuesday
Redemption Day	Subscription Day, with 30 days notice
Fund Company	Danske Leverage Fund
Fund Domicile	Cayman Island
Administrator & Custodian	Dexia
Auditors	Deloitte
Investment Univers	Danish Bonds, Mortgage Bonds
Strategy	Market Neutral
Risk Free rate	DKK Repo
Investment manager	Danske Capital
Return target	Risk free rate + 4%
Investment objectives	-

About the fund

The objective of the Fund is to generate high absolute returns primarily through an investment programme utilising conventional and alternative investment and trading strategies including short selling, the use of derivatives for hedging and speculative purposes and the use of leverage.

The Fund is a relative value fund and aims to reduce market risk. Thus, the return should not depend on whether interest rates rise or fall. The main component of the return should therefore depend solely on the trend in the pricing of mortgage credit bonds relative to government bonds (or the pricing between mortgage credit bonds). By being market neutral it is also ensured that the Fund to a very large extent will be uncorrelated with other asset classes (equities, ordinary nominal bonds, mortgage credit bonds, etc.). For these reasons, the Fund may not be directly compared with other asset classes.

The Fund's major value creation will be through investments in Danish mortgage bonds. This will include exploiting the yield spread between government and mortgage credit bonds - but also exploiting opportunities among mortgage credit bonds and between mortgage credit bonds and the swap market. Furthermore differences in the spread in volatility between the government and mortgage credit bond markets will be a source of value.

Various gearing and borrowing techniques to leverage the investment portfolio may be used, including the use of instruments such as credit facilities, repurchase agreements and derivatives.