

Danske Capital

- We only manage products where we can deliver **world class performance**
- Focused and independent investment teams - “**Boutiques**”
- No **committees** or binding house views
- **Bottom-up** understanding and **high conviction** key characteristics



Danske Bank Group	
Risk-weighted assets	€ 109,6 bn
Tier 1 capital	€ 21,0 bn
Solvency ratio	19,1%
# of employees	19 303

As of March 2017

Danske Wealth Management	
Asset Management	€ 101,4 bn
- Institutional	€ 37,6 bn
- Retail	€ 63,8 bn
Pension and savings	€ 35,2 bn
Private Banking	€ 61,4 bn
Total Assets	€ 198,0 bn
# of employees	1 860

As of March 2017

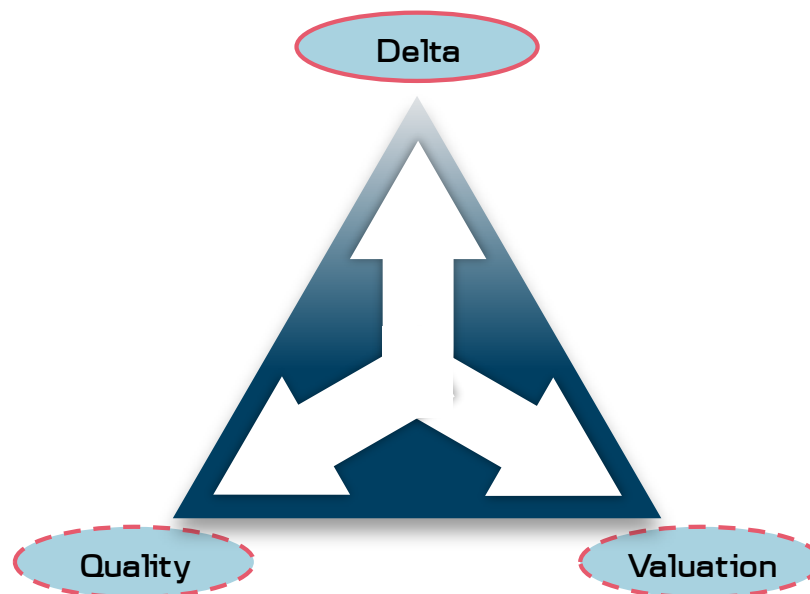
Danske Capital is the asset management division of Danske Bank, one of the largest and oldest financial groups in the Nordic region.

Our roots dates back to 1928 with the foundation of the first mutual fund in Denmark. Danske Capital was formed in 1996 to centralise all the group's investment management activities.

Research process

Internal Deltas

- New markets
- Increasing market share
- Changing product mix
- Efficiency gains
- Restructuring



External Deltas

- Growing penetration of goods and services
- Changing consumer habits
- Market consolidation
- Infrastructure development

Quality

- Credible business model
- Sound corporate governance practices
- ESG
- Strong management
- Dominant market position
- Solid cash flow
- Strong balance sheet

Valuation

- Fundamental analysis
- Multiple based valuation
- Peer group analysis
- DCF
- Keep it simple

Agenda

Why Eastern Europe

- Eastern Europe's competitive advantages solid
- Russia adjusted to a low oil price environment
- Valuation discounts to emerging markets

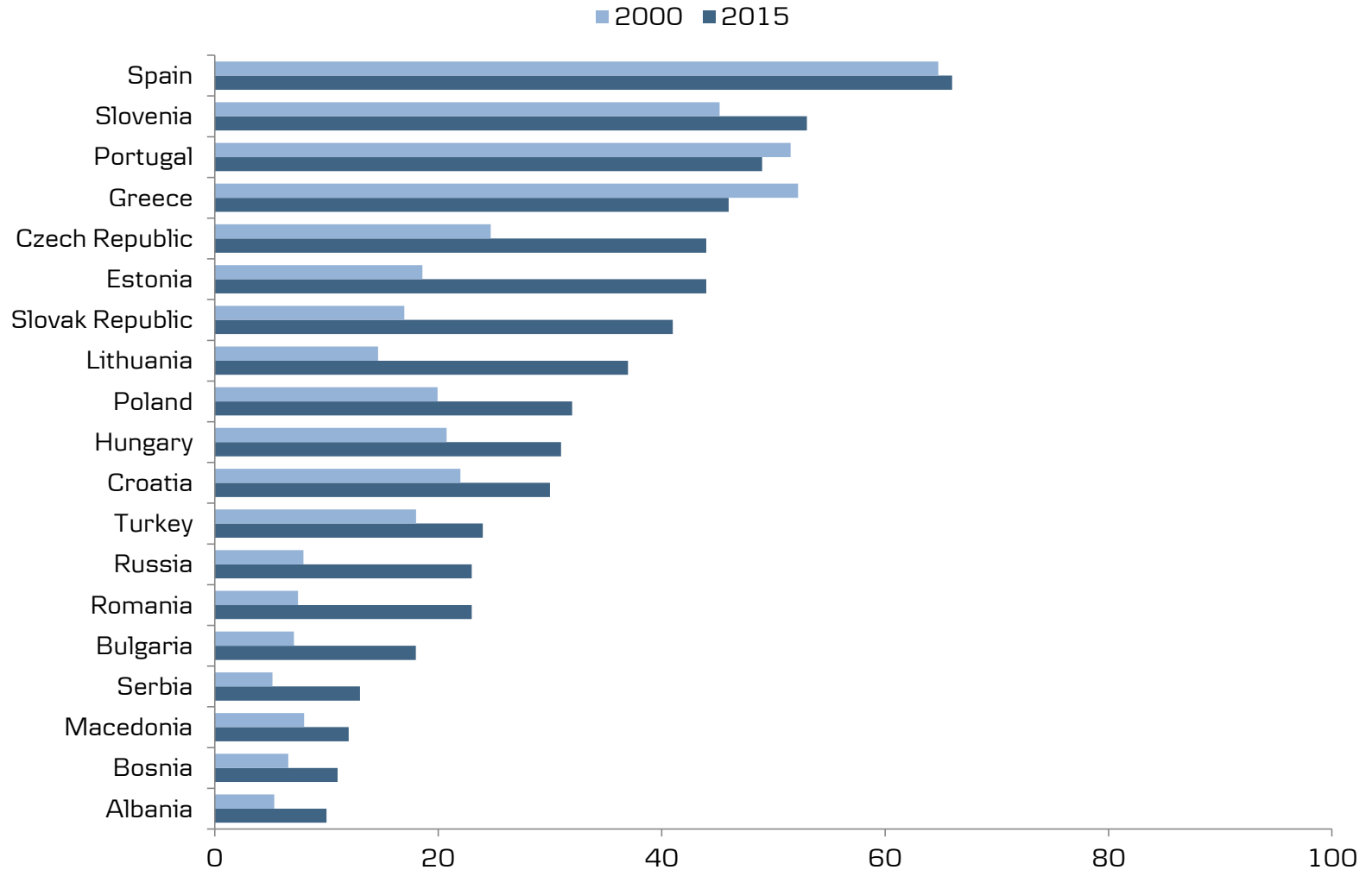
Why our team

- Experienced team
- A structured investment process
- Strong performance

Our view on Emerging Europe ex Russia

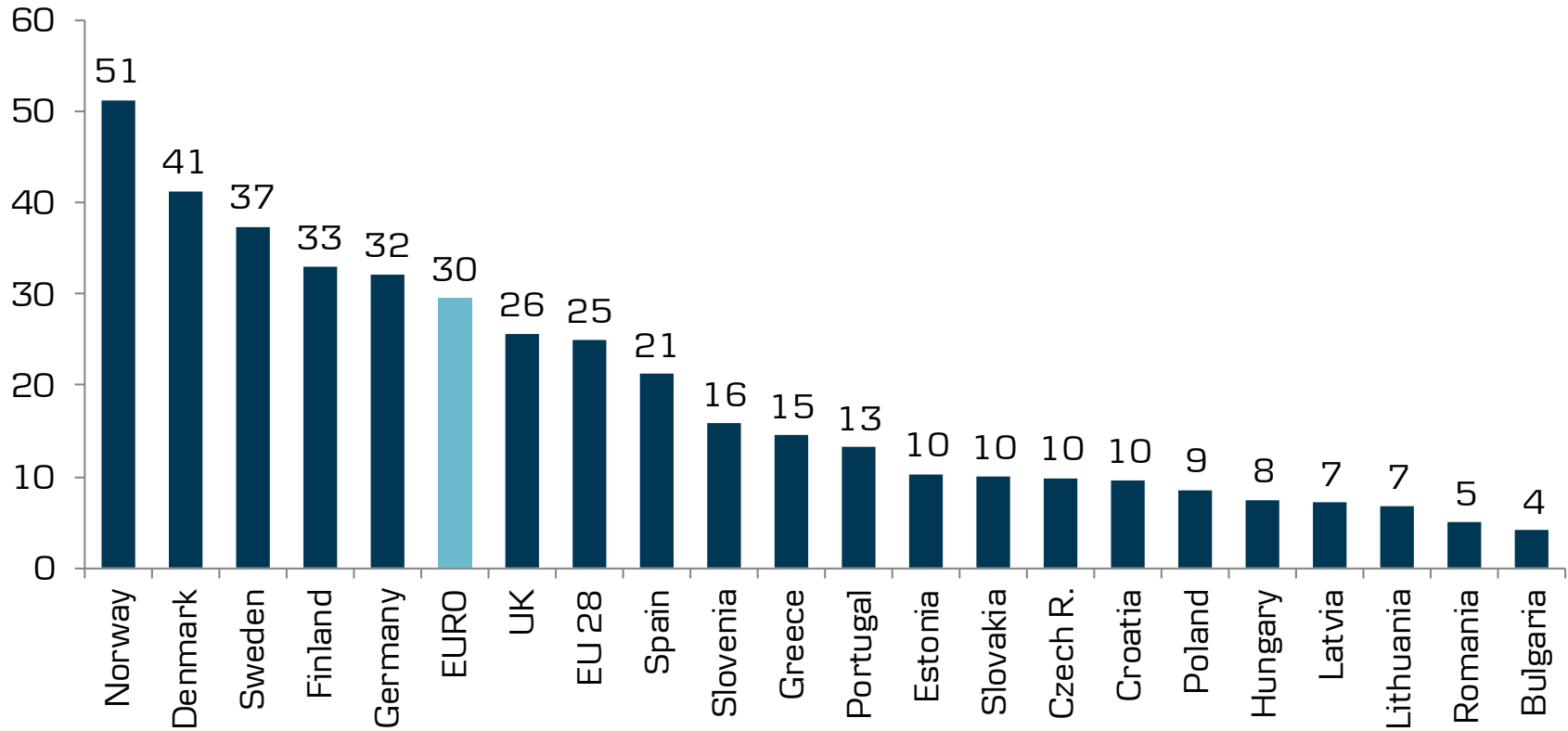
- Macroeconomic picture is supportive with falling unemployment, rising real wages, healthy balances, low inflation
- Highly competitive region: good education, competitive skills, low wages.
- Gaining market share in big export markets such as Germany
- Turkey is trading at a high historical discount to Emerging Markets
- Still political risk issues in Poland and Turkey

Nominal GDP per capita % of EU15



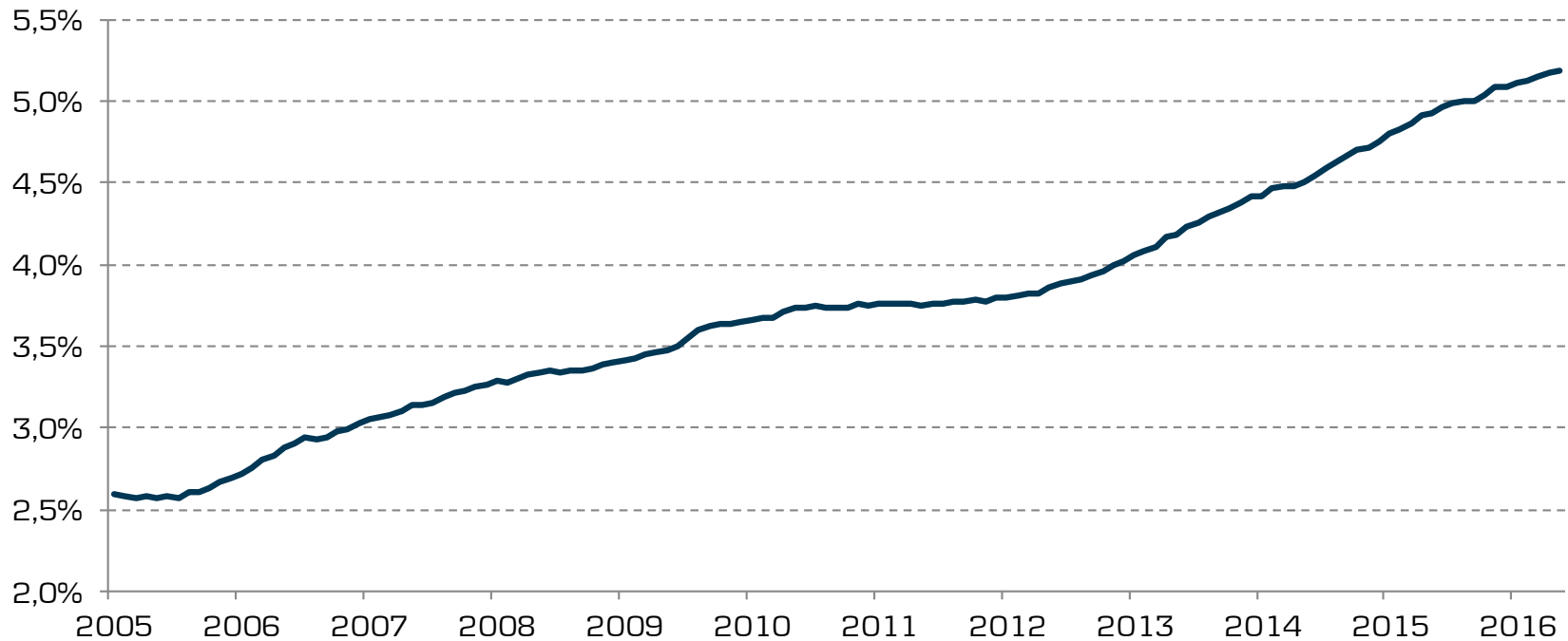
Competitive labour cost

Total labour cost, EUR / hour, 2015



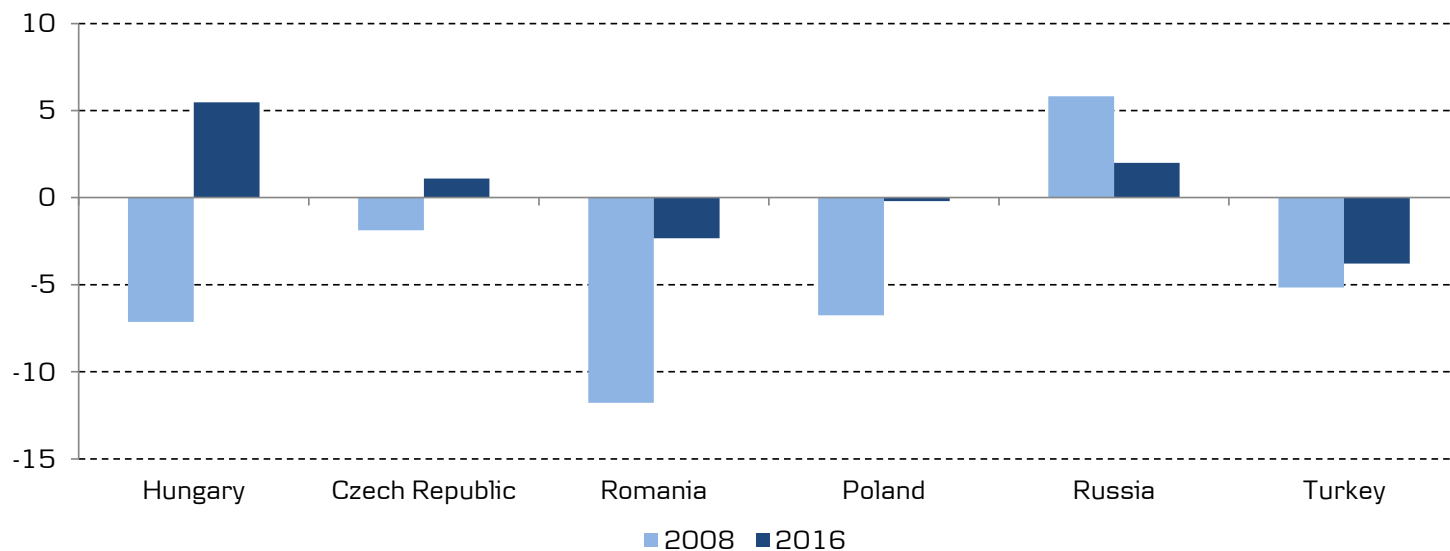
Competitiveness of Eastern European countries reflected in rising share of German imports

German imports from Poland as a percent of total imports; 12m average



Current account improved significantly

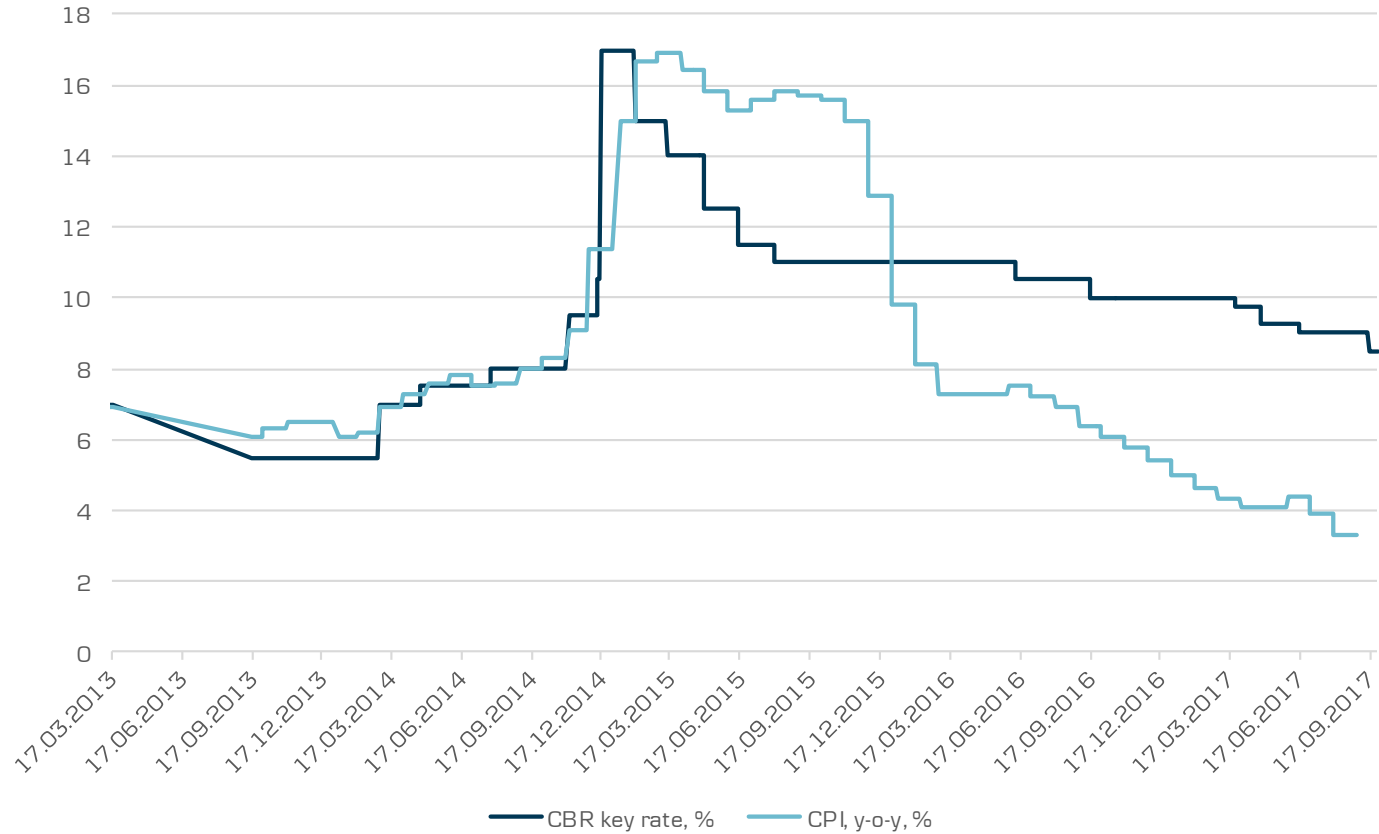
Current Account surplus/deficit 2008 and 2016



Our view on Russia

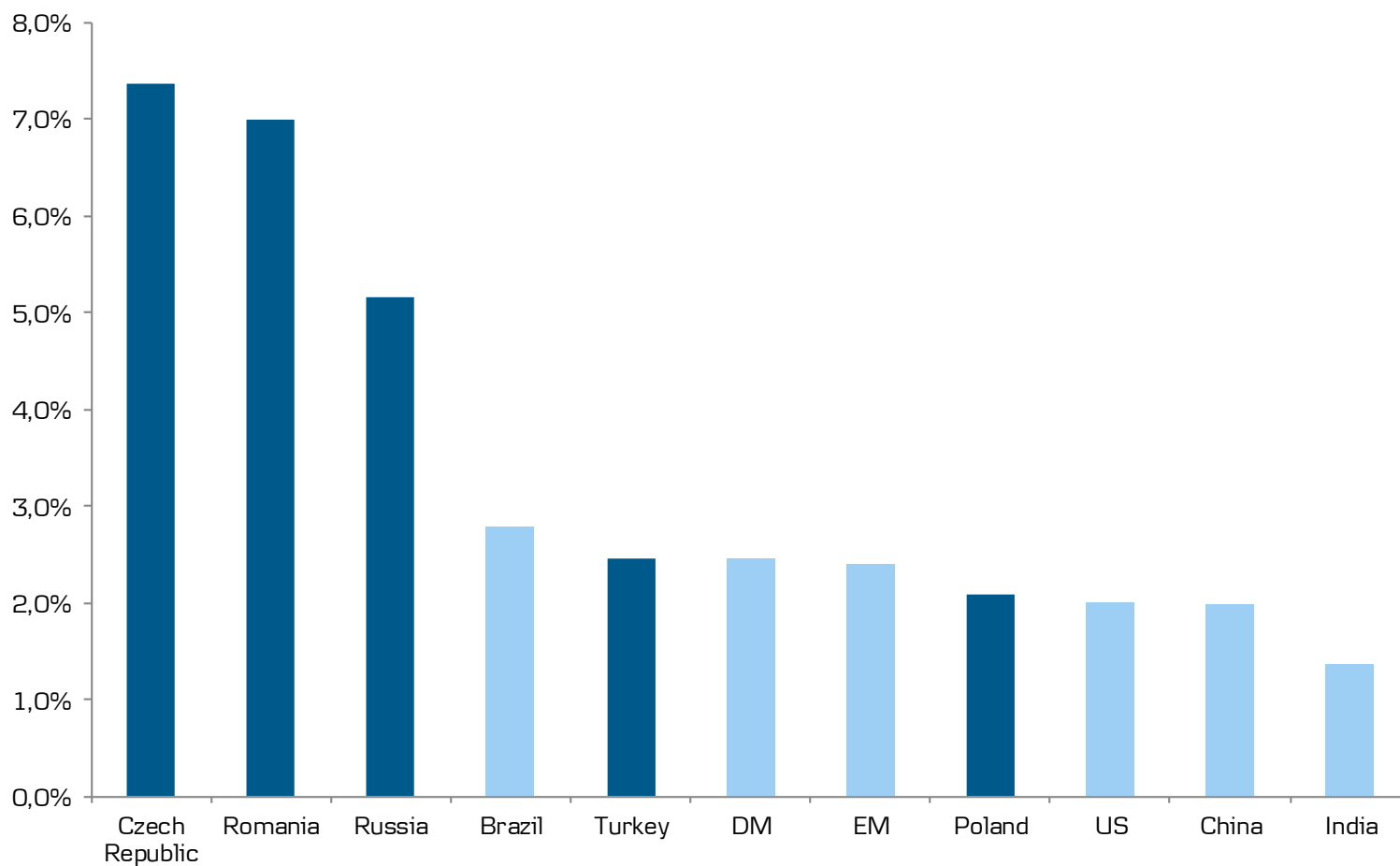
- Russia has adjusted to a low oil price environment helped by a weak RUB
- Improving economic data and record low inflation
- Less vulnerable to higher rates and stronger USD through country's strong balance sheet
- Among main risks are high dependency on oil prices and geopolitics
- Large price-earning discount and high dividend yield
- Longer term we believe a re-initiation of the reform programme is necessary to meaningfully reduce the discount to GEM

Russia: ample room for rate cuts

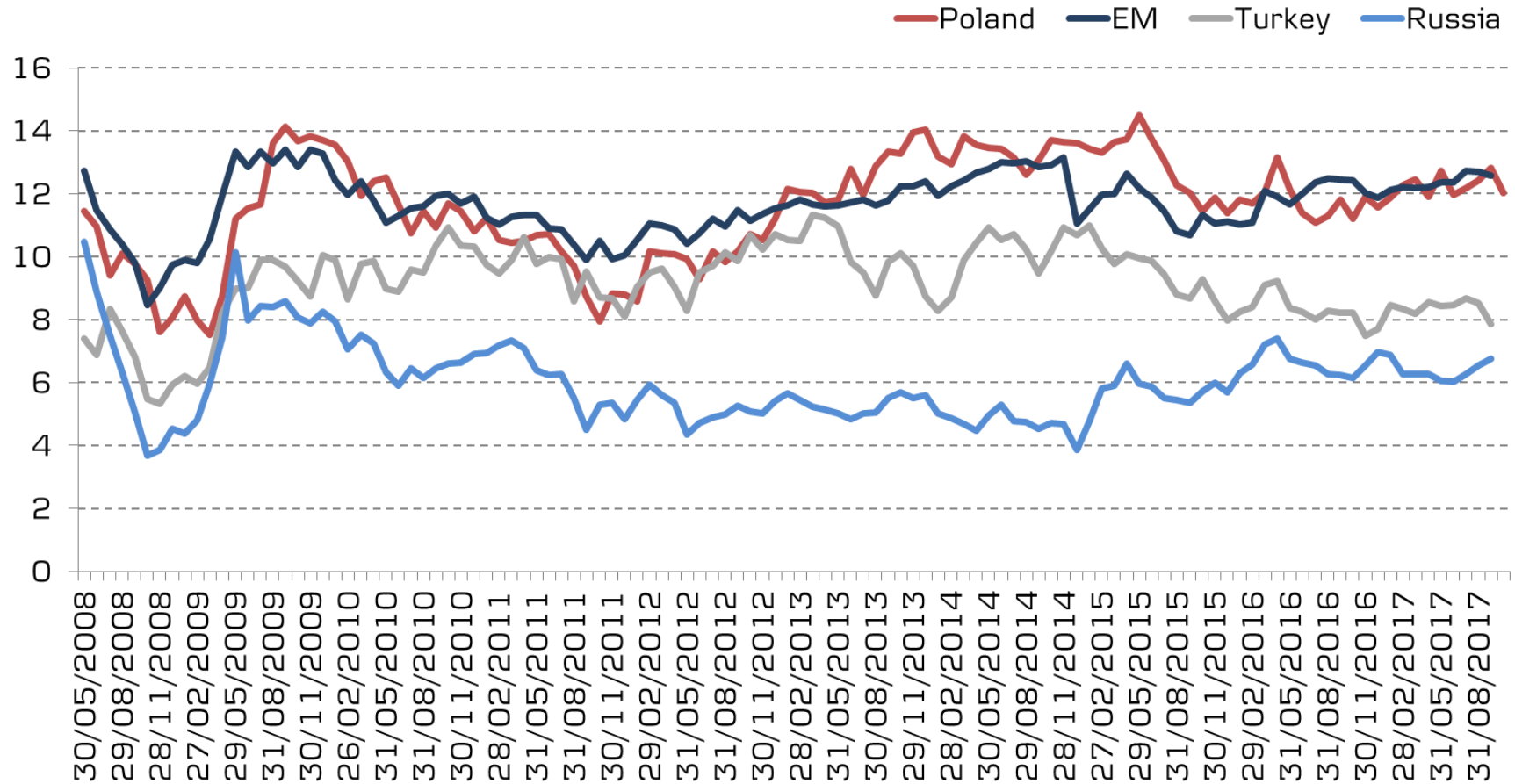


Dividend yields

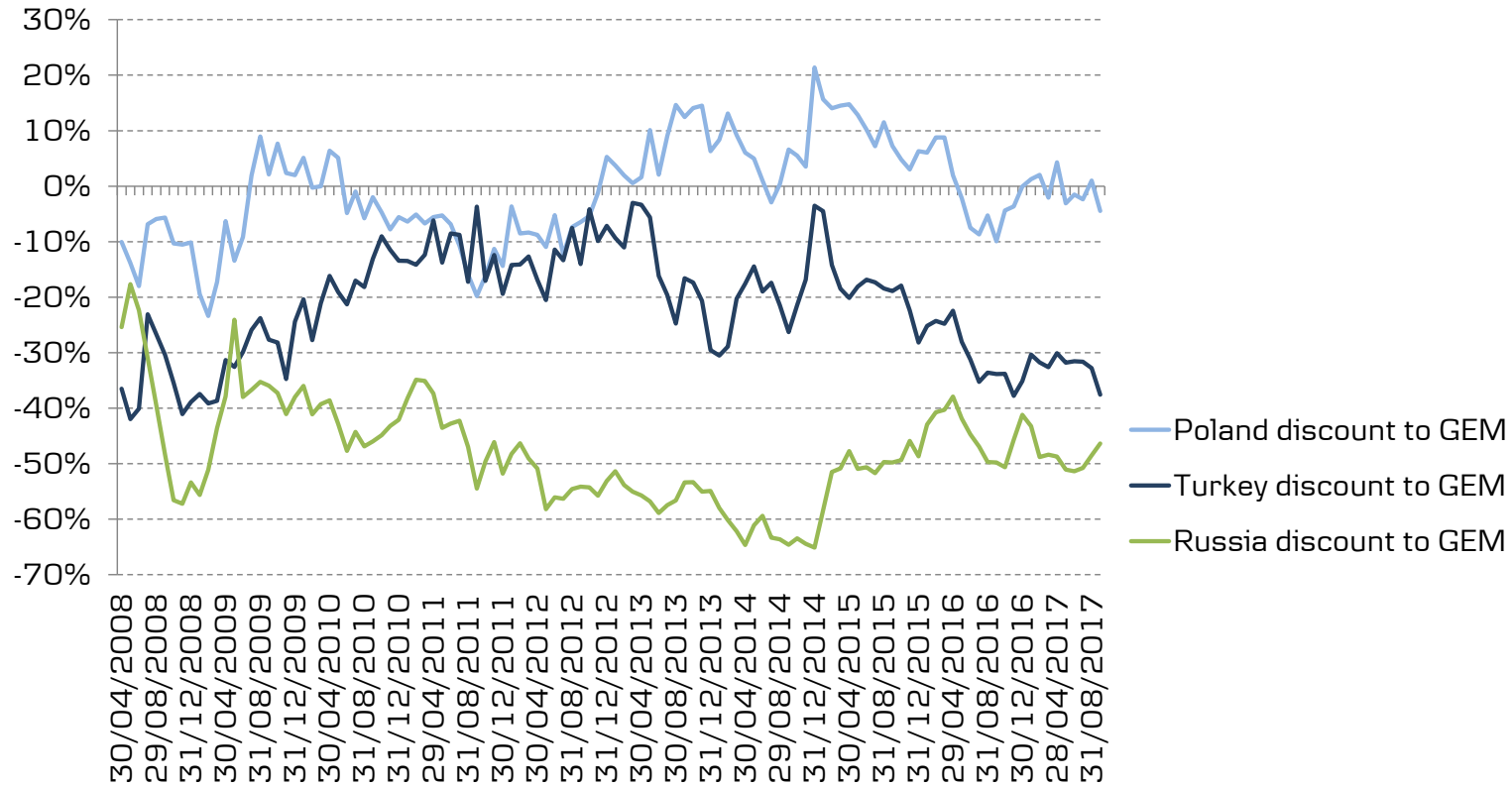
12m trailing dividend yield, %



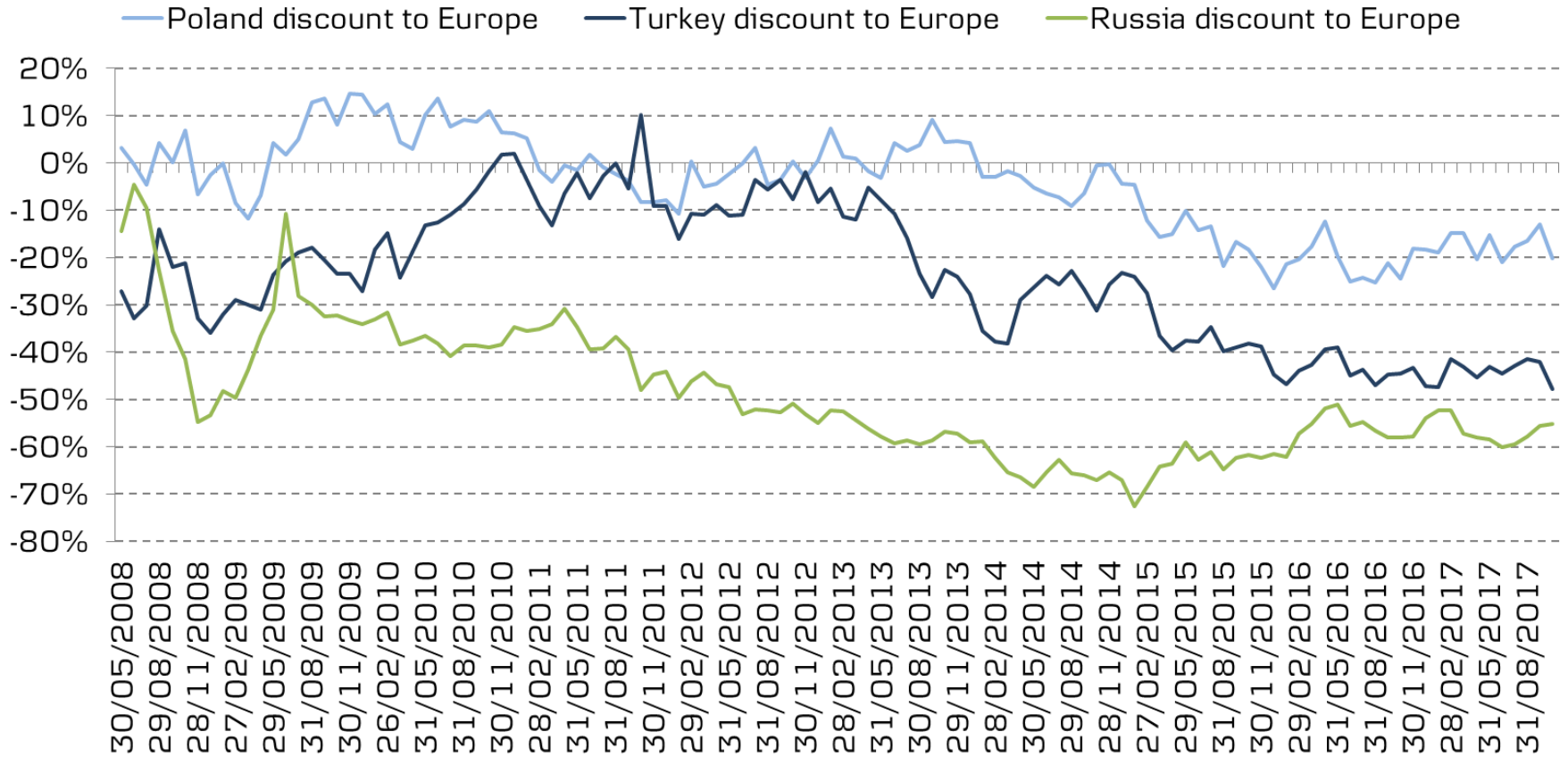
12m Forward PE



Discount to Global Emerging Markets 12m Forward PE

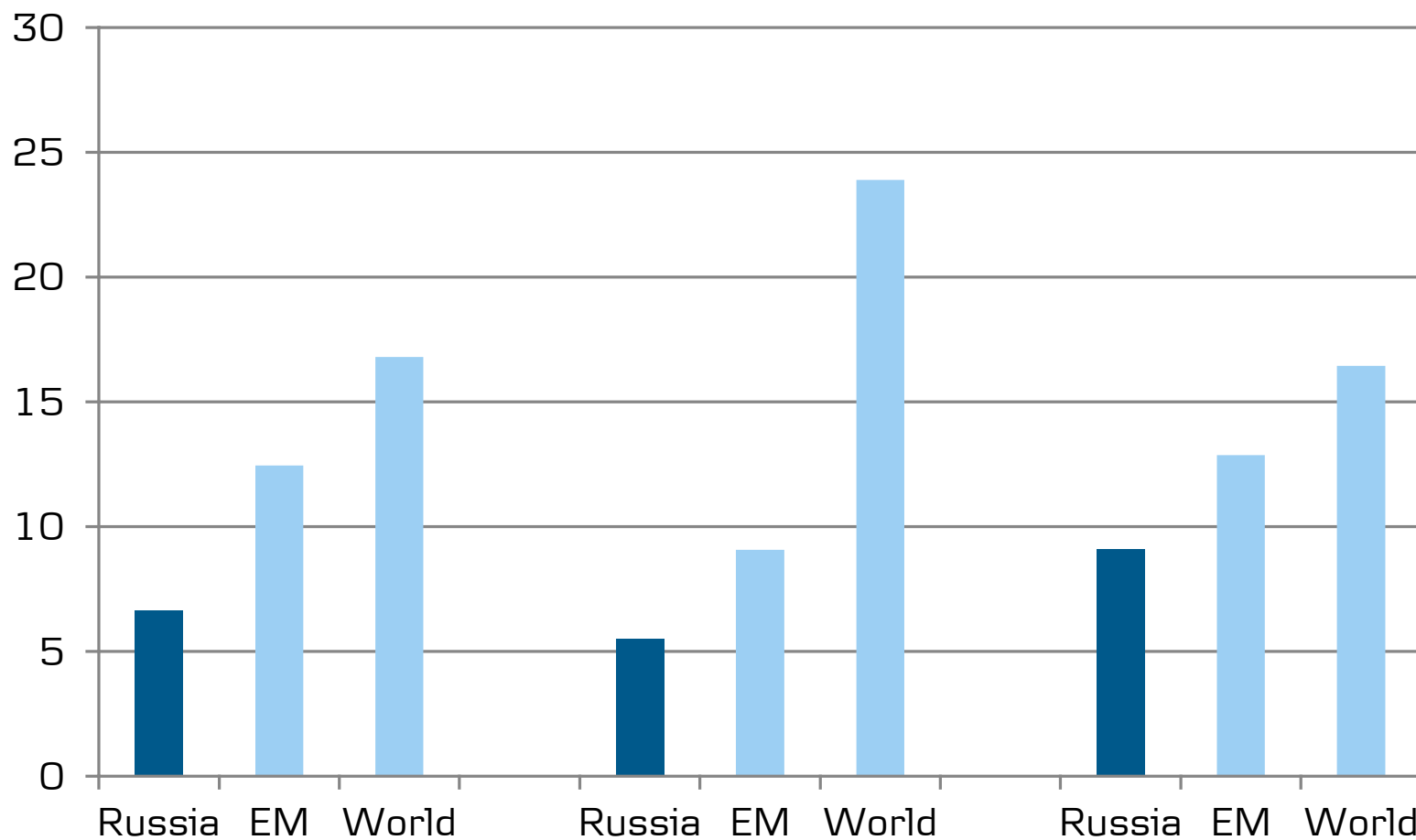


Significant discount vs Europe 12m Forward PE



Russia: Not only oil and gas is cheap

12m fwd P/E



Eastern European team



Morten Lund Ligaard
Chief Portfolio Manager

Morten has 20 years of experience in the financial markets and has been with Danske Capital since 2001. M.Sc. in Economics & Mathematics from Copenhagen Business School, CFA® charterholder.



Ole Gotthardt
Chief Portfolio Manager

Ole has 33 years of experience in the financial markets and has been with Danske Capital since 1998. Ole holds a M.Sc. in Economics from University of Copenhagen.



Sandra Jankovic
Senior Portfolio Manager

Sandra has 12 years of experience in the financial markets and has been with Danske Capital since 2011. Sandra holds a M.Sc. in Finance from Lancaster University.



Måns Beckeman
Senior Portfolio Manager

Måns has 18 years of experience in the financial markets and has been with Danske Capital since 2006. Holds a M.Sc. in Finance from Stockholm School of Economics and is a CFA® charterholder.



Olga Karakozova
Senior Portfolio Manager

Olga has 17 years of experience in the financial markets and has been with Danske Capital since 2007. Olga holds a PhD in Finance from Swedish School of Economics & Business Administration.

Eastern European Trading



Benedikte Braun
Sørensen
Senior Dealer

Benedikte has 31 years of experience in the financial markets and has been with Danske Capital since 2006. Benedikte holds a 2 year program in Economics from Hammersmith Business School, London.



Anders Bech
Dealer

Anders has 4 years of experience in the financial markets and has been with Danske Capital since 2016. Anders holds a M.Sc. in Finance from Aarhus School of Business..

α through stock selection

Fundamental bottom-up stock picking

Deep understanding of a company is a prerequisite before investing

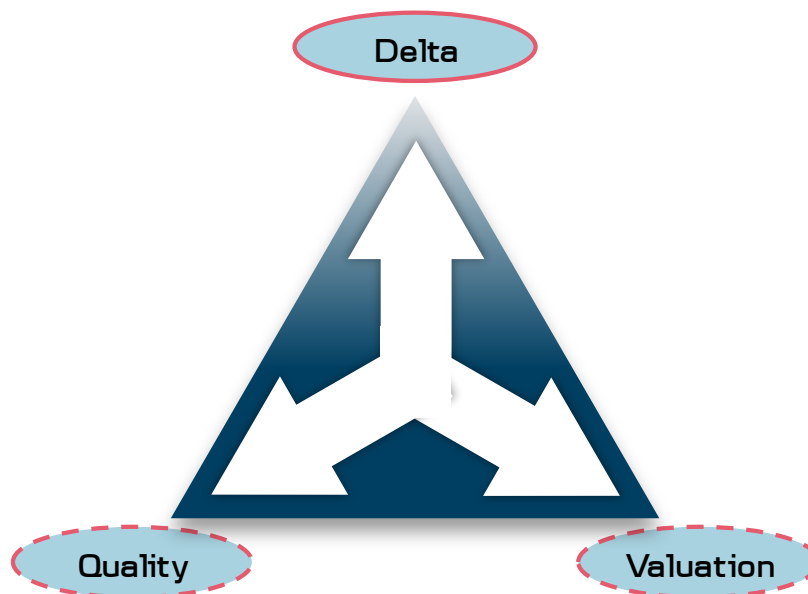
Identifying a company's external and internal changes – Delta – is a key part of our research together with our evaluation of Quality and Valuation

A portfolio team approach with a long investment horizon

Research process

Internal Deltas

- New markets
- Increasing market share
- Changing product mix
- Efficiency gains
- Restructuring



External Deltas

- Growing penetration of goods and services
- Changing consumer habits
- Market consolidation
- Infrastructure development

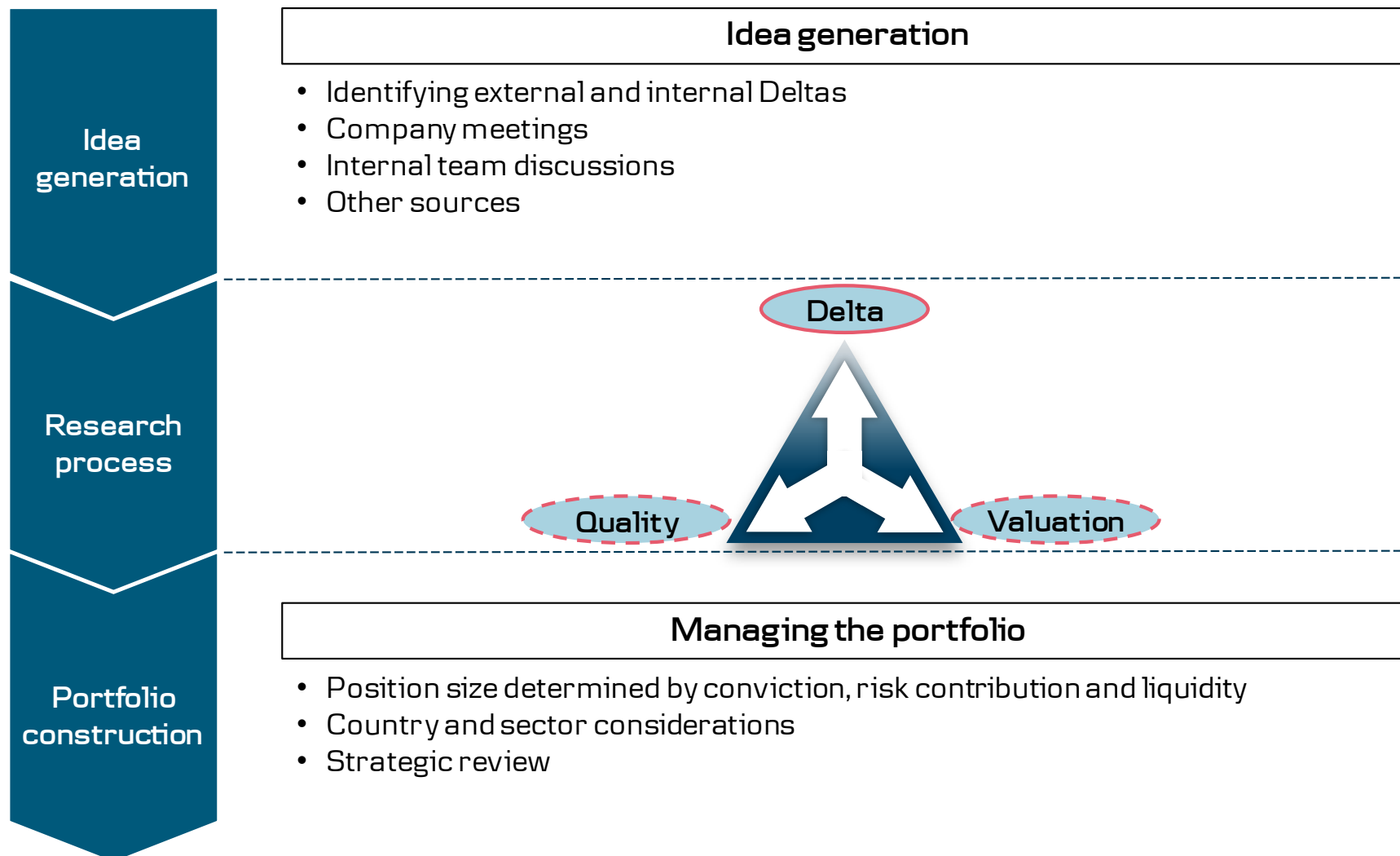
Quality

- Credible business model
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Valuation

- Fundamental analysis
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- Keep it simple

From ideas to portfolio construction



Company example: Etalon

- One of Russia's leading real estate developers
- Present in St Petersburg and Moscow
- Focuses on the mid-market segment



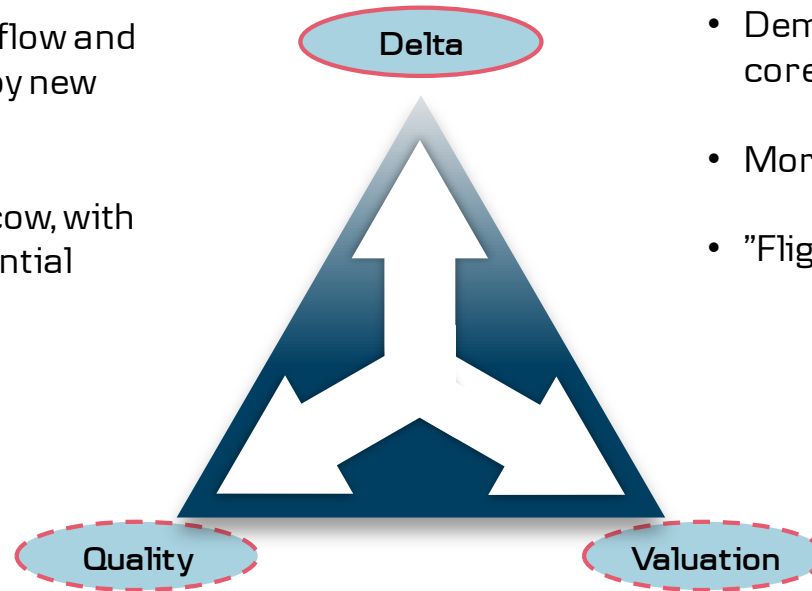
Etalon — Russian real estate developer

Internal deltas

- Increasing focus on cash flow and dividends (as evidenced by new dividend policy)
- Increasing focus on Moscow, with practically unlimited potential

External deltas

- Demand for housing in company's core areas
- Mortgage rates coming down
- "Flight to quality"



Quality

- Strong market position in St Petersburg, growing in Moscow
- Solid balance sheet
- Generous dividend policy

Valuation

- Attractively valued, both in absolute and relative terms

Summary

- Experienced and stable team
 - same people who created track record are still managing the funds
- Fundamental bottom-up stock picking
 - with focus on Delta, Quality and Valuation
- Strong performance
 - with 5 year GIPS annual excess returns vs benchmark: Eastern Europe (4,97%), Russia (4,67%), Eastern Europe ex Russia (4,09%)
- Russia economic adjusted to lower oil price
 - with economic recovery and underpenetrated market
- Eastern Europe's macro situation and competitive advantages solid
 - steadily gaining market share in export markets
- Valuation discounts
 - with lower relative PE to EM and higher dividend yield

Contacts



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Eastern Europe Strategy (incl. Russia)



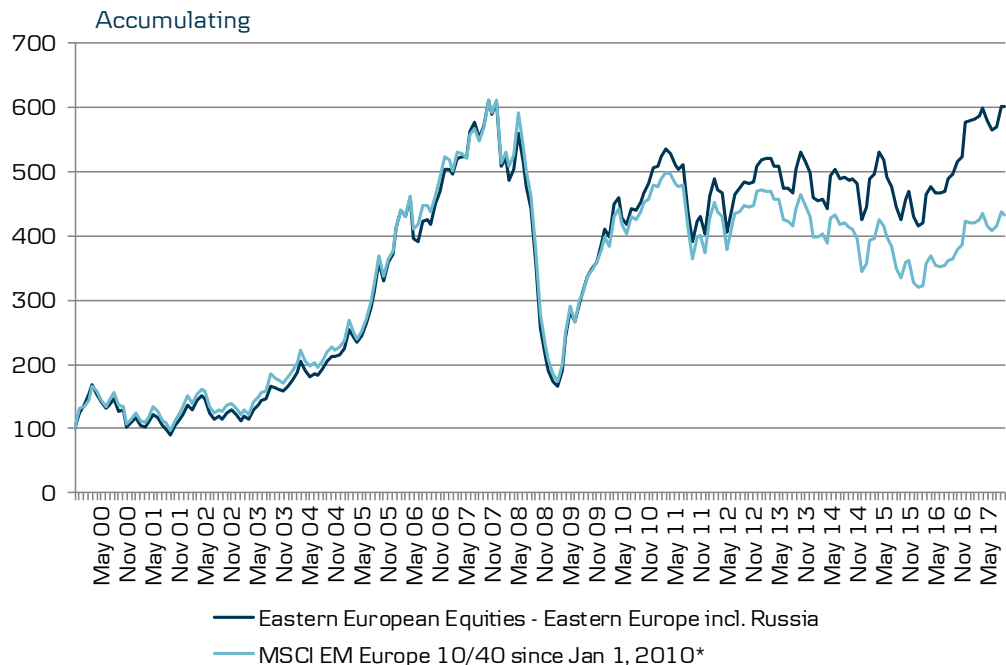
Eastern Europe Equities (incl. Russia)

- Country and sector weights

Country	Weight (%)	Benchmark	Sector	Weight (%)	Benchmark
Russia	52.0	50.4	Financials	33.3	35.4
Poland	15.8	20.4	Energy	28.3	32.0
Turkey	15.4	16.5	Materials	9.4	10.6
Hungary	5.7	5.2	Consumer Staples	6.0	5.6
Greece	5.3	4.8	Telecom	4.8	4.8
Romania	1.9	0.0	Consumer Discr.	4.2	4.7
Georgia	1.8	2.7	Industrials	3.9	2.1
Czech Rep.	1.5	0.0	Real Estate	2.9	0.4
Cash	0.6	0.0	Information Technology	2.4	0.0
			Utilities	2.4	3.3
			Healthcare	1.7	1.0
			Cash	0.6	0.0

Data as of October, 2017

Strategy Performance — Eastern Europe Strategy (incl. Russia)



Performance Summary

	Dec 99 - Sep 17	Composite Return (EUR)	Benchmark return*	Excess return
Year to Date		4,26	2,29	1,97
1 Year		20,98	19,22	1,76
2 Years		18,95	13,63	5,32
3 Years		7,27	1,69	5,57
4 Years		4,47	-0,55	5,01
5 Years		4,45	-0,65	5,10
7 Years		4,13	-0,14	4,27
10 Years		0,50	-2,69	3,19
Ann. since inc.		10,58	8,57	2,00
2016		34,06	29,46	4,60
2015		0,94	-4,99	5,92
2014		-14,69	-19,74	5,05
2013		-1,96	-8,49	6,54
2012		26,43	25,45	0,97
2011		-20,52	-21,93	1,41
2010		30,03	26,18	3,85
2009		103,43	83,16	20,27
2008		-68,51	-66,12	-2,39
2007		20,51	17,00	3,51

MSCI EM Europe 10/40 since Jan 1, 2010

Risk / Return

	5 Years	10 Years	Dec 99 - Sep 17
Annual Volatility (%)	16,18	25,68	26,47
Tracking Error	2,93	3,47	5,07
Info. Ratio	1,74	0,92	0,39
Sharpe Ratio	0,27	-0,02	0,32

Composite Data

	No. of accounts	Assets (EUR)
Current	4	197,45
2016	3	86,17
2015	2	50,95
2014	2	107,68
2013	2	152,08
2012	2	143,37

Source: Danske Bank Asset Management. All figures are based on GIPS standards compliant gross performance not including commissions or other fees that may have a diminishing effect on return, the figures refer to past performance and are not a reliable indicator of future results. All returns are annualised. Periods with negative returns may have occurred. Figures may increase or decrease as a result of currency fluctuations. All figures are GIPS standards compliant and based on gross performance. [Dutch investors should especially note that "De waarde van u belegging kan fluctueren. In het verleden behaalde resultaten bieden geen garantie voor de toekomst."]

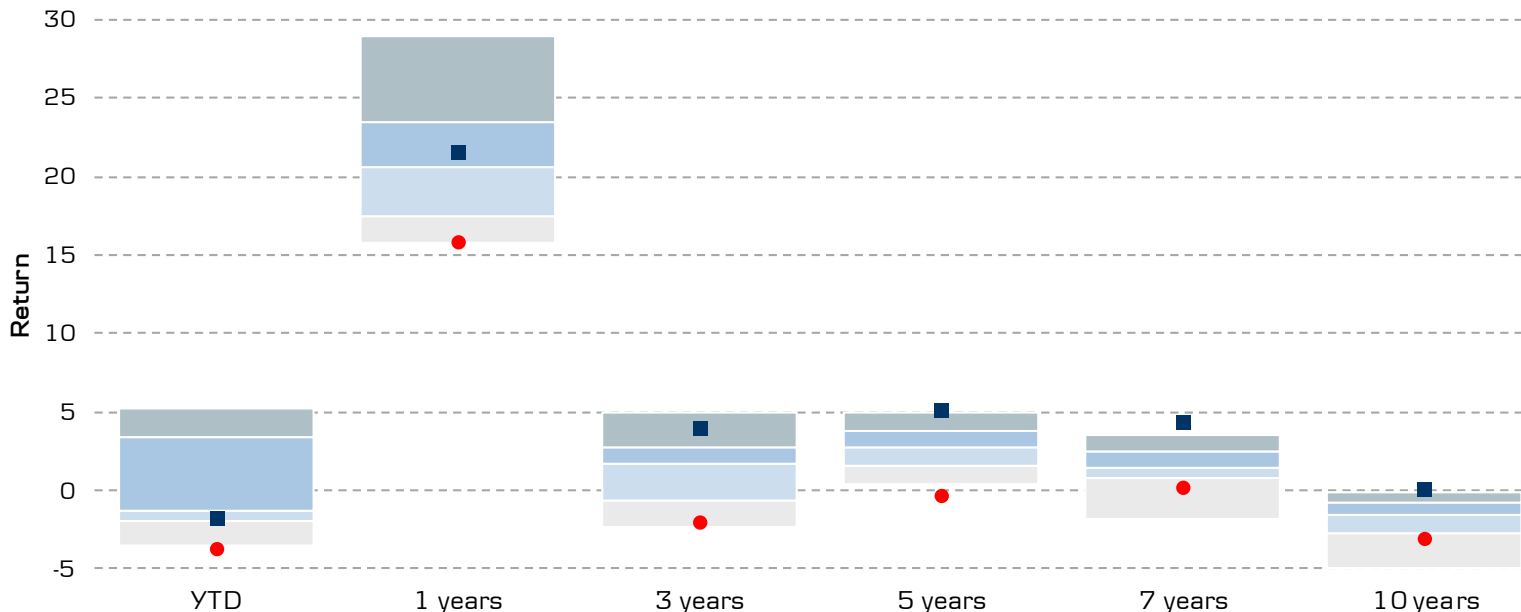
As of Sep 2017

Competitor Overview — Eastern Europe Incl Russia

Danske Capital - Eastern European Equities - Eastern Europe Incl. Russia

Return in EUR (before fees), ending June 2017

eVestment Universe - Eastern Europe Equities



■ Strategy	-1,7 (9)	21,5 (6)	4,0 (3)	5,1 (1)	4,4 (1)	0,1 (1)
● Benchmark	-3,7 (14)	15,9 (14)	-2,0 (13)	-0,3 (15)	0,2 (12)	-3,1 (12)
95th Percentile	5,2	29,0	5,0	5,0	3,6	-0,1
Upper Quartile	3,5	23,5	2,8	3,8	2,5	-0,7
Median	-1,3	20,6	1,7	2,8	1,5	-1,5
Lower Quartile	-1,9	17,4	-0,7	1,5	0,7	-2,7
5th Percentile	-3,5	15,8	-2,3	0,4	-1,8	-4,9
Number of Funds	15	15	15	15	15	14

All figures are based on GIPS standards compliant gross performance not including commissions or other fees that may have a diminishing effect on return, the figures refer to past performance and are not a reliable indicator of future results. All returns are annualized. Periods with negative returns may have occurred. Figures may increase or decrease as a result of currency fluctuations. [Dutch investors should especially note that “De waarde van u belegging kan fluctueren. In het verleden behaalde resultaten bieden geen garantie voor de toekomst.”]

Russia Strategy, investment universe

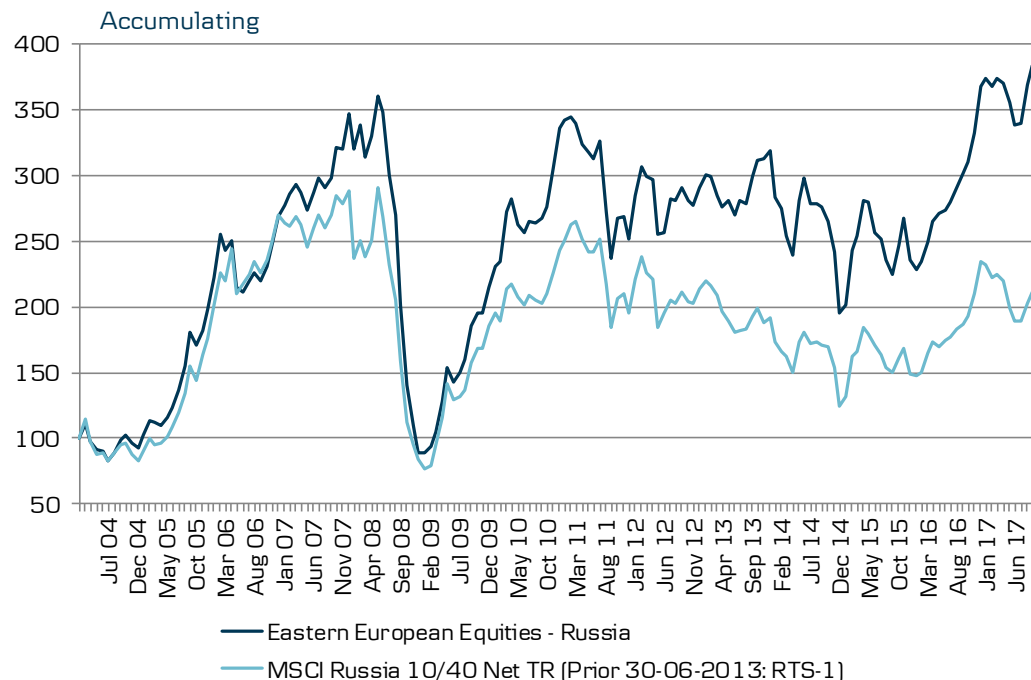


Russia - Sector weights (%)

Sector	Weight	Benchmark
Energy	24.6	38.7
Financials	19.1	18.0
Materials	18.1	21.2
Consumer staples	7.1	8.5
Real Estate	5.8	0.0
Industrials	5.2	0.0
Utilities	5.1	7.1
Telecom	4.7	6.5
Healthcare	3.7	0.0
Consumer Discr.	3.6	0.0
IT	1.9	0.0
Cash	1.2	0.0

Data as of October, 2017

Strategy Performance: Eastern European Equities — Russia



Performance Summary

Mar 04 - Sep 17	Composite Return (EUR)	Benchmark return*	Excess return
Year to Date	4,32	-10,11	14,43
1 Year	27,44	12,83	14,61
2 Years	30,87	18,63	12,24
3 Years	11,69	7,31	4,38
4 Years	6,40	2,30	4,10
5 Years	5,72	0,01	5,71
7 Years	5,32	0,55	4,77
10 Years	2,56	-2,44	5,00
Ann. since inc.	10,41	5,65	4,75
2016	56,01	58,19	-2,18
2015	20,47	19,36	1,11
2014	-38,52	-35,08	-3,43
2013	9,70	-10,26	19,95
2012	15,21	9,05	6,17
2011	-25,03	-19,43	-5,60
2010	56,36	31,22	25,13
2009	141,98	121,50	20,49
2008	-74,42	-70,98	-3,44
2007	29,08	6,74	22,33

*MSCI Russia 10/40 Net TR (Prior 30-06-2013: RTS-1)

Risk / Return

	5 Years	10 Years	Mar 04 - Sep 17
Annual Volatility (%)	23,30	30,46	29,23
Tracking Error	7,97	10,01	9,88
Info. Ratio	0,72	0,50	0,48
Sharpe Ratio	0,24	0,05	0,30

Composite Data

	No. of accounts	Assets (EUR)
Current	3	123,89
2016	3	108,44
2015	2	41,79
2014	2	38,46
2013	2	140,35
2012	2	225,82

Source: Danske Bank Asset Management. All figures are based on GIPS standards compliant gross performance not including commissions or other fees that may have a diminishing effect on return, the figures refer to past performance and are not a reliable indicator of future results. All returns are annualised. Periods with negative returns may have occurred. Figures may increase or decrease as a result of currency fluctuations. All figures are GIPS standards compliant and based on gross performance. [Dutch investors should especially note that "De waarde van u belegging kan fluctueren. In het verleden behaalde resultaten bieden geen garantie voor de toekomst."]

As of Sep 2017

Eastern European Equities — Ex Russia



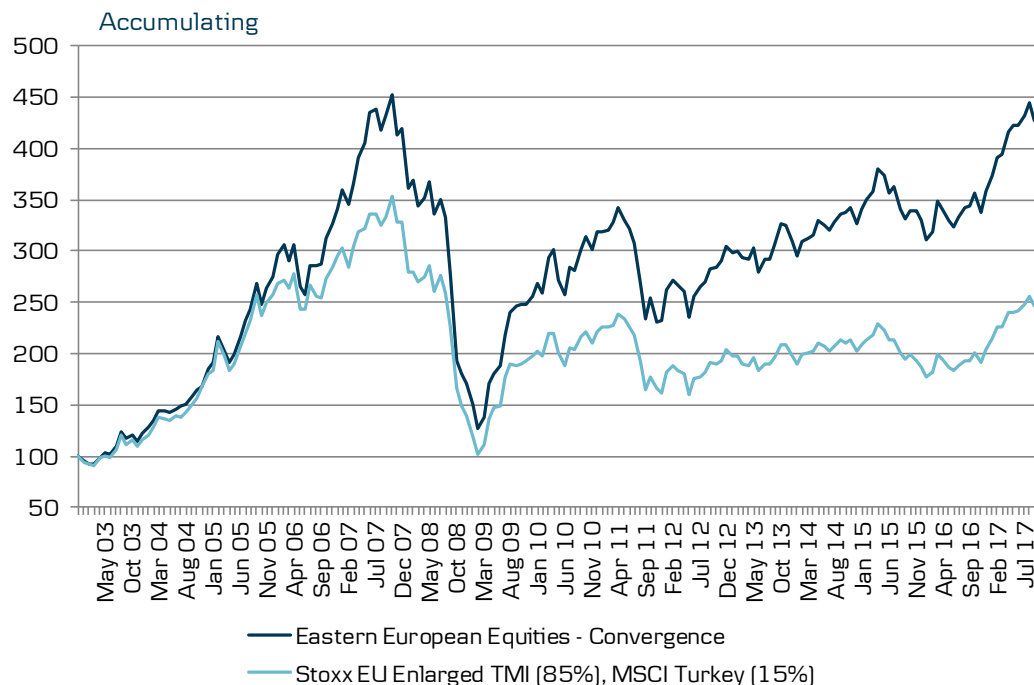
Eastern European Equities — Ex Russia

- Country and sector weights

Country	Weight (%)	Benchmark	Sector	Weight (%)	Benchmark
Poland	49.1	58.4	Banks	28.9	31.5
Turkey	16.0	14.6	Energy	15.7	14.9
Hungary	14.9	9.1	Other Financials	11.1	9.7
Romania	6.1	4.1	Consumer Discr.	9.8	7.8
Czech Rep.	4.9	5.8	Industrials	8.0	6.4
Estonia	2.9	0.7	Materials	5.1	5.0
Serbia	1.7	0.0	Utilities	4.8	6.9
Slovenia	1.2	2.5	Healthcare	4.4	4.2
Lithuania	0.4	0.3	Telecom	4.2	3.9
Croatia	0.0	2.5	Consumer Staples	3.9	4.6
Others	2.5	2.0	Information Technology	2.0	3.8
Cash	0.4	0.0	Real Estate	1.7	1.2
			Cash	0.4	0.0

Data as of October, 2017

Strategy Performance: Eastern European Equities - Convergence



Performance Summary

Jan 03 - Sep 17	Composite Return (EUR)	Benchmark return*	Excess return
Year to Date	19,26	21,41	-2,15
1 Year	23,77	28,17	-4,40
2 Years	13,35	12,77	0,58
3 Years	8,34	5,03	3,31
4 Years	8,67	5,91	2,76
5 Years	8,54	5,22	3,32
7 Years	5,08	1,88	3,20
10 Years	-0,11	-2,94	2,82
Ann. since inc.	10,33	6,31	4,02
2016	8,51	8,94	-0,43
2015	0,92	-7,80	8,72
2014	5,82	2,73	3,09
2013	1,51	-3,11	4,62
2012	30,92	25,99	4,93
2011	-27,06	-27,02	-0,04
2010	24,08	12,15	11,93
2009	50,35	41,30	9,05
2008	-59,37	-57,50	-1,87
2007	23,30	11,00	12,30

*Stoxx EU Enlarged TMI (85%), MSCI Turkey (15%)

Risk / Return

	5 Years	10 Years	Jan 03 - Sep 17
Annual Volatility (%)	12,52	23,67	22,63
Tracking Error	2,83	4,95	5,27
Info. Ratio	1,17	0,57	0,76
Sharpe Ratio	0,67	-0,05	0,38

Composite Data

	No. of accounts	Assets (EUR)
Current	3	68,91
2016	3	68,32
2015	3	105,98
2014	3	90,36
2013	3	96,38
2012	3	136,85

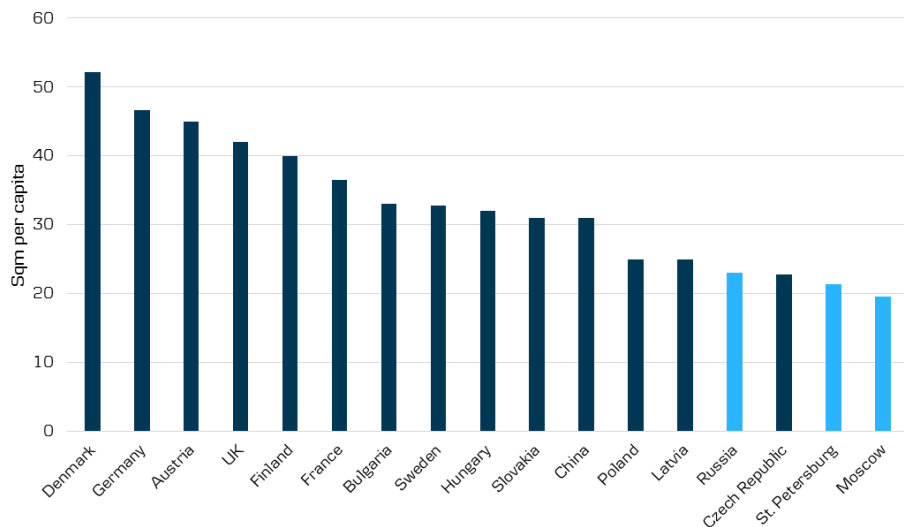
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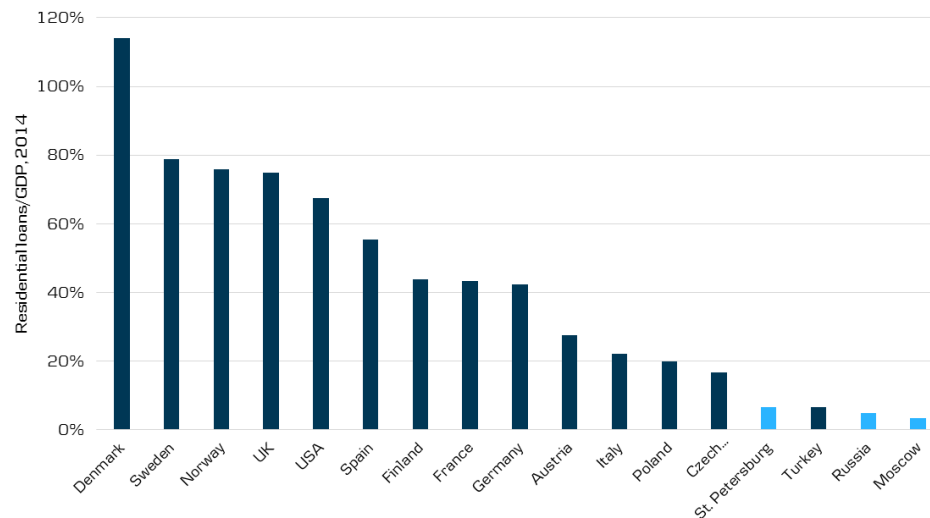
Appendix

Housing market – still potential to grow

Housing sqm per capita

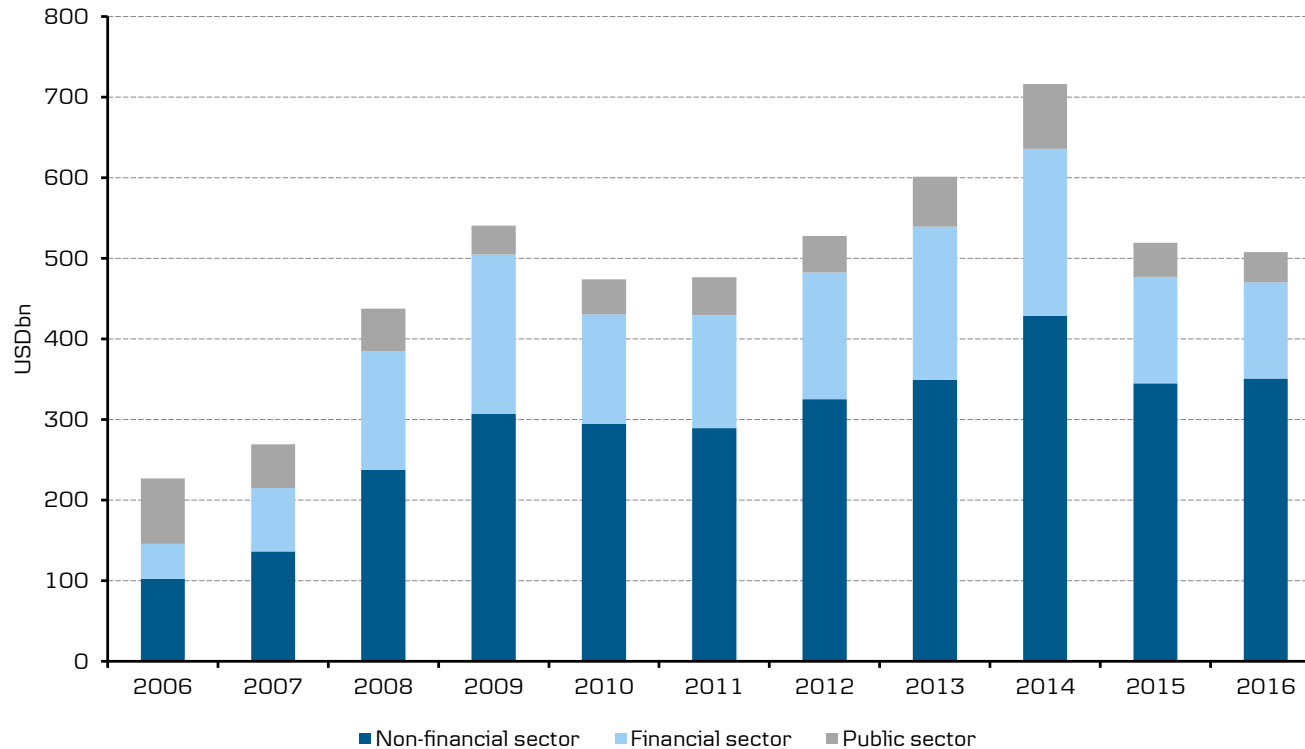


Mortgage penetration



Russia: healthy external debt position

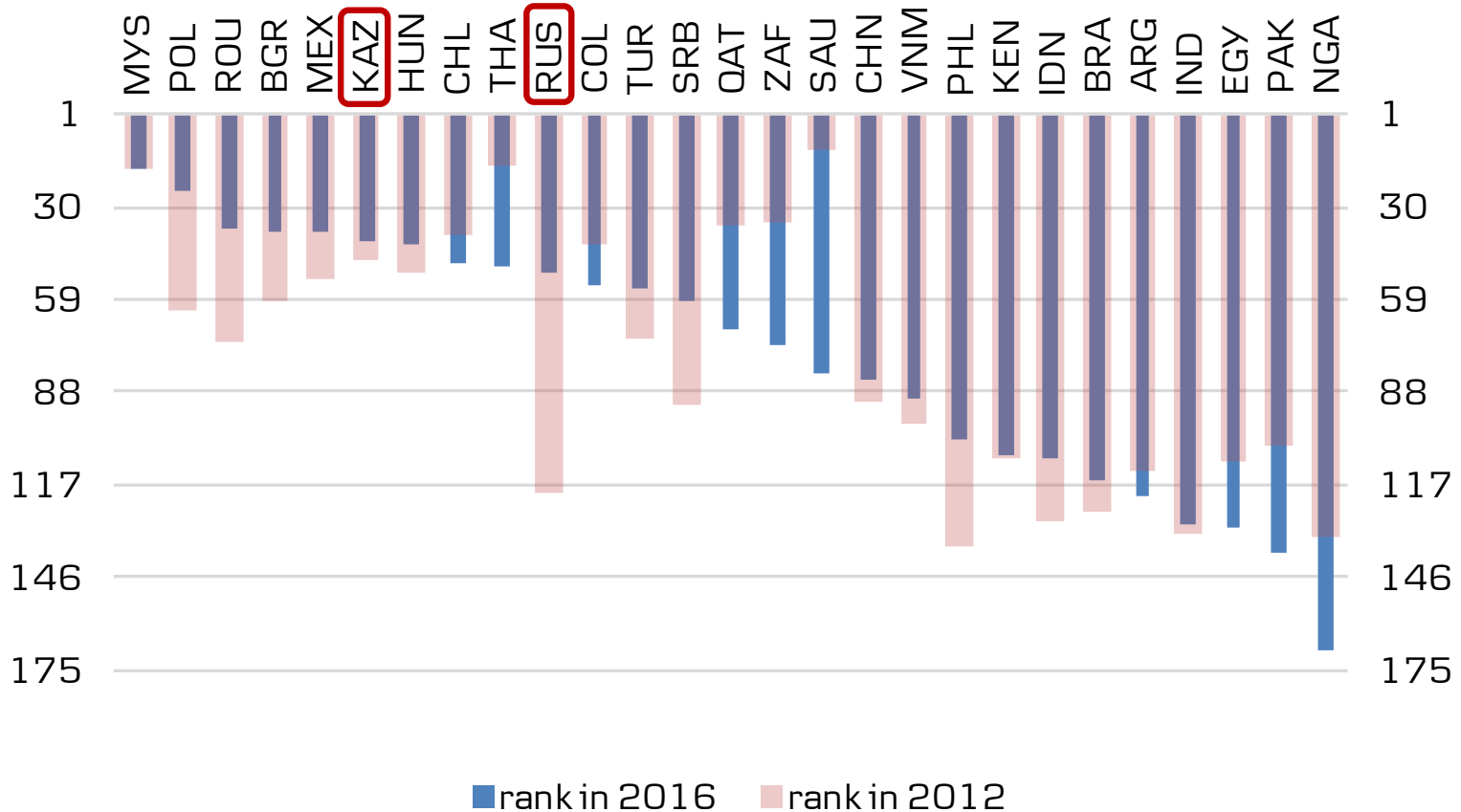
Russia: External debt by sector



Russia has a very low sovereign debt/GDP ratio at below 14%

Ease of doing business across emerging markets in 2016

Ease of Doing Business 2016 vs. 2012



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