



# AUDITED ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

DANSKE INVEST ALLOCATION, SICAV

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# DANSKE INVEST ALLOCATION , SICAV

Audited Annual Report

as at December 31, 2010

R.C.S B82717

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# DANSKE INVEST ALLOCATION, SICAV

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# DANSKE INVEST ALLOCATION, SICAV

## Management and Administration

### BOARD OF DIRECTORS

Mads JENSEN  
Chairman of the Board of Directors  
Senior Vice - President of  
Danske Bank A/S  
Copenhagen - (Denmark)

Klaus EBERT  
Head of Fund Products of  
Danske Bank International S.A.  
Luxembourg (Grand Duchy of Luxembourg)

Klaus MØNSTED PEDERSEN  
Managing Director  
of Danske Bank International S.A.  
Luxembourg (Grand Duchy of Luxembourg)

### DULY AUTHORIZED OFFICERS

Peter DYHR  
Chief Fund Administration Officer of  
Danske Bank International S.A.  
Luxembourg (Grand Duchy of Luxembourg)

### CUSTODIAN BANK AND CENTRAL ADMINISTRATION AGENT

RBC Dexia Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette  
(Grand Duchy of Luxembourg)

### INVESTMENT MANAGER

Danske Bank A/S (acting through its division  
Danske Capital)  
Strødamvej 46  
DK-2100 Copenhagen Ø  
(Denmark)

### CABINET DE RÉVISION AGRÉÉ

Deloitte S.A.  
560, rue de Neudorf,  
L-2220 Luxembourg (Grand Duchy of Luxembourg)

### REGISTRAR AGENT AND PRINCIPAL PAYING AGENT

(since December 1<sup>st</sup>, 2010)  
RBC Dexia Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette  
(Grand Duchy of Luxembourg)

(until November 30, 2010)  
Danske Bank International S.A.  
13, rue Edward Steichen  
L2540 Luxembourg (Grand Duchy of Luxembourg)

### REGISTERED OFFICE

13, rue Edward Steichen  
L-2540 Luxembourg (Grand Duchy of Luxembourg)

### PRINCIPAL DISTRIBUTOR

Danske Bank International S.A.  
13, rue Edward Steichen  
L-2540 Luxembourg (Grand Duchy of Luxembourg)

# DANSKE INVEST ALLOCATION, SICAV

## Information to Shareholders

Information about the Net Asset Value of the shares of each Sub-Fund and about the issue and redemption prices is available at all times at the registered office of the SICAV.

Copies of the annual and semi-annual reports may be obtained by holders of shares from the registered office of the SICAV.

A detailed schedule of portfolio changes is available free of charge upon request at the registered office of the SICAV.

# DANSKE INVEST ALLOCATION, SICAV

## Directors' Report

### Significant events during the year 2010

#### Board of Directors

At the Annual General Meeting held on 2 March 2010, Mr. Klaus Mønsted Pedersen (Danske Bank International S.A.) Mr. Mads Jensen (Danske Bank A/S) and Mr. Klaus Ebert (Danske Bank International S.A.) were duly elected as Board Members.

Following the approval at the Annual General Meeting on 2 March 2010, the dividend was paid out as detailed below:

#### Danske Invest Allocation – Danish Bond – Class D:

DKK 4.00 per share

Record Date: 15 March 2010

Ex-Date: 16 March 2010

Payment Value Date: 18 March 2010

#### Prospectus update December 2010

The Board of Directors of the Company - Danske Invest Allocation - decided to amend the prospectus dated January 2010. The CSSF approved the prospectus in December 2010 and the following amendments are effective as of that date.

- The appointment as per 1 December 2010 of RBC Dexia Investor Services Bank S.A. having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as registrar and principal paying agent in Luxembourg of Danske Invest Allocation in replacement of Danske Bank International S.A. having its registered office at 13, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg;
- Danske Bank International S.A. will be in charge of the marketing and the promotion of Danske Invest Allocation's shares in each sub-fund as Principal Distributor.

#### Performance 2010

At the year-end the SICAV managed a total of four Sub-Funds:

- Danske Invest Allocation – Stable;
- Danske Invest Allocation – Dynamic;
- Danske Invest Allocation – Equity Opportunities Class A and Diversified Global Equities – Class PM;
- Danske Invest Allocation – Danish Bond Class A and Class D;

The performance for the year 2010 for each Sub-Fund is as follows:

#### Danske Invest Allocation – Stable:

The net asset value per share of this Sub-Fund increased from EUR 23.555 to EUR 25.997 at the year-end.

The yield for 2010 is therefore 10.37%.

#### Danske Invest Allocation – Dynamic:

The net asset value per share of this Sub-Fund increased from EUR 21.753 to EUR 25.120 at the year-end.

The yield for 2010 is therefore 15.48%.

#### Danske Invest Allocation – Equity Opportunities Class A:

The net asset value per share of this Sub-Fund Class A increased from EUR 17.756 to EUR 20.914 at the year-end.

The yield for 2010 is therefore 17.79%.

# DANSKE INVEST ALLOCATION, SICAV

## Directors' Report (continued)

### Danske Invest Allocation – Equity Opportunities – Diversified Global Equities – Class PM:

The net asset value per share of this Sub-Fund Class PM increased from EUR 20.206 to EUR 24.062 at the year-end.

The yield for 2010 is therefore 19.08%.

### Danske Invest Allocation – Danish Bond – Class A:

The net asset value per share of this Sub-Fund Class A increased from DKK 113.65 to DKK 118.74 at the year-end.

The yield for 2010 is therefore 4.48%.

### Danske Invest Allocation – Danish Bond – Class D:

The net asset value per share of this Sub-Fund Class D increased from DKK 104.34 to DKK 104.92 at the year-end.

The yield for 2010 is 4.48% taking into account the dividend of DKK 4.00 per share paid in March 2010. The Board of Directors proposes a dividend for 2011 of DKK 4.00 per share. This dividend will be paid out in March 2011.

At the year-end aggregate net assets amounted to EUR 136.34 million, a decrease of EUR 19.6 million. The total net profit for the year amounted to EUR 16,818,307.

Due to the prevailing market conditions during the year, the Board of Directors considers the performance to be satisfactory.

Luxembourg, January 31, 2011

The Board of Directors

# DANSKE INVEST ALLOCATION, SICAV

## Investment Managers' Report for the year ended December 31, 2010

### INVESTMENT MARKETS IN 2010

#### **The global economy: Emerging from the Great Recession**

The global recovery that began in mid-2009 continued in 2010. However the scars left by the financial crisis that began in 2007 continue to be omnipresent and are best characterised as significant cross-country divergence. Most of the Emerging World staged a strong recovery in late 2009 and 2010. Furthermore, as these economies were in general structurally sound coming into the crisis enjoying strong public and private balance sheets, some started removing policy support in 2010, including raising interest rates. At the end of 2010, inflationary concerns also came to the fore in respect of these economies and China in particular.

The situation in the developed world was very different. Hopes were rising in early 2010 that the recovery would be rapid but these hopes were dashed as the European sovereign debt crisis escalated and US growth started decelerating in late spring. Because of the still weak labour markets in these regions, the deceleration in growth gave way to rising concerns about a renewed recession by mid-summer and late autumn. Consequently, the ECB started buying up peripheral government bonds to prevent another financial crisis, while the Fed reengaged in monetary policy easing by restarting its purchases of US government bonds. Early autumn saw a reacceleration of the global economy led by China and the US, and the US labour market also picked up steam with accelerating job creation. Double-dip fears were hence reduced and 2010 ended with rising expectations of continued global economic growth in 2011.

#### **Bonds**

With high unemployment and falling core inflation rates in the developed world both the ECB and the Fed kept policy rates constant at very low levels throughout the first part of 2010. That helped to keep core government bond yields stable. As the European sovereign debt crisis escalated, Greek and eventually Portuguese, Irish and Spanish bond yields started rising, while US and German yields were falling. As the double-dip discussion intensified during summer, core bond yields dropped anew with the German 10-year bond yield hitting new historical lows of close to 2%. US bond yields also fell significantly though, bottoming at 2.5% in early October. Danish bond yields tracked German bond yields closely.

Corporate credit performed well in 2010. Spreads generally tightened through to April and May but then suffered a sell-off on the back of the European crisis and double-dip fears in the US. As the global economy stabilised and renewed monetary easing took effect, spreads began to narrow again and ended 2010 slightly down from where they started in January.

#### **Equities**

Equities experienced a bumpy ride in 2010. Global equities rose in Q1 but then dropped more than 15% in Q2 as the European crisis intensified. Through the summer equities generally range traded but finally embarked on a sustained rally in early September. Global equities roughly returned 14% in local currency in 2010.

### 2011 INVESTMENT MARKET OUTLOOK

#### **The global economy: Continued economic growth**

The global economy enters 2011 on a solid note. Growth has been accelerating in the developed world since mid-autumn and the key US labour market looks more resilient amidst still moderate job creation and very high unemployment rates. Thus far and given the depth of the recession, the recovery has been rather muted. We expect US growth to accelerate coming into 2011 on the back of a sounder financial system, continued corporate investments and accelerating job creation. The latter should be strong enough to start reducing unemployment levels significantly by mid-summer.

As for Europe, the story continues to be one of divergence. Germany is the key success story with very strong growth and continued decline in unemployment. However, as 2010 came to an end growth also accelerated in other key economies, including France. We expect continued solid growth in these countries. The periphery, on the other hand, has so far been mired in recession (Greece and Ireland) and very low growth (Spain). With extreme fiscal tightening continuing in the former, we expect these economies to remain weak in 2011, while we expect Spain to accelerate slightly due to a stronger private sector. Overall, we expect trend-like growth in Europe.

The Emerging World faces completely different challenges. As the US and Europe struggle to achieve above-trend growth to reduce unemployment, several Emerging countries are already facing capacity constraints and accelerating inflation. The key here is China. The Chinese economy surprised on the upside again in 2010 on the back of loose monetary policy and a very strong housing sector. Authorities are now tightening and we expect them to successfully slow economic growth which should also put a damper on growth in the rest of Asia. However, there is a significant risk that policy is not tightened enough and kept too loose. This means that the risks of overheating are mounting as the potential for asset bubbles. We are therefore monitoring the tightening process very closely.



# DANSKE INVEST ALLOCATION, SICAV

## Investment Managers' Report for the year ended December 31, 2010 (continued)

### **Bonds: Low policy rates to continue but upward pressure on rates**

Monetary policy interest rates in the developed world have now been held at historically low levels for more than 18 months. This has anchored both the short and long end of the curve. We do not expect the Fed nor the ECB to raise rates any time soon. That should keep the short end of the curve well anchored.

However, should the US economy continue to surprise on the upside accompanied by a significantly stronger labour market than we currently expect, we think there is scope for significant interest rate hikes at both the short and long end of the curve. We thus consider the outlook for bonds in 2011 unattractive.

Instead we focus on corporate credit.

### **Credit markets**

We take a moderately positive stance on corporate credit and prefer lower grade, lower duration within corporate credit. With continued economic growth and loose monetary policy in the developed world, default rates, in our opinion will stay very low and recovery rates hover around historical average levels. We thus consider spread levels attractive, especially compared with government bonds. We do, however, caution that absolute credit yields (*as opposed to pure credit spreads*) are already very low, meaning that the absolute return will be lower than the previous two years.

### **Equities: Solid upside, but stay tactical**

Based on ongoing economic growth and accelerating growth in the developed world we believe global equities to be set for a good year in 2011. Equity risk premiums are still elevated and with low capacity utilisation margins should be fine and maybe even continue to rise in DM. With solid top-line growth this generates a positive outlook for equities. We caution, however, that sentiment is already very positive and growth expectations are high. Therefore, there is little scope for positive surprises and in addition, companies will have to deliver on the earnings side to sustain the positive trend. The higher the increase in equities in early 2011, the less positive we get. We are thus expecting a significant tactical correction some time during the year, albeit our overall positive outlook for 2011. The catalyst behind such a correction could be renewed discussions about monetary policy and the potential for a new tightening cycle in the US and Europe. Finally, we note that as long as the discussion about Chinese overheating and tightening continues, EM equities must struggle to outperform DM equities.

# DANSKE INVEST ALLOCATION, SICAV

## Report of the réviseur d'entreprises agréé

To the Shareholders of Danske Invest Allocation, SICAV

Following our appointment by the Annual General Meeting of the Shareholders dated March 02, 2010, we have audited the accompanying financial statements of Danske Invest Allocation, SICAV, and of each of its Sub-Funds which comprise the Statement of Net Assets and the Statement of Investments as at December 31, 2010 and the Statement of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### Board of directors' of the SICAV responsibility for the financial statements

The board of directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the réviseur d'entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors of the SICAV, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Danske Invest Allocation, SICAV and of each of its Sub-Funds as of December 31, 2010, and of the results of their operations and changes in their net assets for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.



For Deloitte S.A., cabinet de révision agréé

Benjamin Lam, réviseur d'entreprises agréé  
Partner

February 28, 2011, Luxembourg

# DANSKE INVEST ALLOCATION, SICAV

## Combined Statement of Net Assets as at December 31, 2010

		Stable	Dynamic	Equity Opportunities
	Note	EUR	EUR	EUR
<b>ASSETS</b>				
Investment portfolio at market value	(2)	67,307,993	14,705,089	37,454,294
Cash at bank		2,656,701	67,550	1,863,836
Interest and dividends receivable		131,366	18,109	200
Net unrealised profit on forward foreign exchange contracts	(9)	-	63	-
<b>TOTAL ASSETS</b>		<b>70,096,060</b>	<b>14,790,811</b>	<b>39,318,330</b>
<b>LIABILITIES</b>				
Amounts payable to brokers		-	-	-
Interest Payable		-	85	1,338
Amounts payable on purchase of investments		-	-	400,000
Net unrealised loss on futures contracts	(8)	-	-	55,800
Management commission payable	(3)	87,845	33,140	23,348
Taxes and expenses payable	(7)	58,026	12,169	26,434
<b>TOTAL LIABILITIES</b>		<b>145,871</b>	<b>45,394</b>	<b>506,920</b>
<b>TOTAL NET ASSETS</b>		<b>69,950,189</b>	<b>14,745,417</b>	<b>38,811,410</b>
<b>Net asset value per share</b>				
Accumulation Class A		25.997	25.120	20.914
Accumulation Class PM		-	-	24.062
Distribution Class D		-	-	-
<b>Number of shares outstanding</b>				
Accumulation Class A		2,690,748.7455	586,996.5582	416,009.5669
Accumulation Class PM		-	-	1,251,375.7067
Distribution Class D		-	-	-

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

Combined Statement of Net Assets (continued)  
as at December 31, 2010

Danish Bond	Combined
DKK	EUR
90,247,996	131,573,395
4,879,875	5,242,682
853,398	264,151
-	63
<b>95,981,269</b>	<b>137,080,291</b>
6,321	848
-	1,423
-	400,000
-	55,800
217,299	173,482
48,246	103,101
271,866	734,654
<b>95,709,403</b>	<b>136,345,637</b>
118,743	
-	
104,923	
631,241.1708	
-	
197,801.8223	

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Combined Statement of Operations and Changes in Net Assets for the Year ended December 31, 2010

		Stable	Dynamic	Equity Opportunities
	Note	EUR	EUR	EUR
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>82,760,727</b>	<b>21,704,307</b>	<b>37,722,004</b>
<b>INCOME</b>				
Dividends, net	(2)	423,852	33,817	-
Interest on bonds, net	(2)	337,962	43,352	-
Bank interest, net	(2)	6,891	1,029	4,943
Other income		-	-	3,929
<b>TOTAL INCOME</b>		<b>768,705</b>	<b>78,198</b>	<b>8,872</b>
<b>EXPENSES</b>				
Investment management fees	(3)	381,889	157,358	94,946
Distributor fees	(4)	132,132	37,745	67,725
Central administration, custodian fees, compliance fees, and transfer agent fees	(5)	4,523	3,175	3,820
Audit, printing and publication expenses		21,751	4,703	11,637
Subscription tax	(6)	13,973	3,148	5,160
Bank charges		684	644	1,605
Bank interest		452	339	20
Other charges		8,808	3,253	4,945
<b>TOTAL EXPENSES</b>		<b>564,212</b>	<b>210,365</b>	<b>189,858</b>
<b>NET INCOME PROFIT/(LOSS) FROM INVESTMENTS</b>		<b>204,493</b>	<b>(132,167)</b>	<b>(180,986)</b>
Net realised profit on sale of investments	(2)	3,012,530	730,745	754,594
Net realised loss on forward foreign exchange contracts	(2)	(470,174)	(88,820)	(23,063)
Net realised loss on futures	(2)	-	-	(17,800)
Net realised profit/loss on foreign exchange	(2)	8,687	6,502	(6,095)
<b>NET REALISED PROFIT</b>		<b>2,755,536</b>	<b>516,260</b>	<b>526,650</b>
Change in net unrealised appreciation/ (depreciation) on:				
- investments		4,779,738	2,056,586	5,894,161
- forward foreign exchange contracts		(1,950)	(6,356)	-
- futures		-	-	(268,400)
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>7,533,324</b>	<b>2,566,490</b>	<b>6,152,411</b>
<b>MOVEMENTS IN CAPITAL</b>				
Subscriptions of shares		1,424,597	407,662	10,317,828
Redemption of shares		(21,768,459)	(9,933,042)	(15,380,833)
Dividend paid		-	-	-
Currency translation		-	-	-
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>69,950,189</b>	<b>14,745,417</b>	<b>38,811,410</b>

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

Combined Statement of Operations and Changes in Net Assets (continued)  
for the Year ended December 31, 2010

Danish Bond	Combined
DKK	EUR
102,320,098	155,937,555
-	457,669
3,887,933	902,848
11,865	14,455
-	3,929
<b>3,899,798</b>	<b>1,378,901</b>
865,944	750,352
-	237,602
84,255	22,820
30,617	42,198
42,238	27,947
6,358	3,786
-	811
6,246	17,844
<b>1,035,658</b>	<b>1,103,360</b>
<b>2,864,140</b>	<b>275,541</b>
1,747,358	4,732,263
-	(582,057)
(565,970)	(93,720)
(732)	8,996
<b>4,044,796</b>	<b>4,341,022</b>
175,226	12,753,990
-	(8,306)
-	(268,400)
<b>4,220,022</b>	<b>16,818,307</b>
24,268,550	15,405,511
(34,039,068)	(51,648,392)
(1,060,199)	(142,217)
-	(25,127)
<b>95,709,403</b>	<b>136,345,637</b>

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Changes in the Number of Shares for the Year ended December 31, 2010

	Stable	Dynamic	Equity Opportunities
<b>Accumulation Class A</b>			
Number of shares outstanding at the beginning of the year	3,513,481.8438	997,781.0355	509,805.6801
Number of shares issued	56,678.7490	18,211.5228	84.8201
Number of shares redeemed	(879,411.8473)	(428,996.0001)	(93,880.9333)
Number of shares outstanding at the end of the year	2,690,748.7455	586,996.5582	416,009.5669
<b>Accumulation Class PM</b>			
Number of shares outstanding at the beginning of the year	-	-	1,418,908.6772
Number of shares issued	-	-	470,935.7611
Number of shares redeemed	-	-	(638,468.7316)
Number of shares outstanding at the end of the year	-	-	1,251,375.7067
<b>Accumulation Class D</b>			
Number of shares outstanding at the beginning of the year	-	-	-
Number of shares issued	-	-	-
Number of shares redeemed	-	-	-
Number of shares outstanding at the end of the year	-	-	-

## Statistics

	Stable	Dynamic	Equity Opportunities
	EUR	EUR	EUR
<b>Total Net Asset Value</b>			
December 31, 2010	69,950,189	14,745,417	38,811,410
December 31, 2009	82,760,727	21,704,307	37,722,004
December 31, 2008	94,035,749	26,002,737	32,793,164
<b>NAV per unit at the end of the year</b>			
<b>December 31, 2010</b>			
Accumulation Class A	25.997	25.120	20.914
Accumulation Class PM	-	-	24.062
Accumulation Class D	-	-	-
<b>December 31, 2009</b>			
Accumulation Class A	23.555	21.753	17.756
Accumulation Class PM	-	-	20.206
Accumulation Class D	-	-	-
<b>December 31, 2008</b>			
Accumulation Class A	19.947	17.455	13.810
Accumulation Class PM	-	-	15.545
Accumulation Class D	-	-	-

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

Changes in the Number of Shares for the Year ended December 31, 2010  
(continued)

## Danish Bond

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650,059.6555

175,840.8004

(194,659.2851)

631,241.1708

-

-

-

---

-

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272,549.6717

31,330.0000

(106,077.8494)

197,801.8223

Statistics (continued)

## Danish Bond

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### DKK

95,709,403

102,320,098

50,917,305

118.743

-

104.923

113.653

-

104.344

106.290

-

100.550

The accompanying notes form an integral part of these financial statements.



# DANSKE INVEST ALLOCATION, SICAV

Stable

## Statement of Investments as at December 31, 2010

(expressed in EUR)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Bonds</b>					
<b>Denmark</b>					
Nykred.Realkr.Tv 04-38 33d/Rbt	76,717	DKK	10,157	10,292	0.02
Nykredit Frn 07-01.01.18	14,992,877	DKK	1,981,626	1,958,879	2.80
Nykredit Frn 07-01.01.18/Rbt	3,528	DKK	466	473	-
Nykredit Tv 04-1.10.38 S.33d	9,634,524	DKK	1,275,531	1,259,810	1.80
Realkr.Danmark 5% 04-38 0a	13,149,635	DKK	1,731,327	1,792,437	2.56
Realkr.Danmark 5% 04-38/Rbt	2,202,118	DKK	289,938	295,429	0.42
Realkredit 7% 08-1.10.41/Rbt	163,760	DKK	21,842	21,971	0.03
Realkredit Dnmrk 7% 08-1.10.41	390,073	DKK	52,027	56,095	0.08
			<b>5,362,914</b>	<b>5,395,386</b>	<b>7.71</b>
<b>Sweden</b>					
Spintab 4% 05-15.6.11 N.175	37,000,000	SEK	3,940,039	4,155,149	5.94
			<b>3,940,039</b>	<b>4,155,149</b>	<b>5.94</b>
<b>Total - Bonds</b>			<b>9,302,953</b>	<b>9,550,535</b>	<b>13.65</b>
<b>Total - Transferable securities admitted to an official stock exchange listing</b>			<b>9,302,953</b>	<b>9,550,535</b>	<b>13.65</b>
<b>Other Investments</b>					
<b>Investment Funds</b>					
<b>Bermuda Islands</b>					
Green Way Special Opport.-B- (in liquidation)*	206	EUR	298,589	342,401	0.49
			<b>298,589</b>	<b>342,401</b>	<b>0.49</b>
<b>Cayman Islands</b>					
Jp Morgan Alpha Fd -A- S07-09	11	USD	7,804	8,303	0.01
Nevsky Fund Ltd -B-	801	EUR	615,761	2,519,574	3.60
			<b>623,565</b>	<b>2,527,877</b>	<b>3.61</b>
<b>Ireland</b>					
Gavekal Opp. Ucits-A- EUR	7,001	EUR	953,524	1,130,437	1.62
Lyxor Ai Premium -C- (side pocket)*	207	EUR	268,994	257,018	0.37
Thames River/High Inc/Euro Dist	422,023	EUR	4,824,549	4,718,213	6.74
			<b>6,047,067</b>	<b>6,105,668</b>	<b>8.73</b>
<b>Luxembourg</b>					
Aberdeen Global - Asia Pacific Fund A2 /Cap	15,463	USD	457,667	804,695	1.15
Danske Inv Gbl Em Mkt I/Cap	29,929	USD	721,058	772,142	1.10
Danske Invest /Dan.Mortg,Bd A Acc	78,532	DKK	1,543,500	2,006,376	2.87

\* See Note 10 - Other Matters

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

Stable

## Statement of Investments (continued) as at December 31, 2010

(expressed in EUR)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
Danske Invest /Europe -I-/Cap	341,014	EUR	3,290,000	3,422,421	4.89
Danske Invest /Gl.High In/Reg/Acc	42,600	EUR	909,190	1,162,085	1.66
Danske Invest /High Div. A Cap	91,604	EUR	1,717,939	1,731,954	2.48
Danske Invest /Swedish Bd A /Acc.	21,199	SEK	432,903	516,927	0.74
Fast Europe Fd -A- Cap	17,478	EUR	2,628,755	3,881,381	5.55
Fidelity Fd/America Fd/C.Glo-A	314,074	USD	931,782	1,188,476	1.70
Fidelity Jap Advant A-Acc-Jpy	69,410	JPY	634,017	668,061	0.96
Fidelity/Eur.Dyn.Gr./A-Eur.Dis	72,400	EUR	2,271,121	1,959,133	2.80
Ing Intl li Sbl Euro -Dske-/Cap	42	EUR	2,101,648	2,442,857	3.49
Ing(L)Renta-Em Debt Lc-I-Hdg/C	35,000	EUR	1,644,650	1,662,500	2.38
J.B.Multibd.Absol.Ret.-B-/Cap	32,433	EUR	3,483,214	4,125,204	5.90
Jpm Fleming/Eur Dyn.Lg-A10-2003-Eur/C	11,583	EUR	2,169,955	3,948,011	5.64
Jpm Fleming/Gl.Cv Bd Fd/ A Eur Dist	76,249	EUR	746,415	816,624	1.17
Jpmif Us Sel Equity -B-Usd/Cap	13,212	USD	1,684,883	1,502,845	2.15
Lyxor Ai Eq Caxton Eq A1/Cap	1,174	USD	1,036,676	1,019,411	1.46
Robeco Lux O Rente -I Eur-/Cap	33,833	EUR	3,410,113	4,162,130	5.95
Sisf/Euro Corp.Bond-C-/Reg/Cap	302,996	EUR	4,600,000	5,093,363	7.28
Trowe Glb Hi Yld Bd -Ah- Eur	121,173	EUR	1,900,000	1,996,939	2.85
Value Invest Lux Global /Cap	3,000	EUR	311,530	469,920	0.67
			<b>38,627,016</b>	<b>45,353,455</b>	<b>64.84</b>
<b>Norway</b>					
Skagen Global Aktiefondet	32,740	NOK	1,878,180	3,428,057	4.90
			<b>1,878,180</b>	<b>3,428,057</b>	<b>4.90</b>
<b>Total - Investment Funds</b>			<b>47,474,417</b>	<b>57,757,458</b>	<b>82.57</b>
<b>Total - Other Investments</b>			<b>47,474,417</b>	<b>57,757,458</b>	<b>82.57</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>56,777,370</b>	<b>67,307,993</b>	<b>96.22</b>

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

Stable

## Geographical and Economic Portfolio Breakdowns as at December 31, 2010

(expressed as a percentage of net assets)

<u>Geographical breakdown</u>	<u>%</u>	<u>Economic breakdown</u>	<u>%</u>
Luxembourg	64.84	Investment Funds	82.57
Ireland	8.73	Mortgage & Funding Institutions	7.71
Denmark	7.71	<u>Banks and Financial Institutions</u>	<u>5.94</u>
Sweden	5.94		<b>96.22</b>
Norway	4.90		
Cayman Islands	3.61		
<u>Bermuda Islands</u>	<u>0.49</u>		
	<b>96.22</b>		

# DANSKE INVEST ALLOCATION, SICAV

## Dynamic

### Statement of Investments as at December 31, 2010

(expressed in EUR)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Bonds</b>					
<b>Denmark</b>					
Nykredit Frn 07-01.01.18/Rbt	941	DKK	125	126	-
Nykredit Frn 07-01.01.18	3,999,059	DKK	532,588	522,493	3.54
Realkr.Danmark 5% 04-38 Oa	1,964,501	DKK	258,653	267,783	1.82
Realkr.Danmark 5% 04-38/Rbt	328,987	DKK	43,316	44,136	0.30
			<b>834,682</b>	<b>834,538</b>	<b>5.66</b>
<b>Sweden</b>					
Spintab 4% 05-15.6.11 N.175	5,000,000	SEK	532,437	561,506	3.81
			<b>532,437</b>	<b>561,506</b>	<b>3.81</b>
<b>Total - Bonds</b>			<b>1,367,119</b>	<b>1,396,044</b>	<b>9.47</b>
<b>Total - Transferable securities admitted to an official stock exchange listing</b>			<b>1,367,119</b>	<b>1,396,044</b>	<b>9.47</b>
<b>Other Investments</b>					
<b>Investment Funds</b>					
<b>Bermuda Islands</b>					
Green Way Special Opport.-B- (in liquidation)*	51	EUR	74,650	85,604	0.58
			<b>74,650</b>	<b>85,604</b>	<b>0.58</b>
<b>Cayman Islands</b>					
Nevsky Fund Ltd -B-	186	EUR	155,037	583,435	3.96
			<b>155,037</b>	<b>583,435</b>	<b>3.96</b>
<b>Ireland</b>					
Gavekal Opp. Ucits-A- EUR	3,872	EUR	527,424	625,280	4.24
Lyxor Ai Premium -C- (side pocket)*	19	EUR	24,562	23,468	0.16
			<b>551,986</b>	<b>648,748</b>	<b>4.40</b>
<b>Luxembourg</b>					
Aberdeen Global - Asia Pacific Fund A2 /Cap	7,712	USD	195,525	401,339	2.72
Danske Inv Gbl Em Mkt I/Cap	17,958	USD	432,635	463,286	3.14
Danske Invest /Europe -I-/Cap	157,150	EUR	1,500,000	1,577,158	10.69
Danske Invest /High Div. A Cap	63,757	EUR	1,195,700	1,205,455	8.17
Fast Europe Fd -A- Cap	7,017	EUR	935,569	1,558,201	10.57
Fidelity Fd/America Fd/C.Glo-A	147,537	USD	666,508	558,291	3.79
Fidelity Jap Advant A-Acc-Jpy	41,690	JPY	366,783	401,259	2.72
Ing Itl li Sbl Euro -Dske-/Cap	8	EUR	403,537	470,311	3.19
Ing(L)Renta-Em Debt Lc-I-Hdg/C	7,200	EUR	338,328	342,000	2.32

\* See Note 10 - Other Matters

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

Dynamic

## Statement of Investments (continued) as at December 31, 2010

(expressed in EUR)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
J.B.Multibd.Absol.Ret.-B-/Cap	2,152	EUR	231,386	273,681	1.86
Jpm Fleming/Eur Dyn.Lg-A10-2003-Eur/C	3,395	EUR	636,079	1,157,280	7.85
Jpmif Us Sel Equity -B-Usd/Cap	8,281	USD	1,018,268	941,903	6.39
Lyxor Ai Eq Caxton Eq A1/Cap	622	USD	558,554	540,210	3.66
Sisf/Euro Corp.Bond-C-/Reg/Cap	18,310	EUR	305,356	307,795	2.09
Trowe Glb Hi Yld Bd -Ah- Eur	21,500	EUR	337,120	354,320	2.40
			<b>9,121,348</b>	<b>10,552,489</b>	<b>71.56</b>
<b>Norway</b>					
Skagen Global Aktiefondet	13,741	NOK	754,099	1,438,769	9.76
			<b>754,099</b>	<b>1,438,769</b>	<b>9.76</b>
<b>Total - Investment Funds</b>			<b>10,657,120</b>	<b>13,309,045</b>	<b>90.26</b>
<b>Total - Other Investments</b>			<b>10,657,120</b>	<b>13,309,045</b>	<b>90.26</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>12,024,239</b>	<b>14,705,089</b>	<b>99.73</b>

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Dynamic

### Geographical and Economic Portfolio Breakdowns as at December 31, 2010

(expressed as a percentage of net assets)

<u>Geographical breakdown</u>	<u>%</u>	<u>Economic breakdown</u>	<u>%</u>
Luxembourg	71.56	Investment Funds	90.26
Norway	9.76	Mortgage & Funding Institutions	5.66
Denmark	5.66	<u>Banks and Financial Institutions</u>	<u>3.81</u>
Ireland	4.40		<b>99.73</b>
Cayman Islands	3.96		
Sweden	3.81		
<u>Bermuda Islands</u>	<u>0.58</u>		
	<b>99.73</b>		

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Equity Opportunities

### Statement of Investments as at December 31, 2010

(expressed in EUR)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
<b>Investment Funds</b>					
<b>Cayman Islands</b>					
Nevsky Fund Ltd -B-	402	EUR	509,499	1,262,833	3.25
			<b>509,499</b>	<b>1,262,833</b>	<b>3.25</b>
<b>Ireland</b>					
Gavekal Opp. Ucits-A- EUR	4,659	EUR	634,632	752,379	1.94
			<b>634,632</b>	<b>752,379</b>	<b>1.94</b>
<b>Luxembourg</b>					
Aberdeen Global - Asia Pacific Fund A2 /Cap	15,608	USD	435,715	812,225	2.09
Bgf-European Fund/-A2- Cap	47,094	EUR	3,052,635	3,559,836	9.17
Danske Inv Europe Small-I-/Cap	193,037	EUR	2,200,000	2,318,372	5.97
Danske Inv Gbl Em Mkt I/Cap	108,684	USD	2,543,891	2,803,908	7.23
Danske Invest /Europe -I-/Cap	389,093	EUR	3,523,930	3,904,936	10.06
Danske Invest /High Dividend-I-/Cap	196,734	EUR	2,000,000	1,841,236	4.74
Fast Europe Fd -A- Cap	16,248	EUR	2,421,526	3,608,284	9.30
Fid.Act.Str./Japan-A-Jpy/Cap	4,667	JPY	433,799	445,206	1.15
Fidelity Fd/America Fd/C.Glo-A	404,388	USD	1,801,919	1,530,233	3.94
Fidelity Jap Advant A-Acc-Jpy	56,364	JPY	482,122	542,492	1.40
Fidelity/Eur.Dyn.Gr./A-Eur.Dis	17,560	EUR	553,294	475,175	1.22
Jpm Fleming/Eur Dyn.Lg-A10-2003-Eur/C	6,082	EUR	1,139,303	2,072,845	5.34
Jpmif Us Sel Equity -B-Usd/Cap	25,145	USD	3,225,458	2,860,218	7.37
Lyxor Ai Eq Caxton Eq A1/Cap	1,849	USD	1,431,541	1,606,573	4.14
Sparinvest/Glob.Val.-Eur R-Cap	7,205	EUR	1,186,370	1,221,232	3.15
Value Invest Lux Global /Cap	14,517	EUR	1,600,000	2,273,883	5.86
			<b>28,031,503</b>	<b>31,876,654</b>	<b>82.13</b>
<b>Norway</b>					
Skagen Global Aktiefondet	34,023	NOK	2,145,327	3,562,428	9.18
			<b>2,145,327</b>	<b>3,562,428</b>	<b>9.18</b>
<b>Total - Investment Funds</b>			<b>31,320,961</b>	<b>37,454,294</b>	<b>96.50</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>31,320,961</b>	<b>37,454,294</b>	<b>96.50</b>

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Equity Opportunities

### Geographical and Economic Portfolio Breakdowns as at December 31, 2010

(expressed as a percentage of net assets)

<u>Geographical breakdown</u>	<u>%</u>	<u>Economic breakdown</u>	<u>%</u>
Luxembourg	82.13	<u>Investment Funds</u>	<u>96.50</u>
Norway	9.18		<b>96.50</b>
Cayman Islands	3.25		
<u>Ireland</u>	<u>1.94</u>		
	<b>96.50</b>		

The accompanying notes form an integral part of these financial statements.



# DANSKE INVEST ALLOCATION, SICAV

## Danish Bond

### Statement of Investments as at December 31, 2010

(expressed in DKK)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Bonds</b>					
<b>Denmark</b>					
Brfkredit 4% 03-1.10.35	5,486,455	DKK	5,358,932	5,335,578	5.57
Brfkredit 4% 03-1.10.35/Rbt	425,893	DKK	415,994	425,929	0.45
Brfkredit 4% 05-1.10.38	2,897,767	DKK	2,719,555	2,806,488	2.93
Brfkredit 4%05-1.10.38/Rbt	34,427	DKK	32,309	34,430	0.04
Brfkredit 5% 02-1.10.25	1,342,878	DKK	1,273,720	1,410,693	1.47
Brfkredit 5% 02-1.10.25/Rbt	115,355	DKK	109,414	115,368	0.12
Brfkredit 5% 02-1.10.35	6,571,782	DKK	6,613,497	6,759,900	7.06
Brfkredit 5% 02-1.10.35/Rbt	715,128	DKK	719,667	715,208	0.75
Brfkredit 6% 99-1.10.32	713,693	DKK	740,100	772,573	0.81
Brfkredit 6% 99-1.10.32/Rbt	53,162	DKK	55,129	53,169	0.06
Danmarks Ski Frn 07-1.1.20	3,700,000	DKK	3,496,940	3,505,750	3.66
Dansk Ldb Realkr.4%03-1.10.35	803,096	DKK	757,159	789,143	0.82
Dansk Ldb Realkr.4%03-35/Rbt	35,892	DKK	33,839	35,895	0.04
Dansk Ldb Realkr.5%02-1.10.35	1,901,171	DKK	1,917,331	1,955,592	2.04
Dansk Ldb Realkr.5%1.10.35/Rbt	198,720	DKK	200,409	198,742	0.21
Denmark 4% 03-15.11.15	100,000	DKK	101,788	108,884	0.11
Denmark 4% 08-15.11.19	12,000,000	DKK	13,192,395	12,909,960	13.49
Kommunekredit 4% 06-29 S.215	1,327,397	DKK	1,229,502	1,357,927	1.42
Kommunekredit 4% 06-29/Rbt	523,625	DKK	485,008	523,671	0.55
Landsbk Realkredit 4% 05-35	2,906,121	DKK	2,729,479	2,760,815	2.88
Landsbk Realkredit 4%05-35/Rbt	18,237	DKK	17,129	18,239	0.02
Ldbk Reallane 5% 02-1.10.35	1,103,399	DKK	1,109,468	1,128,225	1.18
Ldbk Reallane 5%02-1.10.35/Rbt	108,256	DKK	108,851	108,268	0.11
Nordea 5% / 02.1.10 35/Rbt	812,448	DKK	817,099	812,539	0.85
Nordea Kr 5% 02.1.07.35	6,334,624	DKK	6,370,883	6,515,952	6.81
Nordea Kred.Realk.5% 98-1.7.19	580,443	DKK	593,793	610,336	0.64
Nordea Kred.Realk.5% 98-1.7.19/Rbt	60,452	DKK	61,842	60,459	0.06
Nordea Kredit 4% 03-1.10.25	4,686,202	DKK	4,831,474	4,755,909	4.97
Nordea Kredit 4% 03-1.10.25/Rbt	313,798	DKK	323,526	313,825	0.33
Nordea Kredit 6% 07-1.10.41/Rbt	389,351	DKK	379,773	389,405	0.41
Nykred.Realkr.Tv 04-38 33d/Rbt	42,167	DKK	41,049	42,171	0.04
Nykred.Tv 04-38 43d Cf Oa	97,938	DKK	96,799	94,458	0.10
Nykred.Tv 04-38 43d Cf Oa/Rbt	36	DKK	35	36	-
Nykredit 6%93-01.10.26 S.3	1,517,713	DKK	1,592,116	1,652,592	1.73
Nykredit 6%93-01.10.26 S.3 C/Rbt 95	106,017	DKK	111,215	106,032	0.11
Nykredit Frn 07-01.01.18	2,985,477	DKK	2,926,514	2,946,995	3.08
Nykredit Frn 07-01.01.18/Rbt	5,039	DKK	4,940	5,039	0.01
Nykredit Realkr.5% 04-38 Oa	3,023,518	DKK	3,004,772	3,068,357	3.21
Nykredit Realkr.5% 04-38 Oa/Rbt	549,359	DKK	545,953	549,421	0.57
Nykredit Tv 04-1.10.38 S.33d	5,295,502	DKK	5,155,171	5,146,433	5.38
Nykredit Tv05-01.10.38 33d	5,200,000	DKK	4,934,800	4,960,493	5.18
Realkr.Danmark 6% 07-38 Oa	491,919	DKK	490,320	517,499	0.54
Realkr.Danmark 6% 07-38 Oa/Rbt	210,195	DKK	209,512	210,224	0.22
Realkrdt 2% 09-1.4.15	1,000,000	DKK	990,800	974,738	1.02
Realkrdt Frn 07-1.7.18	2,989,829	DKK	2,930,780	2,950,587	3.08
Realkrdt Frn 07-1.7.18/Rbt	3,571	DKK	3,500	3,571	-
Realkredit 5%02-01.10.25	146,997	DKK	139,353	147,014	0.15

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Danish Bond

### Statement of Investments (continued) as at December 31, 2010

(expressed in DKK)

Description	Quantity / Face Value	Currency	Cost	Evaluation	% net assets
Realkredit 5%02-01.10.25	1,217,423	DKK	1,154,117	1,279,207	1.34
Realkredit 5%02-01.10.35	727,825	DKK	731,683	748,659	0.78
Realkredit 5%02-01.10.35/Rbt	90,518	DKK	90,997	90,528	0.09
Realkredit Dk 5% 06-1.10.28	3,760,692	DKK	3,815,693	3,899,386	4.07
Realkredit Dk 5% 06-28/Rbt	787,192	DKK	798,705	787,281	0.82
Totalkredit 4% 03-35 N.111 Drow	113,202	DKK	107,089	113,211	0.12
Totalkredit 5% 02-01.10.25	1,338,861	DKK	1,367,647	1,406,407	1.47
Totalkredit 5% 02-01.10.25/Rbt	153,630	DKK	156,933	153,647	0.16
Totalkredit 6% 93-1.4.24 S111	297,147	DKK	308,735	327,010	0.34
Totalkredit 6%-1.4.24s111/Rbt	43,484	DKK	45,180	43,490	0.05
			<b>88,550,413</b>	<b>89,513,358</b>	<b>93.52</b>
<b>Total - Bonds</b>			<b>88,550,413</b>	<b>89,513,358</b>	<b>93.52</b>
<b>Total - Transferable securities admitted to an official stock exchange listing</b>			<b>88,550,413</b>	<b>89,513,358</b>	<b>93.52</b>
<b>Transferable securities dealt in on another regulated market</b>					
<b>Bonds</b>					
<b>Denmark</b>					
Nordea Kredit 6% 07-1.10.41	702,835	DKK	685,545	734,638	0.77
			<b>685,545</b>	<b>734,638</b>	<b>0.77</b>
<b>Total - Bonds</b>			<b>685,545</b>	<b>734,638</b>	<b>0.77</b>
<b>Total - Transferable securities dealt in on another regulated market</b>			<b>685,545</b>	<b>734,638</b>	<b>0.77</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>89,235,958</b>	<b>90,247,996</b>	<b>94.29</b>

The accompanying notes form an integral part of these financial statements.

# DANSKE INVEST ALLOCATION, SICAV

## Danish Bond

### Geographical and Economic Portfolio Breakdowns as at December 31, 2010

(expressed as a percentage of net assets)

<u>Geographical breakdown</u>	<u>%</u>	<u>Economic breakdown</u>	<u>%</u>
<u>Denmark</u>	<u>94.29</u>	<u>Mortgage &amp; Funding Institutions</u>	<u>78.72</u>
	<b>94.29</b>	<u>States, Provinces and Municipalities</u>	<u>15.57</u>
			<b>94.29</b>

# DANSKE INVEST ALLOCATION, SICAV

## Notes to the Financial Statements as at December 31, 2010

### NOTE 1 – GENERAL

The SICAV is an open-ended investment company incorporated under the laws of the Grand Duchy of Luxembourg as a Société d'Investissement à Capital Variable ("SICAV"); it is subject to Part II of the amended Law of December 20, 2002.

The SICAV has been incorporated under the name of Firstnordic Allocation Fund on July 6, 2001, for an unlimited period and changed its name into Danske Allocation Fund on October 24, 2005. The Articles were published on August 10, 2001 in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial C"). They were amended on September 6, 2005 and October 24, 2005; these amendments were published respectively in the Mémorial of November 25, 2005 and November 16, 2005. Notice of the deposit of the Restated Articles of Incorporation with the Chancery of the District Court of Luxembourg was published in the Mémorial.

At an extraordinary general meeting held on 14 November 2008 it was resolved to change the name from Danske Allocation Fund to Danske Invest Allocation with effect from 15 November 2008.

The SICAV is an umbrella Fund and as such provides investors with the choice of investment in a range of several separate Sub-Funds each of which relates to a separate portfolio of liquid assets and other securities and assets permitted by law with specific investment objectives.

On December 31, 2010, four Sub-Funds were operational:

- Danske Invest Allocation - Stable
- Danske Invest Allocation - Dynamic
- Danske Invest Allocation - Equity Opportunities
- Danske Invest Allocation - Danish Bond

The SICAV's purpose is to invest in all kinds of transferable securities, units or shares of other open-ended UCI including up to 25% in hedge funds or UCIs investing themselves in hedge funds, as well as derivatives on transferable securities and other financial instruments authorised by law.

Investments are made with consideration of the principle of risk diversification and capital growth.

Each Sub-Fund of the SICAV has a separate investment objective, which it pursues through separate investment policies as described below. The Sub-Funds are actively managed.

The investment objectives of each relevant Sub-Fund are as follows:

#### **Danske Invest Allocation - Stable Sub-Fund (denominated in EUR)**

The investment objective of the Sub-Fund is to obtain, through a conservative long-term investment policy, the highest possible return by way of investment primarily in units or shares of other open-ended UCIs with the possibility of investing a portion of the portfolio directly in other transferable securities and money market instruments in accordance with the following objective:

Between 40% and 100% of the portfolio of the Sub-Fund must be invested, through units or shares of open-ended UCIs or directly in transferable securities, in money market instruments, government bonds, mortgage bonds, corporate bonds and other debt instruments denominated in OECD currencies. With a view to improving the performance of the Sub-Fund, up to 20% of the portfolio may, for periods, be invested in bonds denominated in high yielding currencies. The total portfolio of bonds shall be invested in accordance with the following rules:

- At least 50% of the bond portfolio must be invested in units or shares of other open-ended UCIs investing in debt instruments;
- Up to 50% of the bond portfolio may be invested directly in money market instruments, government bonds, mortgage bonds, corporate bonds and other debt instruments denominated in OECD currencies, provided that they are listed on an Official Stock Exchange.

At any time, up to 40% of the total assets may be invested in UCIs investing in international equities.

To stabilise the return, the Sub-Fund may at any time invest up to 25% of its net assets in Hedge Funds or in UCIs investing themselves in Hedge Funds.

#### **Danske Invest Allocation - Dynamic Sub-Fund (denominated in EUR)**

The investment objective of the Sub-Fund is to obtain, through an active investment policy, the highest possible long-term return by way of investment primarily in units or shares of other open-ended UCIs with the possibility of investing a portion of the portfolio directly in other transferable securities and money market instruments in accordance with the following objective:

Up to 80% of the portfolio of the Sub-Fund can be invested, through UCIs, in international equities.

# DANSKE INVEST ALLOCATION, SICAV

## Notes to the Financial Statements (continued) as at December 31, 2010

### NOTE 1 – GENERAL (continued)

With a view to improve the performance of the portfolio, a minor part up to 20% of the portfolio may, for periods, be invested in UCIs investing in emerging markets and sector funds. Up to 10% of the net assets of the Sub-Fund, including investments in other Russian and non Russian non listed securities, may be invested, through such UCIs, in Russia. Sector funds consist of UCIs investing in international equities related to specific sectors, e.g. IT, Media, pharmaceutical and energy.

At any time, up to 50% of the total assets may be invested in international bonds either:

- through UCIs investing in international bonds or
- direct investment in international bonds, mortgage bonds, money market instruments and corporate bonds, provided that they are listed on an Official Stock Exchange.

To stabilise the return, the Sub-Fund may at any time invest up to 25% of its net assets in Hedge Funds or in UCIs investing themselves in Hedge Funds.

#### **Danske Invest Allocation - Equity Opportunities Sub-Fund (denominated in EUR)**

The investment objective of the Sub-Fund is to obtain, through an active investment policy, the highest possible long-term return within the various equities markets by way of investment primarily in units or shares of other open-ended UCIs with the possibility of investing a portion of the portfolio directly in other transferable securities in accordance with the following objective:

At any time up to 100% of the portfolio of the Sub-Fund can be invested in international equities. The total portfolio of equities shall be invested in accordance with the following rules:

- At least 75% of the portfolio must be invested in units or shares of other open-ended UCIs investing in international equities;
- Up to 25% of the portfolio may be invested directly in transferable securities, consisting of international equities and related equity-based instruments.

With a view to improve the performance of the Sub-Fund, at any time, the Sub-Fund may have significant positions in UCIs involving a risk exceeding the market risk, e.g. emerging markets funds or sector funds. Up to 10% of the net assets of the Sub-Fund, including investments in other Russian and non Russian non listed securities, may be invested, through such UCIs, in Russia. Sector funds consist of equities related to specific sectors, e.g. IT, media, pharmaceutical and energy.

Should the opportunity arise, and on ancillary basis only, the Sub-Fund may take positions up to 20% of the net assets of the Sub-Fund in open-ended UCIs which specialize in IPOs (Initial Public Offers), OTCs (Over The Counter) or make placements through UCIs which invest in private equity.

To stabilise the return, the Sub-Fund may at any time invest up to 25% of its net assets in Hedge Funds or in UCIs investing themselves in Hedge Funds.

#### **Danske Invest Allocation - Danish Bond Sub-Fund (denominated in DKK)**

This Sub-Fund will invest in transferable securities, mainly bonds denominated in Danish Kroner. The bonds must be listed on an Official Stock Exchange. The total duration of the Sub-Fund, including cash holdings and adjusted for estimated premature redemption risk, must be between two and five years.

For the purpose of hedging and/or efficient portfolio management, the Sub-Fund may use all the techniques and instruments described in Part A of the Prospectus.

For the purpose of efficient portfolio management, the Sub-Fund may use options on portfolio securities, financial futures as well as options on such futures which are denominated in other currencies than the underlying assets and/or in other currencies than the reference currency of the Sub-Fund.

The Sub-Fund may invest up to 10% of its net assets in shares / units of other UCI, including units or shares in hedge funds provided such UCIs and/or hedge funds invest primarily in bonds or interest rate instruments.

# DANSKE INVEST ALLOCATION, SICAV

## Notes to the Financial Statements (continued) as at December 31, 2010

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and in accordance with laws and regulations in force in the Grand Duchy of Luxembourg.

The figures of December 31, 2010 have been taken into account for the preparation of the financial statements.

#### a) Valuation of investments in portfolio

(i) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

(ii) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.

(iii) The value of assets dealt in on any other Regulated Market is based on the last available price.

(iv) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Board of Directors.

(v) The liquidating value of option contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or option contracts are traded by the SICAV; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps will be valued at their market value established by reference to the applicable interest rates' curve.

(vi) Units or shares of open-ended UCIs will be valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis.

(vii) Considering that the net asset value of the Sub-Funds Stable, Dynamic and Equity Opportunities is calculated weekly, the Board of Directors decided by circular resolution to authorise RBC Dexia Investor Services Bank S.A. to use estimated prices for the target funds having a net asset value calculated monthly. The estimated prices will be those provided by the Central Administration of the target funds.

(viii) All other securities and other assets will be valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors.

#### b) Realised gains/(losses) on sale of securities

Gains and losses on investment securities sold are computed on the basis of average cost.

#### c) Foreign exchange conversion

The net asset values of the Sub-Funds in operation are expressed as follows:

- Danske Invest Allocation - Stable Sub-Fund in Euro
- Danske Invest Allocation - Dynamic Sub-Fund in Euro
- Danske Invest Allocation - Equity Opportunities Sub-Fund in Euro
- Danske Invest Allocation - Danish Bond Sub-Fund in Danish Kroner

All assets valued in a currency other than the base currency of the Sub-Fund are converted to the base currency at the exchange rates prevailing at December 31, 2010.

# DANSKE INVEST ALLOCATION, SICAV

## Notes to the Financial Statements (continued) as at December 31, 2010

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The exchange rates used as at December 31, 2010, are the following:

1	AUD	=	0.762084	EUR
1	DKK	=	0.134142	EUR
1	GBP	=	1.158786	EUR
1	JPY	=	0.009210	EUR
1	NOK	=	0.127844	EUR
1	SEK	=	0.111312	EUR
1	USD	=	0.752899	EUR

Income and expenses deriving in a currency other than the base currency of the Sub-Fund are converted at the applicable exchange rate prevailing at the transaction date.

#### d) Cost of investment securities

The acquisition cost of investment securities in each Sub-Fund deriving in currencies other than the currency of denomination is converted to the base currency at the exchange rates prevailing at the purchase date.

#### e) Combined financial statements of the SICAV

The combined financial statements of the SICAV are expressed in EUR. Each item of the combined statements of net assets and combined statements of changes in net assets equals the sum of the corresponding items in the financial statements of each Sub-Fund converted to EUR at the exchange rates prevailing at the reporting date.

#### f) Income from investments

Dividends are recognized as income on the date the securities are first quoted ex-dividend, to the extent information thereon is reasonably available to the SICAV. Interest is accrued for each net asset valuation.

#### g) Cost of target Funds

When the Sub-Funds invest in other UCIs which are not managed by the Promoter or affiliates thereof, the Sub-Funds may be liable to transaction costs such as sales charges and redemption charges as well as to investment management fees.

When the Sub-Funds invest in UCIs managed by the Promoter the sales commission, redemption charges and investment management fees (in respect of such UCIs) shall nevertheless be charged to the Sub-Funds.

#### f) Forward foreign exchange contracts

Gains or losses arising from un-matured forward foreign exchange contracts are determined on the basis of the applicable forward exchange rates at the valuation date, and are recorded in the statement of operations and changes in net assets.

### NOTE 3 – INVESTMENT MANAGEMENT FEES

The Investment Manager receives from each Sub-Fund an annual fee determined as follows:

- 0.50% of the Net Asset Value in Danske Invest Allocation - Stable Sub-Fund
- 0.85% of the Net Asset Value in Danske Invest Allocation - Dynamic Sub-Fund
- 1.10% of the Net Asset Value in Danske Invest Allocation - Equity Opportunities Sub-Fund (Class A)
- 0.90% of the Net Asset Value in Danske Invest Allocation - Danish Bond (Class A and Class D)

The fees are payable quarterly in arrears and are calculated on the net asset value of each Sub-Fund on each valuation date during the relevant quarter.

When the Sub-Funds invest in uci managed by the Promoter, the investment management fees (in respect of such uci) shall nevertheless be charged to the Sub-Funds.

### NOTE 4 – DISTRIBUTOR FEES

The Sub-Funds Stable, Dynamic and Equity Opportunities pay the Distributor an annual fee of 0.15% payable quarterly in arrears and calculated on the net asset value of each Sub-Fund on each valuation date during the relevant quarter. The Distributor shall out of its fee pay the fees to the Custodian and the Central Administration.

The Sub-Fund Danish Bond is not subject to distributor fees.

# DANSKE INVEST ALLOCATION, SICAV

## Notes to the Financial Statements (continued) as at December 31, 2010

### NOTE 5 – CENTRAL ADMINISTRATION, CUSTODIAN FEES AND TRANSFER AGENT FEES

In accordance with the common fee schedule agreement dated January 1, 2008 RBC Dexia Investor Services Bank is entitled to a fee agreed with the SICAV.

The Sub-Fund Danish Bond pays an annual central administration and custody fee. This is calculated in arrears on the average net assets calculated at the frequency of each net asset value calculation.

The Sub-Funds Stable, Dynamic and Equity Opportunities are not subject to central administration and custodian fees as described in note 4.

In accordance with the agreement dated December 1, 2010, RBC Dexia Investors Services Bank S.A. provides registrar and transfer agency services to the Fund. The fees related to these services are paid by the Investment Manager.

### NOTE 6 – SUBSCRIPTION TAX

Under present Luxembourg law, the SICAV is subject only to a subscription tax (Taxe d'Abonnement) at the annual rate of 0.05% calculated and payable quarterly on the net asset value of the SICAV at the end of each quarter.

In case some Sub-Funds are invested in other Luxembourg investment funds, which in turn are subject to the subscription tax provided for by the law of December 20, 2002 as amended relating to undertakings for collective investment, no subscription tax is due from the Sub-Funds on the portion of assets invested therein.

### NOTE 7 – TAXES AND EXPENSES PAYABLE

For the year ended December 31, 2010, the following accrued expenses were charged to the statement of operations and charges:

	Stable EUR	Dynamic EUR	Equity Opportunities EUR
Subscription tax payable (note 6)	3,089	529	872
Custodian, distributor, compliance, central administration and transfer agency fees payable	38,416	7,947	17,437
Audit Fees payable	16,521	3,693	8,125
	<b>58,026</b>	<b>12,169</b>	<b>26,434</b>
	<b>Danish Bond DKK</b>		
Subscription tax payable (note 6)	11,994		
Custodian, distributor, compliance, central administration and transfer agency fees payable	19,282		
Audit Fees payable	16,970		
	<b>48,246</b>		

### NOTE 8 – FINANCIAL FUTURES CONTRACTS

For the year ended December 31, 2010, the following financial futures contracts were outstanding :

#### Equity Opportunities (EUR)

	Contracts	Number of contracts	Commitment (EUR)	Maturity date	Currency	Unrealised loss (EUR)
PURCHASE	DOW JONES EURO STOXX 50/PR.IND	90	2,514,600	18/03/2011	EUR	(55,800)
						(55,800)



# DANSKE INVEST ALLOCATION, SICAV

## Notes to the Financial Statements (continued) as at December 31, 2010

### NOTE 9 – FORWARD FOREIGN EXCHANGE CONTRACTS

For the year ended December 31, 2010, the following forward foreign exchange contracts were outstanding:

#### Dynamic (EUR)

	Purchase		Sale	Maturity		Unrealised gain (EUR)
EUR	301,250	USD	400,000	10/01/2011	EUR	<u>63</u>
						63

### NOTE 10 – OTHER MATTERS

The Board of Directors of the fund have constantly and carefully been monitoring the recent developments in global markets as well as the implications for Fund of Funds and Hedge Funds.

The findings of the Board of Directors are:

**Green Way Special opportunities:** On December 22, 2008, the Fund announced that it was restructuring. In this connection, Danske Invest Allocation SICAV has chosen to join a liquidating class in order to phase out of this position. The fund is currently being liquidated and cash is being paid out as the underlying investments are sold. This will take some time and the first payments were received in November 2009.

As per December 31, 2010 approximately 74.20% of the original holding held by the Sub-Funds Stable and Dynamic has been paid.

The valuation of Green Way Special opportunities is calculated monthly by the Central Administration of Green Way Special opportunities and is made available on Bloomberg

**Lyxor Equity Premium:** The Fund has a quarterly dealing. The fund has created a side pocket (for illiquid positions) of 13.1% of all units as per December 31, 2008 and restricted liquidity for remaining portion.

The first payment of the side pocket (illiquid assets) took place in October 2009 and as per December 2010 50.80% of the original holding held by the Sub-Funds Stable and Dynamic has been paid. The next payout is planned for the end of the next quarter.

The valuation of Lyxor Equity Premium (side pocket) is calculated monthly by the Central Administration of Lyxor Equity Premium and is made available on Reuters.

