



October 2011

SPARINVEST SICAV - ETHICAL GLOBAL VALUE

Sub-fund of Luxembourg domiciled Sicav - Part 1

Fund owner: Sparinvest

Fund manager/adviser: Sparinvest

Named portfolio manager/adviser(s):

Jens Moestrup Rasmussen (since launch),

Kasper Billy Jacobsen (since June 2011) /

Team

Peer group: Global mainstream equities

Location: Taastrup, Copenhagen

Launch date: May 2008

Fund size (August 2011): €133.95m

Contact group: +352 2627 47 1 or

www.sparinvest.eu

Further information on S&P's fund coverage can be found at www.FundsInsights.com

Investment style

	Value	Blend	Growth
Large-cap			
Mid-cap			
Small-cap			

Performance statistics

	Three years
Fund	4.3%
Standard & Poor's peer median	-1.2%
Index**	4.0%
Fund rank	1463/4858
Volatility-adjusted ranking	1507/4858

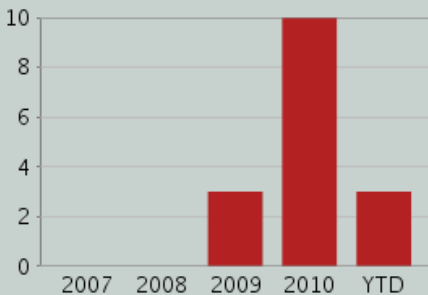
** S&P Global 1200

Note: returns are cumulative

Risk characteristics

	Three years
Maximum monthly drawdown (%)	-22.8
Volatility	27.2
Correlation	0.9
Beta	1.1

Calendar-year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine with tenth decile as rank one.

Performance Data Source - © 2011 Lipper inc. All rights reserved. All statistical data on this report has been run to 1 August 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Standard & Poor's opinion (September 2011)

This ethical fund differs from the team's Global Value fund only through the constraints of an ethical mandate that excludes companies contravening the UN's human rights norms and those involved in the tobacco, armaments, alcohol, gambling and sex industries. The ethical screening is undertaken by Ethix, allowing Sparinvest to focus entirely on investment issues.

The investment style is bottom-up, quality-based and deep-value, focusing on detailed balance-sheet and profit & loss analysis to determine each company's intrinsic value and avoid value traps. Investments are made in companies trading at a discount of at least 40% to fair value, giving a significant margin of safety - reflecting an emphasis on capital preservation - and a bias towards mid-/small-cap companies. Positions are held until fair value is achieved, or there is a significant adverse change in the reasons for purchase. Portfolio turnover is usually under 30% a year.

Although the fund has no formal benchmark constraints outside standard Sicav rules, the portfolio is kept diversified across 90-110 high-quality, low equity-to-debt companies, each on a discount to perceived fair value. The contrarian nature of the approach does, however, lead to strong sector biases which can at times result in short-term underperformance against the MSCI World benchmark and peers.

Jens Rasmussen is supported by Kasper Jacobsen and the other eight members of the value equity team; average experience is 12 years.

This strong team, with its disciplined investment approach, supports the fund achieving an S&P A rating.

Fund manager & team

Sparinvest's value equity team in Copenhagen has been led by Jens Moestrup Rasmussen since 2001, assisted on operational issues by Kasper Billy Jacobsen since February 2008. Of the firm's total €8.7bn under management, approximately €3bn is in equity value mandates spread across 10 retail funds, with a further \$300m in discretionary accounts.

The team comprises eight portfolio managers, including Rasmussen and Jacobsen and two equity analysts. Experience ranges from seven to 21 years, giving an average of 12 years, including four years with the firm. All act as research generalists with a global remit, but with individual preferences and areas of expertise. Stocks are currently screened as one global universe, but global sector screens are being developed. Close contact with management teams is considered important.

Jens Moestrup Rasmussen - MSc economics (Copenhagen University), joined the Sparinvest equity team in 1997 from the Danish credit rating agency, KOB. He began managing money in 2000 and has been head of equities since 2001.

Kasper Billy Jacobsen - head of equities - MSc economics (Copenhagen Business School), started his career as a credit analyst at Danish rating agency KOB in 1993, before moving to Danish business daily "Dagbladet Børsen". He joined Sparinvest in 2000, has managed money since 2002 and has been a member of the value team since 2004.

Management style

This fund targets long-term outperformance of the MSCI World index by applying a disciplined deep-value approach to investing, within an ethical mandate.

A universe of eligible stocks is screened monthly to identify good quality companies trading at a discount of 40% or more to their intrinsic value, this being calculated in-house by assessing profit & loss accounts, cross-checked with tests for balance-sheet strength to help avoid value traps. Sub-\$250m companies tend to be avoided.

Key criteria include low P/E, P/B, P/CF and EV multiples, and a net debt-to-equity ratio under 50%. Qualitative assessments focus on management, franchise, barriers to entry etc. A corporate takeover database helps assess takeover value.

Portfolio construction is bottom-up, targeting 90-110 holdings with no constraints on country, sector or stock weights, although most active stock bets are within index +/-3%.

Risk is defined at company level, in terms of fundamentals - high quality and a low equity-to-debt ratio, and controlled by buying with a safety margin of at least 40%, ideally with a catalyst to help release that value. Turnover is low.

Cash is generally 5-10%.

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STANDARD & POOR'S

STANDARD
& POOR'S

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FUND MANAGEMENT RATING

Portfolio & performance analysis (August 2011)

Since launch in May 2008 this fund has produced second-quartile cumulative returns, comfortably above the sector median.

Returns have, however, been volatile, with the fund underperforming in 2009 when its strict rules on balance-sheet quality and emphasis on debt-to-equity ratios below 50% meant the fund did not own many of the more highly leveraged value stocks that led the first half cyclical rally. Its low weighting to the US, at 7% against an index 49%, coupled with a lack of direct exposure to emerging markets, reinforced peer-relative underperformance.

Not that these disappointments caused any real change in the team's management style. Indeed, by maintaining a high-quality, deep-value approach, the fund's stock selection in 2010 produced strong outperformance against both the peer group and the benchmark MSCI World index.

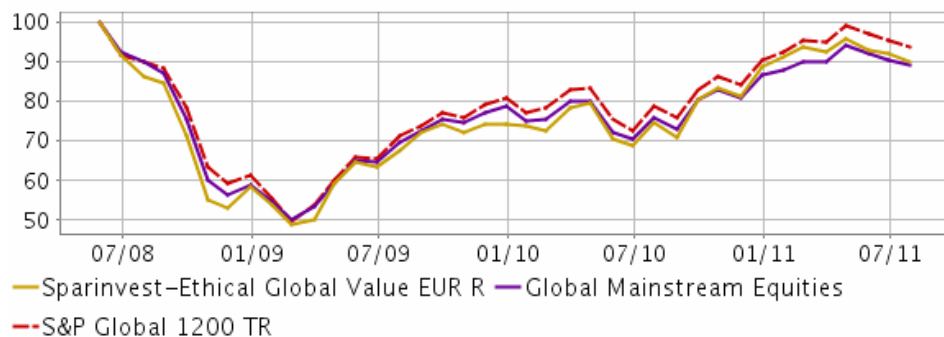
The disappointing returns over year-to-date 2011 were caused first by the fund's almost 30% exposure to Japan and then more recently by being underweight the more defensive areas in Europe, when the market fell sharply in June.

Attribution analysis for the 12 months to 1 August 2011 shows performance was driven largely by stock selection, particularly in the fund's small-cap exposure. Mid-caps also contributed positively, but large-caps were overall negative.

In sector terms, the largest positive contributions came from financials, at 12% against an index 20% and biased towards small local banks and non-life insurance, industrials and being out of utilities. The key negatives were healthcare, both consumer sectors and IT.

The fund's stock selection from overweight positions in Western Europe, notably France, Germany and the UK, proved positive until recent months, as did exposure to Hong Kong, coupled with the underweight in the US. Zero-weights in Greece, Portugal and Spain added value to relative returns. The key detractor was the heavily overweight position in Japan.

Cumulative performance



Calendar year performance

	2007		2008		2009		2010		YTD August 2011	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	-		-		26.7	3937/5190	19.6	338/5728	1.1	4453/6234
Index**	10.2		-40.1		31.7		11.9		3.6	
Median	11.0		-43.7		33.0		10.2		2.7	

** S&P Global 1200

Fund benchmark: MSCI World index

Share class screened: LU0362355355 (Ord)

Portfolio characteristics (August 2011)

No. of holdings	97
% in top 10	29.8
Turnover ratio (%)	19.4

Top 10 holdings

	%
Frankfurt Airport Services	4.0
Hutchinson Whampoa	3.3
DSM	3.3
MS&AD Insurance Group Holdings	3.1
Hochtief	3.1
Banque Cantonale Vaudoise	3.0
Peugeot	2.8
Ericsson	2.4
Royal Philips Electronics	2.4
Millennium & Copthorne Hotels	2.4

* In top 10 holdings a year ago

Sector allocation

	%
Basic materials	12.0
Consumer goods	23.0
Consumer services	4.0
Financials	15.0
Healthcare	2.0
Industrials	22.0
Oil & gas	10.0
Technology	9.0
Telecom services	2.0
Utilities	0.0
Cash	1.0

STANDARD & POOR'S

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Symbols and Definitions

Long-only fund ratings

- AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.
- A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-hedge-funds ratings

Absolute return fund ratings

Specialist fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Ucits III flexible beta fund ratings

- AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.
- A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

All fund ratings

- Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.
- Under Review (UR) Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.
- (New) Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.
- Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.
- Long-term fund management rating The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

- V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.
- V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.
- V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.
- V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.
- V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.
- V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.