



Global Value

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Fund Facts

| | |
|--------------------------------------|-------------------------|
| Strategy | Value Equity |
| Risk | High (6) |
| ISIN | LU0138501191 |
| Share Class Currency | EUR |
| Fund Inception | 14-Dec-2001 |
| Fund Manager | Jens Moestrup Rasmussen |
| Benchmark | MSCI World |
| Morningstar Category ^{TM 2} | Global Flex-Cap Equity |



- sparinvest.eu

Performance

During the last quarter of 2011, Sparinvest Global Value gained 2.75%, taking the full-year return to a loss of 17.97%. The general global equity market – as measured by the MSCI World index – gained 11.20% in the quarter, while losing 2.38% over the year. The Global value equity market – measured by the MSCI World Value index – gained 11.18% during the quarter and lost 2.46% over the year.

| Sparinvest Global Value & Index Returns, in % | Q4 2011 | YTD |
|---|---------|--------|
| Sparinvest Global Value | 2.75 | -17.97 |
| MSCI World Index | 11.20 | -2.38 |
| MSCI World Value Index | 11.18 | -2.46 |
| MSCI World Growth Index | 11.18 | -2.34 |
| MSCI World Small Cap Index | 11.85 | -6.02 |

MSCI World Index, MSCI World Value Index, MSCI World Growth and MSCI World Small Cap Index are all indices that contain a broad selection of companies from all over the world. All returns on investment are in EUR.

This means that in the full year 2011, Sparinvest Global Value declined by 17.97%, compared with a decline of 2.38% for the MSCI World, which is the biggest relative underperformance to our benchmark since launch. We are by no means satisfied with this result – in absolute or relative terms.

It has been a challenging environment for a global portfolio with a relatively high weight in Europe and Japan, especially in the last quarter of the year. Clearly, our regional allocation cost us in the last quarter of 2011, when North America returned 15%, compared to 9% in Europe while Japan posted a small net loss. The picture was much the same over the whole year where North American stocks returned +3%, while European and Japanese stocks fell in the range of 8 to 11%.

The fact that our European exposure is overweight in small-cap stocks did not make things better. These holdings were very beneficial to the fund during 2010, but in 2011, with general concerns over sluggish European growth and the potential for one or more countries to default, investors have turned away from smaller companies and looked for safety in larger names.

On a sector level, Consumer Discretionary and Financials have been the biggest drag on the quarterly performance relative to benchmark. Investors followed the same trend as during earlier crises and allocated more money towards larger companies and less sensitive sectors, like Consumer Staples and Health Care, which are considered safe havens. This is shown by the strong positive returns for these sectors, in the range 12-13% this year, where more cyclical sectors like Consumer Discretionary, Financials and Industrials have posted negative returns.

There are still challenges ahead in almost all parts of the world, and particularly in Europe. The outcome of the European debt crisis is unpredictable, but even in a best-case scenario the effects will be felt for a number of years. We refrain from trying to predict the developments in 2012, but when we look at the state of European companies – whether measured on their balance-sheet strength or their expected earnings, adjusted for some difficult years to come – we think a lot of bad news is factored in already, which is clearly reflected in the valuation of our portfolio shown below.

Portfolio Composition

At the end of the quarter, the cash position was 1.1% of assets under management. The fund had 113 holdings and our ten largest positions accounted for 23.23% of the total.

During the quarter, we made four new investments. We bought shares in Brother Industries (Japan, Printers), Delhaize Group (Belgium, Supermarkets), Esprit (Hong Kong, Apparel) and Kyocera (Japan, Electronic components)

We exited our investment in the British home builder, Berkeley Group. Furthermore, in general rebalancing of the portfolio, we made additional investments in some existing holdings and reduced others.

For further data on the fund, including complete portfolio holdings, performance and breakdowns by industry and geographical sector, please refer to the fund factsheet at the end of this document, or to our website.

Portfolio Valuation

Stock markets generally are now trading at compellingly low valuations, but the valuations of our holdings look extreme. As a rough indication, we amalgamate the holdings into one theoretical company.

This company has a price-to-book of just 0.77 times, compared to 1.63 times for the MSCI World index. The balance sheet remains solid, with low financial leverage (median net-debt-to-equity of just 3.93% versus 30.2% for the MSCI World). If we strip out intangible assets, and look at price-to-tangible-book, the fund trades at 1.25 times, compared to 2.42 times for the index.

Earnings-based multiples suggest that an extremely negative scenario is now priced in. The price-to-earnings ratio, based on consensus estimates, is 10.32 times for the current fiscal year, and 10.01 times for the following fiscal year (compared with 11.8 and 10.8 times, respectively, for the MSCI World). EV/EBITDA, which is a useful indicator of the price of companies relative to their raw earnings power, is just 3.59 times current year estimates, and 2.59 times next year estimates – compared with 6.29 and 5.11 times, respectively, for the MSCI World. If one compares these multiples to what is actually paid for companies in M&A transactions, the implicit upside in the entire market and the fund in particular, looks significant.

Sparinvest Global Value offers a wider range of companies, with solid asset backing and robust cross-cycle earnings power. Despite the current stock-market volatility, the intrinsic value of the portfolio remains very much intact, and we are confident that this portfolio will generate healthy investment returns over the years to come.

We have no doubt that, whatever macro developments may come, the current share prices of our holdings offer deep discounts to intrinsic value, which will drive solid performance over the years to come.

Individual Positions

Berkeley Group

Sold near target

Berkeley Group is a British home builder established in 1976 by Mr Anthony Pidgley. Initially Berkeley was focused on the construction of single homes but, after years of growth and geographical expansion, the company went into urban regeneration in the 1990s. In the early 2000s, Berkeley refined its strategy, to focus increasingly on urban redevelopment in the London area.

Not long after we first invested in Berkeley, the stock attracted a lot of attention because of a takeover bid. Anthony Pidgley remained as Managing Director. His son – Mr Pidgley Jr – who had left the company a few years earlier, now came on the offensive with a GBP 1 billion takeover offer: giving an interesting indication of the potential value in the company. The company had always been well run and had a consistent track record of profit delivery. The strong balance sheet, combined with prudent management, was very important and gave us confidence that this was a company that should be able to bring forth the value of the long-term asset values of its land bank, and not be forced into a potential ‘fire-sale’ in the case of a downturn. We bought our first shares in February 2003 at around 600p, when the company was trading at 0.8x book value and a P/E of 6.

Shortly after our initial investment, it was announced in 2004 that Berkeley would abandon its traditional volume house building segment and focus on urban regeneration. The company also announced plans to downsize operations by around 50% and release any surplus capital to investors. The result was the return of GBP 1.4 billion to investors over the following years. The company kept presenting good results while returning capital as promised.

In 2008, the company chose to defer a pay-out of GBP 3.00 per share to investors, in order to build up cash to take advantage of falling land prices amid Britain’s biggest housing slump in 25 years. Berkeley kept on presenting positive results through the crisis, and we held on to the shares through a very difficult time for the industry.

In June 2011, the company announced a new ambitious plan for returning capital to investors: a further GBP 13.00 per share by September 2021. This announcement triggered a share price increase of more than 10%. Although the stock had not entirely reached our estimated intrinsic value, we chose to sell our investment, which gave an annual return of about 20% since the first investment. In the current environment, there are companies that trade at larger discounts to intrinsic value, and it is our job to maximize the margin of safety in the funds.

Jens Moestrup Rasmussen
 Chief Portfolio Manager
 11 January 2012

This Fund Update should be read together with the latest ‘Letter to Shareholders’, in which our Value Equities team offer their perspective on value investment and market developments.

| Sparinvest Global Value available share classes | ISIN |
|---|--------------|
| EUR I | LU0258533180 |
| EUR R | LU0138501191 |
| EUR UKI | LU0258534071 |
| EUR UKR | LU0259214707 |
| GBP UKR | LU0258527455 |
| USD I | LU0294897425 |
| USD R | LU0298896787 |



Sparinvest is a signatory of UN PRI and member of Eurosif and Dansif.

UN PRI is an international investor initiative sponsored by the UN and based on six principles for responsible investments. The aim is to help investors actively to incorporate environmental, social and governance issues into their investments.

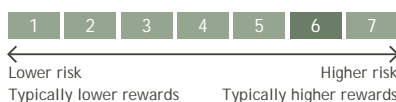
The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer to the full and/or simplified prospectus and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest or of appointed distributors/representatives together with the initial statutes of the funds and any subsequent changes to such statutes. Investments are only made on the basis of these documents. Past performance is no guarantee for future returns. Investors may not get back the full amount invested. Investments may be subject to foreign exchange risks. The investor bears a higher risk for investments into emerging markets. The indicated performance is calculated Net Asset Value to Net Asset Value in the fund's base currency, without consideration of subscription fees. For investors in Switzerland the funds' representative and paying agent is RBC Dexia Investor Services Bank S.A., Zurich Branch, Badenerstrasse 567, P.O. Box 101, CH-8066 Zurich. Published by Sparinvest, 28, Boulevard Royal, L-2449 Luxembourg. Sparinvest makes reservations for typos, calculation mistakes and other possible mistakes in the material.

Description

Investment Concept: Value Equities

The Sub-Fund aims at providing a positive return over the long term by investing in equity securities and, to a limited extent, convertible securities and warrants on transferable securities that are admitted to official listing on a stock exchange or that are traded on a Regulated Market within the OECD countries, EU member states (the "EU Member States"), Singapore or Hong Kong. The Sub-Fund will not hold cash for more than 15% of its total assets.

Risk and Reward Profile



Basic Information

| | |
|------------------------------------|------------------------------------|
| ISIN | LU0138501191 |
| Bloomberg | SPAGLVL LX |
| Share Class | EUR R |
| Fund Inception | 14-Dec-2001 |
| Share Class Currency | EUR |
| Income Type | Accumulating |
| Company name | Sparinvest S.A. |
| Domicile | Luxembourg |
| Share Class Inception | 14-Dec-2001 |
| Fund size (MN) - 31-Dec-2011 | 499.69 EUR |
| Manager | Sparinvest Fondsmaeglerselskab A/S |
| Fund Manager | Jens Rasmussen |
| Managed Since | 14-Dec-2001 |
| Benchmark ¹ | MSCI World |
| Morningstar Category™ ² | Global Flex-Cap Equity |
| Latest NAV - 30-Dec-2011 | 138.54 EUR |
| Subscription fee (up to) | 3.00 % |
| Redemption fee (up to) | 0.00 % |
| Management Fee | 1.50 % |
| Total expense ratio - 31-Dec-2010 | 1.99 % |

Notes

The mentioned sub-fund is a part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company.

Returns - Month End, Dec-2011

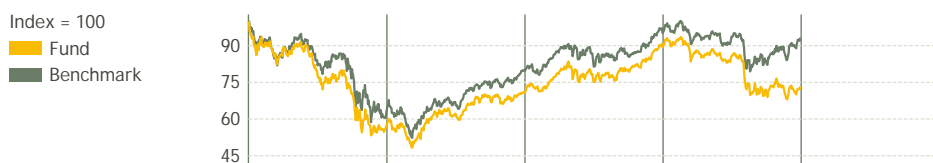
| Returns | Fund | Benchmark ¹ | Difference |
|-----------|---------|------------------------|------------|
| YTD | -17.97% | -2.38% | -15.59% |
| 1 Month | 1.28% | 3.64% | -2.36% |
| 3 Months | 2.75% | 11.20% | -8.45% |
| 1 Year | -17.97% | -2.38% | -15.59% |
| 3 y ann. | 8.47% | 13.69% | -5.22% |
| 5 y ann. | -6.21% | -2.06% | -4.15% |
| 10 y ann. | 3.34% | -0.29% | 3.63% |

Risk 3 years - Month End, Dec-2011

| Risk | Fund | Benchmark ¹ | Morningstar ² |
|------------|--------|------------------------|--------------------------|
| Volatility | 17.35% | 14.01% | 17.51% |
| Sharpe R. | 0.50 | - | 0.77 |
| Info Ratio | -0.55 | - | - |

Morningstar Rating™ **★★★★★**

Performance - 31-Dec-2011

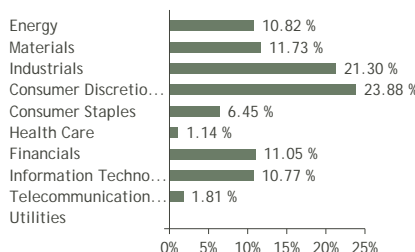


| Returns | 2008 | 2009 | 2010 | 2011 | - |
|-----------------------|---------|--------|--------|---------|---|
| Fund | -42.54% | 23.11% | 26.36% | -17.97% | - |
| Benchmark | -37.64% | 25.94% | 19.53% | -2.38% | - |
| Morningstar Category™ | -43.54% | 35.62% | 22.18% | -14.01% | - |

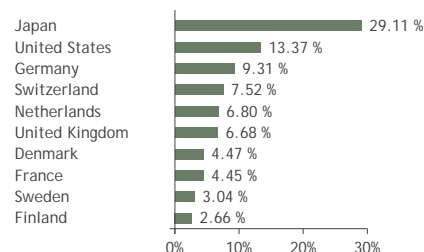
Asset Allocation

| Holdings | Equities | Bonds | Other | Cash |
|----------|----------|-------|-------|------|
| 113 | 98.9% | 0.0% | 0.0% | 1.1% |

Sector Breakdown



Top 10 Countries



Portfolio (Top 10) - 30-Dec-2011

| Name | Sector | Type | Country | Weight |
|--------------------------------|------------------------|----------|-----------------|--------|
| A.P. Moeller - Maersk A/S B | Industrials | Equities | Denmark | 2.98% |
| Hochtief A.G. | Industrials | Equities | Germany | 2.63% |
| J.Sainsbury Plc | Consumer Staples | Equities | United Kingd... | 2.59% |
| Koninklijke Dsm Nv | Materials | Equities | Netherlands | 2.36% |
| Ericsson Tel. B | Information Technology | Equities | Sweden | 2.21% |
| Roy.Philips Electr./Eur 0.2 | Industrials | Equities | Netherlands | 2.19% |
| Hutchison Whamp/Hk0.25 | Industrials | Equities | Hong Kong | 2.13% |
| Frankfurt Airport Serv.Worldw. | Industrials | Equities | Germany | 2.08% |
| Millennium & Cophorne Hotels | Consumer Discretionary | Equities | United Kingd... | 2.04% |
| Toyota Industries Corp | Consumer Discretionary | Equities | Japan | 2.02% |

Benchmark Comment

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Past performance is no guarantee for future returns. Investors may not get back the full amount invested. Investments may be subject to foreign exchange risks. The investor bears a higher risk for investments into emerging markets. The indicated performance is calculated Net Asset Value to Net Asset Value in the selected currency, without consideration of subscription or redemption fees. For further information we refer to the prospectus and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest S.A. or of appointed distributors. Investments are only made on the basis of these documents. Sources: Sparinvest S.A., Morningstar, Standard & Poors, Bloomberg, as of the dates indicated.