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07/2007

Product Profile

<i>Fund Name</i>	Sparinvest European Value
<i>ISIN</i>	LU0264920413
<i>Investment universe</i>	European Equities (Small / Mid / Large Caps)
<i>Benchmark</i>	MSCI Europe
<i>Base Currency</i>	EUR
<i>Earnings</i>	Accumulation
<i>Inception date</i>	2. Nov. 2006
<i>Fund Volume</i>	15.81 EUR m as of 2007-03-31
<i>Management Fee</i>	1.5 % p.a.
<i>TER</i>	1.86 % p.a.
<i>Fund Manager</i>	Jens Moestrup Rasmussen
<i>Company</i>	Sparinvest S.A.
<i>Internet</i>	www.sparinvest.lu

Investor's Profile

<i>Investment horizon</i>	long-term
<i>Risk classification</i>	medium (less than benchmark-oriented equity produkt)
<i>Return expectations</i>	long-term stable returns
<i>Loss Tolerance</i>	short-term losses are possible

TELOS Comment

Sparinvest European Value is an actively managed equity fund that invests in European companies and is driven by its proprietary blend of value investment. The approach is based on a corporate philosophy which is easy to understand and which is present throughout all phases of the investment process. The process and approach for portfolio construction have been in use for 10 years for a related global, which is managed by the same team.

In line with the paramount objective to preserve capital, risk assessment is carried out on an absolute level and thus – just as the investment decisions – irrespective of a benchmark. At any one time the fund is invested in 60 to 80 securities.

The first part of the investment process is a purely quantitative filter process. Operating on a very large investment universe this filter process is aimed at identifying companies that are significantly undervalued by at least 40% to 50%, using classic value criteria. The actual selection of eligible securities is, however, carried out in the subsequent qualitative part of the investment process. In this step the lesser known remaining companies undergo a thorough and in-depth individual analysis. In fact, the critical questioning and analysis of the annual financial statements and the business models have

priority over the direct contact to a company's management. An important aspect is that a company's earnings capacity has already been high and stable for several years. Investment is carried out taking a longer investment horizon into account. The entire investment process is analysed periodically with regard to possible potential for optimisation and improvement. Also, style analyses are performed

at regular intervals, with the aim of identifying and preventing unintentional style drift.

The team distinguishes itself by homogeneity rather than diversity as regards qualifications and age, also on account of its small size. With the exception of the fund manager, the team members have only been employed with the company for a few years. However, all of them have several years of experience in fundamental share and company analysis.

Due to the short history of the fund, at this time no substantive statements can be made in relation to its performance and other ratios.

The *Sparinvest European Value* fund receives the evaluation AA, not least on account of its consistent implementation of the underlying philosophy within the scope of a well structured investment process.



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Investment Process

The *Sparinvest European Value* fund is managed by *Sparinvest S.A.* (Sparinvest) in Luxembourg. Investment advice is provided by *Sparinvest Fondsmæglersekskab A/S* in Denmark. Both companies are 100% subsidiaries of the Danish portfolio management company *Sparinvest Holding A/S* (previously Sparinvest) founded in 1999. In total five employees of the Value Equity Team are involved in the investment process. The fund manager, *Jens Moestrup Rasmussen*, has the overall responsibility for the investment activities.

The fund invests in shares of companies in European countries irrespective of their market capitalisation. The main investment objective is to preserve the capital. A further objective is capital growth achieved with lower volatility than the overall market. The investment process and the composition of the fund are not benchmark-oriented. The fund is invested in 60 to 80 securities with a weighting between 0.2% and 3%. Currency risks towards the Euro are not hedged.

The investment approach is based on the assumption that the price of a company can significantly deviate from its fundamentally justified value on a short-term basis, but that it becomes closer to it over a longer time horizon. As a first step of the investment process, a monthly quantitative screening of the investment universe comprising approximately 5000 securities is carried out by means of an external model. During this, those securities are selected which have a low debt ratio

and which are at least 40% undervalued judged by various value ratios, such as price-earnings ratio or price-book value. The remaining securities are subjected to an individual qualitative analysis, with particular focus on the companies' annual financial statements of the last 5 to 10 years, the business models and the growth prospects. If required, companies in question are contacted for further information. Only those securities are deemed eligible whose significant undervaluation does not seem justified in the fund management's opinion specifically taking into account the qualitative assessment. The weighting of the securities in the fund is carried out on the basis of the size of the companies and the respective market capitalisation. An active allocation according to sectors or countries is not used. The portfolio securities are monitored continuously. Risk management within the investment process is predominantly carried out on the level of individual securities. If a share has reached its value that is justified on the basis of fundamental data, it will be sold even if further price increases seem likely in the short term.

The investment decisions are implemented by RBC Dexia Investor Service Bank S.A. in Luxembourg which acts as the central administration, custodian and transfer agency. If possible, program trades are carried out with selected brokers, whereby orders are executed in line with the Best Execution Policy.

Quality Management

At regular intervals the fund's performance, risk and the entire fund profile are examined using style analysis by a committee that is independent of the fund management. In doing so, a risk management system is used to calculate various relevant ratios with which the fund's positioning and characteristics are analysed in comparison with the overall market.

A pre-trade verification whether the investment restrictions are observed is carried out by the portfolio management. In addition, the remaining internal and external investment risks are automatically monitored by Dexia. The brokers' price and execution quality is verified at regular intervals.

Team

Since its launch in 2006 the fund has been managed by the Head of Fund Management, *Jens Moestrup Rasmussen*, who has been with the company since 1997. Another two portfolio managers as well as two analysts belong to the Value Equity Team. All team members have an academic qualification. Aver-

age experience in investment is over 10 years. Besides a competitive basic salary, the employees receive a bonus payment which is linked to investment performance. Further, there are companyshare based incentive schemes aimed at retaining executive staff.

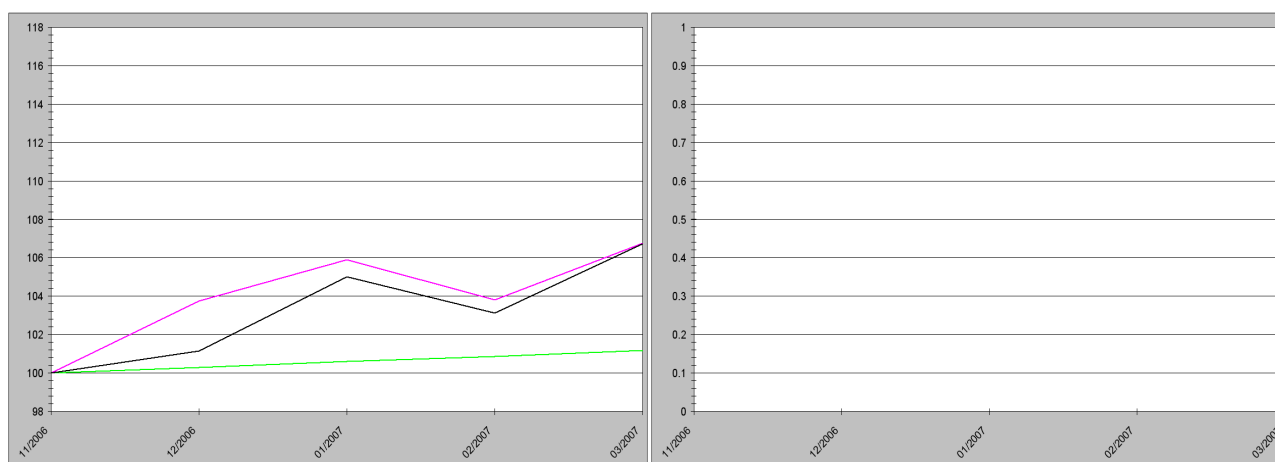
Investment Characteristics

<i>Important external factors</i>	<i>Important control factors</i>
Economic environment	Asset selection
Equity market (level)	-
-	-
-	-
-	-

Product History

Performance

Sharpe-Ratio



— Fund — Benchmark — Money Market — 1 year — 3 years — 5 years

<i>Statistics per end of 01/2007</i>	<i>1 year</i>	<i>2 years</i>	<i>3 years</i>	<i>5 years</i>	<i>7 years</i>	<i>10 years</i>
<i>Performance (annualised)</i>	-	-	-	-	-	-
<i>Volatility (annualised)</i>	-	-	-	-	-	-
<i>Sharpe-Ratio</i>	-	-	-	-	-	-
<i>Best monthly result</i>	-	-	-	-	-	-
<i>Worst monthly result</i>	-	-	-	-	-	-
<i>Median of monthly results</i>	-	-	-	-	-	-
<i>Best 12-month result</i>	-	-	-	-	-	-
<i>Worst 12 month result</i>	-	-	-	-	-	-
<i>Median of 12-month results</i>	-	-	-	-	-	-
<i>Maximum loss period</i>	-	-	-	-	-	-
<i>Maximum loss</i>	-	-	-	-	-	-

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Explanations

TELOS Rating Scale

AAA	The fund complies with highest quality standards
AA	The fund complies with very high quality standards
A	The fund complies with high quality standards
N	The fund does currently not comply with the TELOS quality standards
+ / -	further differentiate within a rating level

The **Product Profile** contains general information on the fund, the investment firm, and the responsible fund manager.

The **Investor's Profile** enables the investor to quickly match his or her expectations with the "official" classification of the product by the investment firm.

The **TELOS Comment** section summarises the main insights of the rating and constitutes an important supplement to the rating grade. The subsequent sections contain descriptive information on the investment process, the quality management, and the responsible team.

The **Investment Characteristics** lists – from the point of view of the fund management – the most important external determinants influencing the performance of the fund, as well as the essential factors employed for its control.

The **Product History** presents – by means of graphs and tables – the development of the fund in comparison with the money market and a benchmark (where appropriate) in respect of performance and risk criteria. All calculations are based on month-end data. Fund data and benchmark data are provided by the investment firm.

The *performance* of the fund is calculated based on reinvested prices: profit distributions are being invested in new shares of the fund immediately. Thereby, the performance of distributing and nondistributing funds is mutually comparable. This approach corresponds to the "BVI method" of performance calculation, advocated by the association of the German investment fund industry. If the fund management is guided by a *benchmark*, the performance of the latter is shown as well. Otherwise, a suitable comparative index is chosen for illustration purposes – in agreement with the investment firm.

As a measure for the *money market*, the 1-month LIBID deposit rate in the fund's base currency is used, calculated via $LIBID = LIBOR - 0.125\%$. For periods before 1999, the respective DEM interest rates are used as a predecessor to EUR. Data source: British Bankers' Association; $LIBID(OR)$ = London Interbank Bid (Offered) Rate.

The *Sharpe Ratio* provides information about the "excess return" of the fund with regard to a risk free financial investment – here represented by the money market – as a proportion of the total risk taken:

$$\text{Sharpe Ratio} = \frac{\text{fund return} - \text{money market return}}{\text{fund volatility}}$$

The *volatility* employed here is the annualised standard deviation of the monthly returns.

The *median of monthly results* is characterised by the fact that half of all monthly returns occurring in the observed period are either at least or at most as large as this value. As a result, this measure is less sensitive to "outlier results" than, for instance, the mean (average) value of monthly returns.

In an analogous way, the *median of 12-month results* should be interpreted.

The *longest loss* period is the number of months needed by the fund in order to recover losses by reaching or exceeding a level that had been achieved previously in the period under consideration. If this level could not be reached again, the end of the period is used.

Accordingly, the *maximum loss amount* is the largest loss which the fund suffered in the period under consideration – starting from the highest value reached earlier during this period.

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