

Product Profile

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|----------------------------|--|
| <i>Fund Name</i> | Sparinvest Global Value |
| <i>ISIN</i> | LU0138501191 |
| <i>Investment universe</i> | Global Equities (Small / Mid / Large Caps) |
| <i>Benchmark</i> | MSCI World (EUR) |
| <i>Base Currency</i> | EUR |
| <i>Earnings</i> | Accumulation |
| <i>Inception date</i> | 14.12.2001 |
| <i>Fund Volume</i> | EUR 915.93 m as 31.03.2011 |
| <i>Management Fee</i> | 1.5% p.a. |
| <i>TER</i> | 1.99% p.a. |
| <i>Fund Manager</i> | Jens Moestrup Rasmussen |
| <i>Company</i> | Sparinvest S.A. |
| <i>Internet</i> | www.sparinvest.eu |

Investor's Profile

| | |
|----------------------------|--|
| <i>Investment horizon</i> | long-term |
| <i>Risk classification</i> | medium (less than benchmark-oriented equity product) |
| <i>Return expectations</i> | long-term stable return with an optimal risk-return relationship |
| <i>Loss Tolerance</i> | short-term losses are possible |

TELOS Comment

The *Sparinvest Global Value* is an actively managed equity fund that invests internationally 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 in all phases of the investment process.

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 80 to 120 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. The critical questioning and analysis of the annual financial statements and the business models have priority over the direct contact to the 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, which is also reflected by the comparatively low turnover ratio. Stock selection is determined bottom-up, with no attention to benchmark weights. SRI investments now play a major role. As UN PRI (UN Principles for Responsible in-

vestment agreement) signatories, *Sparinvest* implemented formal ESG issues into a investment process. Risk is controlled by buying high quality companies (typically below 50% net debt-to-equity). The entire investment process is analysed periodically with regard to possible potential for optimization and improvement. Also, style analyses are performed at regular intervals, with the aim of identifying and preventing unintentional style drift.

The team is characterized by homogeneity rather than diversity as regards qualifications and age, also on account of its small size. All team members have several years of experience in fundamental equity and company analysis. In 2010 and 2011 the investment team gained 2 new fund manager and 2 new analysts, also through the acquisition of Atrium Asset Management and EgnsInvest.

Currently, the *Sparinvest Global Value* fund has 100 titles in the portfolio, has still a clear focus on Japan and Continental Europe. The fund has around 23.3% exposure to Japan, including a 7% exposure to the non-life insurance sector. Since the beginning of 2011 the fund lost around 10% in Japan. According to the fund management, the Japan disaster has had relatively minor impact on the core of Japan's industrial activities in the south of the country. The present average price / book ratio of the fund is at 1.04, which is considerably lower than benchmark. EV/EBITDA is now ~ 5.3. In 2010 the fund has underperformed its benchmark clearly. The Sharpe Ratio over 7 years is positive.

Sparinvest Global Value is rated **AA**.

Investment Process

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

The long loly product *Sparinvest Global Value* invests in shares of companies in developed 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 fund is invested in 80 to 120 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 21,500 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. The undervaluation is judged by various value ratios, such as price-earnings ratio or price-book value. The remaining securities are subjected to a qualitative individual analysis, with particular focus on the companies'

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 invest-

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. The investment team have used telcons with external sector specialists / experts to confirm potential investments. The expert solution is now an integral part of the investment process.

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. Liquidity considerations are taken into account when establishing initial positions. 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 by buying high quality companies (typically below 50% net debt-to-equity). 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.

Starting end of 2007 the orders have been traded over the own trading desk. About 75% of the total volume is implemented by discount brokers. Orders are executed in line with the Best Execution Policy. If possible, program trades are carried out with selected brokers. 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.

ment restrictions are observed is carried out by the portfolio management. For a short time, *Sparinvest* utilized a proprietary fund accounting systems HUGO. 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 2001, the fund has been managed by the Head of Equities, *Jens Moestrup Rasmussen*, who has been with the company since 1997. Another five portfolio managers as well as four analysts belong to the Value Equity Team. All team members have an academic qualification.

Besides a competitive basic salary, the employees receive a bonus payment which is linked to investment performance. Further, there are company share based incentive schemes aimed at retaining executive staff.

Investment Characteristics

| Important external factors | Important control factors |
|----------------------------|---------------------------|
| Economic environment | Asset selection |
| Equity market (level) | |

Product History

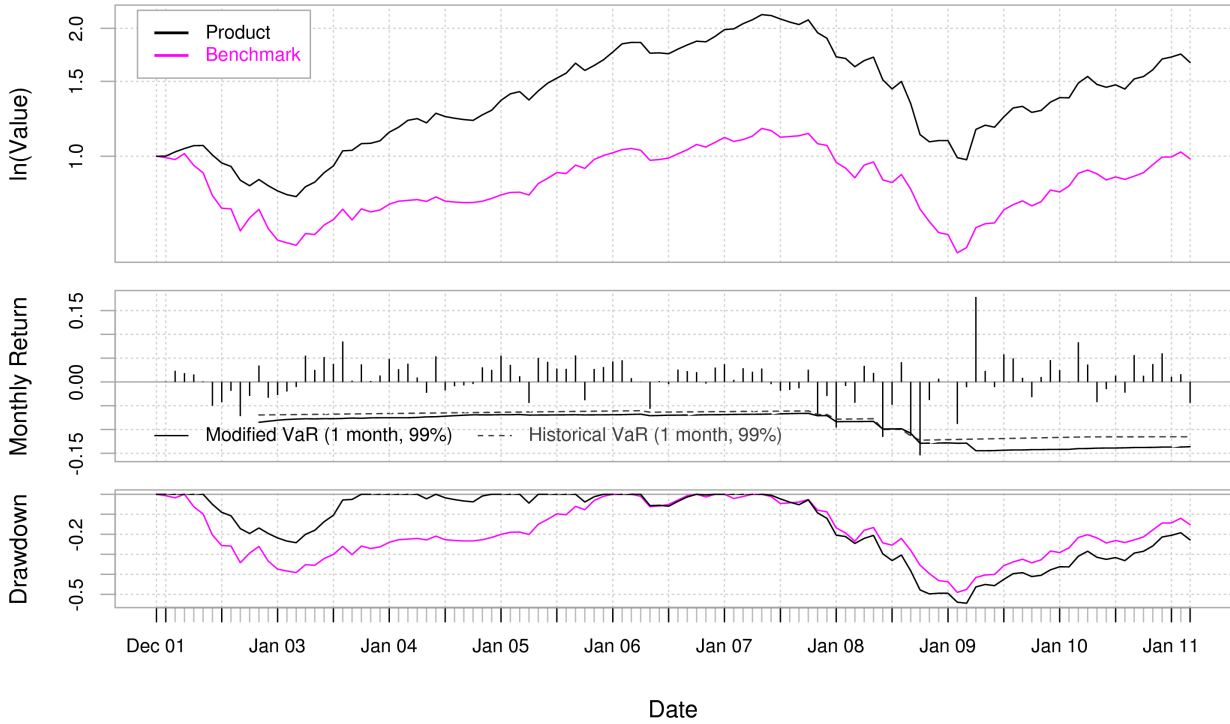
Monthly Returns

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|-------|------|------|------|------|------|-------|------|------|------|
| Jan | 0.1 | -2.8 | 4.8 | 5.5 | 4.3 | 3.7 | -9.6 | -0.0 | 2.5 | 1.1 |
| Feb | 2.3 | -2.0 | 2.7 | 3.6 | 4.5 | 0.4 | -0.9 | -8.8 | -0.1 | 1.6 |
| Mar | 1.8 | -1.1 | 3.8 | 1.2 | 0.8 | 2.9 | -4.4 | -1.1 | 8.3 | -4.4 |
| Apr | 1.6 | 5.5 | 0.9 | -4.4 | -0.0 | 2.1 | 3.4 | 17.9 | 3.6 | - |
| May | 0.1 | 2.5 | -2.3 | 5.0 | -5.6 | 2.8 | 1.9 | 2.3 | -4.2 | - |
| Jun | -5.0 | 5.2 | 5.3 | 4.2 | 0.2 | -0.5 | -11.6 | -1.1 | -1.5 | - |
| Jul | -4.2 | 3.8 | -1.8 | 2.8 | -0.5 | -1.8 | -4.8 | 5.8 | 1.3 | - |
| Aug | -1.9 | 8.5 | -0.9 | 2.7 | 2.6 | -1.7 | 4.1 | 4.9 | -2.3 | - |
| Sep | -7.2 | 0.3 | -0.7 | 5.5 | 2.3 | -1.3 | -11.3 | 0.8 | 5.6 | - |
| Oct | -2.9 | 3.7 | -0.4 | -3.9 | 2.0 | 2.6 | -15.4 | -3.2 | 1.3 | - |
| Nov | 3.4 | 0.2 | 3.0 | 2.7 | -0.3 | -6.7 | -3.8 | 1.0 | 3.7 | - |
| Dec | -3.3 | 1.3 | 2.5 | 3.1 | 3.0 | -3.0 | 0.7 | 4.6 | 6.0 | - |
| Product | -14.8 | 27.5 | 18.0 | 31.4 | 13.6 | -1.0 | -42.5 | 23.1 | 26.4 | -1.8 |
| Benchmark | -32.4 | 10.6 | 6.5 | 26.2 | 7.4 | -1.7 | -37.6 | 25.9 | 19.5 | -0.9 |

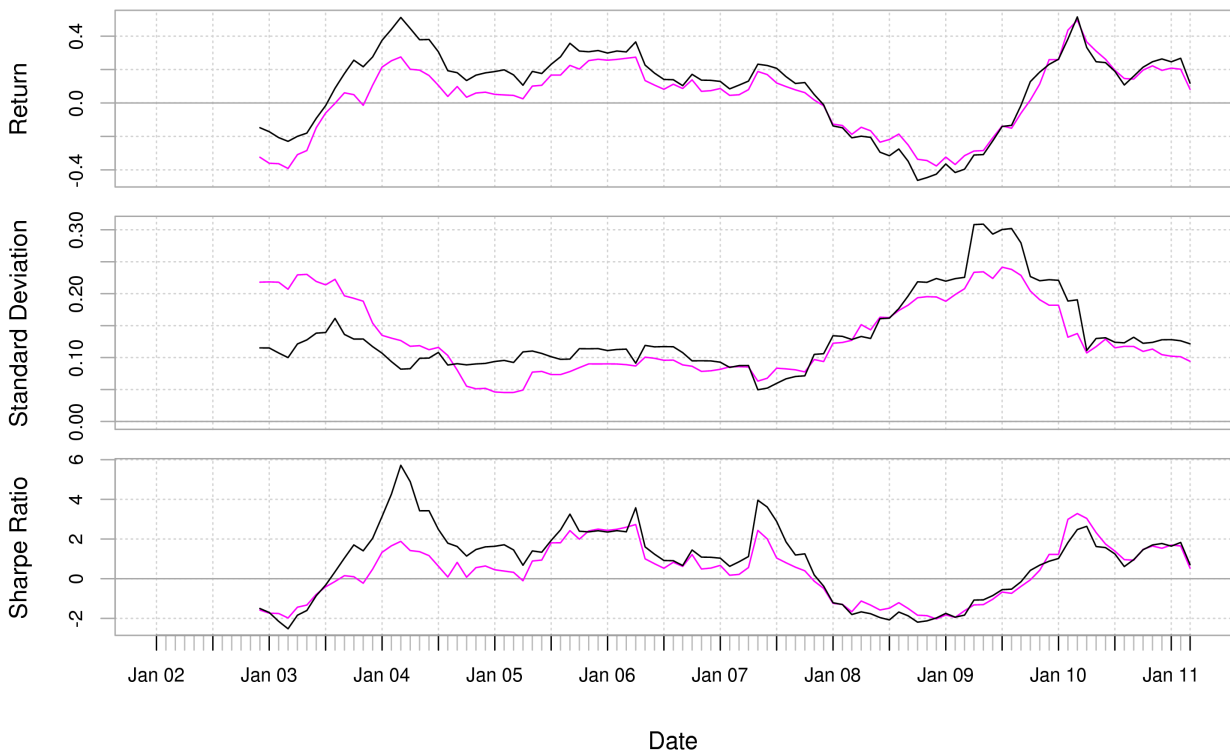
| Statistics per end of Mar 11 | 6 M | 1 year | 2 years | 3 years | 5 years | 7 years |
|------------------------------|--------|--------|---------|---------|---------|---------|
| Performance (annualised) | 19.61% | 11.84% | 30.17% | 0.78% | -2.14% | 4.58% |
| Volatility (annualised) | 12.07% | 12.15% | 16.31% | 21.00% | 17.82% | 16.23% |
| Sharpe-Ratio | 1.38 | 0.73 | 1.67 | -0.11 | -0.29 | 0.10 |
| Best monthly result | 6.01% | 6.01% | 17.86% | 17.86% | 17.86% | 17.86% |
| Worst monthly result | -4.43% | -4.43% | -4.43% | -15.43% | -15.43% | -15.43% |
| Median of monthly results | 1.46% | 1.32% | 1.47% | 1.06% | 0.54% | 1.06% |
| Best 12-month result | | 11.84% | 51.51% | 51.51% | 51.51% | 51.51% |
| Worst 12 month result | | 11.84% | 10.77% | -39.59% | -46.28% | -46.28% |
| Median of 12-month results | | 11.84% | 24.64% | 18.94% | 10.77% | 13.93% |
| Maximum loss period | 1 | 6 | 6 | 31 | 46 | 46 |
| Maximum loss | -4.43% | -6.59% | -6.59% | -42.64% | -54.43% | -54.43% |

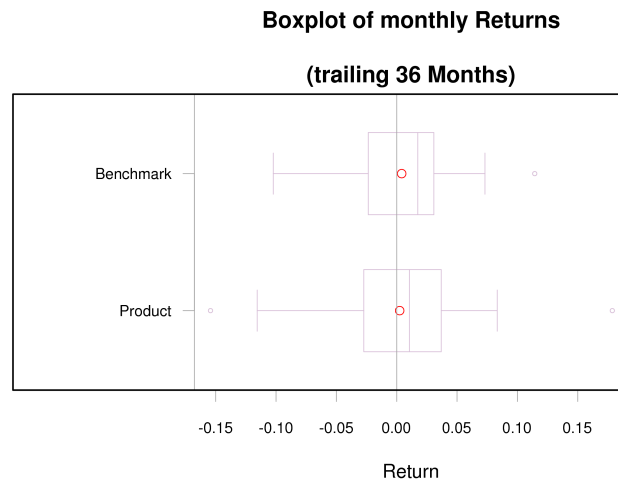
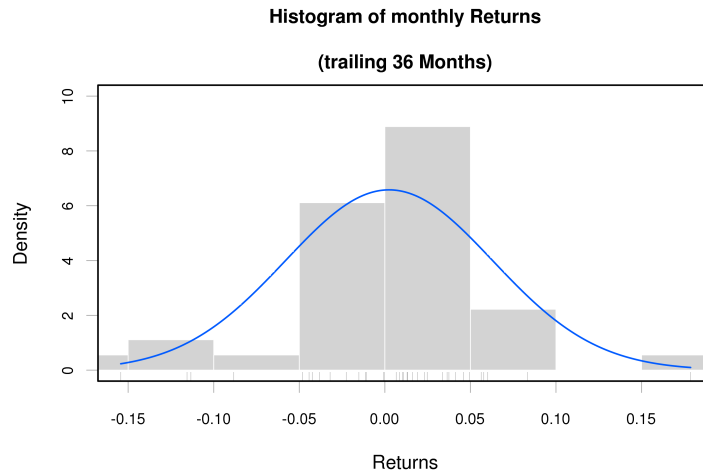
| Fund vs. Benchmark (trailing 36 Months) | |
|---|-------|
| Jensen Alpha | -0.00 |
| Annualized Jensen Alpha | -0.02 |
| Beta | 1.07 |
| R-squared | 0.81 |
| Correlation | 0.90 |
| Tracking Error | 0.09 |
| Active Premium | -0.03 |
| Information Ratio | -0.29 |
| Treynor Ratio | -0.02 |

Performance



Rolling 12-month- Performance





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.

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. The risk free rate used in this report is 3%, and the *volatility* 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.

Jensen Alpha measures the beta-risk-adjusted (cf.

beta) outperformance of the fund versus the benchmark and is calculated using monthly returns. A positive value indicates the generation of added-value by the fund's management.

Beta is a measure of the fund's market risk exposure. A Beta larger (smaller) than one indicates that the fund will be more (less) volatile than the benchmark.

R^2 is the square of the correlation coefficient (cf. correlation). It is the measure of the quality of a linear fit on the fund's vs. the market's returns. It ranges between 0 (bad fit) and 1 (good fit).

Correlation is a measure of how the fund and the market move in relation to each other. Correlation ranges between -1 and +1. The extreme values i.e. -1/+1 indicate that the fund and the market always move in lockstep, for -1 in opposite directions, for +1 in the same direction. 0 indicates there is no clear relationship.

The *tracking error* is the standard deviation of differences between fund and benchmark returns. The lower the tracking error, the more closely the portfolio follows the index.

Active Premium or excess return measures the Out/Underperformance of a fund vs. its benchmark.

The *Information Ratio* is the active Premium divided by the tracking error. The higher the information ratio, the higher the active premium of the fund, given the same level of risk.

The *Treynor Ratio* is the return in excess of the risk-free rate, divided by beta. The Treynor ratio is a beta-risk-adjusted measure of outperformance vs the riskfree rate.

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AA
04/2011

Sparinvest

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