



European Value

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Fund Facts

Strategy	Value Equity
Risk	N/A
ISIN	LU0264920413
Share Class Currency	EUR
Fund Inception	02-Nov-2006
Fund Manager	Jens Moestrup Rasmussen
Benchmark	MSCI Europe (net dividends)
Morningstar Category	Europe Mid-Cap Equity

Performance

In the second quarter of 2009, the Sparinvest European Value Fund rose by 24.78%, taking the year-to-date return to 10.27%. The European equity market, as measured by the MSCI Europe Index, rose by 18.57% during the second quarter and 6.07% in the year-to-date. The MSCI Europe Value and MSCI Europe Small Cap indices increased by 23.63% and 29.72%, respectively. European growth stocks posted a return of 14.15%.

Although our relatively large exposure to industrials and consumer goods had dragged on the fund somewhat in the first quarter, in the return reversal market of the second quarter, those sectors contributed significantly to performance. Although we have relatively low exposure to the financial sector, our holdings there performed well. During the quarter, we outperformed the European market benchmark by over 6 percentage points. While we are certainly pleased with this performance, our focus remains not on quarterly figures, but the generation of healthy returns over the longer term. We continue to believe that Sparinvest European Value offers considerable potential for the longer term.

Portfolio Composition

At the end of the quarter, the cash position was 10.3% of assets under management. The fund had 66 holdings and our ten largest positions accounted for 26.06% of the total.

During the quarter, we made a new investment in Danieli & Co, an Italian company which produces machinery for the iron and steel sector, as well as steel itself. 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 our website and the latest fund factsheet.

Portfolio Valuation

The valuations and indicators of the financial strength of our holdings remain very encouraging. After the fund gained 25% in the quarter, the average Price-to-Book ratio remains just 0,9x, with an EV/EBITDA (one measure of the price you pay for the earnings power) of around 4.6 times. Financial gearing is low, with Net-Debt-to-Equity of just 29.37%. We remain confident in the quality of our holdings, both in terms of their balance sheets and the robustness of their business models. We are convinced that the strength and low pricing of our portfolio will allow us to generate healthy long-term returns.

Jens Moestrup Rasmussen
Lead Portfolio Manager
10 July 2009

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