

Sparinvest European Value

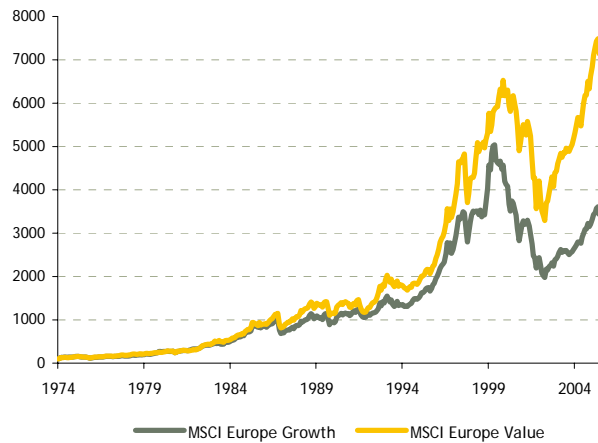
Introducing Sparinvest European Value

Value Premium

The 'value premium' in equity investment has fascinated academics since Benjamin Graham first published his book 'Security Analysis' in the 1930s. Put simply, the argument is that stocks with a lower price (when measured by Book Value Per Share) will outperform 'growth' stocks in the long run.

The graph below shows that, for the past 30 years, this has certainly been the case for European equities.

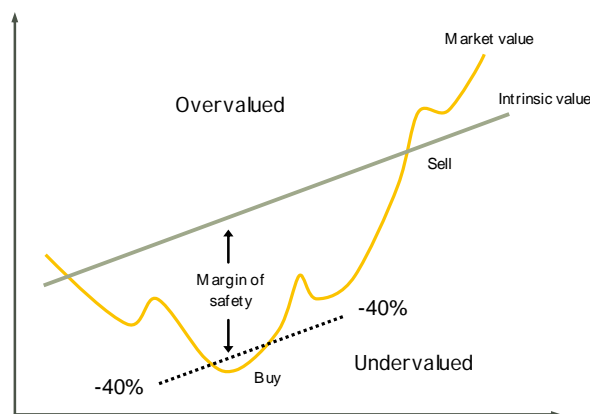
European value stocks have consistently outperformed growth stocks



Sparinvest's global value funds have won recognition throughout Europe, providing both our private and institutional investors with steady excess returns - in spite of stock market fluctuations. Available from October 2006, the Sparinvest European Value Fund will share the strategic attributes of our global value funds but will focus solely on the European equity markets. We firmly believe that - by applying our rigorous value investment process to Europe's stock markets, we can offer a fund that will be particularly suitable to multi-managers who seek to add a value mandate to their European portfolios.

The lifespan of a value investment

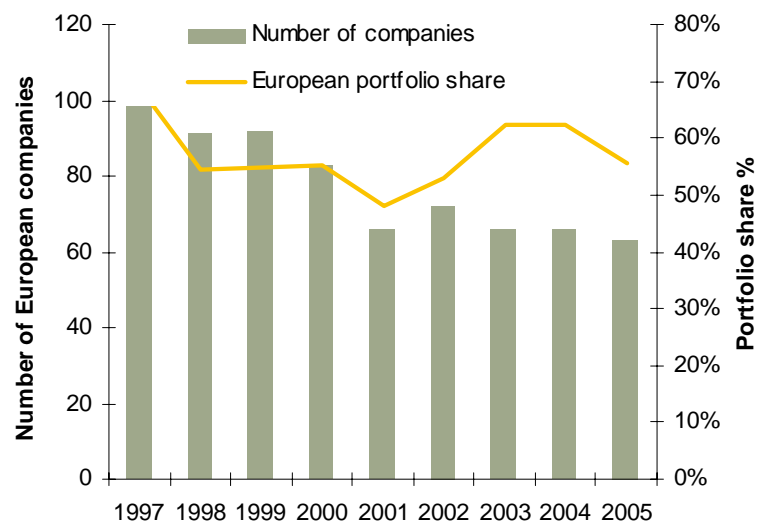
The lifespan of a value investment



As always, Sparinvest focuses on downside risk before analysing upside potential. **Sparinvest European Value** will consist of 80-120 companies of various market capitalizations from developed European stock markets, including those of the ten 2004 accession countries. In order to arrive at approximately 100 value stocks, the Sparinvest team will screen all European listed companies with a market capitalization of minimum EUR 20 million on an ongoing basis. Only those companies qualifying under a series of strict value metrics (such as low Price to Book, low Enterprise Value to EBITDA and low Net Debt to Equity) are filtered out for further analysis.

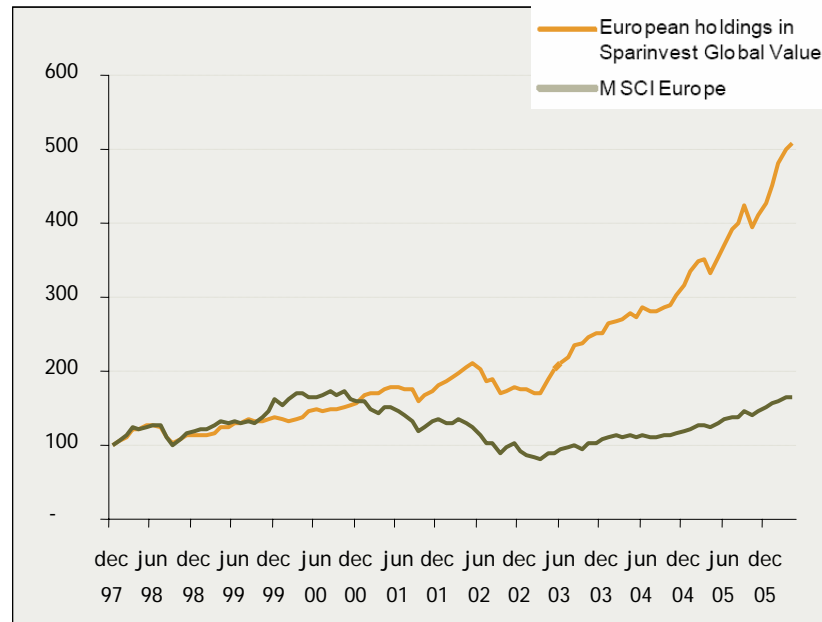
When evaluating the operations of a company, Sparinvest uses an approach which is similar to those of corporate finance and private equity funds. We estimate industry-multiples based on real-life transactions and not the relative valuation of other publicly-traded stocks. Only companies that are trading at a 40% discount to the estimated intrinsic value will make it to the portfolio. This disciplined approach has been the basis for the excellent return and low volatility of Sparinvest's Global Value Fund.

European exposure in Sparinvest Global Value Fund



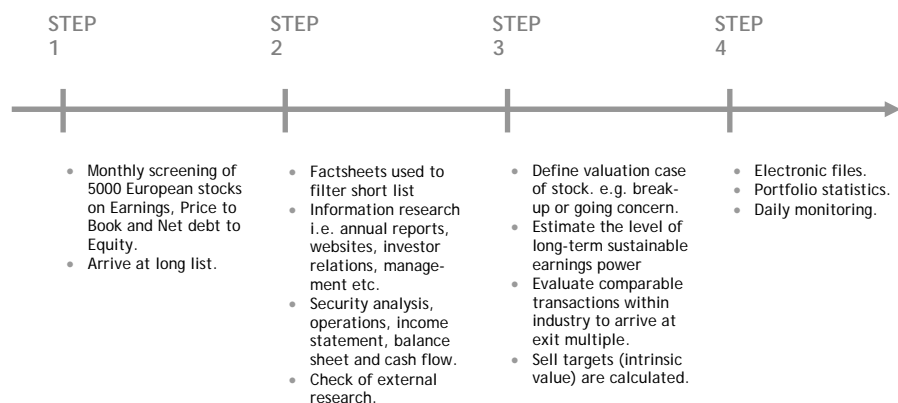
We set our price target, buy the stock when there is a minimum 40% margin of safety and sell when the stock reaches our 'fair value' target. But, even more importantly, we remain disciplined, and we do not follow short- and medium-term trends. In other words, the **Sparinvest Europe Value Fund** offers a portfolio of 'deep value' stocks, managed without benchmark, sector or geographical constraints. It will stay deep value even though growth stocks could regain their popularity and could out-perform value stocks in the short term.

Strong European track record



During the last 10 years, our global strategy has - as a by-product of our investment process - had an unintentional bias towards Europe. These European holdings in isolation have generated an average return of 21% per year (after management fees) compared to 6.2% of the MSCI Europe. With the European Value Fund, the Sparinvest team expects once again to be able to squeeze the average Price to Book value and Price to Earnings of the portfolio to low levels, while still excluding 'unhealthy' firms. Sparinvest's strictly bottom-up approach means that its European Value Fund is not restricted to mirroring the country exposure of its benchmark, MSCI Europe. The strategy is to find the best value stocks in the region, regardless of nationality.

The process



The abovementioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer investors 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 or of appointed distributors. 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. Published by Sparinvest, 28, Boulevard Royal, L-2449 Luxembourg.