

Press release
1st February 2010

Sparinvest Launches Ethical Version of High Yield Value Bonds

In response to institutional demand for an ethical replica of its top-performing High Yield Value Bonds fund, Sparinvest has announced the launch of Sparinvest SICAV - Ethical High Yield Value Bonds fund, approved by the CSSF in Luxembourg and authorised for distribution in the UK. The new fund will rely on Sparinvest's proven value bonds investment strategy, but with the addition of an ethical screening provided by the Swedish SRI consultants, Ethix SRI Advisers.

Luxembourg, 01.02.2010 - Danish Sparinvest has launched Sparinvest SICAV - Ethical High Yield Value Bonds which is authorised by the FSA for sale in the UK. The new fund is an ethical replica of Sparinvest High Yield Value Bonds fund - a €369 million fund with a unique investment approach which applies elements of classic Value security analysis to the corporate bond arena. Sparinvest High Yield Value Bonds featured consistently throughout 2009 as a top performer in European league tables representing the High Yield Bond fund universe. This fact prompted a number of European institutions, whose investment mandates require an exclusively ethical approach, to enquire about the possibility of developing an ethical version of the fund. Since May 2008, Sparinvest has operated an ethical version of its equities fund, Sparinvest Global Value, using the Swedish company Ethix SRI advisers to screen the fund's portfolio. Sparinvest is satisfied that ethically-screened funds are also able to deliver superior long-term investment returns, provided that their core investment strategy is good. Fund Manager, Klaus Blaabjerg commented:

"Our whole focus is on achieving maximum returns for minimum risk. As ESG issues climb the investment agenda, it could be argued that a company that is in some way behaving unethically could pose a potential risk. Conducting an ethical screening of the bonds that we like before they enter the portfolio is therefore a welcome addition to our store of information. However, it is unlikely to alter the way that we do things materially, as we have instinctively avoided exposure to unethical companies since the original fund was launched in 2005.

"I anticipate that the new Ethical High Yield Value Bonds fund will perform well over the coming year. Although macro-economic uncertainty still persists, we see signs of increasing optimism both from the managers of global companies and from investors.



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However, the Sparinvest High Yield Value Bonds team remains alert to possible dangers. To minimize the risk of permanent loss of capital we continue to focus on companies with low leverage and strong balance sheets. We also screen for bonds that are overlooked by the general market and therefore provide a higher yield. Over the coming year, we anticipate greater M&A activity. This is why we always look closely at change of control options - protecting us against leveraged buyouts. If the new owner of the company is a stronger rated entity - then obviously we will not exercise the change of control option."

A number of European research studies over the past year have shown that interest in ethical funds has increased since the financial crisis. According to the Financial Times, the number of ethical funds increased over the year to the end of June 2009 to 683 from 537, or by 27 per cent. A study conducted by Sparinvest last year in France amongst institutional directors (between them responsible for investing 25bn Euros) revealed that 71% of them would like to increase the SRI element of the portfolios that they manage, feeling that SRI funds met the public desire for greater transparency.*

Sparinvest High Yield Value Bonds currently has a coupon of more than 8% with an average bond price of 87 and an effective yield of 13% and the new Ethical fund is expected to have a similar profile. Sparinvest SICAV - Ethical High Yield Value Bonds offers both retail and institutional share classes.

The ethical screening for the new fund will be conducted by the Swedish consultants Ethix SRI Advisers who already advise Sparinvest on ethical issues concerning companies selected for the Ethical Global Value fund. Ethix operates the following exclusion filters:

Ethix SRI Advisors Exclusion Filters:

Norm-based Screening (Checking for companies in breach of UN principles)

- Zero tolerance

Sector-based Screening

For Porn, Alcohol, Tobacco and Gambling

- Zero tolerance for production
- 5% tolerance for distribution

Weapons

- Zero tolerance for combat equipment
- 5% tolerance for other military equipment and associated services



- Ends -

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Sparinvest Value Bonds strategy

To read more about the academic foundation for this unique approach to high yield investment, please follow the link below <http://www.sparinvest.lu/get/18366.html>

About Sparinvest:

Founded in 1968, Sparinvest is one of Denmark's leading independent asset management companies, managing and advising on assets valued at over €12.36 billion (as at end 2009), including one of the largest equity funds in Denmark.

Owned today by broad range of institutional shareholders, Sparinvest has the freedom to pursue its own investment philosophy and style with a view to providing 'prudent investments' for its clients.

In 2001, Sparinvest S.A. was established in Luxembourg and a number of Luxembourg-domiciled funds were created for the purpose of pan-European distribution. The Sparinvest SICAV, a UCITS III-compliant umbrella fund is now authorised for distribution in 16 European nations.

Sparinvest has established an excellent reputation within the investment industry for the success of its strategic asset allocation approach when constructing portfolios for investment mandates and because of its outstanding track record in value investment.

*Sources for research surveys:

<http://www.ft.com/cms/s/0/cd76e3ee-cb06-11de-97e0-00144feabdc0.html>

Seeds/Sparinvest report available on request

