



Investment Grade Value Bonds

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Fund Facts

Strategy	Value Bonds
Risk	Medium
ISIN	LU0264925727
Share Class Currency	EUR
Fund Inception	2-Nov-2006
Fund Manager	Klaus Blaabjerg
Benchmark	Merrill Lynch Global Broad Market Corporate Index (EUR Hedged)
Morningstar Category	Euro Corporate Bond

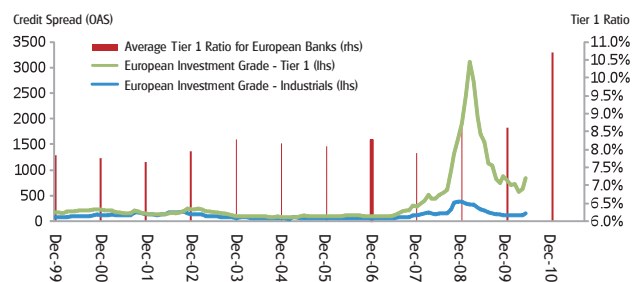
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Performance

In the second quarter of 2010, Sparinvest Investment Grade Value Bonds has returned -4,11% whereas the comparable return on our benchmark Merrill Lynch Global Broad Market Corporate Index (EUR Hedged) is 2,04%.

Sparinvest Investment Grade Value Bonds & Index Return, in %	Q2 2010	YTD
Sparinvest Investment Grade Value Bonds	-4.11	7.30
Merrill Lynch Global Broad Market Corporate Index	2.04	4.99

We maintain our overweight of the largest European subordinated bonds.



Source: BofA Merrill Lynch & Barclays Capital

The figure shows an expectation of further improvements in capitalization (increasing Tier 1 Ratio) so that the largest European banks appear more capitalized than we have seen previously (see the red columns in the figure above, the figure's right hand side).

The noise from the Greek debt crisis has increased the credit spreads on subordinated bonds, despite the fact that average capitalization looks much better today than at any time in the last 10 years. Therefore, we still find the bonds attractively priced and expect further spread narrowing in the rest of 2010.

Portfolio valuation and composition

The management team behind Sparinvest Investment Grade Value Bonds still finds the fund attractively priced with an effective yield of 9.2% relative to 3.9% for our benchmark.

The fund still appears attractive for the long-term investor and consists of 39 positions with an overweight of European bank capital.

For more details, please visit Sparinvest.eu

Klaus Blaabjerg

Lead Portfolio Manager

12 July 2010

This Fund Update should be read together with the latest 'Letter to Shareholders', in which our Value Bonds team offer their perspective on value investment and market developments.

Sparinvest Investment Grade Value Bonds available share classes	ISIN
EUR E	LU0324849214
EUR I	LU0264926378
EUR R	LU0264925727
EUR UKI	LU0264926535
EUR UKR	LU0264928663

The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer to the full and/or simplified 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 together with the initial statutes of the funds and any subsequent changes to such statutes. 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. Sources (where applicable): Sparinvest, Morningstar Standard & Poors, Bloomberg, Telos, Feri. For investors in Switzerland the fund's representative and paying agent is RBC Dexia Investor Services Bank S.A., Zurich Branch, Badenerstrasse 567, P.O. Box 101, CH-8066 Zurich. Published by Sparinvest, 28, Boulevard Royal, L-2449 Luxembourg.