



Ethical High Yield Value Bonds

Headlines

- Rising oil prices
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- Ethix SRI Advisors: Ethical Reporting

Fund Facts

Strategy	Value Bonds
Risk	n/a
ISIN	LU0473784196
Share Class Currency	EUR
Fund Inception*	01-Feb-2010
Fund Manager	Sune Højholt Jensen
Benchmark	Merrill Lynch Global High Yield (EUR Hedged)
Morningstar Category	Euro High Yield Bond

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Dear investor

The first quarter was a good one for Sparinvest Ethical High Yield Value Bonds. The fund had a return of 6.19% compared to 3.97% for the benchmark (Merrill Lynch Global High Yield EUR Hedged). On a 1-year basis the return for the fund stood at 18.52% after first quarter of 2011 compared to 12.62% for the benchmark.

Sparinvest Ethical High Yield Value Bonds & Index Return, in %	Q1 2011	Since launch
Sparinvest Ethical High Yield Value Bonds	6.19	24.35
Merrill Lynch Global High Yield	3.97	16.93

The reason for the strong performance of the fund is an overweighting of European financials – bonds issued by large European banks and insurance companies – and energy. The overweight of the financial and energy sectors has been in place for a long time now and we have no intention of changing it. The European banks have a strong commitment towards deleveraging which is, to a large degree, dictated by Basel III rules. This deleveraging process becomes very evident when a large bank like Banca Intesa from Italy – one of our holdings – announces plans to issue new shares and, in doing so, reduces the risk for creditors. Regarding the energy sector, we just don't believe that the current high oil prices are discounted fully by the prices of the high yield bonds in the sector. The working assumption behind our investment in energy sector bonds was not that we would see oil prices above USD 100/barrel. This development is undoubtedly a bonus but we already liked our bonds even at USD 70/barrel. Our preference is still to invest in bonds in the energy sector where we can have extra security through pledges in assets and/or strict covenants related to how much debt the companies are allowed to take on board.

Rising oil prices

Santos

Santos limited explores for and produces natural gas and crude oil. The company conducts onshore and offshore petroleum exploration activities at oil and gas fields in Australia, United States, Indonesia, and Papua New Guinea.

The company has a solid balance sheet with a net-debt-to-equity ratio of -15.28% and interest rate coverage ratio of 9.27. Sparinvest High Yield Value Bonds hold BB-rated bonds issued by Santos with a yield-to-call (in September 2017) of 7.6%.

PA Resources

PA Resources AB is a small Swedish oil and gas company focusing on exploration and production. The company's portfolio of oil fields has been acquired through company takeovers, purchase of license shares, and by license applications and awarded permits/licenses.

Today the company holds a portfolio of valuable oil fields and has a net-debt-to-equity ratio of 59.71%. Recently, we participated in the refinancing of corporate bonds issued by PA Resources and succeeded in negotiating a very high coupon of 12.25%.

Distributions

Regarding regional exposure the fund has less exposure to the US than at any point in its history. The reason is that we find better value elsewhere. The fund has an exposure to Norway of 19% and is currently highly underweight US high yield with only 9.4% relative to the benchmark weight of 62%.

The fund has maintained its overweight in energy and financials, whereas the fund still is underweighting communications and consumer non-cyclicals.

And the rating distribution is overweight in crossover due to the exposure to financials. Furthermore, the fund is underweight bonds rated BB- and B+.

Sparinvest Ethical High Yield Value Bonds – key figures

Taking into account the credit quality and the underlying improvements in balance sheets of the European banks – as well as the fact that the high price of oil increases the asset backing for our holdings in the energy sector – our portfolio is still very cheap. The current yield on the portfolio is 9.5% (7.3% for the benchmark) with a duration of 3.11 years (3.8 years for the benchmark). The average rating of the portfolio is BB-. Average net-debt-to-equity for the fund equals 89% (this does not include the financials) which is a lot lower than the 238% for the benchmark. There have been no adverse developments to cause us to sell and the portfolio has no exposure to Japan.

We expect continued outperformance for the Sparinvest Ethical High Yield Value Bonds relative to its benchmark for the rest of 2011 and we thank you for your support.

Ethix SRI Advisors: Summary of the Exclusion Filters

Norm-based Screening (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

Ethix SRI Advisors: Ethical Reporting

New holdings

During the quarter no potential new investments were excluded as a result of the ethical screening criteria.

Virgoline de Oliveira

Issue	Country	Norm-Based Screening			Sector-Based Screening				
		Red	Amber	Green	Weapons	Alcohol	Gambling	Pornography	Tobacco
Virgoline	BR	—	—	—	—	!	—	—	—

Virgolino de Oliveira is a producer of sugar and ethanol. The company is part of the agricultural cooperative Copersucar. The cooperative is involved in the export of ethanol, hydrated ethanol and anhydrous ethanol. The majority of ethanol products, especially the latter two, appear to be used as fuel or for industrial purposes. However, there is a risk, given that ethanol is a type of alcohol that can be used to make alcoholic beverages, of some ethanol exports being used in the production of alcohol. The company itself, however, is not directly involved in the production of alcoholic beverages.

Total Copersucar revenue amounted to BRL 11.3b in 2010. No Virgolino de Oliveira financial information is publicly available. While no information distinguishing ethanol sales from other activities was available from Virgolino de Oliveira, according to Copersucar's figures 26% of revenue came from hydrated ethanol, 7% anhydrous ethanol and 10% ethanol. It is estimated that if any revenue is derived from the sale of ethanol for eventual use in the production of alcoholic beverages, it is negligible.

Country Garden

Issue	Country	Norm-Based Screening			Sector-Based Screening				
		Red	Amber	Green	Weapons	Alcohol	Gambling	Pornography	Tobacco
Country Garden	HK	—	—	—	—	!	—	—	!

Country Garden Holdings Company Limited is involved in property development and management and the operation of a number of luxury hotels. The distribution of alcohol and tobacco forms a minor part of these activities.

Total revenue amounted to CNY 25.8b in 2010. Hotel management revenue amounted to less than 2% of total. It is therefore estimated that the sale of alcohol and tobacco contributed a negligible amount to overall revenue.

Sune Højholt Jensen

Senior Portfolio Manager
11 April 2011

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 Ethical High Yield Value Bonds available share classes	ISIN
EUR I	LU0473785169
EUR R	LU0473784196



Sparinvest is a signatory of UN PRI and member of Eurosif and Dansif.

UN PRI is an international investor initiative sponsored by the UN and based on six principles for responsible investments. The aim is to help investors actively to incorporate environmental, social and governance issues into their investments.

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/representatives 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. For investors in Switzerland the funds' 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. Sparinvest makes reservations for typos, calculation mistakes and other possible mistakes in the material.

Ethical High Yield Value Bonds EUR R

Monthly Fund Report - Printed: 11-Apr-2011 Currency: EUR

Description

Investment Concept: Value Bonds

The fund invests in global listed corporate bonds issued by listed and private corporations. The company analysis is based on value principles, aiming for a better credit quality and subsequently better preservation of capital, than the general market. Bond selection is also based on theoretically founded principles with emphasis put on default risk, not the potential return. An impartial Norm-Based Screening® and Sector-Based Screening® is performed by Ethix SRI Advisors to ensure that only ethically sound investments enter the portfolio.

Risk indicator - 31-Mar-2011



Basic Information

ISIN	LU0473784196
Bloomberg	SPSHIBR LX
Share Class	EUR R
Fund Inception	01-Feb-2010
Share Class Currency	EUR
Income Type	Accumulating
Company name	Sparinvest S.A.
Domicile	Luxembourg
Share Class Inception	01-Feb-2010
Fund size (MN) - 31-Mar-2011	42.50 EUR
Manager	Sparinvest Fondsmaeglerselskab A/S
Fund Manager	Sune Højholt Jensen
Fund Manager Start Date	01-Feb-2010
Benchmark ¹	Merrill Lynch Global High Yield (EUR Hedged)
Morningstar Category™ ²	EUR High Yield Bond
Latest NAV - 31-Mar-2011	124.32 EUR
Subscription fee (up to)	2.00 %
Redemption fee (up to)	0.00 %
Management Fee	1.25 %
Total expense ratio - 31-Dec-2010	1.58 %

Returns - Month End, Mar-2011

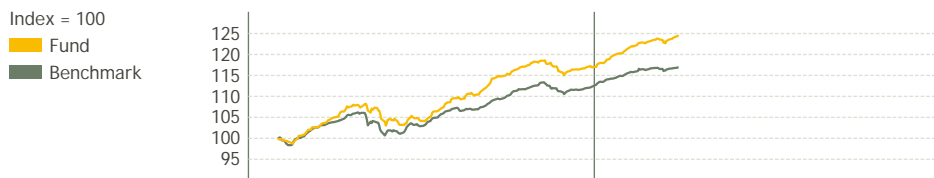
Returns	Fund	Benchmark ¹	Difference
YTD	6.19%	3.97%	2.23%
1 Month	0.98%	0.34%	0.65%
3 Months	6.19%	3.97%	2.23%
1 Year	18.52%	12.62%	5.91%
3 y ann.	-	12.24%	-
5 y ann.	-	7.95%	-

Risk 3 years - Month End, Mar-2011

Risk	Fund	Benchmark ¹	Morningstar ²
Volatility	-	17.78%	16.34%
Sharpe R.	-	-	0.54
Info Ratio	-	-	-

Morningstar Rating™ -

Performance - 31-Mar-2011

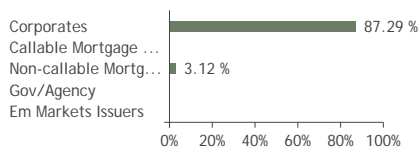


Returns	2010	03-2011
Fund	-	6.19%
Benchmark	14.51%	3.97%
Morningstar Category™	13.22%	3.23%

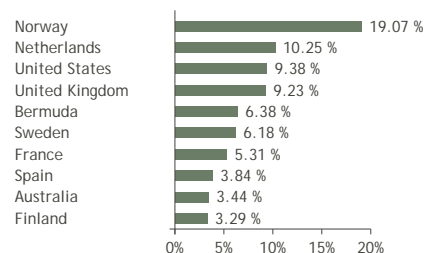
Asset Allocation

Holdings	Equities	Bonds	Other	Cash
98	0.0%	91.1%	0.0%	8.9%

Bond Type



Top 10 Countries



Portfolio (Top 10) - 31-Mar-2011

Name	Bond Type	Type	Country	Weight
Boats Inv. 11% 07-31.3.17 /Pik	Corporates	Bonds	Netherlands	4.55%
Golden Close 11% 10-09.12.15	Corporates	Bonds	Bermuda	3.73%
Santos Fin8.25%(Frn)10-22.9.70	Corporates	Bonds	Australia	3.44%
Noreco 12.9% 09-20.11.14	Corporates	Bonds	Norway	3.37%
Pa Res 12.25% 11-05.04.16	Corporates	Bonds	Sweden	3.04%
Groupama Sa 6.298% 07-Perp	Corporates	Bonds	France	2.81%
Sns 11.25% 09-Perp	Corporates	Bonds	Netherlands	2.78%
Fuerst Cap Frn 09-Perp	Corporates	Bonds	Luxembourg	2.47%
Ccbp 9.25% 09-Perp	Corporates	Bonds	France	2.44%
Bbva Intl Frn 09-Perp	Corporates	Bonds	Spain	2.33%

Bond Credit Quality

AAA	AA	A	BBB	BB	B and below	Not Rated	Effective Duration
0.0%	0.5%	0.2%	19.4%	23.1%	48.0%	8.8%	3.1

Notes:

The mentioned sub-fund is a part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company.

Benchmark Comment

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