



European Value

Headlines

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Fund Facts

| | |
|----------------------|---|
| Strategy | Value Equity |
| Risk | Medium |
| ISIN | LU0264920413 |
| Share Class Currency | EUR |
| Fund Inception | 02-Nov-2006 |
| Fund Managers | Jens Moestrup Rasmussen & Per Kronborg Jensen |
| Benchmark | MSCI Europe (net dividends) |
| Morningstar Category | Europe Mid-Cap Equity |



Performance

In the first quarter of 2011, Sparinvest European Value gained 1.16%. The general European market, as measured by the MSCI Europe index, rose by 0.64% in the quarter. Interestingly, so far in 2011, the European value stock universe (as measured by the MSCI Europe Value index) has gained 2.60%, compared with a loss of 1.21% for growth stocks. This is in contrast with 2010, when value stocks overall underperformed significantly, despite which the Sparinvest European Value fund posted solid returns.

| Sparinvest European Value & Index Returns, in % | Q1 2011 | 2010 |
|---|---------|-------|
| Sparinvest European Value | 1.16 | 25.59 |
| MSCI Europe Index | 0.64 | 11.10 |
| MSCI Europe Value Index | 2.60 | 4.13 |
| MSCI Europe Growth Index | -1.21 | 18.01 |
| MSCI Europe Small Cap Index | -0.25 | 29.91 |

MSCI Europe Index, MSCI Europe Value Index, MSCI Europe Growth Index and MSCI Europe Small Cap Index are all indices that contain a broad selection of companies from all over Europe. All returns on investment are in EUR.

After a strong close to 2010, equity markets have taken something of a breather in the first few months of 2011. At a global level, there were headwinds from social unrest in the Middle East, and the tragic events in Japan, and naturally this had some effect on sentiment in European markets also.

Within Europe, some rotation has started to emerge. Despite the fact that the news flow from Southern Europe has not significantly improved, the equity markets in Spain and Greece started the year on a relatively strong footing. Meanwhile, Scandinavia and Switzerland, which had been safe havens in 2010, are lagging so far in 2011. For the fund, the strongest country contributions came from Italy and Germany.

In terms of sectors, 2010 was a year dominated by outperformance from cyclical sectors such as industrials and consumer discretionary. In 2011 so far, financials have performed well overall, and the fund's relatively low weighting here had something of a negative effect on performance. However, it benefitted from relatively strong performance in construction-related names, including both the construction companies themselves, but also materials suppliers. Meanwhile, our energy holdings gave strong returns in the quarter.

As ever, we do not aim to predict the short term swings and rotations of the market. We are focussed on long-term value at our holdings – and when looking at their underlying fundamentals, we see encouraging signs of a continued recovery from the global financial crisis. Valuations are attractive, and the portfolio offers significant potential for the future.

Portfolio Composition

At the end of the quarter, the cash position was 9.7% of assets under management. The fund had 63 holdings and our ten largest positions accounted for 34.97% of the total.

No new companies were added to the portfolio during the quarter, nor were any existing holdings divested. 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 the fund factsheet at the end of this document, or to our website.

Portfolio Valuation

Valuations, and fundamental conditions, remain compelling. The holdings are amalgamated into one theoretical company, to give a rough indication of the valuation.

This company has a price-to-book of just 1.07 times, compared to 2.01 times for the MSCI Europe index. The

aggregate balance sheet is strong, with net-debt-to-equity of just 37% (versus 52% for MSCI Europe), and intangibles-to-equity of only 20% (versus 63% for the index).

Earnings-based multiples are also encouraging: the strong operating leverage of many of our holdings means that as economic conditions gradually recover, and the top-line improves, there is potential for strong profit growth. The price-to-earnings ratio is 15.4 times for the past fiscal year, but this drops to 11.6 times Bloomberg estimates for 2011 earnings, and 9.6 times for 2012 (compared with 10.7 times for the MSCI World). EV/EBITDA, which is a useful indicator of the price of companies relative to their raw earnings power, is 6.1 times EBITDA for the past fiscal year, compared with 7.7 times for the MSCI Europe. However, looking at Bloomberg estimates for fiscal years 2010 and 2011, the portfolio's EV/EBITDA drops to 5.3 and 4.8 times, compared with 6.5 and 6.1 times for MSCI Europe.

Sparinvest European Value is a portfolio of deeply discounted companies, which offer solid asset backing combined with robust long-term earnings power. We are confident that this portfolio will generate healthy investment returns over the years to come.

Jens Moestrup Rasmussen **Per Kronborg Jensen**
Lead Portfolio Manager Senior Portfolio Manager
11 April 2011

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

| Sparinvest European Value available share classes | ISIN |
|---|--------------|
| EUR I | LU0264924241 |
| EUR R | LU0264920413 |
| EUR UKI | LU0264924753 |
| EUR UKR | LU0264920926 |
| GBP UKR | LU0264927772 |



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.

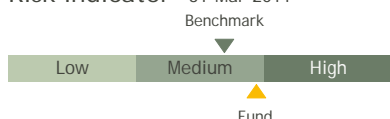
The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer to the full and/or simplified prospectus and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest 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.

Description

Investment Concept: Value Equities

The fund invests in European equities. The fund may to a lesser extent invest in other securities. Stock selection is based on the value approach. After a thorough analysis of publicly available information, stocks having a market capitalisation considerably lower than the intrinsic value are selected. The fund typically has a wider margin of safety, and consequently a lower risk, than the general market. The fund is focused on preservation of capital.

Risk indicator - 31-Mar-2011



Basic Information

| | |
|------------------------------------|-----------------------------|
| ISIN | LU0264920413 |
| Bloomberg | SPEUVLR.LX |
| Share Class | EUR R |
| Fund Inception | 02-Nov-2006 |
| Share Class Currency | EUR |
| Income Type | Accumulating |
| Company name | Sparinvest S.A. |
| Domicile | Luxembourg |
| Share Class Inception | 02-Nov-2006 |
| Fund size (MN) - 31-Mar-2011 | 159.43 EUR |
| Manager | Sparinvest S.A. |
| Fund Manager | Jens Rasmussen |
| Fund Manager Start Date | 02-Nov-2006 |
| Benchmark ¹ | MSCI Europe (net dividends) |
| Morningstar Category™ ² | Europe Mid-Cap Equity |
| Latest NAV - 31-Mar-2011 | 84.70 EUR |
| Subscription fee (up to) | 3.00 % |
| Redemption fee (up to) | 0.00 % |
| Management Fee | 1.50 % |
| Total expense ratio - 31-Dec-2010 | 2.00 % |

Returns - Month End, Mar-2011

| Returns | Fund | Benchmark ¹ | Difference |
|----------|--------|------------------------|------------|
| YTD | 1.16% | 0.64% | 0.52% |
| 1 Month | -2.58% | -3.48% | 0.91% |
| 3 Months | 1.16% | 0.64% | 0.52% |
| 1 Year | 19.63% | 7.38% | 12.25% |
| 3 y ann. | 0.01% | -0.56% | 0.57% |
| 5 y ann. | - | -1.16% | - |

Risk 3 years - Month End, Mar-2011

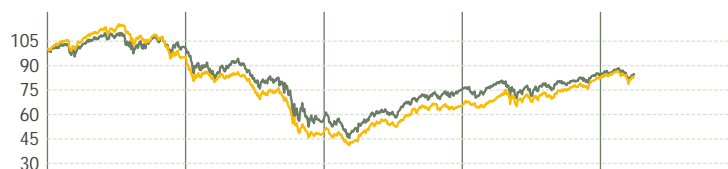
| Risk | Fund | Benchmark ¹ | Morningstar ² |
|------------|--------|------------------------|--------------------------|
| Volatility | 23.87% | 20.03% | 22.48% |
| Sharpe R. | 0.05 | - | 0.10 |
| Info Ratio | 0.14 | - | - |

Morningstar Rating™ **★★★**

Performance - 31-Mar-2011

Index = 100

■ Fund
■ Benchmark

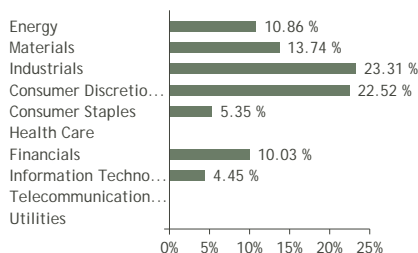


| Returns | 2007 | 2008 | 2009 | 2010 | 03-2011 |
|-----------------------|--------|---------|--------|--------|---------|
| Fund | -4.13% | -48.00% | 32.13% | 25.59% | 1.16% |
| Benchmark | 2.69% | -43.65% | 31.60% | 11.10% | 0.64% |
| Morningstar Category™ | -1.34% | -46.50% | 38.22% | 21.80% | -0.35% |

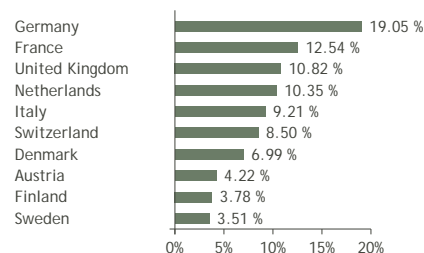
Asset Allocation

| Holdings | Equities | Bonds | Other | Cash |
|----------|----------|-------|-------|------|
| 63 | 90.3% | 0.0% | 0.0% | 9.7% |

Sector Breakdown



Top 10 Countries



Portfolio (Top 10) - 31-Mar-2011

| Name | Sector | Type | Country | Weight |
|--------------------------------|------------------------|----------|-----------------|--------|
| Royal Dutch Shell Plc-A- | Energy | Equities | Netherlands | 3.85% |
| Buzzi Unicem | Materials | Equities | Italy | 3.78% |
| A.P. Moeller - Maersk A/S B | Industrials | Equities | Denmark | 3.57% |
| Omv Ag | Energy | Equities | Austria | 3.54% |
| Frankfurt Airport Serv.Worldw. | Industrials | Equities | Germany | 3.53% |
| Ericsson Tel. B | Information Technology | Equities | Sweden | 3.51% |
| Eni Spa Roma | Energy | Equities | Italy | 3.48% |
| Roy.Philips Electr./Eur 0.2 | Industrials | Equities | Netherlands | 3.32% |
| Berkeley Grp Hldgs | Consumer Discretionary | Equities | United Kingd... | 3.21% |
| Zurich Financial Services/Nam | Financials | Equities | Switzerland | 3.18% |

Notes:

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

Benchmark Comment

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