



Ethical Global Value

Headlines

- Performance
- Portfolio Composition
- Portfolio Valuation
- Ethix SRI Advisors: Summary of the Exclusion Filters
- Ethix SRI Advisors: Ethical Reporting

Fund Facts

Strategy	Value Equity
Risk	High (6)
ISIN	LU0362355355
Share Class Currency	EUR
Fund Inception	30-May-2008
Fund Managers	Jens Moestrup Rasmussen & Kasper Billy Jacobsen
Benchmark	MSCI World (EUR)
Morningstar Category	Global Large-Cap Value Equity

- sparinvest.eu

Performance

In the second quarter of 2011, Sparinvest Ethical Global Value lost 2.80%. During the same period, the overall equity market – as measured by the MSCI World index – declined by 1.66%. However, the value equity market – measured by the MSCI World Value index – fell 2.24%. We should also note that the fund retains a fair proportion of small cap holdings, and during the quarter, the overall small cap market declined by 2.67%.

Sparinvest Ethical Global Value & Index Returns, in %	Q2 2011	YTD
Sparinvest Ethical Global Value	-2.80	-4.14
MSCI World Index	-1.66	-2.58
MSCI World Value Index	-2.24	-2.13
MSCI World Growth Index	-1.08	-3.02
MSCI World Small Cap Index	-2.67	-2.26

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

This means that in the first half of 2011, Sparinvest Ethical Global Value has declined by 4.14%, compared with a decline of 2.58% for the MSCI World. In both an absolute and relative sense, these negative returns are largely the result of the tragic earthquake in Japan, and top-down concerns impacting market sentiment, particularly in cyclical sectors. We are not satisfied to see this decline in the market prices of our holdings, but we certainly do not think this reflects an actual deterioration in their quality or prospects: we believe the intrinsic value of these holdings remains robust, and expect to see share prices reflect that in due course.

In the first quarter, the fund had suffered from its relatively high exposure to Japanese equities, which slumped immediately after the early March earthquake. Since that initial impact, both the Japanese market and our holdings

there have staged a strong rebound, but as of end-June there was still a significant negative impact on year-to-date performance. We continue to monitor conditions closely, and a recent visit to some of our investments in Japan confirmed our initial assessment that these companies are resilient and capable of a rapid fundamental recovery. This, combined with low valuations, points to considerable potential.

In the second quarter, the most significant factor in all regions has been the overall weakness in cyclical sectors where the fund has high exposure – such as industrials, consumer discretionary and financials. Energy stocks also lost ground after healthy gains earlier in the year. The fund enjoyed better performance in materials and IT, as well as more traditionally defensive sectors like consumer staples and telecoms, which were relatively robust.

In Europe, these sector exposures led to a small negative return in the second quarter, both in absolute terms and relative to the index. By country, we saw healthy absolute returns in the United Kingdom, France, and Sweden, but declines in the Netherlands, Denmark and Germany, a country where we have relatively high exposure.

In North America, after some strong gains in the first quarter, the second quarter saw our holdings – mainly industrial and energy – fall back somewhat, exacerbated by a weakening US dollar. However, on a year-to-date basis our North American holdings remain in positive territory and ahead of the index. Looking over a slightly longer time-period, our North American exposure has gradually been increasing as a result of both share price gains and new investment opportunities.

The recent weakness of cyclical sectors is not surprising, considering the various top-down headwinds: the earthquake, Middle East unrest, and resurgent concern that sovereign debt issues could trigger wider problems. However, we are focussed on long-term value at our holdings, and while carefully analysing the potential impact of macro developments on intrinsic value, we are on the whole encouraged by fundamental earnings developments at our cyclical holdings: we believe they provide strong downside protection with sustainable business models. Current market conditions, which significantly undervalue the long-term earnings power of these companies, offer a buying opportunity.

Portfolio Composition

At the end of the quarter, the cash position was 4.3% of assets under management. The fund had 96 holdings and our ten largest positions accounted for 30.6% of the total.

Since we last wrote, we have made two new investments. We bought shares in RadioShack, a consumer

electronics retailer in the United States, and Mitsubishi UFJ Financial Group, a Japanese banking group.

In general rebalancing of the portfolio, we made additional investments in some existing holdings and reduced others. No positions were entirely exited during the quarter.

For further data on the fund, including complete portfolio holdings, performance and breakdowns by industry and geographical sector, please refer to our website and the latest fund factsheet.

Portfolio Valuation

Valuations continue to suggest that the portfolio has considerable potential. As a rough indication, we amalgamate the holdings into one theoretical company.

This company has a price-to-book of just 1.02 times, compared to 2.16 times for the MSCI World index. The balance sheet is strong, with net-debt-to-equity of just 24% (versus 51% for the MSCI World), and intangibles-to-equity of only 18% (versus 45% for the index).

Earnings-based multiples are also attractive, with many of our holdings poised to see solid earnings expansion as macro conditions gradually improve. The price-to-earnings ratio is 14.9 times for the fiscal year ended, but this drops to 12.9 times Bloomberg estimates for 2011 earnings, and 10.2 times for 2012 (compared with 11.7 times for the MSCI World). EV/EBITDA, which is a useful indicator of the price of companies relative to their raw earnings power, is just 4.7 times 2012 Bloomberg estimates, compared with 6.4 times for the MSCI World.

The fund is invested in a diverse range of companies, whose share prices offer deep discounts to their asset backing and long-term earnings power. We are confident in our belief that this portfolio will generate healthy investment returns over the years to come.

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, two new investments were made – details are below.

In addition, one potential new investment was excluded as a result of the ethical screening criteria. Daicel, a Japanese chemical company, has a business segment producing 'pyrotechnic devices'; these are primarily inflators for automobile air bags, but a small minority is used for rocket motors for missiles. Apparatus designed for the launching of combat equipment is also considered to be combat equipment, and therefore Daicel has been excluded.

RadioShack

Issue	Country	Norm-Based Screening			Sector-Based Screening				
		Red	Amber	Green	Weapons	Alcohol	Gambling	Pornography	Tobacco
RadioShack	Japan	—	—	—	—	—	—	—	—

Mitsubishi UFJ Financial Group

Issue	Country	Norm-Based Screening			Sector-Based Screening				
		Red	Amber	Green	Weapons	Alcohol	Gambling	Pornography	Tobacco
Mitsubishi UFJ Financial Group	Japan	—	—	—	—	—	—	—	—

Existing holdings

There were no developments of note during the quarter.

Jens Moestrup Rasmussen
Chief Portfolio Manager
11 July 2011

Kasper Billy Jacobsen
Chief Portfolio Manager

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 Ethical Global Value available share classes	ISIN
EUR I	LU0362355439
EUR R	LU0362355355
EUR UKI	LU0362355785
GBP UKR	LU0362355603



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.

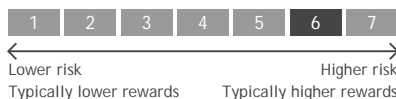
The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer to the full and/or simplified prospectus and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest 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 Sub-Fund aims at providing a positive return over the long term by investing in equity securities and, to a limited extent, convertible securities and warrants on transferable securities that are admitted to official listing on a stock exchange or that are traded on a Regulated Market within the OECD countries, EU member states (the "EU Member States"), Singapore or Hong Kong. The Sub-Fund applies an ethical screening that identifies the companies that do not fulfill an ethical framework, and they are excluded.

Risk and Reward Profile



Basic Information

ISIN	LU0362355355
Bloomberg	SPAEGVR LX
Share Class	EUR R
Fund Inception	30-May-2008
Share Class Currency	EUR
Income Type	Accumulating
Company name	Sparinvest S.A.
Domicile	Luxembourg
Share Class Inception	30-May-2008
Fund size (MN) - 30-Jun-2011	135.46 EUR
Manager	Sparinvest Fondsmaeglerselskab A/S
Fund Manager	Jens Rasmussen
Managed Since	30-May-2008
Benchmark ¹	MSCI World
Morningstar Category ²	Global Large-Cap Value Equity
Latest NAV - 30-Jun-2011	98.54 EUR
Subscription fee (up to)	3.00 %
Redemption fee (up to)	0.00 %
Management Fee	1.50 %
Total expense ratio - 31-Dec-2010	1.99 %

Returns - Month End, Jun-2011

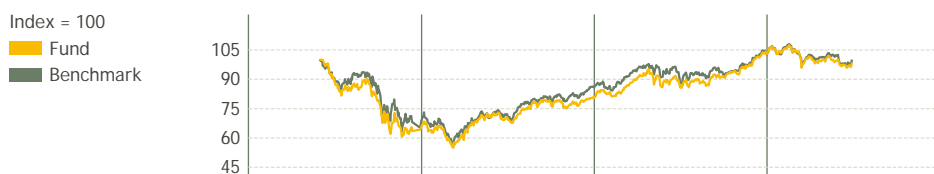
Returns	Fund	Benchmark ¹	Difference
YTD	-4.14%	-2.58%	-1.57%
1 Month	-1.69%	-2.41%	0.73%
3 Months	-2.80%	-1.66%	-1.14%
1 Year	12.59%	10.27%	2.33%
3 y ann.	2.94%	3.29%	-0.35%
5 y ann.	-	-0.26%	-
10 y ann.	-	-	-

Risk 3 years - Month End, Jun-2011

Risk	Fund	Benchmark ¹	Morningstar ²
Volatility	19.53%	16.22%	16.96%
Sharpe R.	0.17	-	0.12
Info Ratio	0.03	-	-

Morningstar Rating™ **★★★★★**

Performance - 30-Jun-2011

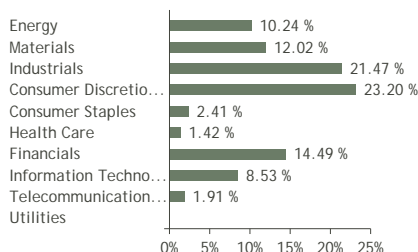


Returns	2008	2009	2010	06-2011
Fund	-	22.75%	27.88%	-4.14%
Benchmark	-37.64%	25.94%	19.53%	-2.58%
Morningstar Category™	-37.78%	27.06%	15.45%	-2.41%

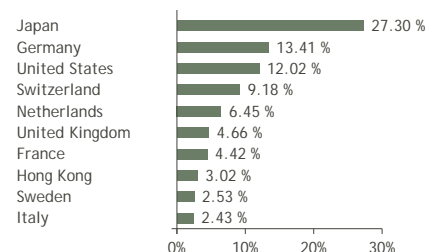
Asset Allocation

Holdings	Equities	Bonds	Other	Cash
96	95.7%	0.0%	0.0%	4.3%

Sector Breakdown



Top 10 Countries



Portfolio (Top 10) - 30-Jun-2011

Name	Sector	Type	Country	Weight
Frankfurt Airport Serv. Worldw.	Industrials	Equities	Germany	4.23%
Koninklijke Dsm Nv	Materials	Equities	Netherlands	3.63%
Ms&Ad Insurance Group Holdings	Financials	Equities	Japan	3.56%
Peugeot Sa	Consumer Discretionary	Equities	France	3.19%
Hutchison Whamp/Hk0.25	Industrials	Equities	Hong Kong	3.02%
Hochtief A.G.	Industrials	Equities	Germany	2.92%
Bqe.Cantonale Vaudoise /Nom.	Financials	Equities	Switzerland	2.64%
Ericsson Tel. B	Information Technology	Equities	Sweden	2.53%
Man Se	Industrials	Equities	Germany	2.47%
Roy.Philips Electr./Eur 0.2	Industrials	Equities	Netherlands	2.41%

Notes:

Ethical Global Value is based on the Global Value fund, inception in 2001. Norm-based Screening® by Ethix SRI Advisors. The mentioned sub-fund is a part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company.

Benchmark Comment

-