



Global Value

Headlines

- Performance
- Portfolio Composition
- Portfolio Valuation
- Individual Positions

Fund Facts

Strategy	Value Equity
Risk	Medium
ISIN	LU0138501191
Share Class Currency	EUR
Fund Inception	14-Dec-2001
Fund Manager	Jens Moestrup Rasmussen
Benchmark	MSCI World
Morningstar Category	Global Large-Cap Value Equity

Performance

In the second quarter of 2009, Sparinvest Global Value advanced by 19.27%, taking the year-to-date return to an increase of 7.50%. The general equity market, as measured by the MSCI World Index, rose by 14.30% in the quarter and 5.40% year-to-date. Meanwhile, during the quarter, the MSCI World Value and MSCI World Small Cap indices increased by 16.61% and 21.25%, respectively. The MSCI World Growth index rose by 12.25%.

The market saw some significant return reversals and, although the fund did not benefit fully from the rebound in financials, it profited well from the strong showing in industrial and consumer discretionary stocks – particularly in the Euro zone. Defensive and energy stocks performed less strongly, while the Japanese yen and US dollar both weakened slightly against the Euro – although the Japanese market was among the strongest performers in the quarter, even in Euro terms.

As such, the fund performed well in both absolute and relative terms in the second quarter, outperforming the MSCI World by over 4 percentage points. Naturally, this is satisfying, but our focus – as always – remains on the generation of healthy returns over the longer term.

Portfolio Composition

At the end of the quarter, the cash position was 7.10% of assets under management. The fund had 99 holdings and our ten largest positions accounted for 28.89% of the total. During the quarter, we made a new investment in Patterson UTI, a US company offering land drilling services to oil and natural gas companies.

Meanwhile, we have exited four small holdings as part of our ongoing process to remove holdings of insignificant weighting. 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 our website and the latest fund factsheet.

Portfolio Valuation

We continue to believe that the valuations and indicators of the financial strength of our holdings show great potential. After a quarter in which the fund rose by 19%, the average Price-to-Book ratio remains at only 0.9x, with an EV/EBITDA (one measure of the price you pay for the earnings power) just over 5 times. The Net-Debt-to-Equity ratio remains a healthy 19%. We remain confident in the quality of our holdings, both in terms of their balance sheets and the robustness of their business models. We are convinced that the strength and low pricing of our portfolio will allow us to generate healthy long-term returns.

Individual Positions

Fossil

Target reached

Fossil is an American company that designs and markets a range of fashion products. Its core product is watches which it markets under its own brand names as well as various in-licensed brands.

In Fossil, we saw a strong – net cash – balance sheet, coupled with a track record of healthy earnings and steady expansion of shareholders' equity. We were impressed by Fossil's large stable of licensing tie-ups – ranging from fashion names like DKNY, Emporio Armani and Burberry, to sports brands such as Columbia Sportswear, Callaway Golf and Adidas - and the company's proven ability to manage these diverse brands to generate stable earnings.

We invested in Fossil in early March 2009, paying between 12 and 13 USD per share. At Sparinvest, we do not aim to practice market timing. We invest in companies which we consider to be undervalued and sell when they reach our estimation of intrinsic value. In Fossil, this happened quickly. The stock rose rapidly to our target price, and in early May we were able to sell for an average price of over 20 USD – giving a return close to 60% within two months.

Jens Moestrup Rasmussen

Lead Portfolio Manager

10 July 2009

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