

#### Peer Group:

Global Mainstream Equities

#### Fund Manager/Adviser:

Jens Moestrup Rasmussen (since launch)

#### Location:

Copenhagen

#### Launch Date:

December 2001

#### Fund Size (January 2010):

US\$1.08bn, €757m

#### Group Contact No:

+352 262 7471

#### Website:

www.sparinvest.eu

#### S&P ID Number:

OS503701

#### Share class screened:

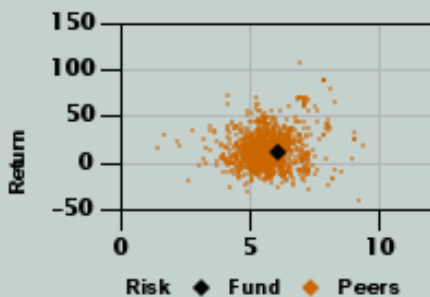
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#### INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

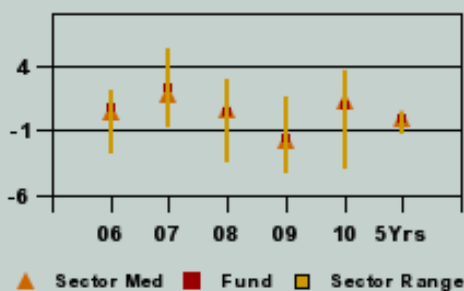
#### RISK RETURN (STD DEVIATION) OVER 5 YEARS



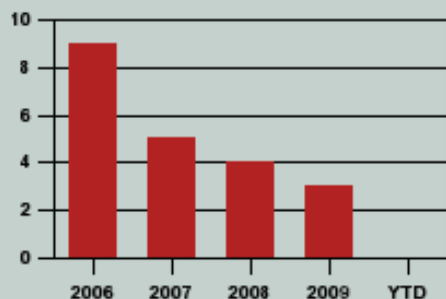
#### 3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-58.4
Volatility	Medium	25.7
Correlation	High	0.9
Beta	Medium	1.1

#### SHARPE RATIO VS PEER GROUP



#### CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at

[www.FundsInsights.com](http://www.FundsInsights.com)

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#### STANDARD & POOR'S OPINION (JANUARY 2010)

The fund is managed in a highly disciplined bottom-up, value-oriented fashion. The process starts with a quantitative screen to enable the team of six to undertake fundamental research on fewer stocks. The screen looks at long-term company valuations and compares them with current valuations in the belief that companies revert to mean in the long run. Company analysis focuses on balance sheet strength and undervalued businesses, seeking catalyst for unlocking that value.

The fund manager, Jens Moestrup Rasmussen, has over 15 years' experience and is supported by a further two experienced portfolio managers, all of whom have worked together for the past five years. The analytical team of three includes two Japanese speakers, recruited over the past two years, as many ideas were emerging from Japan. While the portfolio

is biased towards Europe and Japan, we suspect the team would be stretched if a large number of ideas came up in the US region.

Like all value-oriented portfolios there are likely to be periods when the style is out of favour resulting in underperformance relative to both the MSCI Global index and the peer group. As the decile chart shows below, performance was strong in 2005 and 2006 and has been third quartile since in markets driven by growth and momentum. However, the five-year track record remains second quartile.

The long-term track record from a stable and experienced team with a consistent investment process results in the fund retaining its S&P AA rating.

#### FACT FILE

**Group:** Originally founded as a mutual fund company by a group of Danish savings banks in 1968, Sparinvest is now an asset management firm owned by a broad range of over 90 institutional shareholders. Assets under management (€7bn) and consultancy (€8bn) have grown rapidly over the past decade.

**Team:** This fund is managed by Sparinvest's value equity team based in Copenhagen. The team is headed by Jens Moestrup Rasmussen and comprises four experienced portfolio manager/analysts and two analysts.

**Fund Manager:** Jens Moestrup Rasmussen joined Sparinvest as an equity analyst in 1997 from KOB, the Danish credit rating agency. He has managed money since 2000 and headed the equity team since 2001.

**Style:** The fund is managed using the Graham & Dodd screening tools resulting in a value-based, bottom-up stock selection process, focusing on out-of-favour quality companies.

**Performance:** Over the five years to 31/12/2009, the fund has returned 10.2%, compared with 9.6% for the sector median and 16.4% for the index, ranking 888/1858.

#### FUND MANAGER & TEAM

Sparinvest's Copenhagen-based value equity team comprises four portfolio manager/analysts and two analysts. Team head Jens Moestrup Rasmussen and the two other portfolio manager analysts have been together on the fund since 2004 with one fund manager and two analysts recruited in 2007. Together they are responsible for €2.5bn assets under management (as of end-August 2009).

Jens Moestrup Rasmussen - MSc economics (Copenhagen University), joined the Sparinvest equity team in 1997 from the Danish credit rating agency, KOB. He began managing money in 2000 and has been head of equities since 2001.

Kasper Jacobsen - MSc economics (Copenhagen Business School), started his career as a credit analyst at Danish rating agency KOB in 1993, before moving to Danish business daily Dagbladet Børsen. He joined Sparinvest in 2000 and joined the value team in 2004.

Per Kronberg Jensen - MSc economics (Aarhus University), joined Sparinvest as an analyst in 2004 to focus on developing valuation models.

## PORTFOLIO CHARACTERISTICS

No. of holdings	97
Turnover ratio (%)	est. 10
% in top 10	32

## TOP 10 HOLDINGS (31/12/09)

	%
Koninklijke DSM	4.1
Roy.Philips Electricals	3.9
A.P. Moeller - Maersk A/S B	3.6
Hochtief	3.4
Douglas	3.1
Hutchison Whamp	3.1
Frankfurt Airport Serv.Worldw.	3.0
Man	3.0
J.Sainsbury	2.8
Bqe. Cantonale Vaudoise/Nom.	2.4

\* In top 10 holdings a year ago

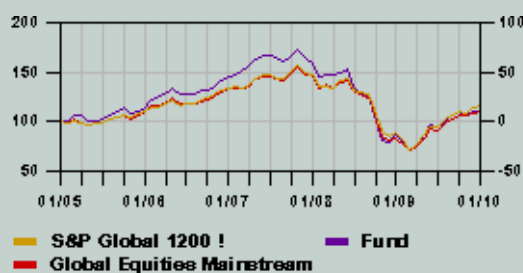
## ALLOCATION BREAKDOWN (31/12/09)

	Fund %
Consumer discretionary	26.0
Consumer staples	5.1
Energy	4.0
Financials	15.1
Health care	1.2
Industrials	26.4
Information technology	6.4
Materials	10.7
Telecommunication services	1.8

## PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	-23.9%	10.2%
Standard & Poor's Peer Median	-17.4%	9.6%
Index**	-13.1%	16.4%
Fund Rank	1950/2462	888/1858
Standard Deviation	25.7	-
Relative Standard Deviation	1.1	-
Volatility Adjusted Ranking	1692/2462	-

## CUMULATIVE PERFORMANCE



# SPICAV - GLOBAL VALUE FUND

Peer Group: Global Mainstream Equities



## MANAGEMENT STYLE

• This fund's value-driven style seeks companies that are trading at a significant discount to their intrinsic value, but have a catalyst to unlock that value. The fund seeks to outperform the MSCI World index over the long term.

• The Graham & Dodd valuation screen is applied to a universe of over 21,500 stocks (minimum market cap \$200m) to help guide the team's fundamental stock analysis. This is pragmatic, using a number of different criteria (low P/B, PCF, P/E ratios, enterprise multiples and net debt to equity) to calculate intrinsic value, with the overriding objective to find quality companies trading at a discount of at least 40%. A database of over 400,000

corporate takeovers is used to help assess takeover value. Stock selection is determined bottom-up, with no attention to benchmark weights. Country and sector positioning can deviate significantly from that of the index. Sales occur when target prices are met or takeover.

• Risk is controlled by buying high quality companies (maximum 50% net debt to equity) and those that the team feel have considerable share price upside.

• The fund invests in developed markets but can take small positions in EM companies.

## PORTFOLIO REVIEW

Despite market volatility, the fund size has remained relatively stable at about €700m and the number of holdings remains under 100. The manager highlights that following the market volatility more new ideas have come from the screen.

At country level, the fund remains biased towards Europe and Japan at the expense of the US. Rasmussen says that the team recently found more US names resulting in the weighting rising from 4% to 7%, but they remain concerned about some of the

accounting techniques used in the US and balance sheet strength. Japan, at over 25%, is favoured as the team believes that strong balance sheets and low leverage in companies there will lead to improved valuations. Europe (52%) has always been a favoured place for finding investments. At sector level, industrials (26%) and consumer discretionary (26%) are overweight at the expense of financials, energy, IT and healthcare. The market cap bias is towards mid- and small-caps.

## PERFORMANCE ANALYSIS (JANUARY 2010)

As a value-oriented fund, relative performance over discrete 12 month periods may be volatile relative to both the benchmark and the peer group. Over the past four years the fund has twice been top quartile, and twice third quartile. Over a full market cycle (five years), the fund has delivered top-quartile performance within the global equities peer group.

The fund's value style, small-cap tilt and heavily overweight Europe position helped the fund deliver strong returns in 2005 and

2006. In 2007, 2008 and 2009, the fund struggled to cope in the growth and momentum-driven markets and this was additionally compounded by the bias to small-caps and more recently to Europe. The overweighting to Japan and underweighting to Asia ex Japan hurt in 2009. Additionally the fund typically benefits from M&A activity, with the manager estimating that 40% of sales have historically occurred due to takeover of the company. M&A activity stopped in 2007 and has yet to return.

## DISCRETE PERFORMANCE (CALENDAR YEARS)

	2006		2007		2008		2009		YTD 31/12/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	26.9	387/2182	9.7	1398/2482	-45.4	1832/2866	27.0	2437/3242		/
Index**	21.5		10.2		-40.1		31.7			
Median	21.5		10.7		-43.8		32.2			

\*\* S&P Global 1200 (Industry)

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