



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	N/A
ISIN	LU0362355355
Share Class Currency	EUR
Fund Inception	30-May-2008
Fund Manager	Jens Moestrup Rasmussen
Benchmark	MSCI World (EUR)
Morningstar Category	Global Large-Cap Value Equity

- sparinvest.eu

Performance

In the third quarter of 2009, Sparinvest Ethical Global Value rose by 12.37%, taking the year-to-date return to 20.25%. The general equity market, as measured by the MSCI World Index, advanced by 12.70% over the quarter and 18.78% year-to-date. Meanwhile, MSCI World Value and MSCI World Small Cap indices increased by 14.80% and 17.28%, respectively. The MSCI World Growth index rose by 10.60%.

Although we lagged the MSCI World index by 0.33% during the quarter, we remain 1.47% ahead of it year-to-date. Similarly, we trailed the MSCI World Value index by 2.43% during the quarter but have outperformed by 2.41% year-to-date.

During the past three months, our German and Dutch holdings have served us well. Our relatively low weighting in the United States was partially offset by a strong performance from our holdings there. Japanese markets were sluggish in the quarter, meaning that our high weighting there worked against us slightly. Compared with the MSCI World, our high weighting in industrial and consumer discretionary stocks was beneficial, bolstered by a strong performance from our specific holdings in those sectors. In contrast, we suffered somewhat from a relatively low weighting and weak performance from our financial holdings.

Portfolio Composition

At the end of the quarter, the cash position was 6.9% of assets under management. The fund had 96 holdings and our ten largest positions accounted for 31.03% of the total.

Since we last wrote, we have made a new investment in Bovis Homes, a UK house builder. 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

Despite the share price gains of the past quarter, valuations of the portfolio remain attractive. If we aggregate the data from the holdings into one theoretical company, it is trading at a price-to-book of just 0.87 times. Looking at earnings, EV/EBITDA is 3.6 times 2009 estimates, and just 2.9 times 2010 estimates. The aggregate balance sheet is solid, with net-debt-to-equity of just 24% (versus 61% for the MSCI World), and intangibles-to-equity of only 17% (versus 53% for the index). 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.

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.

Bovis Homes

Issue	Country	Norm-Based Screening			Sector-Based Screening				
		Red	Amber	Green	Weapons	Alcohol	Gambling	Pornography	Tobacco
Bovis Homes	GB	—	—	—	—	—	—	—	—

No comment regarding involvement in controversial activity and revenue shares derived from such activities.

Existing holdings

During the quarter, none of our existing holdings were removed from the portfolio due to ethical criteria. However, one of our holdings – Royal Dutch Shell – has been placed on an Amber alert, which is explained below. We will of course monitor this situation.

Royal Dutch Shell Plc-A Shs – Issue of concern

Issue	Country	Norm-Based Screening			Sector-Based Screening				
		Red	Amber	Green	Weapons	Alcohol	Gambling	Pornography	Tobacco
Royal Dutch Shell Plc-A Shs	NL	—	•	—	—	—	—	—	—

Royal Dutch Shell plc (Shell) has not satisfactorily addressed serious allegations of failure to prevent negative effects of oil production on local communities and the environment in the Niger Delta. Shell's failure to abide by the rulings of Nigerian courts and pay its share of pollution compensation awards is assessed to fall short of international standards of corporate social responsibility.

Ethix SRI Advisors dialogue: Shell has provided Ethix SRI Advisors with detailed answers regarding its position on gas flaring and oil spill compensations and has an ongoing dialogue with stakeholders.

Ethix SRI Advisors will revise its current assessment if the company:

- Discontinues routine gas flaring.
- Reaches a satisfactory settlement with local communities covering environmental degradation and negative health effects.

Jens Moestrup Rasmussen

Lead Portfolio Manager

8 October 2009

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 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 Services Bank S.A., Zurich Branch, Badenerstrasse 567, P.O. Box 101, CH-8066 Zurich. Published by Sparinvest, 28, Boulevard Royal, L-2449 Luxembourg.