

Named portfolio manager(s):
Klaus Blaabjerg (since launch)
Peer group: Euro Global High Yield

Location: Copenhagen
Launch date: November 2005
Fund size (January 2010): €120m

Further information on S&P's fund coverage can be found at www.FundsInsights.com



Report date January 2010

Investment Style

	Inv Grade	Blend	Sub Inv Grade
Govt			
Corp			
Emerging			
ABS/MBS			

Performance Statistics

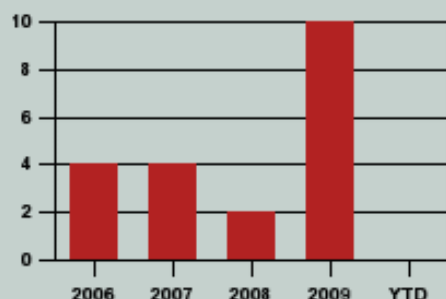
	3 Years
Fund	12.1%
Standard & Poor's Peer Median	4.3%
Index**	10.7%
Fund Rank	10/78
Volatility Adjusted Ranking	25/78

Note: returns are cumulative

3 Year Risk Characteristics

Maximum Drawdown (%)	High	-40.0
Volatility	High	21.1
Correlation	High	0.7
Beta	High	0.9

Calendar Year Decile Ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank 9, with tenth decile as rank 1.

Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 31/12/2009 on NAV to NAV basis, with gross income reinvested, in euro.

Standard & Poor's opinion (January 2010)

Sparinvest runs this mandate according to a clearly defined investment approach. The fund invests exclusively in cash market securities and remains fully invested through the credit cycle (save a small cash balance held to manage investor flows). The investment approach largely disregards market technicals and other "noise", and instead evaluates idiosyncratic risks from a fundamental standpoint.

The high yield universe is filtered using market capitalisation, price-to-book and debt-to-equity ratios. These three metrics were back tested prior to the fund's launch in 2005 and suggested superior performance could be generated over the longer term by investing in the debt of small cap companies with low gearing, moderate P/B valuations and strong covenant controls.

This approach can lead the fund to struggle in bear markets as investors seek the familiarity of more widely held companies, but on the flipside the fund can outperform strongly when risk appetite returns. This was evident in 2008 when the fund's small-cap bias weighed on performance. However, we are encouraged that the drawdown that year was low when compared to some other high beta funds, helped in part by prudent security selection. Moreover, the team's value approach to investing was validated in 2009 when the fund posted an absolute return of 83% (before fees).

We like the consistent and transparent investment approach, although note the fund is likely to exhibit higher volatility than most of its peers. The fund achieves an S&P A/V6 rating.

Fund manager & team

Sparinvest's bond team manages €480m in value-based mandates. It is headed by Klaus Blaabjerg and comprises two portfolio managers, a credit analyst and one junior. They utilise a team of six equity analysts.

Klaus Blaabjerg - senior portfolio manager - MSc economics (University of Copenhagen), joined Sparinvest in 2005 as a senior portfolio manager. He previously managed Bankinvest Virksomhedsobligationer, one of Scandinavia's largest investment grade funds. Klaus joined the asset management industry in 1999.

Sune Hojholt Jensen - MSc economics & business administration (Copenhagen Business School), joined Sparinvest as a senior portfolio manager in 2006 following nine years spent trading corporate bonds and credit default swaps.

Toke Lilhauge Hjortshoj - PhD finance (University of Aarhus), joined Sparinvest in 2007 as a credit analyst.

Management style

The fund is measured against the Merrill Lynch Global High Yield (euro hedged) index, however the manager is not constrained by the benchmark and employs an active approach to portfolio construction.

The fund will, for the most part, remain fully invested through the course of the cycle, except for a small cash balance used to manage investor flows. It will also invest exclusively in cash market securities, with credit derivatives not yet featuring in the portfolio.

The team adopts a fundamental approach to investing. They prefer bonds issued by small companies on the view that investors are rewarded with a liquidity premium over the longer term. Their back-testing results also support companies with low P/B valuations and conservative gearing ratios. However, they are also aware of LBO risk and closely analyse change of control covenants.

Portfolio construction is dictated by identifying compelling bottom-up stories rather than by top-down sector views. Individual issues are limited to 4% of the portfolio.

SPARINVEST SICAV - HIGH YIELD VALUE BONDS

Sub-fund of Luxembourg domiciled Sicav - Part 2
Sparinvest

STANDARD & POOR'S



Portfolio & performance analysis (January 2010)

The manager identified value in subordinated financials following Lehman's collapse and increased exposure to the sector towards the end of 2008 and through Q1 2009. The fund was about 10% overweight financials at the time of review, with BNP Paribas and other large European banks favoured by the team. The portfolio includes Tier 1 issues with equity settlement mechanisms and put option provisions, should the securities failed to be called.

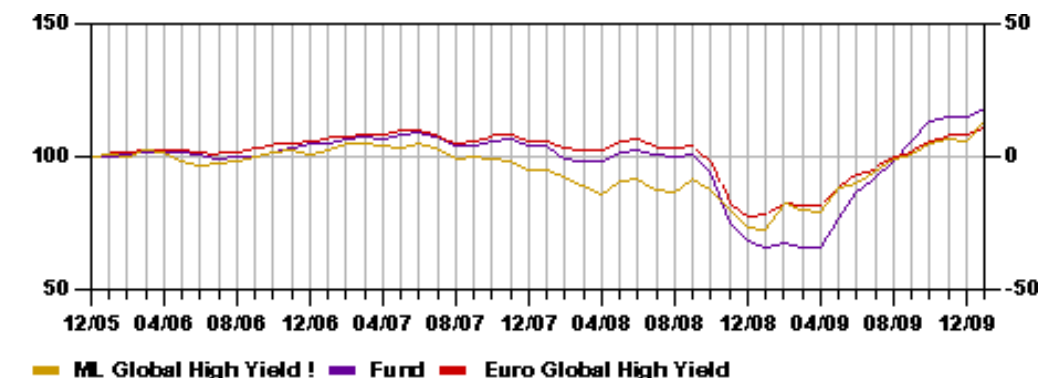
The largest active sector position is in energy, where the fund has a 25% overweight. Here, the managers have identified names with attractive gearing and valuation metrics. The active investment approach is confirmed by the current zero exposure to communications, diversified and utilities (which have a 22% aggregate weighting in the benchmark).

Elsewhere, the fund is overweight Norway and the UK against the US, although these active exposures are more a result of bottom-up opportunities, as opposed to regional top-down bets.

Performance ranks top quartile over three years cumulatively, albeit with higher volatility relative to the peer group. 2008 was a difficult year because of the small-cap bias, however the drawdown was not as large as that suffered by some other high beta funds. This was helped by sound security selection, with the fund's default rate being significantly lower than the wider market.

The fund posted excellent (absolute and relative) performance in 2009, beating the benchmark by 22% (before fees), comfortably erasing the 7.6% underperformance from the previous year. The preference for value and small-cap names, together with the timely reallocation into subordinated financials in late 2008/early 2009 has helped the fund perform strongly during the recovery in credit markets.

Cumulative performance



Discrete Performance (calendar years)

	2006		2007		2008		2009		YTD 31/12/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	5.3	50/73	-1.1	51/78	-37.1	76/83	80.2	4/91		/
Index**	1.5		-7.0		-24.1		57.0			
Median	6.1		-0.2		-25.7		44.2			

** ML Global High Yield!

Fund Benchmark: ML Global High Yield (EUR hedged)

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
EUR R	3.00	1	1.25				LU0232765429

Registered for sale

Sources of return (01/01/10)

	Low	Average	High
Duration	[Bar chart]		
Yield Curve	[Bar chart]		
Credit Spreads	[Bar chart]		
Country / Sectors	[Bar chart]		
Currency Exposure	[Bar chart]		
Derivatives	[Bar chart]		

Portfolio characteristics

Effective duration (years)	3.9
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Credit rating breakdown by CTD* (01/01/10)

	Long	Short	Net
Not available			

Duration breakdown (01/01/10)

	Long	Short	Net
Not available			

Asset allocation by CTD (01/01/10)

	Long	Short	Net
Not available			

* CTD = Contribution to duration. Credit rating exposures are expressed in spread duration terms.

Symbols and Definitions

Long-Only Fund Ratings

AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and performance consistency of the management team and/or approach as compared to funds with similar objectives.

AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-Hedge-Fund Ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Absolute Return Fund Ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

All Fund Ratings

NR Funds designated as NR (Not Rated) currently do not meet the requisite performance standards and/or the minimum qualitative criteria.

UR Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

New Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

Bond Fund Volatility Ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of the highest quality fixed-income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or liquid securities.

V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute Return Fund N Ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.

10/14/2008

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