



European Value

Headlines

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Fund Facts

Strategy	Value Equity
Risk	High (6)
ISIN	LU0264920413
Share Class Currency	EUR
Fund Inception	02-Nov-2006
Fund Managers	Jens Moestrup Rasmussen & Per Kronborg Jensen
Benchmark	MSCI Europe (net dividends)
Morningstar Category	Europe Mid-Cap Equity



Performance

In the second quarter of 2011, Sparinvest European Value lost 0.98%. The general European market, as measured by the MSCI Europe index, rose by 0.26% in the quarter.

On a style basis, the European value stock universe (as measured by the MSCI Europe Value index) lost 0.84% in the second quarter, compared with a gain of 1.34% for growth stocks. However, the first quarter had been strong for the value stock index, so on a year-to-date basis MSCI Europe Value remains around 1.6% ahead of MSCI Europe Growth.

Sparinvest European Value & Index Returns, in %	Q2 2011	YTD
Sparinvest European Value	-0.98	0.17
MSCI Europe Index	0.26	0.91
MSCI Europe Value Index	-0.84	1.74
MSCI Europe Growth Index	1.34	0.11
MSCI Europe Small Cap Index	-1.02	-1.27

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

This means that year-to-date, the fund has gained 0.17%, compared to a rise of 0.91% in the MSCI Europe index. The limited year-to-date returns are largely the result of top-down concerns impacting market sentiment, particularly in the financial sector. There continues to be an impact from social unrest in the Middle East and the tragic events in Japan. More notably, in Europe the cocktail of high debt burdens and refinancing risk in certain countries has put the euro under pressure towards the end of the second quarter, and triggered some short-term negative sentiment.

Looking at the overall European equity market, the newsflow inevitably impacted the Greek equity market, which went from the top performer in the first quarter to the bottom of the table in the second. Meanwhile, the Scandinavian region continued to underperform. The best performing countries in the quarter were Germany, France, Ireland and Switzerland. For the fund, the strongest countries were France, Italy and the United Kingdom.

In terms of sectors, it is no surprise that financial stocks suffered the most during the second quarter. The fund has lower financial exposure than the index, but sharp share price falls meant the sector was the biggest negative contributor to performance both in the second quarter, and first half overall. In both the fund and the wider market, energy stocks fell on the back of lower oil prices. The overall market saw good performance from healthcare, consumer staples and consumer discretionary, and these latter two also served the fund well. However, the fund's strongest performance in both relative and absolute terms came from the industrial sector. Looking at market capitalisation, the fund saw positive returns in small and mid caps, with only large cap stocks delivering negative returns over the quarter and year-to-date.

It is perhaps not surprising that short-term market sentiment has been somewhat negative recently, considering the various top-down concerns. 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 5.8% of assets under management. The fund had 64 holdings and our ten largest positions accounted for 36.79% of the total.

No new companies were added to the portfolio during the quarter, nor were any existing holdings divested. 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

Valuations, and fundamental conditions, remain compelling. The holdings are amalgamated into one theoretical company, to give a rough indication of the valuation.

This company has a price-to-book of just 1.05 times, compared to 1.97 times for the MSCI Europe index. The aggregate balance sheet is strong, with net-debt-to-equity of just 37% (versus 51% for MSCI Europe), and intangibles-to-equity of only 20% (versus 62% for the index).

Earnings-based multiples are also encouraging: the strong operating leverage of many of our holdings means that as economic conditions gradually recover, and the top-line improves, there is potential for strong profit growth. The price-to-earnings ratio is 14.2 times for the past fiscal year, but this drops to 11.6 times Bloomberg estimates for 2011 earnings, and 9.3 times for 2012 (compared with 10.5 times for the MSCI Europe Value). EV/EBITDA, which is a useful indicator of the price of companies relative to their raw earnings power, is 5.9 times EBITDA for the past fiscal year, compared with 7.2 times for the MSCI Europe. However, looking at Bloomberg estimates for fiscal years 2011 and 2012, the portfolio's EV/EBITDA drops to 5.3 and 4.7 times, compared with 6.4 and 6.0 times for MSCI Europe.

Sparinvest European Value is a portfolio of deeply discounted companies, which offer solid asset backing combined with robust long-term earnings power. We are confident in our belief that this portfolio will generate healthy investment returns over the years to come.

Jens Moestrup Rasmussen Chief Portfolio Manager
Per Kronborg Jensen Senior Portfolio Manager
 11 July 2011

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 European Value available share classes	ISIN
EUR I	LU0264924241
EUR R	LU0264920413
EUR UKI	LU0264924753
EUR UKR	LU0264920926
GBP UKR	LU0264927772



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.

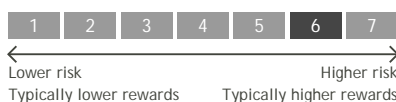
The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer to the full and/or simplified prospectus and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest 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 of companies having their registered office or undertaking a preponderant part of their business activities in Europe and that are admitted to official listing on a stock exchange or that are traded on a Regulated Market within the EU- and EFTA-Member States. The Sub-Fund invests at least 3/4 of its total assets in the aforementioned securities.

Risk and Reward Profile



Basic Information

ISIN	LU0264920413
Bloomberg	SPEUVLR LX
Share Class	EUR R
Fund Inception	02-Nov-2006
Share Class Currency	EUR
Income Type	Accumulating
Company name	Sparinvest S.A.
Domicile	Luxembourg
Share Class Inception	02-Nov-2006
Fund size (MN) - 30-Jun-2011	152.44 EUR
Manager	Sparinvest Fondsmaeglerselskab A/S
Fund Manager	Jens Rasmussen
Managed Since	02-Nov-2006
Benchmark ¹	MSCI Europe (net dividends)
Morningstar Category ²	Europe Mid-Cap Equity
Latest NAV - 30-Jun-2011	83.87 EUR
Subscription fee (up to)	3.00 %
Redemption fee (up to)	0.00 %
Management Fee	1.50 %
Total expense ratio - 31-Dec-2010	2.00 %

Returns - Month End, Jun-2011

Returns	Fund	Benchmark ¹	Difference
YTD	0.17%	0.91%	-0.74%
1 Month	-2.42%	-2.74%	0.32%
3 Months	-0.98%	0.26%	-1.24%
1 Year	19.22%	14.92%	4.30%
3 y ann.	2.51%	0.75%	1.75%
5 y ann.	-	-0.51%	-
10 y ann.	-	-	-

Risk 3 years - Month End, Jun-2011

Risk	Fund	Benchmark ¹	Morningstar ²
Volatility	23.26%	18.95%	-
Sharpe R.	0.16	-	-
Info Ratio	0.28	-	-

Morningstar Rating™ **★★★★★**

Performance - 30-Jun-2011

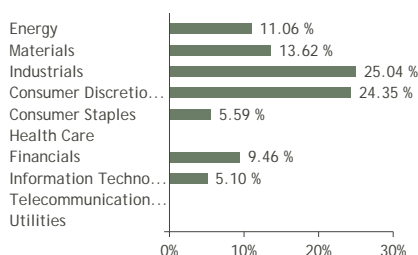


Returns	2007	2008	2009	2010	06-2011
Fund	-4.13%	-48.00%	32.13%	25.59%	0.17%
Benchmark	2.69%	-43.65%	31.60%	11.10%	0.91%
Morningstar Category™	-1.34%	-46.50%	38.22%	21.80%	-1.19%

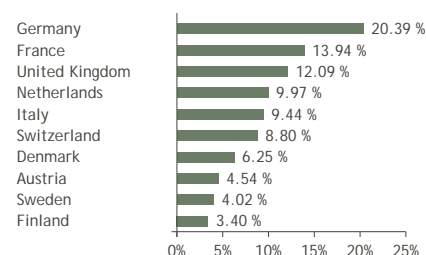
Asset Allocation

Holdings	Equities	Bonds	Other	Cash
64	94.2%	0.0%	0.0%	5.8%

Sector Breakdown



Top 10 Countries



Portfolio (Top 10) - 30-Jun-2011

Name	Sector	Type	Country	Weight
Berkeley Grp Hldgs	Consumer Discretionary	Equities	United Kingd...	4.06%
Ericsson Tel. B	Information Technology	Equities	Sweden	4.02%
Frankfurt Airport Serv. Worldw.	Industrials	Equities	Germany	3.95%
Royal Dutch Shell Plc-A-	Energy	Equities	Netherlands	3.84%
Omv Ag	Energy	Equities	Austria	3.81%
Buzzi Unicem	Materials	Equities	Italy	3.69%
Peugeot Sa	Consumer Discretionary	Equities	France	3.58%
Eni Spa Roma	Energy	Equities	Italy	3.42%
A.P. Moeller - Maersk A/S B	Industrials	Equities	Denmark	3.34%
Salzgitter Ag	Materials	Equities	Germany	3.08%

Notes:

The mentioned sub-fund is a part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company.

Benchmark Comment

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