



Global Small Cap Value

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Fund Facts

Strategy	Value Equity
Risk	Medium (5)
ISIN	LU0264925131
Share Class Currency	EUR
Fund Inception	02-Nov-2006
Fund Managers	Kasper Jacobsen & Trine Uggerhøj
Benchmark	MSCI World Small Cap (net dividends)
Morningstar Category	Global Small/Mid Cap Equity



Performance

In the second quarter of 2011, Sparinvest Global Small Cap Value fell by 1.85%, compared to a larger decline of 2.67% in the general small cap market – as measured by the MSCI World Small Cap index. Small cap value equities overall – measured by the MSCI World Small Cap Value – lost 3.25%, while small cap growth stocks lost 2.10%. Meanwhile, the broader equity market – measured by the MSCI World index – fell by 1.66% during the quarter.

Sparinvest Global Small Cap Value & Index Returns, in %	Q2 2011	YTD
Sparinvest Global Small Cap Value	-1.85	-4.38
MSCI World Small Cap Index	-2.67	-2.26
MSCI World Index	-1.66	-2.58
MSCI World Small Cap Value Index	-3.25	-3.52
MSCI World Small Cap Growth Index	-2.10	-1.03

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

This means that in the first half of 2011, Sparinvest Global Small Cap Value posted a negative return of 4.38%, compared with a loss of 2.26% for the MSCI World Small Cap index. Although the fund declined less than the index in the second quarter, this was not enough to offset the negative impact of the first quarter.

The negative year-to-date returns are largely the result of the tragic earthquake in Japan, and top-down concerns impacting market sentiment, particularly in cyclical sectors. We are not satisfied to see this decline in the market prices of our holdings, but we certainly do not think this reflects an actual deterioration in their quality or prospects: we believe the intrinsic value of these holdings remains robust, and expect to see share prices reflect that in due course.

In the first quarter, the dominant factor was the fund's relatively high exposure to Japanese equities, which slumped immediately after the early March earthquake. Since that initial impact, the Japanese market has staged a strong rebound, and indeed our Japanese holdings were among our stronger performers in the second quarter. However, as of end-June there was still a significant negative impact on year-to-date performance. We continue to monitor conditions closely, and a recent visit to some of our investments in Japan confirmed our initial assessment that these companies are resilient and capable of a rapid fundamental recovery. This, combined with low valuations, points to considerable potential.

In recent months, there has been relative weakness in cyclical sectors where the fund has high exposure – particularly industrials and consumer discretionary. In North America, this meant that our positions fell back in the second quarter after a good start to the year, and this was exacerbated by a weakening of the US dollar.

In Europe overall, the fund has generated positive absolute returns in both the second quarter and the first half overall, but there have been notable differences by country. Looking at those countries where we have notable exposure, the fund saw negative returns in Denmark and the Netherlands, and weak returns in Germany, primarily due to the weighting in cyclical sectors. However, in France, the United Kingdom and Switzerland, the fund has seen strong performance both in absolute and relative terms, primarily due to some impressive individual stock performances rather than general sector weightings. Note that the fund has relatively limited exposure to southern European countries, where markets suffered steep losses in the second quarter.

The recent weakness of cyclical sectors is not surprising, considering the various top-down headwinds: the earthquake, Middle East unrest, and resurgent concern that sovereign debt issues could trigger wider problems. 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 9.9% of assets under management. The fund had 80 holdings and our ten largest positions accounted for 25.73% of the total.

During the quarter, we made three new investments. We bought shares in Aastra Technologies, a Canadian company developing and marketing enterprise communication systems, and in Swiss Bell Holding Group, a food producer with activities primarily in preparation and distribution of fresh meat in Switzerland.

We also invested in RadioShack, a consumer electronics retailer in the United States.

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 indications of financial strength of the portfolio remain encouraging. As a rough indication, we amalgamate the holdings into one theoretical company.

This company has a price-to-book of just 0.97 times, compared to 1.95 times for the MSCI World Small Cap 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. EV/EBITDA, which is a useful indicator of the price of companies relative to their raw earnings power, is 5.5 times EBITDA for the past fiscal year, compared with 9.2 times for the MSCI World Small Cap. However, looking at Bloomberg estimates for fiscal years 2011 and 2012, the portfolio's EV/EBITDA drops to 5.4 and 4.5 times, compared with 7.9 and 6.8 times for the index.

The aggregate balance sheet is strong, with a net cash position, compared to net-debt-to-equity of 39% for the MSCI World Small Cap, and intangibles-to-equity of only 9% (versus 41% for the index).

Sparinvest Global Small Cap 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.

Kasper Billy Jacobsen
Chief Portfolio Manager
11 July 2011

Trine Uggerhøj
Portfolio Manager

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 Global Small Cap Value available share classes	ISIN
EUR I	LU0264925487
EUR R	LU0264925131
EUR UKI	LU0264925644
EUR UKR	LU0264928317



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.

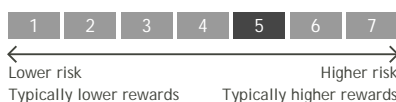
The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information we refer to the full and/or simplified prospectus and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest 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 that are admitted to official listing on a stock exchange or that are traded on a Regulated Market within the OECD countries, EU Member States, Singapore or Hong Kong. The Sub-Fund invests at least 2/3 of its total assets in equities with a market capitalization below the upper limit of the MSCI Small Cap definition.

Risk and Reward Profile



Basic Information

ISIN	LU0264925131
Bloomberg	SPGSCVR 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	41.66 EUR
Manager	Sparinvest Fondsmaeglerselskab A/S
Fund Manager	Kasper Jacobsen
Managed Since	02-Nov-2006
Benchmark ¹	MSCI World Small Cap (net dividends)
Morningstar Category ²	Global Small/Mid-Cap Equity
Latest NAV - 30-Jun-2011	87.77 EUR
Subscription fee (up to)	3.00 %
Redemption fee (up to)	0.00 %
Management Fee	1.85 %
Total expense ratio - 31-Dec-2010	2.38 %

Returns - Month End, Jun-2011

Returns	Fund	Benchmark ¹	Difference
YTD	-4.38%	-2.26%	-2.12%
1 Month	-1.81%	-3.00%	1.19%
3 Months	-1.85%	-2.67%	0.82%
1 Year	13.65%	16.92%	-3.28%
3 y ann.	6.15%	10.04%	-3.89%
5 y ann.	-	1.78%	-
10 y ann.	-	-	-

Risk 3 years - Month End, Jun-2011

Risk	Fund	Benchmark ¹	Morningstar ²
Volatility	17.12%	20.85%	19.77%
Sharpe R.	0.34	-	0.17
Info Ratio	-0.53	-	-

Morningstar Rating™ **★★★★☆**

Performance - 30-Jun-2011

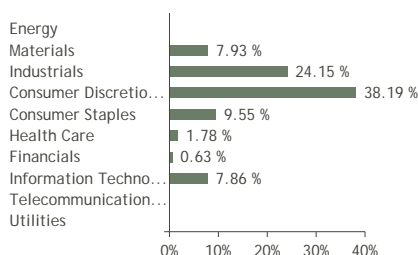


Returns	2007	2008	2009	2010	06-2011
Fund	-14.99%	-35.12%	22.28%	35.09%	-4.38%
Benchmark	-9.10%	-38.87%	39.63%	34.89%	-2.26%
Morningstar Category™	3.23%	-43.54%	35.62%	22.18%	-4.22%

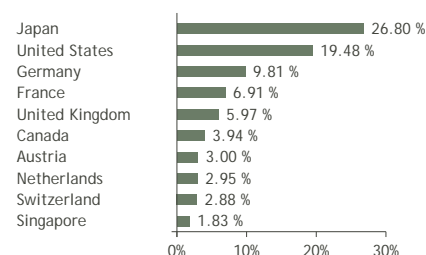
Asset Allocation

Holdings	Equities	Bonds	Other	Cash
80	90.1%	0.0%	0.0%	9.9%

Sector Breakdown



Top 10 Countries



Portfolio (Top 10) - 30-Jun-2011

Name	Sector	Type	Country	Weight
Werner Enterprises Inc	Industrials	Equities	United States	3.01%
Apogee Enterprises Inc.	Industrials	Equities	United States	2.81%
Bovis Homes Group Plc	Consumer Discretionary	Equities	United Kingd...	2.68%
International Speedway Corp	Consumer Discretionary	Equities	United States	2.66%
Jungheinrich Ag /Vorz.O.St	Industrials	Equities	Germany	2.66%
Nichicon Corp	Information Technology	Equities	Japan	2.46%
Grammer Ag	Consumer Discretionary	Equities	Germany	2.44%
Alpine Electronics Inc	Consumer Discretionary	Equities	Japan	2.39%
Arctic Cat Inc	Consumer Discretionary	Equities	United States	2.35%
Haulotte Group	Industrials	Equities	France	2.27%

Notes:

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

Benchmark Comment

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