

Press Release
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AA rating for Sparinvest European Value from Telos Fondsrating

Wiesbaden-based fund-rating agency Telos has given the Sparinvest European Value an AA rating, confirming its very high quality standards. The consistent implementation of the underlying value philosophy and a well-structured investment process above all, led to this outstanding result.

Luxembourg, 2nd of August 2007 – An AA rating for the European Value fund is the verdict of Telos Fondsrating for the young fund from Danish investment company Sparinvest. In particular the logical implementation of the value strategy and the well-structured investment process spoke in favour of the European Value fund (WKN A0LCMQ). It also scored points based on its fund management team. Besides Fund Manager Jens Moestrup Rasmussen, two further portfolio managers and two analysts control the fortunes of the European Value fund. The team members' average investment experience is around ten years.

Telos Fondsrating bases its rating on qualitative factors. Taking a palette of more than 100 fixed characteristics and adding quantitative indicators to them, Telos mainly seeks to discover how suitable the investment process is in managing a fund, on the basis of its investment strategy, and how consistently the fund management realises the targeted yield. The stability of the investment team is also closely examined.

Philosophy and investment process in harmony

The investment approach of the European Value fund is based on Benjamin Graham's discovery that the share price of a company can diverge widely from its fundamentally fair value in the short term. Sooner or later, however, both values converge again. The European Value fund exploits this imbalance by investing in companies whose share prices are listed at least 40 per cent under their fair value. "An investment is out of the question without this high mark-down," says Jens Moestrup Rasmussen, European Value Fund Manager and Head of Fund Management at Sparinvest. "Like an airbag, it serves as a safety barrier protecting against losses. That is because capital conservation is our first priority."

The Sparinvest European Value fund invests in shares of European companies irrespective of their market capitalisation. The investment decisions, like the risk assessment, are independent of any benchmark. From a total market of 5,000 shares, those companies with the necessary undervaluation are first filtered in a quantitative investment process. After this, as part of the qualitative process, the remaining shares are subjected individually to a

thorough analysis. Investments are only made in companies whose undervaluation also does not appear to be justified even after the qualitative assessment.

Money is put into some 60 to 80 shares with a weighting between 0.2 and 3 per cent, which are constantly monitored. By the same token, as soon as shares reach their intrinsic value, they are automatically resold. "Even if further price increases above the fair value seem probable, this is the point where we definitively part company with the share," says Rasmussen.

Quality management also convinced Telos: performance and risk in conjunction with the entire fund profile is regularly checked as a part of a "style" analysis by a committee that is completely independent of the fund management. Based on various indicators, it examines whether the fund shows any undesirable style characteristics.

Key data on the European Value Fund

The European Value (ISIN LU0264920413) fund was set up in November 2006. A previous rating of the Global Value Fund - Sparinvest's flagship fund - showed that European shares were unintentionally its focus in the past ten years. In addition, these shares generated above-average yields compared to underlying index values.

The company

Sparinvest was founded by a group of savings banks in 1968 as the first investment fund company in Denmark. Since its founding, it has attracted more than 90 shareholders, including Danish banks, insurance companies and pension funds. Sparinvest's Luxembourg subsidiary has been expanding European distribution since 2001.

Over 30 funds, designed for institutional and private investors, are currently managed by the Sparinvest Group, which currently manages an investment volume of over EUR 18 billion.

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