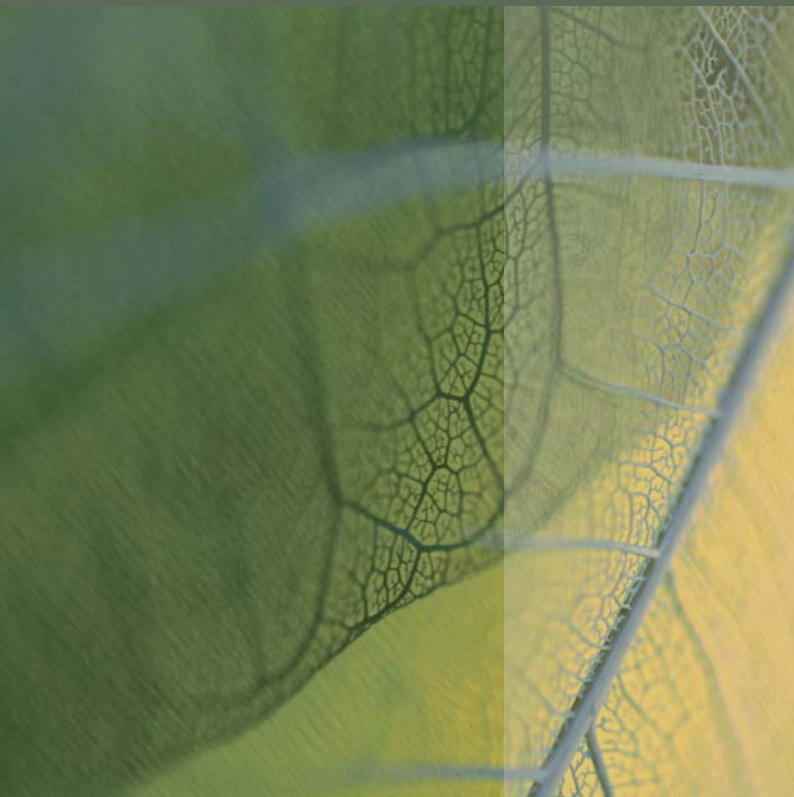


Our **VISION, MISSION & VALUES** describe the essential nature of Sparinvest – our reason for being, our destination and how we strive to get there.

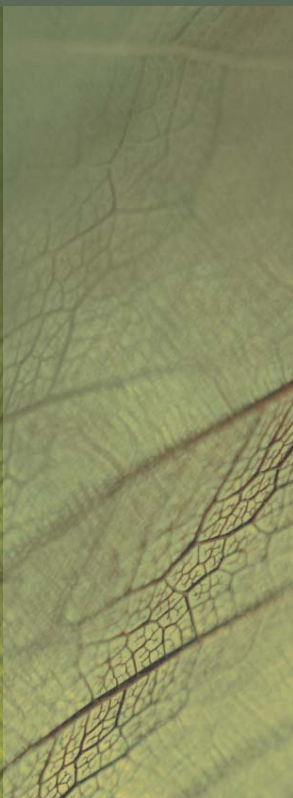




Our **VISION** describes why we exist
– our reason for being.

We will continuously provide investors with
long-term sensible investment opportunities
with a firm emphasis on risk and return.





Our **MISSION** describes the goal
that we strive to achieve.

Our clear objective is to provide
investment products ranked among
the top third of the market.





Our **VALUES** are what we rely on
to accomplish our vision and mission.

Prudent investment is our philosophy

Independence is our strength

Family spirit is our culture

Self-management is our motivation

Competent employees are our future

Knowledge is our tool



PRUDENT INVESTMENT IS OUR PHILOSOPHY

**We avoid speculation and strive to provide long-term investment products
with a superior relationship between risk and return**



We believe that historical data and academic study about past market developments are likely to be a more reliable indicator of what will happen in the future than the uncertain theories and predictions of individuals. Our products and investment advice are based on documented science and well-defined, tested models. For us it is all about long-term investment – rather than short term speculation.

The concept of prudent investment is deeply rooted in our culture and is the foundation for everything we do. Our goal has never been to be amongst the biggest players in the investment market – but simply to deliver solid and good returns to our investors in the long term. Paradoxically, this patient attitude has accelerated a rapid growth and expansion of Sparinvest's business areas. Intense growth has, however, never altered our common values and attitudes in the slightest. No one at Sparinvest doubts where the company is heading. Our goal has always been to minimize the risks for our investors and deliver good returns in the long term.

It is all about systematic diversification

Since Sparinvest was founded in 1968, safety has been the essence of our investment policy. For us, 'prudent investment' is based on the theory of Strategic Asset Allocation – in daily speech 'SAA' – which is the foundation stone of our investment philosophy. Put briefly, it is about building a strategic and systematic spread of different assets with the purpose of minimizing the risk of losing investors' money.

SAA is the theory that proves that the best long-term return in practice is achieved by allocating your investments among different types of assets whose correlation is understood on the basis of historically determined patterns. This has proven to be the most predictable investment method. Documented scientific studies have shown that over 91 % of the fluctuations in the return of a portfolio can be explained through its strategic diversification. As opposed to what many people think, tactical market timing and stock picking decisions have very little impact on the investment results in the long term.



This realisation has firmed our strategic stance and made it easy for us to ignore tempting trends and bubbles of hype emanating from the markets. Many theories and studies prove that SAA is the optimal way to carry out efficient asset management – and it is no coincidence that it has been the core of our general investment philosophy since 1997. Throughout the years, we have worked rigorously to transform the prize-winning mathematical theories about SAA into more practical investment methods and accessible products.

A consistent investment approach

With SAA as our central investment philosophy, we also have a long-term approach to investing. Unlike tacticians this gives us the added advantage of never having to work with or against the markets. We stick to our investment philosophy regardless of whether the markets are up or down. We are aware that this level-headed approach restricts our right to crack open a few bottles of champagne every time market bubbles generate enormous upswings. However, we can be enthusiastic about the stable, good results that we have generated for investors when the same bubbles eventually burst.

When we changed to our current conservative and strategic investment philosophy in the end of the 1990's, we flew in the face of prevailing market thinking. The euphoria of the IT bubble was at its highest and for value equities, it was to prove the least favourable period in the whole of the last century. Even then, we steered a steady course and ultimately proved that sticking with our strategy was the best way to navigate through turbulent waters, bringing our investors back to a safe haven.

Prudence over constant adjustments

Because of our consistent, long-term approach we are never tempted to launch a new product every time a new trend emerges. New products are only launched if they can create advantageous returns for our investors in the long term.



Any new product from Sparinvest will always be carefully matched with our investment philosophy. All products have to fit into our clearly defined architecture, working as useful building blocks that can improve a portfolio's composition. We never launch several ships to see which ones stay afloat. We launch a new ship only when we know its course and we are certain that it will never leak.

Our attitude is: "It is better to have a thorough and prudent approach than to waste time constantly adjusting and altering products. That is what we mean by 'prudent investment'".



INDEPENDENCE IS OUR STRENGTH

We are an independent asset management company with an independent distribution network. That is why we are able to focus on one thing – keeping our investors satisfied.



It is no coincidence that independence is emphasized as a major strength at Sparinvest. As an independent asset manager, we never have to compromise our values or consider anything other than the best interests of our investors.

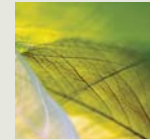
Independence is crucial for us. It is a prerequisite for our clear and unambiguous focus on investment and on our investors' best interests. As long as we are not dependent on other interests, we can always follow our vision and continuously provide our investors with long-term sensible investment opportunities, with a firm emphasis on generating the best risk-adjusted return.

The fight for independence

The fact of our independence has not always been as obvious as it is today. In 1989 Sparinvest merged with the Danish investment fund, Privatinvest, in order to expand our distribution network. Back then it was considered an ideal match and Sparinvest was given the space to

continue with the same investment philosophy without any interference from the bank, Privatbanken. However, one year later, and as the result of a new merger, Privatbanken became part of the large Unibank Group – now Nordea. Then things started to take a wrong turn. Unibank made no secret of wanting to take over the control of all the investment activities in the Group. That is why we chose to hold on to our independence and de-merge from Privatinvest after only a few years of cooperation. Preserving our independence was far more important to us than the broad distribution network that we had to give up.

1992, therefore, was the year when Sparinvest proved its metal as a staunchly independent asset management company. It became clear to us that our most important objective – then and in the future – would be to guarantee our investors as stable and positive long-term returns as possible. No other interests should interfere with this. Such a clear vision is only possible as long as we are able to pursue our investment strategy freely, with no requirement to generate a constantly high turnover – irrespective of whether markets are rising or declining.



Independence leads to dependence

Our desire only to follow our vision has naturally also had its price. Whether for good or bad, we have become dependent on our performance. Our reason for being is to deliver quality products – a requirement that we consider an advantage. It is only when this vision is met that our distributors find it interesting to cooperate with us. And our relationship with our business partners is our lifeline – and therefore our efforts are dedicated to maintaining their satisfaction.

At the beginning of the 1990's, it was very tough to stand alone without a solid distribution network. Perhaps a little too hard. That is why, in 1997, we chose to secure our survival through a new merger with the investment fund, Andelsinvest. The merger created a bit of confusion at the beginning, because the Danish savings banks started doubting Sparinvest's commitment to independence. But it soon became evident that we were just as much ourselves as we had always been. Also, when we established Sparinvest Holdings two years later, we decided that no one would be permitted to own more than 15 % of the compa-

ny. It was also with securing our independence in mind that we chose to constitute a broad ownership structure for the company, consisting of banks as well as insurance companies and pension funds.

Our view on independence does not mean that we rule out all possibilities of future mergers with others that share our investment approach. But one thing is certain. We will never give up our integrity. We will never be dependent on any interests other than those that best serve our investors.



The advantages of independence

When the financial markets crashed in 1987, 1998 and 2000, many asset managers had to change their investment strategy in order to secure their turnover. But we operate without such constraints and thus we can always pursue our long-term investment strategy. Our independence means that we can avoid the knee-jerk reactions to market movements that often result in surprises and losses.

Independence is, in our view, the key to maintaining our credible approach to investing. That is why it has become a virtue that we will continue to defend and protect in the future.



FAMILY SPIRIT **IS OUR** **CULTURE**

We behave like a family – treating each other with mutual respect and interest; talking to each other freely, informally and with a sense of humour.



When we gathered at our annual weekend seminar a couple of years ago and were asked to describe what it is like to work in Sparinvest, we used such words as: ‘pleasant’, ‘informal’, ‘fun’ and ‘flexible’. If these different meanings and sentiments were to be expressed in just one word, we felt that word would be – ‘family’.

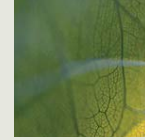
Family spirit – not family

The family spirit within Sparinvest has always been a very high priority for us and remains something that we cherish. Of course, when we compare our corporate culture to a family, we are fully aware that your relationship with your colleagues will never rank alongside your relationship with your own family. The parallel is only drawn because of the many positive characteristics and relationships that can be observed within a happy, functional family.

Our family spirit means that we can be open towards each other and voice our honest opinion. We do not have to pretend that we are something that we are not and we recognise that it is only human to make mistakes. We also believe that the informal tone within the company provides us with a greater freedom to do our absolute best. The culture in Sparinvest is not based on strict rules and self-censorship. No one should be afraid to speak their opinion – whether it consists of criticism or radical, new ideas. We wish to maintain a working environment characterised by freedom and humour. Humour plays a central role in our culture. It contributes to preserving an informal and flexible organisation. Actually, we have a tradition of making fun of each other – in a caring and affectionate way.

We like spending time together

In Sparinvest you are more than just your job function. You will probably find that your colleagues are genuinely interested in what you do outside your job – and whether you are satisfied in your current posi-



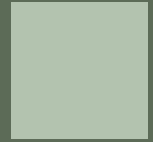
tion. We always strive to respect each other's differences and qualifications, in order to collaborate more efficiently across different departments and areas of expertise. The mutual respect and interest is also reflected in the large attendance at social gatherings. At Sparinvest, we voluntarily meet up for football, bowling and other social activities in our spare time because we enjoy being together – and we look forward to spending a whole weekend with our colleagues at the annual seminar. Everybody is invited, no matter where they are located in the world.

In 1996, Sparinvest had just 14 employees. Now we have increased nearly tenfold. We appreciate that we are in a phase of rapid growth. But as we continuously expand our family, it becomes more of a challenge to maintain our common values and easy interaction. Despite the obvious challenges involved with an expanding family, we have a positive outlook on the current trend. By continuously incorporating fresh ideas from our new family members we will avoid complacency

and stagnation. But it is important that everybody strives to pass on the family spirit to new employees to ensure that we perpetuate the advantages of the common values and the special culture that we all enjoy.

A sincere family spirit

We would like to be a company that attracts exactly those employees that appreciate the added value of being part of our caring culture. Only in this way can we preserve the spirit. The family spirit is a crucial support to help us reach the goals that we have set for ourselves. Our informal working environment is a factor in attracting employees who wish to work at Sparinvest for a long time. And of course, the longer and better we know each other, the more capable we are of maintaining the caring attitude that characterises our workplace.



No matter how big or how international we may get, we still wish to preserve our sincere and down-to-earth attitude and atmosphere. Many people laugh when we tell them that we hold our annual company weekend at a Danish folk high school. “Can’t you afford anything else?”, they ask. And yes, of course we can. But it fits with our style and way of doing things that we keep both feet firmly on the ground. The most important thing for us is to be together – so we do not need fancy surroundings to have a good time. Perhaps quite the opposite. That does not mean that everything that we do has to be ‘no-frills’. But fundamentally we like to keep things simple and sincere.



SELF-MANAGEMENT **IS OUR** **MOTIVATION**

Our employees are self-starters. They understand our vision, mission and values and work independently to realise them. The task of the management is to develop individuals and teams to their full potential, for the benefit of all.



Sparinvest is characterized by people with high drive that want to take responsibility for their own actions – in collaboration with managers who can lead the way, without being controlling and dictatorial.

Sparinvest's employees are all characterized by their high drive and desire to succeed. We have many entrepreneurs among us and have a free and independent work culture that has characterized Sparinvest for many years. So when other companies adopted 'self management' as the new 'must have' management theory a few years ago, we were well ahead of the fashion. Our culture has always been distinguished by initiative and independence – that is how we work best.

We have a strong sense of ownership

Now that we have a newly coined word for what we always have done, it makes it easier for us to explain to our new colleagues who we are and how we work. In short 'self-management' is about giving

employees the necessary freedom so that they can take independent responsibility for their actions within the framework of the company's goals and vision. Or, as one of our employees phrased it at the company's annual weekend seminar: "‘Self-management’ is the same as ‘freedom with responsibility’ – it means that I have the same sense of independence, commitment and responsibility as if I were working for my own company".

Throughout the years, Sparinvest has been driven by a strong sense of ownership and everybody takes responsibility for the company's progress and unity. Our organisational structure is very flat. A manager may take the final decisions regarding the overall strategy and direction of the company, but he or she can just as easily work on a project as an equal and like-minded partner. We have neither old-fashioned hierarchy nor total anarchy. Here you can be partner in a competency network and part of a contribution culture – where a good argument is more likely to prove decisive than a person's job title.



Self-management does not mean lack of management

Being self-managing at Sparinvest does not mean that we all are completely left to our own devices. Quite the contrary, we need people who recognize that no-one can solve their assignments and challenges alone. And no one person can be responsible for everything. Everybody has to consider their own capabilities and define their qualifications. At an annual weekend seminar, a group of employees compared the framework for self-management to a football field. There has to be enough room and free space to play the ball, but at the same time there also have to be clear boundaries so that we know where the lines are drawn. As a team, everybody has a common goal, but each player has his or her own qualifications and a specific position that they are responsible for. All players – and the coach – have a good overview of each other's skills, ensuring optimal teamwork.

Self-management is in no way the same as absence of management. The management responsibility is simply different to the style that is traditionally expected – with frequent control and strict rules. Being a

manager for a self-managing employee is about providing good guidance with empathy and human insight. It is also about being capable of delegating responsibility and communicating effectively so no-one doubts the company's values or attitudes. The manager does not provide the employee with a concrete agenda or job description. Everybody contributes to defining their own areas of responsibility and their individual need for management – all with a view to reaching the goals that are set.

No two people are alike

It is important that the manager adjusts to the personality of each employee and shows tolerance and respect for employees' different needs and skills. At Sparinvest we call this kind of individual consideration 'individual management'.



Today we do not only invest our professionalism, but also our personality in our job. That makes it more difficult to make a sharp distinction between work and private life – for good and bad. Consequently, we each have to take the responsibility for saying ‘stop’ and finding our own individual daily balance between work and free time. In the end, it is the contribution and the results that count – not the number of hours that you spend behind the desk.

At Sparinvest we take responsibility for our own work and development. But we also take responsibility for each other. We keep an eye out for our colleagues and make sure that they are doing well. Self-management is about motivating ourselves – not about isolating ourselves.



COMPETENT EMPLOYEES ARE OUR FUTURE

By attracting and retaining top-calibre employees, capable of delivering results both as individuals and as part of a team, we will ensure our position as a leader in the mutual fund industry.



Sparinvest has highly competent employees who are capable of both teamwork and individual performance. We have a very special respect for individual skills. At Sparinvest the ability to cooperate is far more important than high individual ambitions.

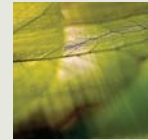
Today, most companies are dependent on their employees' knowledge and ability to cooperate.

Apart from professional expertise, however, human characteristics such as humour, creativity and adaptability have become valued attributes in the business world. At Sparinvest we value flexibility and creativity. We emphasise a positive outlook on life and human nature. The ability to cooperate is the be-all and end-all. Actually, a good sense of team spirit is more important than the best professional and specialist qualifications. Naturally, our employees have high professional skills, but we would rather hire a team player with personality than an egocentric star. In the same way that a football team is worthless if it

only consists of self-centred stars, Sparinvest can only be successful if everybody is capable of cooperating and finding common ground. We can easily develop the professional skills of our employees – as long as they all have the enthusiasm to learn more.

Here everything has a long-term perspective

At Sparinvest our definition of competence reaches beyond merely professional and academic skills. For us competences are also the attributes and attitudes that can help promote and support our deeply-rooted company culture. The more our common values are cultivated and understood by everyone in the company, the more capable we are of developing our business further. It is important that we all know the reason for Sparinvest's success today – that in 1997, we carefully considered the definition of our investment philosophy and what we really meant by 'long-term' investments. The decisions we took back then and the strategic choices that we have made along the way have shaped our company today. Long-term investment products have become our strongest trademark. Everything we do in Sparinvest has a



long-term perspective, and this is also part of our definition of ‘competent employees’. Exciting, unpredictable tactics do not belong here – but the ability to understand and contribute to strategic and long-term investment does.

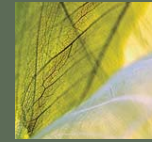
It is OK to answer ‘seven’

At Sparinvest, we consider it a strength when you recognise that an assignment is too much for you and you dare to ask for help. You do not gain any points by pretending. We have a tradition of saying ‘seven’ whenever we are asked about something that we do not understand. ‘Seven’ means that you have no clue what to answer. Or that you do not have an immediate answer. If we are honest, who among us has not tried to hide our lack of knowledge about something when in a large gathering? And honestly, wouldn’t it be a relief to you just to say ‘seven’ and not need to pretend that you are smarter than you really are? It is like an employee once observed at a seminar: “I have never met so many competent people who knew so little”. The employee then explained this statement by observing that, “Everybody is com-

pletely aware of their own strengths and skills, but they openly admit that there is a lot that they don't know anything about".

Room for change

One of the areas that we especially emphasize in Sparinvest is the opportunity for everyone to develop – both personally and professionally. Since we have an active research environment and continuously develop new products, we always need new ground-breaking thoughts and ideas. We must constantly expand our knowledge base, or put together new combinations of knowledge, in order to stay abreast of developments within our industry. You have probably already heard many people mention that "change is a permanent condition at Sparinvest". This is true both for the organisation as a whole – and for the individual.



It is the unified whole that counts

We believe that we have succeeded in creating a culture where highly-qualified academic ambitions form a synthesis with good, human values and qualities. Naturally, we sometimes disagree amongst ourselves but we regard constructive arguments as a strength. They show that we care about the business and have opinions that need to be voiced and challenged. But it is as a team that we are evaluated on the outside – and in the end it is the success of the team that counts.



KNOWLEDGE IS OUR TOOL

We will continuously develop and influence standards for asset management and investment advice, creating an environment in which new ideas and the development of knowledge are encouraged.



At Sparinvest, we continuously strive to develop and influence the standards for asset management and investment advice. We have created a research environment where innovation and the exchange of knowledge always are given pride of place.

Everything that we do in Sparinvest is based on knowledge – be it product development, providing investment advice or cooperating with our clients and distributors.

We aim for long-term, stable returns

To us, knowledge is all about creating a systematic methodology, thereby optimizing the likelihood of gaining good risk-adjusted returns in the long run – based on scientific and mathematical facts. That means that we aim to create investment portfolios with a high likelihood of delivering stable performance in as many scenarios as possible. Unlike most others, we do not believe in intuition or tactics. Neither of these is, in our opinion, a sound basis for dealing with the inevitable fluctuations of the financial markets.

We bring knowledge into the investment debate

Looking back, we can see several instances where Sparinvest's knowledge-based approach to investing has influenced standards in the industry. In the mid 1990's, the investment debate in the Danish press was characterized by a simplistic focus on return. In those days, funds were often evaluated solely on the annual return they delivered. We were among the first to bring documented knowledge into the debate. And because of that, we have become known for our firm stance of always viewing investments in relation to the risk that they entail. One example was the Sharpe initiative in 1998.

Back then, we established the so-called Sharpe website. It was based on a rating system that, on the basis of facts and key figures, made it easy to assess return in relation to risk. The Sharpe tool has since been sold to the business journal, Økonomisk Ugebrev, which still uses our rating system to award Danish investment funds every year. Today, nobody would ever dream of ignoring the risk factor when estimating an annual return.



Future-proof research

With the Sharpe website, Sparinvest contributed to influencing the outside world's one-dimensional and short-termist view on return. Also when it came to providing investment advice, we were amongst the first to develop a ground-breaking tool for financial advisers based on our knowledge-based approach to investing. Again, we were ahead of our time. Interest in our product failed to appear, and the system was sold to the provider for banks and financial institutions in Denmark, BEC. Only recently, and as a result of new legislative demands, have the Danish banks discovered the need for the knowledge and documentation that our system could have provided as long ago as 1999.

These stories are examples of how, throughout the past ten years of product and service development, we have consistently taken future problems into account. It is this work that has enabled us to develop many of the new solutions and areas of expertise that we offer today. The prerequisite for developing new future-proof products and solutions is that we have a rapid exchange and flow of knowledge within

the organisation – across departments, disciplines and geographic boundaries. Sparinvest is not an old-fashioned, hierarchical company where knowledge is power and so everybody pretends to know everything and keeps their knowledge to themselves. Quite the contrary, the goal in Sparinvest is to build up a synergistic effect across the organisation. We should all look at ourselves as members of a broad competency network through which we can direct new professional or strategic knowledge within one field on to another place in the organisation. That is what we mean when we say that we have a special contribution culture at Sparinvest.

Knowledge is our solid foundation

Our most important task is to ensure that our basic investment philosophy is known by all employees. You may ask yourself why it is important for a new colleague in Europe to understand the background for Sparinvest's scientific approach to strategic asset allocation, when we mainly sell value products in the European market outside Denmark. But it cannot be emphasized often enough that we only sell value products because of our knowledge-based approach to investing.



It is crucial that everyone understands Sparinvest's investment strategy in full and knows that knowledge is fundamental to the success of our business and underpins our ability to continue to provide prudent investments.



Sparinvest

▫ Prudent investments...

■ www.sparinvest.eu