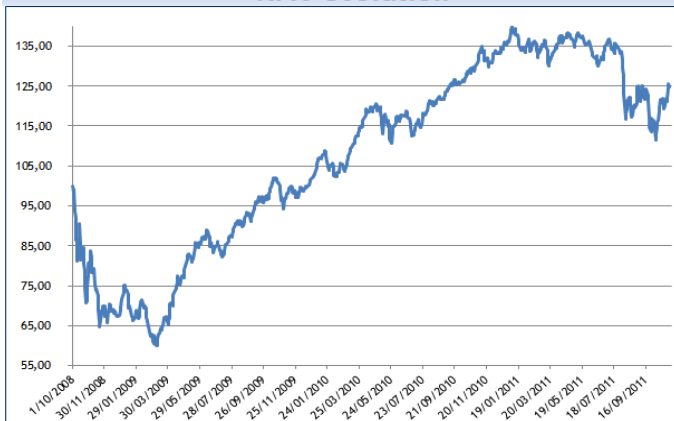


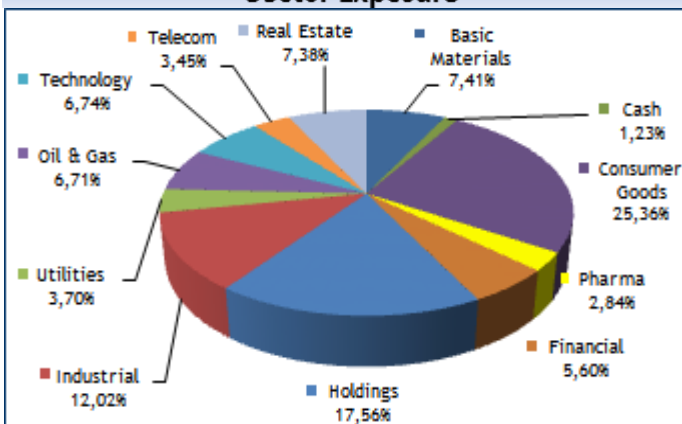
# Value Square Fund Equity World

Monthly Fact Sheet October 2011

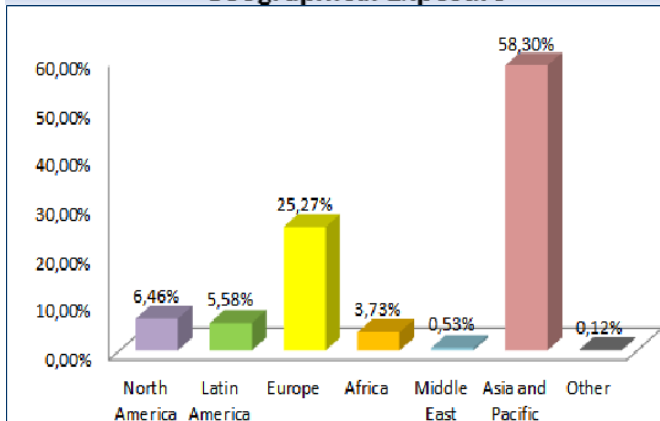
## NAV evolution



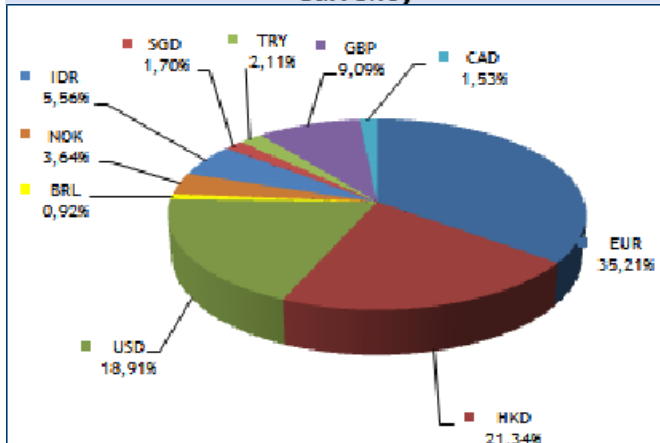
## Sector Exposure



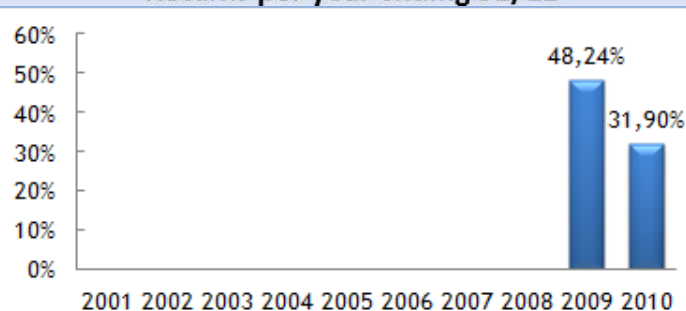
## Geographical Exposure



## Currency



## Returns per year ending 31/12



## Annualised return per 30/10/2011

|         | 1 year  | 3 years | 5 years | 10 years | Since start |
|---------|---------|---------|---------|----------|-------------|
| C-class | -3,96 % | 15,68%  |         |          | 7,45 %      |
| I-class | -3,89 % | 15,76%  |         |          | 7,51 %      |

Past results are not indicative of future returns. The above mentioned returns do not take into account possible entry and exit fees and taxes.

## NAV

| Class | Start | 31/12/2008 | 31/12/2009 | 31/12/2010 | 31/10/2011 |
|-------|-------|------------|------------|------------|------------|
| C     | 100   | 69,63      | 103,22     | 136,15     | 124,78     |
| I     | /     |            | 103,25     | 136,34     | 125,02     |

## 5 Important Positions

|                              |        |
|------------------------------|--------|
| Caisses Rég. Crédit Agricole | 5,78 % |
| Jardine Strategic            | 5,60 % |
| First Pacific                | 4,62 % |
| Harbin Electric              | 3,93 % |
| Anglo-Eastern Plantations    | 3,36 % |

## Basic Facts and Figures

|                          |   |
|--------------------------|---|
| Compartment of           | Value Square Fund— UCITS under Belgian law      |
| Risk(scale BEAMA):       | 0 - 1 - 2 - 3 - 4 - - <b>5</b> - 6              |
| Start date:              | 1/10/2008                                       |
| Currency:                | EUR   |
| ISIN-code C-shares:      | BE0948331591                                    |
| ISIN-code I-shares       | BE0948332607 (only for institutional investors) |
| Size of the fund:        | 93 million EUR                                  |
| Investment horizon:      | minimum 5 years is recommended                  |
| Entry fee:               | maximum 3% (negotiable)                         |
| Exit fee:                | 0,5 % for benefit of fund                       |
| Taxation:                | Exit not subject to Ecofin/Belgian tax ICB      |
| Stock exchange duty:     | 0% entry, 0,5% exit (max. 750 €)                |
| Management fee:          | 1 % on annual basis                             |
| Performance fee:         | 10 % on the excess return above 6% /year        |
| Subscription/Redemption: | Daily before 11 A.M.                            |
| Settlement date:         | Trade date + 3 working days (in Belgium)        |
| Distributors:            | Value Square, Binck Bank, ...                   |
| Financial agent:         | RBC Dexia Investor Services, Brussels           |
| Share px publication:    | De Tijd, De Standaard                           |
| Authorised in:           | Belgium, the Netherlands                        |

# Value Square Fund Equity World

Prospectus and (simplified) prospectus, as well as the most recent (semi-)annual reports can be obtained without costs at Value Square, Derbystraat 319, 9051 Gent, Tel.: +32 9 241 57 57, [info@value-square.be](mailto:info@value-square.be)

## Investment Strategy

The assets of this fund are predominantly invested in shares of listed companies with no geographical limitation and in any securities giving access to the capital of these companies. The shares are selected on the basis of fundamental analysis and a bottom-up approach with the emphasis on the principles of value investing. The aim of the fund is to achieve as high a return as possible in absolute terms rather than the improvement of stock market indices and simultaneously limit risks. In circumstances where the manager estimates the downward risks higher than the potential return, the portion invested in shares can be reduced in favour of investments in liquidities and money market instruments. The fund will at all times invest at least 50% in shares. Volatility can be high, due to the composition of the portfolio.

## Comments by the Portfolio Managers: Patrick Millecam and Nic Van Broekhoven

Monthly Fact Sheet - October 2011

October is traditionally a very bad month for markets since many corrections or crashes happened during this period. October this year will go down in the history books as one of the months with the strongest results in decades. October saw some sort of a "relief" rally after the third quarter of 2011 which was terrible. The trigger for the increase in October was the agreement of the 50% haircut for Greek debt, the expansion of the EFSF (European Financial Stability Facility) to 1 trillion euro and the fact that banks have to implement Basel III norms by 2013 instead of 2019. These announcements seemed to give some hope to EU investors, however it would be naive to assume that all European troubles are now behind us. It will take many years to bring overall EU debt under control.

Fortunately companies are not managed by politicians and third quarter results are rolling in. Our analysis of these results learns that up until now the situation is different from 2008. This was confirmed by Solvay, Umicore and ArcelorMittal. The managers of these companies are indicating that inventory levels are lower than after the collapse of Lehman Brothers in 2008. In our fund we continue to emphasize the quality of the companies we invest in. The average quality score of our fund is 70% and the average strength of the underlying companies balance sheets' is even better at 85% (the higher the better). This is calculated according to Value Square's in-house developed quality index.

The saga surrounding Harbin Electric has come to an end. 90.7% of shareholders approved the 24 USD bid on October 29th. Harbin Electric is one of the most insane stories we ever invested in. It wouldn't surprise us if a book is written about it at some point. We first invested in this Chinese producer of electric motors in May 2010. Shorters were able to depress the share price by spreading false rumours on numerous blogsites. We kept our cool, did extra research and bought more shares. During the 18 months we were invested in Harbin Electric we achieved a net gain of 25%, which has helped our outperformance. Shorters who continued to bet against the company lost big time.

The compound annual return for Value Square Fund Equity World over the last 3 years is 15.68% for the "c-class" shares and 15.76% for the 'i-class' shares. Compared to similar worldwide value funds this performance is significantly better.