

**We invest in winners.** That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### Munich RE

Münchener Rückversicherungsgesellschaft, established in 1880 by Carl Thieme and already listed since 1888, has been a pioneer and innovator in the business with risk. In addition to reinsurance, the company is also engaged in primary insurance (ERGO insurance group) and in the health market (Munich Health). This, the world's largest reinsurer generated gross premiums of € 41bn in 2009 and, thanks to a low loss ratio of 95%, a net result after tax of € 2.6bn. The risk-adjusted return on equity was 15%.

The company's success is based on its ability to create value from risks. This requires a maximum of skill and discipline in dealing with insurance and financial market risks. Munich RE places priority on profitability over revenue growth. This creates trust among policyholders in its ability to deliver on the insurance benefits pledged and its ability to generate sustainable value for shareholders.

Munich RE has not only emerged as an industry winner from the latest financial and economic crisis but has also successfully mastered two world wars, a currency reform, the aftermath of the 11 September 2001 terrorist attack, and numerous stock market crashes, and natural disasters such as the San Francisco earthquake (1906) and the hurricane Katrina (2005).

Munich Re is exceptionally solid with a solvency ratio of about 280%. This will allow a dividend increase to € 5.75 per share (dividend yield of 5%) and a continuation of the share buyback program. Dividend payouts and share buybacks have totaled about € 5bn in each of the last five years alone. That is equivalent to over 40% of the current market capitalization.

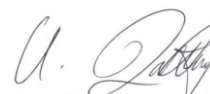
The long-term growth in operating profitability and the growth in dividend payouts to the shareholders is probably an important motive for Warren Buffet's investment in the Munich Re. His investment company Berkshire Hathaway exceeded the 5% voting interest threshold in Munich Re on 22 January 2010 on the basis of holdings and access to further shares. We see Warren Buffet's investment as confirmation of our own considerations.

We expect impulses in the ERGO insurance group which, working together closely with the holding company in Munich, will be entering new markets in the growth regions of Europe and Asia and in the international health market, one of the world's fastest growing markets.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky