ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report February 2011 **Aschaffenburg, 5th March 2011**

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.

Piräus Bank S.A.

Occasionally, the capital market presents quite exceptional but not obvious opportunities. The skill is to identify such opportunities and then courageously seize them. The rights issue at Piräus Bank was one of these exceptional and attractive investments.

The history of this, Greece's fourth largest bank with total assets of EUR 58bn dates back to the year 1916. The bank is engaged in conventional lending and payments business. This is suffering from Greece's debt crisis, firstly through defaults in the loan portfolio. About 7% of the loan exposure is classed as nonperforming. Secondly, the bank's refinancing is affected by the withdrawal of customer deposits. The entire Greek banking market is reliant on support from the European Central Bank. Nonetheless, Piräus Bank has avoided reporting losses so far due to its solid interest margin and thanks to the reallocation of financial assets.

In January 2011 the bank announced a capital increase for cash to strengthen its capital base. The new shares were offered to shareholders at the rate of 12-for-5, in other words they could subscribe to 12 new shares for every 5 old shares held. The strong dilution was reflected in a low subscription price, implying a discount of 70% to the price of the old share at the time the rights issue was announced. The management board announced that it would be participating in the rights issue and investors were given the option to subscribe to surplus shares if shareholders did not exercise their subscription rights.

Nonetheless, the allotment of surplus shares appeared unlikely, as investors not wishing to subscribe could sell their rights in the market.

All the same, we bet on the inefficiency of the capital markets. To begin with, we bought subscription rights at a price of EUR 1.20 each. This secured us an initial purchase price of EUR 1.50 per share. We then exercised our free option to surplus shares, applying to subscribe to surplus shares in the amount of 7% of the fund's assets under management.

The risk presented by the transaction was marginal owing to the very short holding period and the high margin of safety. The subscription price of EUR 1.00 per share represented a discount of 60 cents to the market price and valued Piräus Bank at only 40% of its equity of about EUR 4bn after the rights issue.

Only 97% of the subscription rights were exercised. We were allotted 9% of our option on surplus shares. Within a few days we realized a profit of 30% on our overall position.

Sincerely yours

J. Henrik Muhle Dr. Uwe Rathausky