ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report February 2015 **Aschaffenburg, 5th March 2015**

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.

LVMH Moët Hennessy – Louis Vuitton S.A.

LVMH is the world's largest luxury goods maker. It emerged in the year 1987, when Louis Vuitton and Moët Hennessy merged their respective companies to counteract hostile takeover attempts together. But one year after the merger, differences in opinions regarding operational direction prompted the founding families Vuitton and Hennessy to involve external advisors in order to strengthen their respective positions within the group. One of them was French businessman Bernard Arnault, owner of the Christian Dior brand. He was supposed to buy LVMH shares and strengthen the position of the Vuitton family. Instead, he turned out to be a wolf in sheep's clothing, as he proceeded to buy almost 50% of LVMH shares with the help of an investment bank, and took over leadership of the group in 1989 after a legal dispute and against the wishes of the founding families.

Over the course of the years, Arnault added numerous other companies. In addition to Louis Vuitton, Moët et Chandon and Hennessy, the LVMH family of about 60 brands now also includes Bulgari, Céline, Château d’Yquem, Dom Pérignon, Donna Karan, Fendi, Givenchy, Glenmorangie, Loro Piana, Tag Heuer, Veuve Clicquot and Zenith. As one of France's richest men, Arnault has the reputation of being a tough businessman who does not rest on his laurels and whose talents go beyond mere acquisitions. LVMH impresses with creativity and flexibility in the development of the various brands. They are managed on a decentralised basis, while LVMH takes on a managing function and exploits its size advantages with regard to purchasing, sales and floor management.

LVMH is not a spectacular but an attractive capital allocator that generates stable rates of return on capital. Between 2004 and 2014, the company generated 59 euros per share (after taxes). This includes 5 euros for the recent disposal of Hermès shares, which LVMH purchased since 2010. Adjusted for this effect, 22 euros were distributed and 32 euros retained. Regular earnings per share have risen by 3.4 euros (9% p.a.) to 5.9 euros during the same time period. This means that retained earnings in 2014 generated an internal yield of 11%.

The year 2014 was a challenging one for LVMH, especially in Asia, where weakness in China was accompanied by the 'umbrella revolution' in Hong Kong. The lower euro is good news for LVMH, as Asian and American consumers find that purchases in Europe are becoming more affordable. In contrast, euro profits in foreign currency are going up; they make up 77% of sales. We view LVMH as an equity bond with a growing coupon and permanent monetary value protection. Our initial rate of return is 4%. We expect that this figure will increase annually at an attractive rate in a luxury goods market that offers long-term growth.

Sincerely yours

J. Henrik Muhle Dr. Uwe Rathausky