ACATIS GANÉ Value Event Fonds (WKN A0X754)

Investment Report February 2019 **Aschaffenburg, 5th March 2019**

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

We first presented Munich RE in our monthly Investment Report in February 2010. The upcoming dividend season is an excellent opportunity to report on our long-standing core investment a second time.

According to current estimates, the DAX groups will distribute a record EUR 38 billion in dividends to shareholders in 2019. Munich RE, the world's largest reinsurer and one of Germany's most reliable dividend payers, plans to contribute EUR 1.4 billion to this figure. The Munich-based company intends to increase its dividend every year, or at least keep it constant. There has been no reduction in the distribution since 1970. They will pay out EUR 9.25 for each share in the current season, which corresponds to an attractive 4.5% return at the current share price. The increasing distributions are not difficult for Munich RE for several reasons. The company's DNA incorporates the highest level of skill and discipline in dealing with insurance and financial market risks. In addition, the ongoing buyback of its own shares reduces the amount of capital required to pay a constant dividend. Within the space of ten years, the number of shares outstanding fell by 25 percent to just under 150 million. Moreover, the reinsurer is clearly overcapitalised. Falling premium rates mean that only carefully selected new business is worthwhile. The industry leader was again unable to push through higher prices during the traditional round of reinsurance renewals at the beginning of the year. And so it is high time that the more than EUR 200 billion in the investment portfolio and the billions stashed away in reserves were better managed. The reinsurer has taken an extremely conservative approach to managing its investments in recent years. Returns were sacrificed for security. Group CEO Joachim Wenning, who has served in that capacity since 2017, is now determined to change course. To this end, Nicholas J. Gartside was appointed as a new member of the Management Board at the beginning of the year. He will take over the newly created position of Chief Investment Officer (CIO) with effect from 18 March 2019 and will be responsible for the Group's asset management. Gartside, who is British, was recruited away from major US bank JPMorgan and is tasked with improving the risk-return profile of the investment portfolio. If the change of strategy is successful, an increase in net consolidated profit would be expected for the next few years, assuming that claims remain at normal levels. Profits amounted to EUR 2.3 billion in 2018. And because the reinsurer has a price/book ratio of only 1.1 and a price/earnings ratio of 13, growing earnings could, in parallel with continued dynamic dividend growth, result in particular in rising stock market prices.

Sincerely yours

J. Henrik Muhle Dr. Uwe Rathausky