

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.

WestLB promissory note

Until 18 July 2005, banks under public law were subject to the guarantor's obligation, meaning that owners had to assume the bank's obligations if the latter became unable to pay or was liquidated. The obligation was prohibited by the EU on the grounds that it constituted unfair assistance, but it still applies to old loans which become due prior to 31 December 2015. This created competitive advantages for state banks during refinancing processes because they had better long-term ratings as compared to private banks. The banks are making generous use of this advantage granted by the state in order to unsuccessfully invest taxpayer money on international capital markets.

Case in point is WestLB, whose guarantors assumed billions in the form of a risk shield for structured securities in 2008. On 11 February 2010, following the preparation of the 2009 annual financial statements, the Executive Board of the WestLB announced a loss of EUR 295 million, resulting in a "reduction in redemption claims for WestLB AG promissory notes by approx. 5 percent" and the loss of the coupon relating to the financial year.

We turned our attention to the promissory notes which became due on 31 December 2009. The promissory notes provided for a reduction in the redemption claim at the same amount by which equity (including

promissory note capital) shown in the balance sheet would be reduced by removing the balance sheet loss.

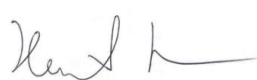
Our research showed that the redemption claim for the bonus share would have to be reduced by exactly 4.72%. Redemption was to take place on 1 June 2010, whereby the due amount as of 1 January 2010 would still have been subject to 6.125% interest.

The payment flow for each promissory note therefore provided for a payout of approx. 94% and a guaranteed redemption of 97.72% - taking into account the share price in February 2010. This corresponded with an absolute return of approx. 4% (14% on an annual basis).

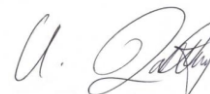
We purchased the promissory note in the months of February and March 2010, at an average price of 95%, and weighted the new fund position at around 5%.

On 23 March 2010, subject Annual Shareholders Meeting approval for the 2009 annual financial statements on 30 April 2010, WestLB confirmed our calculation. We will continue to attempt to use such low risk and market-independent arbitrage investments which promise an attractive annualized return as additions to our portfolio.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky