

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.

L'Occitane International S.A.

The story of this French natural cosmetics manufacturer began in 1976, when Olivier Baussan, who was born in Provence, produced his own essential rosemary oil with used distillation equipment. He sold it on the markets in the region, experimented with lavender and other herbs, purchased an old soap factory and opened his first store in 1978. In 1994, entrepreneur Reinold Geiger recognized L'Occitane's potential. At that time, there were only three stores in existence. He invested EUR 4 million and took over the majority of shares (52%) and management of the company in 1996. Together, they developed L'Occitane into a successful company that now operates around 1,300 of its own stores and turns over EUR 1 billion per year.

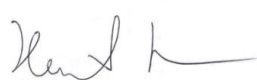
Sustainability is a success factor for L'Occitane. The care products and scents stand for natural ingredients and the allure of Provence. Production still takes place exclusively in this region. Similarly, a large portion of the ingredients also come from Provence. Mirth and immortelle is procured from Corsica, while shea butter has been purchased from women's cooperatives in Burkina Faso for over 30 years. In that country, L'Occitane is the most important trading partner and the economic support pillar for 15,000 women. The purchase price covers the production costs along with environmental protection, occupational safety and investment measures.

In addition, L'Occitane is also financing its own foundation that improves the living conditions of the women and their families. The development programme of the United Nations has honoured L'Occitane as an exemplary company for its commitment.

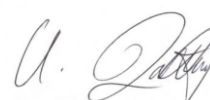
Quality and responsibility are reflected in the price of the products, which are now sold in more than 80 countries. One fifth of sales comes from the Japanese market, which suffered greatly in 2013 due to the yen's weakness compared to the euro. The implementation of SAP in the key markets along with the introduction of new POS and CRM systems, the quality of which we have seen for ourselves, also did their part to hide the company's long-term high profitability. The market responded to the profit setback with a lower share price. It fell to HKD 15, the issue price at the Hong Kong stock exchange in 2010. We built up a position in L'Occitane flanked by share purchases by management and the prospect of share buy-backs if the price fell below this level.

The company has great growth potential, particularly outside of its current key markets Japan, US, Hong Kong and France. We expect that this potential will be leveraged without interruptions. Over the last 20 years, Reinold Geiger, who indirectly controls 70% of the share capital, has proven that he is the right president and majority shareholder.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky