

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.

Underberg GmbH Bond 2011 (16)

Hubert Underberg brewed his first herbal bitter back in 1846. 165 years later, his legacy is being continued in the fifth generation of the Underberg family as an international drinks group with annual sales of over EUR 500 million. The company's biggest proprietary brands are Underberg, Asbach, and PITÚ. They are the market leaders in their respective categories. As premium brands they are extremely well known. Underberg also distributes third-party brands such as Averna, Glenfiddich, and Moskovskaja. Distribution in Germany is through a joint venture with Rémy-Cointreau. Besides the proprietary and third-party distribution brands, Cointreau, Rémy Martin and the champagne Piper-Heidsieck, among others, are also distributed through this channel.

To be able to establish oneself permanently as a winner in a declining market for alcoholic drinks you need to be a passionate and experienced entrepreneur with pronounced branding and sales competence. Wilfried Mocken has these traits. He has been with the company for over 30 years and is the group's chief executive officer. In an interview he impressed us with his views on family-influenced and value-oriented corporate management.

With the floating of a bond, which is to be used for further market expansion and to place the debt financing on a mid to long-

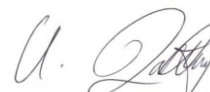
term basis, Underberg opened up to the capital market. We subscribed to the bond, which was in exceptionally strong demand.

The coupon is 7.125% p.a. and the maturity is five years. We consider both to be attractive considering the risk and the size of the issue. The company's asset and liability structure, financial position, and earnings situation is solid. Alone the value of the Underberg and Asbach brands, which is not reflected in the balance sheet, is likely to be worth a multiple of the company's equity according to German HGB accounting standards. The group's principal activities are concentrated at Underberg GmbH. Underberg AG, Switzerland, has an 82% stake in Underberg KG which, as holding company, owns all the shares in Underberg GmbH. Emil Underberg, who is a member of the board of directors of the Swiss Underberg AG, is the personally liable partner of Underberg KG. Between Underberg GmbH, as the issuer of the bond, and its parent there is an intercompany agreement that protects our creditor status against losses pursuant to Section 302 HGB (German Commercial Code). This control and profit transfer agreement and important brand licensing and supply agreements run until into the year 2017 and 2021 and thus beyond the life of our bond. The agreements cannot be terminated before then. Despite the possibility there is for compensating losses and liability: We expect further solid earnings and a continuation of the traditional and successful family history.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky