ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report April 2015 **Aschaffenburg, 5th May 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.

DZ Bank Capital Funding Trust II (III)

DZ BANK is the central institution of the cooperative Volksbank and Raiffeisenbank. It supports the business activities of the independent cooperative banks. Its good competitive position is characterized by an all-finance offering that comprises Bausparkasse Schwäbisch Hall, DG Hyp, VR Leasing, R+V Versicherung, Union Investment and DZ Privatbank. The group impresses with its considerable refinancing power and solid capital resources. Its client base is 30 million strong, of which more than 60% are also co-owners of the cooperative banks. They supported the capital increases of DZ Bank in 2009 and 2014, in order to comply with the regulatory own capital funds requirements.

The equity capital as of 31 December 2014 is almost EUR 17 billion. Of this amount, EUR 3 billion are attributable to seven TIER 1 subordinated bonds, whose creditors include numerous customers of the cooperative group. This connection was the reason for our interest in two of these bonds in the year 2012. One was introduced in our investment report of April 2013 (DZ Bank Capital Funding Trust II), the other in August 2014 (DZ Bank Capital Funding Trust III). The terms of both bonds are similar. Both cases exclude a reduction in the nominal value under the terms of the prospectus. The coupon corresponds to the 3M Euribor (de facto at zero at present) plus a margin of 150 and 160 basis points. At the time, we purchased a nominal volume of EUR 22 million at an average acquisition price of 44%. Our expectations for an adjustment response were fulfilled. We have now sold all of the bonds at 93% at a profit of EUR 11 million plus collected interest.

There is still some residual attractiveness with regard to the redemption amount of 100% that might be realized with a buyback, the premature redemption of the bond or due to interest rates, but we do not wish to speculate on that account. In our opinion, the risks of an investment currently outweigh its benefits in view of the current interest rate of 1.6% and 1.7%. Both subordinated bonds lack a final due date, interest payments depend on earnings, and there is no catch-up requirement if they are omitted. That means that the bonds could react very sensitively in terms of the share price, if the type of risk aversion last experienced in the summer of 2011 and the fall of 2014 makes a return to capital markets. This would in particular affect long-term equity mezzanine instruments that offer only a small market risk premium - particularly since the DZ Bank bonds only offer very minimal liquidity and market depth in the secondary market. There is also a possibility that we will invest again in these two bonds. But only if the risks are reasonably compensated, which is no longer the case now.

Sincerely yours

J. Henrik Muhle Dr. Uwe Rathausky