ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report May 2009 **Aschaffenburg, 5th June 2009**

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.

Wells Fargo & Company

The winners of tomorrow are the strong companies of today which made few mistakes in the past, such as Wells Fargo, the second-largest bank in the United States based on customer deposits. 273,000 employees, 12,000 automated bank machines and 7,000 branches provide services to more than 40 million US households. More than 60 US banks have gone bankrupt since the start of the economic crisis. Notwithstanding historically low base interest rates of currently 0% and monetary policy support, these failed institutes carried too much existing debt to be able to profit from the positive environment created by the US Federal Reserve. Wells Fargo, however, is expanding its market share vis-a-vis its competitors and is making disproportionate gains as part of the recovery process in the US banking system, thanks to a net interest margin of 4.16%, which is the highest by industry comparison. Earnings from all interest-bearing assets, less all refinancing costs, amount to USD 11.5 billion in the last quarter. Projected over an annual view, this corresponds to a net interest income of USD 46 billion, with "average earnings assets" of USD 1,107 billion at the moment. Warren Buffett, who is Wells Fargo's largest shareholder through Berkshire Hathaway and who recently expanded his holding to 6.4%, describes the bank as having "tremendous earnings power". It is the philosophy of responsible banking that has made the bank, which was founded in 1852, into such a strong player. At the centre of this philosophy is the customer ("Satisfy all our customers' financial needs and help them succeed financially"). Wells Fargo is not or only minimally engaged in structured credit products (CDO, CLO), off-balance-sheet special purpose companies (SIV, Conduit) or the financing of hedge funds and leveraged loans and credits (LBO). While the competition gave out mortgages to borrowers with the lowest credit rating, whose contracts supposedly provided for attractive interest rates ("adjustable rate mortgages") and an absence of down-payment periods but in fact caused negative amortisation, Wells Fargo decided to forego billions of dollars in new business commissions. Now it is making up the amount with an extremely disciplined approach in the underwriting segment. Almost every fourth new US mortgage loan is from Wells Fargo. Many of these are guaranteed by the government.

With the takeover of hard-hit competitors Wachovia on 31 December 2008, Wells Fargo doubled its size virtually over night. The acquired "toxic" receivables from the Pick-a-Pay portfolio, which is to be liquidated, amount to USD 115 billion and have already been adjusted by approximately 30%. Other large write-downs are unlikely, given the quality and collateral in the portfolio, but could be managed thanks to the organisation's earning power. We believe that Wells Fargo is the big winner of the crisis in the US banking landscape. Our fund should continue to benefit from this situation.

Sincerely yours

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