ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

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

eBay Inc.

During the next few months, Internet pioneer eBay will be spinning off its on-line payment system PayPal. The subsidiary's shares will be transferred to the shareholders of the parent company at zero cost. Since the legal requirements for a spin-off have been met, this process will be neutral in terms of taxes and will not be treated as a distribution in kind, i.e. the original acquisition costs will be divided over the old and new shares at a spinoff ratio. Initially, this step does not lead to any immediate capital gain for eBay shareholders, because the price of their shares - ceteris paribus - is reduced by the market price of the subsidiary. We nevertheless expect that this transaction will result in an attractive yield in the medium term.

A spin-off regularly frees up value potentials, which cannot be generated within a group, for example because important collaborations can only be entered into as an independent company. In addition, the spin-off also highlights the value of the various sub-divisions, insofar as different growth and earnings expectations, or investment requirements, have a negative effect on investor perception and weigh heavily on the parent company's share price. Sometimes it is precisely the spun-off company that is valued attractively after a spin-off, which is in the interest of management that receives share options, whose strike prices are based on a lower initial exchange price. But spin-offs can also benefit the parent company. In this context, financial investor Carl Icahn selected eBay as a target for his attack. He pushed for the spin-off and concluded a standstill agreement with eBay, which gives him influence under supervisory and regulatory law. The infamous billionaire, who is well-known for his propensity to take drastic actions, has already obtained the first shake-up of the Supervisory Board.

After the split, the shareholders will own two completely different companies. First, the growth engine PayPal, which could reach a transaction volume of USD 300 billion by the end of this year, and which already generates a free cash flow of almost USD 2 billion today - and likely has yet to reach its full potential with the increasing popularity of mobile payment systems. And then there is the debt-free and highly-profitable trading enterprise eBay, whose 157 million customers generate an annual free cash flow of almost USD 2 billion, whose business is stable (even though growth rates have slowed down), and whose platform could become an attractive take-over target for competitors such as Amazon, Alibaba and Google. Both brands no longer fit under the umbrella of the group, and both are better off pursuing their potential on their own. At a much higher valuation than we find today at EUR 70 billion.

Sincerely yours

J. Henrik Muhle Dr. Uwe Rathausky