

**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.

### Berkshire Hathaway Inc.

The US investment company Berkshire Hathaway was first introduced in our Investment Report for August 2011. At the time, we noted Warren Buffett's surprising announcement of a guide for an approximate calculation of Berkshire Hathaway's intrinsic value. We assessed the value at USD 278 billion, or USD 170,000 per share. The share price of USD 104,000, which corresponded to 104% of the book value, identified a clear undervaluation. Just a few weeks after our report, Berkshire Hathaway announced it would buy back its own shares at a maximum price to book value ratio of 110%. Since then, it has been possible to assess both the stock's value and the attractiveness of a buyback on the basis of the company's quarterly reports. In 2012, Buffett increased the price-to-book limit to 120% in order to secure a stock package of USD 1 billion. Since then, the price limit has not changed.

In our Investment Report for September 2014, we calculated an intrinsic value of USD 256,000 per share (178% of the book value). In January 2016, the value was given at USD 291,000 per share (190% of the book value). It has continued to grow in the meantime. Today, it is USD 496 billion or USD 302,000 per share (170% of the book value). This means that the combination of value and event remains attractive. On the one hand, the intrinsic value, which currently stands at around

USD 52,000 above the current share price, should grow by approximately 10% p.a. if one uses solely the increase in the book value over the last ten years as an approximation (value). This is due in particular to the enormous premium volume of the four insurance segments (table, in USD billion), which Berkshire Hathaway can invest profitably over many years until potential insured losses are incurred.

2017	2016	2015	2014	2013	2012	2011	2010
105	91	88	84	77	73	71	66

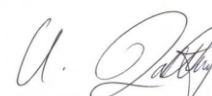
Since the historic claims and cost ratio is under 100%, the growing premium volume ("float") ensures steady investment demand that drives the expansion of the empire. Therefore the costs of the float (insurance losses) are not only lower than the costs of alternative refinancing, but rather correspond to permanent refinancing at a negative interest rate.

On the other hand, the price risk for the stock is greatly reduced by the buy-back programme that currently takes effect at a share price of approximately USD 214,000 (event). The buy-back promise acts as a "safety net". Similar to the intrinsic value, the price that triggers the share buyback process should also continue to grow by approximately 10% p.a. Consequently, we are in the middle of a positive (as pointing upwards) trend channel of value and event. This is also expected to benefit our fund investors in the future.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky