

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.

KfW Bond 2016 (19) and 2017 (20)

In the past few years, we introduced four short-term, EUR-denominated money market substitute bonds, namely Delta Lloyd, Dt. Telekom, Stada and Volkswagen. These are liquid corporate bonds with excellent financial standing that are just before their pull-to-par phase with a remaining maturity of one to two years and therefore are not subject to interest change risk. They give the fund stability. At the same time, we have the flexibility to take advantage of investment opportunities in a volatile capital market without having to subject liquidity holdings to the kind of negative interest rates that are currently specified by the ECB through its deposit facility of -0.4% for all business banks in the Eurozone. We stagger money market substitute bonds on the basis of different maturities. Given the ECB's current bond purchase volume of EUR 2,500 billion, it is not surprising that the yields for these Euro instruments are only a few basis points at best.

Against the background of the difficult economic and political situation in Italy and the possible escalation of global trade conflicts, we expanded our universe a few months ago and focused our attention on money market substitute bonds in currencies that offer the potential to appreciate and may be considered a safe haven in the case of a crisis. Our search led us to Norway. The country's capital market is too small and illiquid to become a

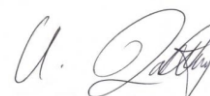
safe haven in the way of Switzerland or Japan, but it is well suited as a component for our portfolio.

Since 2013, the Norwegian krone has lost 35% against the euro. Many traced this development to return flow of funds into the Eurozone following the containment of the Greek crisis, and the downturn in the oil price. Even though commodity prices recovered swiftly and the Eurozone was unable to overcome - or at best, postponed - its problems, the Norwegian krone nevertheless remained at a low level. This seemed illogical, because oil and gas, along with the associated industries, still play an important role in Norway's economy. They feed the government's pension fund, whose assets have grown to EUR 900 billion in the meantime. The country is rich, the financial and economic system is stable, and the base rate is in positive territory with 0.5%. To that extent, we view the foreign currency not as a risk but as an opportunity. We purchased two KfW bonds in Norwegian krone with a remaining term of around two years and a redemption price of 100%, and assigned it a weighting of 3.5% in the fund. The annual coupon is 1%. Since our purchase, the exchange rate has trended in our favour. Standard & Poor's has assigned the highest rating AAA ("Prime (Triple A)") to both bonds.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky