

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.

Bijou Brigitte modische Accessoires AG

The roots of Europe's market-leading provider of fashion jewellery and fashion accessories can be traced back to the year 1963. In that year, Friedrich-Wilhelm Werner founded the Hamburg-based company as an import and trading company for fashion jewellery. Forty-five years later, on 1 January 2009, Friedrich-Wilhelm (now 66 years old) handed over the reigns to his son Roland, who assumed the post of Chairman after being a member of the Board of Directors for five years. Roland is inheriting a success story: Machine-based in-house manufacture began in 1966, the store system was established in 1977, the first foreign store opened in 1989, production was moved abroad in 1993, automated goods deliveries started in 1998 and the 300th store was opened in the year 2000. Today, the company operates 1,100 stores in 13 countries (36% in Germany). The product range consists of 9,300 items (average price: EUR 6).


What makes Bijou Brigitte so successful? The main reason is that this owner-managed organisation (Friedrich-Wilhelm holds the majority of shares) focuses on continuous, modest and customer-oriented growth and a willingness to focus on continuous operational improvements. Bijou Brigitte aligns its activities so as to increase the growth rate of its operating earning power and the amount distributed to shareholders - a combination we find very attractive. The result - a highly-

profitable and debt-free company with a turnover of EUR 376 million last year, and a company that made approximately 22 cents after taxes from each euro and distributed 14 cents of that amount to shareholders.

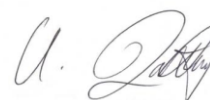
If you could buy the company, what would it be worth to you? We purchased a share for EUR 1.33. Excluding own shares and the net finance position, this corresponds with a company valuation of approximately EUR 500 million. The share price is not reflective of the true quality of this company, even after the dividend payment and a 25% rise in the share price (the same applies to product quality: we would like to mention that we do our own field research (with competent assistance) and regularly inspect the stores).

Bijou Brigitte is not left untouched by the crisis, particularly in the countries that are especially hard-hit by the real estate and financial crisis, namely Spain, Portugal and France. At the same time, the company was able to compensate area-adjusted sales losses through the store expansion. The considerable liquidity buffer - some of which was used to buy back own shares at a good price following the exit of a hedge fund - also opens opportunities to take over interesting store locations from competitors that are leaving the market. We are convinced that Bijou Brigitte will again emerge as a winner from this crisis.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky