

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.

ProSecure Funding Limited Partnership

With a balance sheet sum of approximately EUR 200 billion and 14 million customers, Postbank is one of Germany's largest financial services providers for the private customer business. With 9,000 ATMs from the Cash Group, 4,600 partner branches from Deutsche Post and 1,100 of its own branches, it also boasts a densely-knit sales network.

Postbank was able to weather the financial crisis without government help, despite incurring losses as a result of the Lehman Brothers bankruptcy. In 2010, Deutsche Bank acquired a majority holding in Postbank and has since increased its interest to 94%. On 30 March 2012, both institutions announced a control and profit transfer agreement between Deutsche Postbank AG as an independent company and DB Finanz-Holding GmbH as the controlling company. The contract became final and conclusive on 11 September 2012. Postbank is required to transfer its profits for the duration of the agreement according to sec. 301 of the Companies Act (Aktiengesetz). In turn, Deutsche Bank is required to compensate any losses incurred by Postbank pursuant to sec. 302 of the Companies Act. In May 2013 we invested in an Upper Tier 2 supplemental capital for Postbank, which was issued in 2006 at a volume of EUR 500 million by the ProSecure Funding Limited Partnership, a partnership set up under Jersey law. The capital yields an interest rate of 4.668% p.a. until

the defined final maturity of 30 June 2016. The terms of the prospectus exclude participating interest payments if a net loss is incurred during the business year, or if payment of the same would lead to such a situation. The interest payments and repayment are secured at the nominal value since Postbank is not in a position to generate profits or losses - but rather only an annual result of zero - during the minimum term of the enterprise agreement which ends on 31 December 2016. This is confirmed by a current decision of the Federal Court of Justice dated 28 May 2013: "All of the disbursements and repayment claims that were originally provided for must be met regardless of the future earnings position of the issuing company, provided that the forecast regarding the company's earnings developments was positive when the control and profit transfer agreement was concluded." In the case of Postbank, with regard to the non-controlled continuation of the bank, the planning calculations of the contract and audit report consistently forecast annual surpluses until the end of the projection phase in the year 2018.

We purchased our fund position at an average price of 101%. The expected return is almost 4% p.a. despite the most recent increase in the share price to 102%. This is a very attractive rate of return in view of the short remaining term, the solidity of Postbank and the high degree of contractual and legal security. We view this security as a money market alternative.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky