ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report July 2017 | **Aschaffenburg, 5th August 2017**

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.

LVMH Moët Hennessy - Louis Vuitton S.A.

With annual revenues of € 38 billion, LVMH is the largest luxury goods company in the world. It developed from the 1987 merger of the two companies, Louis Vuitton and Moët Hennessy, in order to fend off attempts at a hostile takeover. However, only one year after the merger, differences of opinion on alignment prompted the founder families Vuitton and Hennessy to engage external consultants in order to strengthen their individual positions in the company. One of them was the French businessman, Bernard Arnault, the owner of the Christian Dior brand. It was intended for him to buy shares in LVMH and strengthen the position of the Vuittons. In fact, with the aid of an investment bank, he acquired almost 50% of the LVMH shares and in 1989, following a legal battle and against the will of the founder families, took control of the company.

Over the years, Arnault purchased numerous companies. Today, in addition to Louis Vuitton, Moët et Chandon and Hennessy, the companies Bulgari, Céline, Château d'Yquem, Dom Pérignon, Fendi, Givenchy, Glenmorangie, Krug, Loro Piana, Rimowa, Sephora, Tag Heuer, Veuve Clicquot and Zenith belong to the LVMH family and its approximately 70 brands. As the richest man in France, Arnault has a reputation as a tough businessman whose talents extend beyond mere purchasing of brands. LVMH excels through creativity and flexibility in the development of individual brands. The companies are managed decentrally while LVMH controls and benefits from economies of scale in purchasing and sales as well as in sales area management. Accordingly, LVMH takes a rational approach to capital allocation. Stable returns on equity are generated. In the years 2006-2016, it was able to generate earnings after tax of € 69 per share, with a dividend distribution of € 28 and € 41 of retained earnings. During the same period, its profit per share grew € 4.0 (7% p.a.) to € 7.9. This means that its retained profits in 2016 yielded an internal rate of return of around 10%.

2017 got off to an excellent start for LVMH. Profit after tax grew in the first half of the year by 24%. Additionally, the company is strengthening its fashion segment and simplifying the corporate structure. For € 12 billion, Arnault's family holding will acquire the remaining 26% of the shares in Christian Dior SE, which, in turn, holds 41% of the shares in LVMH. At the same time, Christian Dior Couture will be incorporated into LVMH at a price of € 6.5 billion. The shareholder value corresponds to 15.6 times the EBITDA as per the end of March 2017. We consider this to be an attractive price for an iconic brand. The LVMH share is a contingent convertible bond with an increasing coupon and long-term cash value protection. The yield is 4%. This is expected to grow at an attractive rate year on year.

Sincerely yours

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