

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.

AB InBev S.A.

With a sales volume of 433 million hectoliters of beer in 2016, AB InBev is the world's leading brewery group. Every fourth beer in the world is brewed by AB InBev. The company is one of the five largest consumer goods manufacturers, has around 200,000 employees and owns 500 brands in more than 150 countries. The company's USD 104 billion takeover of SABMiller last year has become the current high point in the surprising rise of 3G Capital, the Brazilian investment firm that was founded by Paulo Lemann, Marcel Telles and Carlos Sicupira in 2004, and that has been making a splash in the global beverage and food market since then. Prior to this takeover, Banco Garantie, an investment bank led by Lemann, took over Brazilian brewery Brahma for USD 60 million in 1989. He did not have any industry experience, but said to himself: "Who is the richest Columbian? A beer brewer. Who is the richest Argentinian? A beer brewer. So let's go!"

While the bank was sold in 1998, the original investors kept the brewery. Only a year later, Brazilian Antarctica was amalgamated with Brahma into AmBev under the leadership of Carlos Brito, the current CEO of AB InBev. In 2004, AmBev merged with Belgian Interbrew to become InBev. This was followed by the takeover of the largest US brewery Anheuser-Busch in 2008, which created AB InBev. Lemann had been dreaming about this step

for 20 years. Most recently, the competitors cooperated in the distribution segment, and it was increasingly noted that the American company had weaknesses, including the heir Busch. He neglected the core business, preferred to travel by corporate jet, stayed in luxury hotels and invested his money in vanity projects. 3G Capital is the opposite: The principals only book cheap hotels to be a model to their employees. They do not have private secretaries and get involved when it comes to prohibiting colour copies in the group. Not charismatic, rather a tendency towards asceticism. No bel-esprit, but down to earth. Not big talkers, instead rather secretive. But they are brilliant in their analysis and ruthless in implementing their proven 3G method of cost-cutting ("zerobased budgeting") and clear target- and results-oriented specifications ("management by objectives"). Thousands of graduates apply for a handful of positions at 3G every year. It challenges the concept of meritocracy: performance is everything. Surround yourself with the best talent, give them a low salary and high bonuses, a lot of transparency and the responsibility of being able to do great things at a young age. There are hardly any hierarchies. Brito shows how it is done. In his office, he does not have his own room, but rather works together with his closest staff at one desk, similar to a start-up.

We want to participate in this type of culture. A 4% dividend yield made our decision an easy one.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky