

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.

Deutsche Wohnen AG

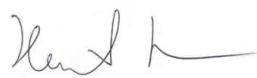
A capital increase is usually necessary if a company wants to expand its business activities without increasing its leverage (additive capital increase). Conversely, a capital increase can improve a company's credit standing, safeguard credit covenants and, as a result of the lower leverage, reduce borrowing costs and thus the likelihood of its becoming insolvent (substitutive capital increase). In the latter case there is often a positive reaction in the price of the company's share. However, at first the additional supply of new shares while demand remains unchanged (relative equilibrium price) weighs on the share's price. In most cases the issuer can only offer new shares at a much lower price. The level depends on investors' expectations about the company's future. Their assessment is reflected in the different prices at which investors are prepared to subscribe to new shares. Price, volume and information effects are therefore key factors for the assessment of a capital increase.

Deutsche Wohnen AG manages approximately 50,000 residential properties in the core region of Berlin and Frankfurt/Rhein-Main. It carried out a capital increase in October 2009 whose proceeds are to be used to reduce debt and to finance further expansion. The high relative size of the issue and the attractive subscription price presented a good investment opportunity. 55,440,000 new shares

were issued and the company's share capital was increased from EUR 26,400,000 to EUR 81,840,000. Shareholders of Deutsche Wohnen AG had pre-emptive rights of subscription and in the period from September 24 to October 7 were able to subscribe to 21 new shares at a price of EUR 4.50 for every 10 shares held. Compared to the closing share of the old shares before they traded ex subscription rights this was a large discount of 60%. The principal shareholder had committed to the underwriting syndicate and the issuer to subscribe to new shares. In so far it was an insider - not an outsider - capital increase in which we joined sides with the asymmetrically informed parties. Oversubscription was made possible in proportion to the respective number of shares that could be subscribed to on the basis of the subscription right. The successful placement of the shares increased Deutsche Wohnen AG's equity ratio by about one fourth. Besides improving the balance sheet, the financial resources open up the possibility to profit from investments in the currently attractive real estate markets.

The fund participated in the capital increase by purchasing subscription rights. We were able to realize a gain of 20% within two weeks. We wish to take advantage of such opportunities, which often do not have much correlation with the general market, to supplement our portfolio performance. At present there are quite a few opportunities to do this.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky