

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.

Linde AG

We presented Linde in our Investment Report back in February, in light of the forthcoming merger with Praxair. The merger has now been completed. The US antitrust authorities cleared the merger on 22 October, subject to the implementation of certain divestitures and conduct commitments. Approval was granted at the eleventh hour - the one-year completion period that began with the conclusion of the public exchange offer would have expired only two days later. The offer to receive 1.54 shares in the new holding company for each Linde share was approved by 92% of Linde shareholders. They are now shareholders of Linde plc. The remaining 8% will be compensated on the basis of an expert opinion on the capitalised income value against payment of EUR 188.24 per share. An extraordinary general meeting is scheduled for 12 December to address the 'squeeze-out'.

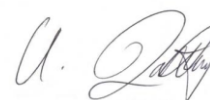
Linde and Praxair expect synergies of USD 1.1-1.2 billion. Above all, there are real synergies which result directly, taking into account the effects of the valuation event and, in contrast to unreal synergies, are disregarded in the expert practice of objectified enterprise valuation. Consequently, the settlement does not take these into account. This is because a standardised future performance value is determined based on the assumption of a conceptually unchanged con-

tinuation of the enterprise according to the stand-alone principle. This is inappropriate and accordingly disputed in the literature, because the intention to achieve synergies is often an important reason for implementing a corporate measure. A buyer acting rationally will always be prepared to pay a price for this, and, in a free price negotiation, the seller will seek to be recompensed for it. The consideration of synergies alone therefore ensures that a shareholder is not worse off in the event of a forced withdrawal than in the event of a voluntary divestment decision, and that he receives compensation which corresponds to the principle of "full economic compensation" postulated by the German Federal Constitutional Court. We expect that an appropriate and significantly higher settlement will be determined in the judicial award proceedings. The figure of EUR 223.20 per share could serve as a guide. Interestingly, this illustrative present value for Linde AG, which is 19% higher than the EUR 188.24 offered, was based on the assumption of a discount rate of 5.75% and a growth discount of 1.75% in the exchange offer document. Against this background, we have now increased our position to 8% of the fund volume. We hold 1 million Linde shares, which we will surrender at the squeeze-out price. In return, we will receive a highly attractive 'right of subsequent improvement' for a generous increase in the cash compensation.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky

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