ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report December 2015 **Aschaffenburg, 5th January 2016**

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.

Delta Lloyd N.V. Bond 2010 (17)

With more than four million customers, Delta Lloyd is one of the Netherland's largest financial institutions. The oldest existing life insurance company on the European mainland traces its roots back to the year 1807, when Hollandsche Societeit van Levensverzekeringen was founded. In 1967 to 1969, the company joined Amsterdamse Maatschappij van Levensverzekering and general insurer Nedlloyd to form Delta Lloyd. This was followed by takeovers and mergers in the Netherlands, Belgium and Germany. The institution, which did not need government assistance during the financial crisis thanks to its solid financial standing, went public in 2009.

Today, Delta Lloyd is a broadly diversified group of companies that offers personal, property and liability insurance in addition to life insurance, and that is also represented in the market with banking transactions and its own asset manager for retail and institutional clients.

In the current environment of low interest rates, the life insurance business has become very challenging in view of the long-term guarantee commitments that are increasingly out of sync with the structure of the capital investments. Delta Lloyd responded to this situation by reducing its defined-benefit commitments (among other things). On the other hand, it is also expanding the volume of contribution-oriented, non-guaranteed products as well as the property and casualty insurance business. At the same time, it focuses on the core markets Netherlands and Belgium. The new business in Germany was already discontinued in 2010. In 2015, the unit was sold to free up capital for the Solvency II requirements that went into force on 1 January 2016. Two subordinated bonds, which were issued in 2012 and 2014 at a volume of EUR 1.25 billion, were also used to increase equity capitalisation, along with a EUR 0.3 billion capital increase completed in March 2015. This is now followed by another capital increase of EUR 1 billion, which is supposed to raise the solvency ratio in Solvency II to 175-180%, which would correspond to an equity capitalisation of EUR 5.6 billion.

This constellation triggered our interest in a bond that Delta Lloyd issued in 2010 (volume EUR 0.6 billion), because it is relatively low risk due to its seniority over equity ("senior unsecured"). It has a rating of BBB. The yield on capital is 4.25% p.a. until the maturity of 17 November 2017. The current yield is 1.5% p.a. The bond adds to our high-quality portfolio of short-term money market-substituting papers. They provide the fund with stability, and a chance to take advantage of investment opportunities that will become available as volatility in capital markets increases.

Sincerely yours

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