

We invest in winners. This 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.

Prosus N.V.

Prosus is a Euronext-listed internet investment company. It is one of the world's largest technology investors. The company's focus is on fast-growing, scalable business models that address global consumer trends. These include social media and internet platforms, fintech, food delivery, e-tail, travel and edutech. A 29% stake in Chinese internet giant Tencent is by far the biggest investment. This represents a stock market value of around EUR 150 billion and about 60% of the net asset value of Prosus. The remaining 40% is made up of various participations and a net liquidity position. The history goes back to 2019. At that time, the South African parent company Naspers, which had acquired a 47% stake in Tencent for only USD 32 million in 2001, was forced to spin off its internet holdings into a listed company in order to reduce its weighting on the South African stock exchange, which had in the meantime risen to 26%. It managed to reduce the weighting to 18%, but it rose to 23% again in 2021. In addition, a significant discount to the net asset value remained despite the outsourcing, the reduction of the Tencent stake and the share buybacks. The discount for Prosus rose as high as 50% at times in recent weeks in the wake of the price losses on the Chinese stock market. This movement awakened our interest. All the more so as a complex capital market transaction was pending to address the issue. As a result, on 16 August 2021, Prosus ac-

quired approximately 45% of the shares of Naspers, the parent company of the group, in exchange for an increase in its own share capital by 27%, or 449 million new shares, to increase its stake in Naspers to 49%. In return, there was a reduction in Naspers' stake in Prosus from 73% to 57%. The net asset value of Prosus increased by 6% due to the indirect acquisition of 541 million treasury shares attributable to Naspers. In this context, a share buyback programme in the amount of USD 5 billion had already been announced in the capital increase prospectus, which was to take effect after the completion of the share exchange. Prosus began this process on 23 August 2021. Today, it is one of the 10 largest companies in the STOXX 50, as its free float and market capitalisation increased significantly. We took advantage of the offer period and acquired Prosus shares directly and via the purchase of Naspers shares, which were trading at a discount to the exchange ratio. We expect the undervaluation to be reduced in the medium term and net asset value to continue to build. There is huge potential for this in the investment portfolio. We also consider Tencent to be undervalued. We are not discouraged by the tighter regulation in China, which aims to achieve more balanced growth and social interests by reorienting economic policy. The same applies to our participation in Tencent Holdings Limited as a company incorporated under the laws of the Cayman Islands through Prosus. We are keeping a close eye on the regulatory environment.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky

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