

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.

PayPal Holdings, Inc.

US financial services provider PayPal was founded in 1998 and has since then been an innovation leader in digital payments. It was acquired by eBay in 2002 and then spun off as a separate listed company in 2015. The PayPal network, which connects merchants and consumers in more than 200 countries, now has more than 400 million customers and an annual transaction volume of USD 1,246 billion. The open platform delivers continuous, profitable growth (table).

in billions USD	2021	2020	2019	2018	2017
Revenue	25.4	21.5	17.8	15.5	13.1
Operating profit	4.3	3.3	2.7	2.2	2.1
Operating margin	17%	15%	15%	14%	16%

In addition to the merchant fees paid as a percentage, the main indicators of business success are the customer base, the payment frequency and the average transaction volume (table).

	2021	2020	2019	2018	2017
Customers in millions	426	377	305	267	229
Transactions/Customer	45	41	41	37	34
Ø Transaction value	64\$	61\$	58\$	59\$	59\$

These core values should grow continuously. PayPal has become well-known due to its use in online payment transactions, and its ac-

ceptance is steadily increasing. In 2020, 25% of all online purchases in Germany were paid via PayPal, but by 2021 this figure had climbed to 28%. At the same time, purchases by invoice fell from 30% to 28%. The transition to retail shops was also successfully pushed forward. PayPal is transforming itself from a pure online payment method to a comprehensive payment service provider that supports its merchants across all online and offline channels through international payment methods, invoice and instalment purchases, credit offers as well as QR code and checkout systems. This should further strengthen the PayPal ecosystem. Nonetheless, the stock market value has fallen from USD 350 billion to less than USD 100 billion within a year. The principal reason for this is the bursting of the technology bubble. But PayPal also fostered unfulfillable expectations: The target of 750 million customers by 2025 was retracted after just one year. Simultaneously, eBay ended its exclusive partnership with PayPal so that it could set up its own payment service.

Activist investor Elliott took advantage of the low stock market valuation to buy into the company. PayPal immediately pledged major cost savings, raised its full-year earnings estimate and announced a USD 15 billion share buyback programme. We took advantage of this attractive value event constellation to invest as well. PayPal has a scalable business model with significant brand equity and powerful network effects.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky

Disclaimer: This document is a customer information ("CI") within the meaning of the Securities Trading Act (WpHG), the "CI" is directed exclusively to professional clients within the meaning of section 67 WpHG (natural and juristic persons) with habitual residence or registered office in Germany and is used solely for informational purposes. Also, it was not written with the intention of providing legal or tax advice. The tax treatment of transactions depends on the personal circumstances of the respective customer and may be subject to future changes. The individual circumstances of the recipient (including the economic and financial situation) were not taken into account in the preparation of the "CI". An investment in mentioned financial instruments / investment strategy / financial service involves certain product specific risks - e.g. Market or industry risks and risk in currency, default, liquidity, interest rate and credit - and is not suitable for all investors. Therefore, potential prospects should make an investment decision only after a detailed investment advisory session by a registered investment advisor and after consulting all available sources of information. For further information, please refer to the "Key Investor Information" and the securities prospectus: www.gane.de. Past performance is not a reliable indicator of future performance. Recommendations and forecasts are non-binding value judgments about future events and may therefore prove to be inaccurate with respect to the future development of a product. The listed information refers exclusively to the time of the creation of this "CI", a guarantee for timeliness and continued correctness cannot be accepted. The above content reflects only the opinions of the author, a change of opinion is possible at any time, without it being published. The present "AI" is protected by copyright, any duplication and commercial use are not permitted. Date: 05/09/2022. Editor: GANÉ Aktiengesellschaft, Weißenburger Straße 36, 63739 Aschaffenburg, acts as a tied agent (section 3 (2) German Wertpapierinstitutsgesetz (WpIG) on behalf, in the name, for account and under the liability of the responsible legal entity BN & Partners Capital AG, Steinstrasse 33, 50374 Erftstadt. BN & Partners Capital AG has a corresponding license (section 3 (2) WpIG) from the German Federal Financial Supervisory Authority (BaFin) for the provision of investment advice in accordance with section 2 (2) No. 4 WpIG and the investment brokerage to section 2 (2) No. 4 WpIG.