

HOWALDT & CO.



WERTANLAGEN FONDS

Alignment at work in professional investing





Disclaimer – please make sure you read this

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ALL INFORMATION SET OUT IN THIS DOCUMENT AS OF APRIL 2018.



If you...

believe that enterprise ownership represents one of the best ways to maintain and enhance wealth...

...but do not have enough time to do it all by yourself

invest for the long-term but like the liquidity option inherent in owning listed securities...

...but don't know when exactly and what to buy from Mr. Market during his mood swings

if at all, prefer delegating investment to someone who invests lots of his own money together with your own

prefer common sense over complex/fashionable

believe that tax efficiency helps long-term returns...

...but still rather have investments on-shore

believe that low fixed costs help investment returns

Then you...

may well find it worthwhile to read on and meet the Howaldt & Co. investor team to form a view on our integrity, skill and investment strategy



Our overall approach: Alignment at work in professional investing

Co-investing with management

Principals' substantial liquid assets at stake

Experienced investor team

Dr. Stephan Howaldt (b. 1966) and Carl Oetker (b. 1982)

Any "good value" securities...

Strategy flexible to take advantage of opportunities and/or dislocations across the world and across asset classes

...but only common-sense assets

Securities we understand, no shorting, no potentially toxic derivatives, mostly equities, ideally with involved owners and solid balance sheets

Liquid when needed...

Quarterly withdrawals possible⁽¹⁾

...yet a long-term home for co-investors' wealth

Will intermittently hold cash when markets lack value opportunity

On-shore / no tax trickery

Without undue tax disadvantages⁽²⁾

Management rewarded only for performance...

5% hurdle and 80/20 split

...low-fixed-cost shared between all investors, including the principals

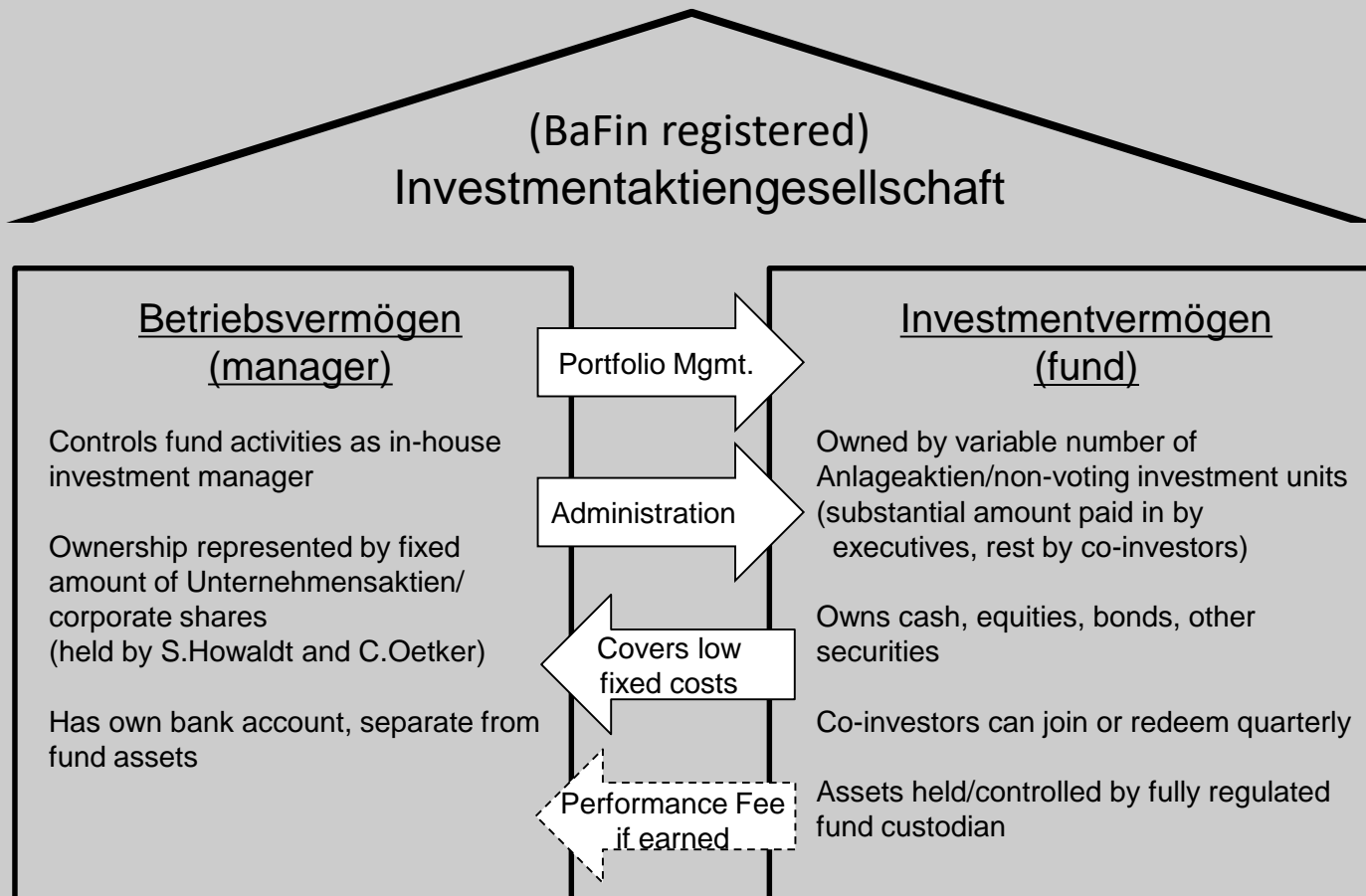
Higher of EUR 75K or 22 basis points in total, largely use of execution-only (online) brokers

Notes: (1) Subject to a 5% redemption discount during any 5 initial years.

(2) Eventual tax treatment is dependent on tax authorities and no representation and warranty in relation thereto is given by Howaldt & Co.



We are doing this under the roof of an on-shore German InvAG



This is where the assets are

Ring-fenced – and held by custodian (Verwahrstelle)

Independently verified – custodian and annual audit

Cost efficient – operation under one roof with manager

Flexible – join/redeem quarterly



Inspirations that formed the investment approach

Buffett



- Commercial Goodwill
- Focus on costs
- Love for the product

Taleb



- Antifragile qualities

Fisher



- Companies for keeps
- Scuttlebutt

Klarman



- Asymmetric situations in neglected corners

Graham



- Equity
- History
- Integrity
- Mr. Market
- Margin of Safety



Nurturing our “wine rack” lies at the core of our investment process

Global market of listed securities such as equities, bonds, investment trusts

Continuous market screens

Securities we have followed Networking Admired fellow investors Due Diligence cross-reads Special Situation Newsflow Quant screens

Potential Company Securities

Proprietary Financial History Check

10 year history of earnings quality and trajectory
7 year history of balance sheet strength

Company Quality Check

Management loyalty to shareholders
Business moat/Scuttlebutt
Hygiene factors such as executive pay

Asymmetric risk/reward securities

Special Situation Check

Asymmetric risk/reward validation (e.g. in securities involving entities in liquidation or other out-of-fashion corners of the market)

Wine rack
50-75 desirable securities

Margin of Safety Definition

Define limit prices for buying and selling
Track corporates and securities over time

Mr. Market is fearful, we buy



Mr. Market is very greedy, we sell

Typical portfolio:
8-15 positions



We enjoy taking responsibility for, and producing returns on, co-investor money alongside our own. All on common-sense terms

- Key terms
 - virtually no management fee and no hidden distribution costs
 - fixed costs not to exceed higher of 22 basis points or EUR 75K for all investors together ⁽¹⁾
 - if net asset value per investment unit grows more than 5% then an annual performance fee of 20% of the gross return achieved applies (with high watermark to protect you)
 - quarterly withdrawals possible with 40 days prior notice
 - to discourage short-term investors from joining the fund a redemption discount of 5% applies on a temporary basis to each co-investment ⁽²⁾
- Use of both online and execution-only brokers also minimises transaction costs

Notes:

(1) 22 basis points p.a. will be reached with c. EUR 34 million under management; principals alone and their families contribute a substantial portion of these; the EUR 75K minimum charge was set in 2014 and can be indexed for inflation.

(2) Any such discount would be distributed for the benefit of all investors according to their share in remaining net asset value of InvAG. Example: Co-Investor A redeems within the first 5 years of his investment units with a net asset value of EUR 100 each. He would receive EUR 95 for each unit redeemed (subject to further trading or similar costs) and EUR 5 of each of his units would be distributed among all remaining investors. Executive Founder investors and their families will be able to redeem without redemption discount, reflecting the fact that they have committed nearly all their liquid assets to InvAG and need to fund living expenses from time to time.

(3) All data refer to Wertanlagen TGV sub-fund, Class A investment shares. Class B investment shares are not subject to performance fees



Appendices



The Investor Team – Executive Board



Stephan Howaldt, born 1966, has been Chief Investment Officer since the formation of Howaldt & Co. Investmentaktiengesellschaft TGV in 2014. Stephan is also a member of the board of curators at Deutsche Schutzgemeinschaft für Wertpapierbesitz.

In investment management, he was previously founder, head and a member of the Investment Committee of the multibillion-Euro Hermes European Focus Funds and Chief Executive of its management company Hermes Focus Asset Management Europe Ltd., regulated by the FSA in the UK. Within the wider Hermes Group (USD 100 billion in funds under management) he was a member of, inter alia, the Group Executive Committee (comprising the group's six most senior managers) and the Group Risk and Compliance Committee.

In the corporate world, he was previously Chairman of the Supervisory Board of Vapiano SE (global chain of restaurants with some 5,000 staff directly employed or some 12,000 if including franchisees), a non-executive director of Unisphere Networks Inc. in the United States (majority-owned by Siemens - telecoms equipment), an Executive Director at S.G.Warburg/UBS Warburg (investment banking), and an executive at Treuhandanstalt.

Stephan holds a PhD in economics, lic.oec.HSG (both from St.Gallen University) and IDP-C from INSEAD, is a former scholar of Studienstiftung des deutschen Volkes and reserve officer in the German army.



The Investor Team – Executive Board



Carl Oetker, born 1982, joined Howaldt & Co. in early 2018 as both an investor and a member of the executive board.

Prior to joining he worked as an Investment Manager and Partner at ARCUS Capital AG, a private equity company. His main focus was on reviewing new investments and supporting the existing investment portfolio.

Previously, he was a consultant at Boston Consulting Group (BCG), where he was involved in numerous projects in the industrial and consumer goods sectors. Before joining BCG, Carl acquainted himself with the investment business during a string of stints within investment banking at both Lehman Brothers and Ermgassen & Co in London and New York.

Carl holds a B.A. in International Business Economics with a focus in Finance from the University of Maastricht, and a Master in European Business from ESCP Europe.

Between them, Stephan and Carl own 100% of InvAG's corporate shares.



The supervisory board



Prof. Dr. Annemieke Roobeek
Professor for Strategy,
non-executive director
ABN AMRO, KLM, Abbott
Pharma Netherlands.
Member of the
Supervisory Board



Prof. Dr. Stephan Schüller
Former General Partner
and CEO at Lampe Bank
and Vereins-
und West-Bank, Germany.
Chairman of the
Supervisory Board



Claus Zellner
General Counsel, Head
of Real Estate Investment
and former CFO at
Venus Management Co.
(Niarchos Family
Office), Monaco.
Member of the
Supervisory Board



Dr. Michael Fischer
Corporate Lawyer,
formerly General
Counsel of UBS
Germany (until Dec.
2017).
Senior Adviser to the
Supervisory Board



Stig Christensen
Management Consultant
and professional non-
executive board
director, Denmark.
Senior Adviser to the
Supervisory Board

