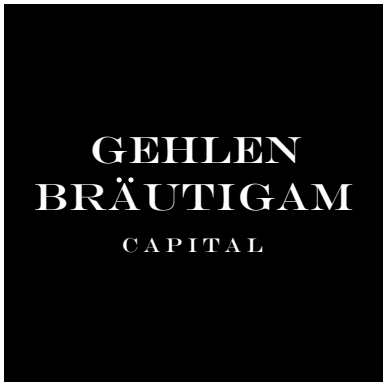


GEHLEN  
BRÄUTIGAM  
CAPITAL

2020



As we have communicated at our founding:

“We are not a conventional fund. We do not intend to become one.”

Daniel Gehlen

Marc-Lennart Bräutigam

# What makes us different from other solutions

## Value proposition



Alignment of interests through co-investment of Daniel Gehlen and Marc-Lennart Bräutigam



Active management that adds value



Concentrated portfolio of hand-picked European small and micro caps



Well-established team of passionate value investors with excellent education



Sustainable strategy through early limitation of the fund volume



Long term thinking, both when investing and with our company

LONG-TERM EXPECTED **RETURN OF >10% PER YEAR** WITH ADDITIONAL RETURN POTENTIAL THROUGH REVALUATIONS

# Executive Summary

## PASSIONATE TEAM

Daniel Gehlen and Marc-Lennart Bräutigam have been a very well-interacting team for more than five years

After years together in investment banking at top international firms they founded Gehlen Bräutigam Capital GmbH in 2018

As passionate value investors they advise the European equities fund (UCITS) Gehlen Braeutigam Value HI and are of course also substantially invested

## OUR PHILOSOPHY

Put simply, we buy companies for prices significantly below their intrinsic value. We sell when the fair value is reached

Focus on sustainability of results and avoidance of unnecessary risks when analyzing the intrinsic value of companies. Future growth offers upside

The best ideas are held in a concentrated portfolio and are continuously reviewed and monitored

## FOCUS ON SMALL & MICRO CAPS

With over 5,000 listed companies in Europe, small & micro caps offer many times more opportunities than standard stocks

The lower coverage of smaller companies by sell- and buy-side analysts leads to more frequent mispricings

Our task is to identify undervalued and well-managed companies through our own and very extensive research process. In doing so we benefit from above-average returns

## CO-INVESTORS

We think long-term, both in investing and with our own company. Therefore we are looking for like-minded people who can invest for the long term alongside us

Our company has no external shareholders, so we are independent and do not have to focus on short-term profitability or maximizing assets under management. By strictly limiting the fund volume, we offer a sustainable solution

OUR GOAL IS TO DELIVER EXCELLENT INVESTMENT RESULTS WITHOUT TAKING UNNECESSARY RISKS AS WELL AS TO MANAGE OUR COMPANY WITH THE HIGHEST DEGREE OF OPENNESS AND INTEGRITY.

# Well-interacting team of passionate value investors

Vita



DANIEL GEHLEN

Since July 2017: Founder and Managing Partner of Gehlen Bräutigam Capital GmbH

2015 - 2017: Investment banking at Barclays in Frankfurt. Advised German and European corporates as well as private equity investors on strategic decisions with a focus on mergers and acquisitions

Previously, among others, investment banking at Goldman Sachs, portfolio management (European small and mid cap equities) at Union Investment as well as equity and macro research at DZ Bank

Studied at London School of Economics (MSc Finance, 2015 best student of the year) and at Frankfurt School of Finance and Management (BSc) as well as Harvard University and MIT



MARC-LENNART BRÄUTIGAM

Since July 2017: Founder and Managing Partner of Gehlen Bräutigam Capital GmbH

2015 - 2017: Investment banking at Barclays in London. Origination and execution of capital market transactions (IPOs, rights issues, block trades) for corporates as well as private equity investors in the German-speaking and broader EMEA region

Previously, among others, investment banking at UniCredit, portfolio management at a value investing boutique and equity capital markets, equity research and equity sales at Commerzbank in Frankfurt and New York

Co-op degree programme with Commerzbank at DHBW Stuttgart (BA Hons) and the University of California in San Diego, including two academic studies on value investing



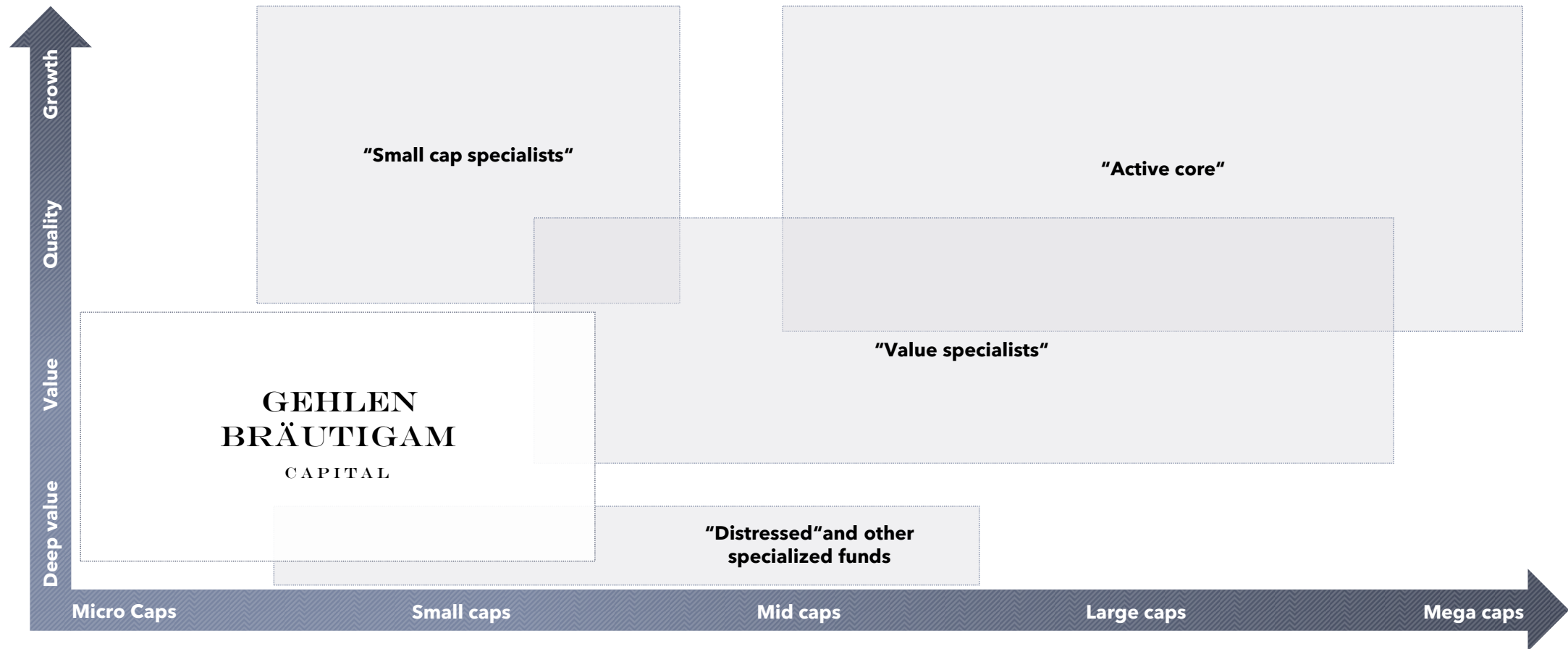
# WHY SMALL & MICRO CAPS?

*“We are convinced that **above-average returns** can only be achieved by focusing on parts of the market which are **not efficient.**”*



# We find value where others see none!

Positioning



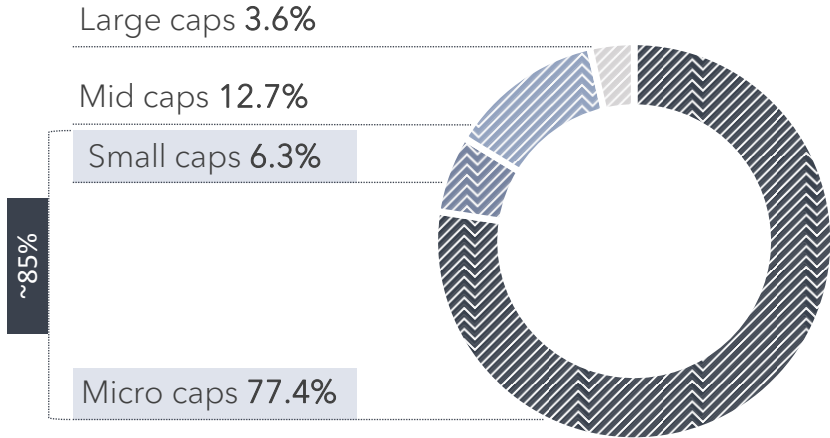
Note: Own diagram.



# Small & micro caps offer a rich hunting ground

European equities (I/II)

~85% OF ALL LISTED COMPANIES IN EUROPE ARE SMALL OR MICRO CAPS



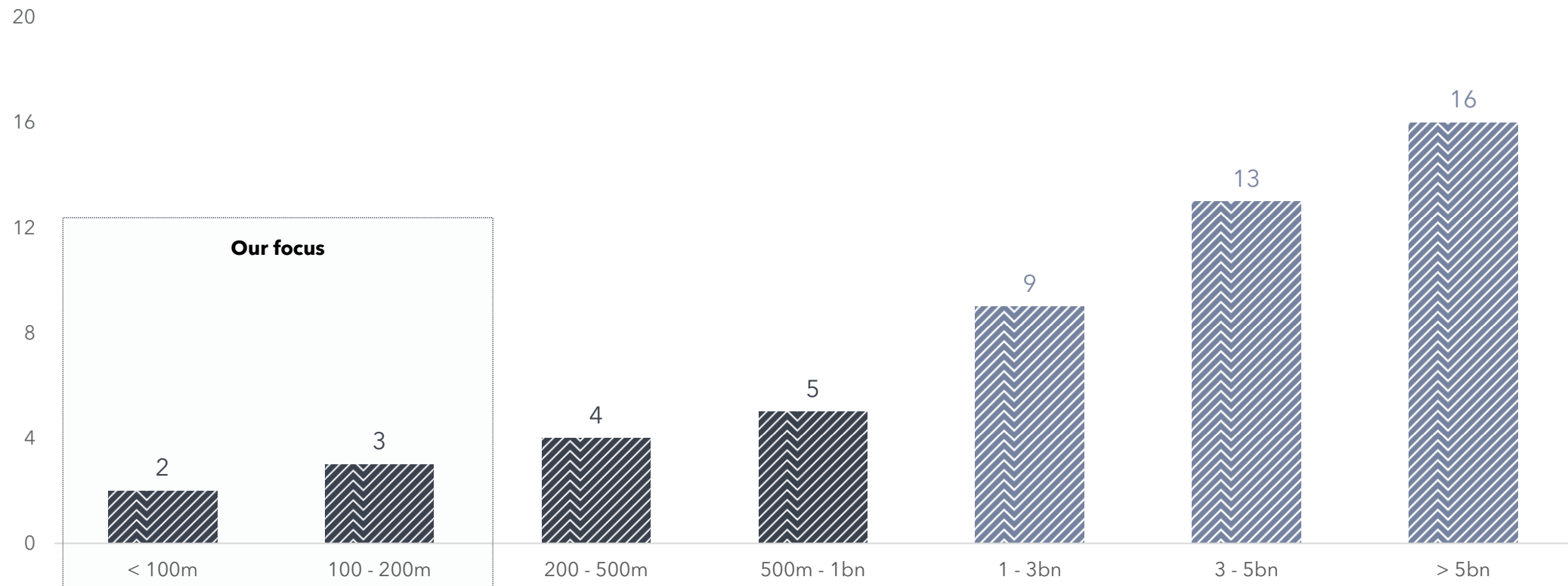
Segment	Market capitalisation (€ bn)	No. of companies	% of companies	Market capitalisation (€ bn)	Market capitalisation (%)
Large caps	>10	264	3.6%	8,782	70.0%
Mid caps	1 - 10	925	12.7%	3,054	24.3%
Small caps	0.5 - 1	452	6.3%	324	2.6%
Micro caps	<0.5	5,630	77.4%	386	3.1%
<b>Total</b>		<b>7,271</b>	<b>100.0%</b>	<b>12,546</b>	<b>100.0%</b>

Source: BofAML European Quant Strategy, as of 11 September 2017.  
 Note: Gehlen Bräutigam Capital uses the following (internal) categorisation by market capitalisation (in EUR): micro caps <200m, small caps 200 - 1bn, mid caps 1bn - 5bn, large caps >5bn.

# Higher probability for mispricings

European equities (I/II)

AVERAGE NUMBER OF RESEARCH ANALYSTS PER LISTED COMPANY BY MARKET CAPITALIZATION (EUR)



Source: FactSet, as of 30 June 2017.



HOW DO WE DETECT UNDERVALUED COMPANIES?

# Focus on sustainability of returns

## Value framework



"PREDICTION IS VERY DIFFICULT, ESPECIALLY ABOUT THE FUTURE." - NIELS BOHR\*

\* Danish physicist and Nobel Prize winner.  
Note: Our value framework is significantly influenced by B. Graham, B. Greenwald, H. Marks and S. Klarman.

# We find opportunities through a variety of sources

## Idea generation

### WHAT ARE WE LOOKING FOR?



#### VALUE CHARACTERISTICS<sup>(1)</sup>

- › Strong balance sheets
- › Low P/B<sup>(2)</sup>
- › Low P/E<sup>(3)</sup>
- › Underestimated growth opportunities
- › High returns on capital
- › Hidden winners
- › Strong owner
- › Founder-led companies



#### CONTRARIAN SITUATIONS

- › Market cycles
- › Spin-offs
- › Index exits
- › Litigation
- › Crises
- › Unpopular sectors
- › Unsuccessful IPOs

### HOW DO WE FIND WHAT WE ARE LOOKING FOR?



#### NETWORK

- › Fund managers
- › Industry insiders
- › PE<sup>(4)</sup> and VC<sup>(5)</sup> investors
- › Bankers & lawyers



#### ACCESS TO COMPANIES AND MANAGEMENT

- › Personal meetings on site
- › Attendance of investor conferences
- › Phone and video conferencing
- › Frequent exchange



#### SPECIALIZED RESEARCH

- › Discussions with analysts
- › Research reports
- › Newsletters
- › Visit of trade fairs



#### SPECIALIZED SCREENINGS

- › Use of specialized information systems
- › Selective use of specialized filters

WE COLLECT IDEAS ON OUR WATCHLIST. WE SELECT THE MOST PROMISING SITUATIONS FOR IN-DEPTH DUE DILIGENCE.

1. Selected examples. 2. P/B = Price-to-Book ratio. 3. P/E = Price-to-Earnings ratio. 4. PE = Private Equity. 5. VC = Venture Capital.

# Superior basis for decisions through comprehensive analyses

## Due diligence



Selected due diligence items



- ▶ Analysis of annual reports
- ▶ Management and expert interviews
- ▶ Tailor-made valuation models
- ▶ Personal visits on site
- ▶ Collection of as many data points as possible
- ▶ Surveys of costumers / users
- ▶ Visits of exhibitions and conferences
- ▶ Interviews with industry insiders
- ▶ Visits on site, e.g. factory inspection
- ▶ Detailed management interviews
- ▶ Own analyses, based on facts
- ▶ Valuation comparisons / transactions

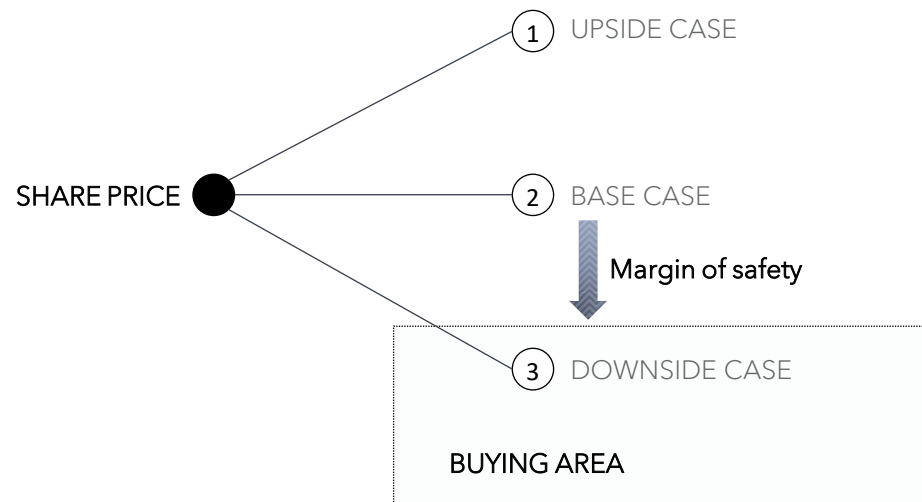
SEVERAL WEEKS DUE DILIGENCE BEFORE INVESTMENT. CONTINUOUS REVIEW AFTER INVESTMENT.

Selected examples: see graphic in the middle for a visit to a trade show in London in February 2019. See graphic on the right for a visit to a production facility of SAF-HOLLAND in Bessenbach, Bavaria, in November 2019.

# The price always makes the difference

## Valuation

TAILOR-MADE VALUATION MODELS...



...BASED ON REALISTIC AND CONSERVATIVE ASSUMPTIONS

We discuss possible investments without regard to our egos, always seeing ourselves as sparring partners and never as competitors

We only buy with a safety margin of at least 30-40%, based on realistic and conservative assumptions in the valuation model

Only the best investments are included in the portfolio. When the fair value is reached, we sell the shares

“ANYTHING CAN BE A GOOD IDEA AT ONE PRICE AND TIME, AND A BAD ONE AT ANOTHER.” - HOWARD MARKS

Note: Own diagram.

# Systematic weighting of individual stocks

## Portfolio construction



### HOW DO WE WEIGHT INDIVIDUAL STOCKS?\*

- Margin of safety
- Conviction
- Company-specific risks
- Quality of the balance sheet
- Corporate governance
- Cyclicity / dependency on the economy



### WHAT DO WE PAY ATTENTION TO AT PORTFOLIO LEVEL?

- Bottom-up selection of absolutely attractive investments
- Concentrated portfolio of 20 - 25 stocks
- Only investments in companies whose products and drivers we understand<sup>(1)</sup>
- Appropriate diversification across regions and industries
- Active avoidance of cluster risks<sup>(2)</sup>

“IN THE SHORT RUN, THE MARKET IS A VOTING MACHINE BUT IN THE LONG RUN, IT IS A WEIGHING MACHINE.” - BENJAMIN GRAHAM

\*Selected key criteria. 1. This inevitably leads to the fact that we will hold few or no investments in some (sub-)industries, e.g. in biotech or parts of the energy / power & utilities / oil & gas sectors.

2. Additional use of derivatives for selective hedging of currency risks possible.





# TERM SHEET

# Simple, sustainable and transparent fund solution

## Term Sheet

Fund	Gehlen Braeutigam Value HI	
Investment objective	Compound co-investors' capital over the long-term	
Recommended holding period	Minimum 5 years	
Category	European equity fund (min. 51% in equities)	
Legal form	OGAW	
	<b>-R- Tranche</b>	<b>-I- Tranche</b>
ISIN	DE000A2JQHQ2	DE000A2N8119
Inception date	7 <sup>th</sup> September 2018	2 <sup>nd</sup> January 2019
Currency	Euro	Euro
Use of proceeds	Distributing	Distributing
Minimum investment	No minimum investment	EUR 200,000.00
Subscription fee	Currently 0.00%	Currently 0.00%
Redemption fee	Not applicable	Not applicable
Savings plan eligible	Yes	No
Management fee % p.a.	1.60%	1.20%
Performance fee	15% of the capital gain over 4%, with High-Water-Mark*	
Order acceptance deadline	4pm CET of the previous day (forward pricing); Closing day (t): T+5	
Pricing frequency	Daily	Daily

## CO-INVEST IN 5 SIMPLE STEPS

- 1 Open a securities account with a bank or online broker
- 2 Enter ISIN in the search mask of the online broker or pass it on to the advisor at your bank
- 3 Buy fund units in the desired amount (note minimum investment amounts)
- 4 The purchase is currently free of a subscription fee (0.00%)
- 5 Automatic settlement takes place after five trading days and the fund shares can be seen in your custody account

## WE EXCLUSIVELY WORK WITH INDUSTRY LEADING PARTNERS

\* 15% per year of positive performance above the reference value 4% p.a. (absolutely positive share value development) calculated as performance fee, however a maximum of 15% in total. A negative performance must be caught up.  
 Note: The sales prospectus and further investor information on the Gehlen Braeutigam Value HI fund are available at [www.hansainvest.com](http://www.hansainvest.com).

# Risk / return profile



The Gehlen Braeutigam Value HI is classified in category 6 because its unit price has fluctuated strongly and therefore both the risk of loss and the chances of profit can be high.

This indicator is based on historical data; it is therefore not possible to predict future developments. The fund's classification may change in the future and does not constitute a guarantee. Even a fund that is classified in category 1 does not constitute a completely risk-free investment.

## THE FOLLOWING ADDITIONAL RISKS MAY BE SIGNIFICANT TO THE FUND:

### LIQUIDITY RISKS

The Fund invests a substantial part of its assets in financial instruments that are not traded on the official market of a stock exchange or similar market or that are difficult to sell for other reasons and for which it may therefore not be possible to find a buyer in the short term. This may increase the risk of suspension of unit redemption of the fund.

### CUSTODY RISKS

Custody of assets, particularly abroad, may involve a risk of loss resulting from insolvency, breach of duty of care or improper conduct by the custodian or a sub-custodian.

### DEFAULT RISKS

The Fund enters into transactions with various contractual partners. There is a risk that contractual partners may no longer be able to meet their payment or delivery obligations.

### OPERATIONAL RISKS

Human or technical failure, inside or outside the company, but also other events (such as natural disasters or legal risks) can cause losses to the fund.

Note: The prospectus and other investor information about the Gehlen Braeutigam Value HI fund can be found at [www.hansainvest.com](http://www.hansainvest.com).

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