Investmentaktiengesellschaft für langfristige Investoren TGV

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Dear Investors

We are enclosing the shareholder letter for our Teilgesellschaftsvermögen "Rubicon Stockpicker Fund" for the year 2020 written by our sub-advisor Rubicon Equities GmbH.

Yours sincerely

Investmentaktiengesellschaft für langfristige Investoren TGV

Vorstand: Jens Große-Allermann, Waldemar Lokotsch
Aufsichtsrat: Dr. Maximilian Zimmerer (Vors.), Wolfgang Fritz Driese (stv. Vors.), Alexander Pichler (stv. Vors.)
Eingetragen im Handelsregister Bonn HRB 16143
Investmentvermögen mit veränderlichem Gesellschaftskapital

2020 Annual Report of the Sub-Advisors

Dear co-investors,

As of 31/12/2020 the portfolio of the TGV Rubicon Stockpicker Fund comprised 12 positions and was fully invested.

List of top 5 investments:

Rank	Nom	ISIN	Weight
1	InVision AG	DE0005859698	29,1%
2	Agfa-Gevaert	BE0003755692	21,2%
3	Gruppo MutuiOnline	IT0004195308	20,0%
4	1&1 Drillisch	DE0005545503	9,6%
5	Amaysim	AU000000AYS5	7,3%

NAV as of 31/12/2020	192,60
Number of Investments	12
Weight of biggest Investment	29,1%
Weight of top 5 Investments	87,3%
Weight of Cash	1,0%

Performance Overview

Since inception in late October 2016 up until the end of 2020 the fund returned 93.1%.[1] In comparison, the German Large Cap Index (Dax) returned 24.2% over the same period.

	TGV Rubicon Stockpicker	Dax	Delta
2016 (2 months)	4,4%	7,7%	-3,3%
2017	1,1%	12,5%	-11,4%
2018	-1,4%	-18,3%	16,8%
2019	25,9%	25,5%	0,4%
2020	47,4%	3,6%	43,8%
total	93,1%	28,6%	64,4%
per annum	17,1%	6,2%	10,9%

For 2020, the TGV had a positive performance of 47.4% compared to the DAX at 3.6%.

All of us, wherever we are will certainly remember 2020. The economy was under unprecedented pressure, social constraints were extreme, and we experienced suffering on a global scale. Against this background, we are extremely happy and grateful with the economic outcome.

First and foremost, we are happy and grateful for the macroeconomic stability (at least so far). Who would have dared to hope in March 2020 that the economy would get out as well as it did, that international trading would pick up pushing prices for container ships to new highs and that the DAX would still record a small increase at

1 Performance calculated according to the BVI-method. The difference in percentages and changes in NAV are due to annual disbursements from the fund related to taxes.

the end of the year – even though individual sectors continue to suffer considerably. This rather positive economic outcome is without any doubt due to the courageous intervention of politicians and central banks. Although the long-term consequences of these interventions certainly require close monitoring, one could have expected much more negative macroeconomic outcomes.

We are also happy and grateful at the portfolio level. As mentioned in the last investor letter, COVID-19 has probably accelerated the digitization of society by 2-3 years, thereby also creating new habits such as e-learning or new types of remote cooperation. An optimist might even see some of these effects and new habits as value creating for the longer term. Fortunately, the TGV portfolio companies benefited from this transformation.

As happy as we are about the TGV performance, we need to remain humble. Indeed, there is no doubt that luck played out in our favor. The TGV portfolio follows a technology-friendly and future-oriented investment strategy. And we are lucky that the current crisis benefited this strategic positioning. It is not hard to imagine a different type of crisis where this positioning would have been less beneficial. At the same time, we also want to highlight the benefits of working with a highly flexible investment vehicle such as the TGV. Especially in a rapidly changing environment it is invaluable to be able to reallocate capital. A smart and highly capable entrepreneur in the hospitality sector for example had simply no chance to react to this unprecedented crisis by significantly changing his capital allocation.

Performance drivers despite or even thanks to COVID-19

Home24 / Westwing Group / Vente-Unique.com

The main performance driver for 2020 was without a doubt the strong exposure of the TGV portfolio to e-commerce players in the furniture market that we recommended in Q4 2019. We want to illustrate the evolution of these players using the example of Westwing, certainly the most extreme case. The TGV invested in Westwing at an average price of EUR 2.31 in Q4 2019 and sold its last shares at above EUR 22, i.e., an increase of more than 900% in less than one year. At the time of the investment, Westwing had more cash in its bank account than the entire company was worth. The market clearly considered its business model broken. For Home24 and Vente-Unique.com, the market was also very skeptical but to a lesser extent. We analyzed in detail how the market viewed Westwing and we concluded that the market price represented a worst-case scenario. In our view, there were many other possible outcomes that would lead to a much higher valuation. From today's perspective, this assessment was (luckily) spot on. The COVID-19 crisis with its prolonged and recurring lockdowns led to a spike in order volumes that revealed the quality as well as the scalability of the business models. A development at lightning speed that clearly surpassed even our most realistic scenarios.

We want to thank the management teams and their employees who, despite Corona, were able to absorb the spike in order volumes without a decrease in customer satisfaction. Their efforts and diligence made this success possible.

All three companies have become dear to us and can continue to have a positive future. Despite this, we recommended the sale of the TGV position in several steps – from our present point of view obviously too soon. Why sell? The basis for the sell recommendation was our optimistic view of a foreseeable end to the Corona crisis.

Thus, it must be stated that Corona has triggered a cocooning effect. This has significantly driven not only online demand, but demand for furniture. But what will happen to this demand after COVID-19 if consumers are again able to allocate their spending into other areas, such as tourism? In addition, we do not have a clear opinion on the competitive situation and necessary marketing expenditures in a post-COVID-19 world. Even the last offline player should have multiplied its digitization efforts in the last few months. And finally, we also believe that the big US players, especially Wayfair, could become a serious threat in the future due to their unparalleled financial strength and their investment capability in their technology platform.

These risks may well not materialize. But in combination with the huge price increases of 2020, we do not see a sufficient margin of safety for a continued investment.

Gruppo MutuiOnline S.p.A.

The second major performance driver in 2020 was Gruppo MutuiOnline with a share price increase of over 70%. The TGV has been invested in Mutui since its inception and we continue to be impressed with how the management team is able to increase the company value year after year. No matter where you look, all decisions seem to be forward-looking. For example, in January/February the company was already preparing to move the entire workforce into home offices. During the first lock-down, revenue losses in the core divisions were offset by a sharp increase in the revenues of Trovaprezzi, the Italian price-comparison website. At the same time, the company was able to gain a relevant market share in its business-process-outsourcing (BPO) division for the processing of newly issued governmental backed loans. Finally, Mutui repeatedly used times of crisis for clever M&A. The BPO division was strengthened by targeted acquisitions in its insurance segment and attractive business was also added to the broking division.

We are confident that Gruppo MutuiOnline will continue to evolve and grow in the coming years – also thanks to the continued digitization in the banking and insurance sector. We are excited to be part of this development.

Grenke AG

Somewhat surprisingly, debt securities of Grenke AG also found their way to the TGV portfolio and were an important value driver.

In the fall of this year, the highly praised and, in our view, mostly expensive company suddenly became the victim of an essentially unconvincing short campaign. The fact that this nevertheless managed to trigger a devastating market reaction can probably only be explained by unsettled institutional asset managers who, after the embarrassing Wirecard disaster, did not want to risk a second time. In a true panic, all securities of the company

- shares and bonds - were sold. As a result, the company's promissory notes were suddenly quoted at times at 62% or showed yields of more than 25% p.a. Investors had previously been satisfied with around 1%! We and our network of like-minded investors have been following the company for a long time and therefore had a fundamental trust in the integrity of the acting individuals. So, we took advantage of the situation and recommended an investment. Over the next couple of months, the excitement has somewhat subsided and the fund was able to sell the securities at just under 90% with a nice profit.

Amaysim Australia Ltd

Finally, we want to look at the development of the TGV position down under. Amaysim's network partner, SingTel Optus, took advantage of the extended low share price and made a takeover offer for Amaysim. An extraordinary general meeting will decide on the offer on January 21, 2021. Although, the offer price is a good 90% above the price at the beginning of the year, it is certainly far below our initial expectations at the time the TGV bought Amaysim.

As described above, the TGV was able to realize significant gains from its investments in the e-commerce furniture market and to a lesser extent from the Grenke bonds. A significant share of the TGV’s capital became available and had to be reallocated during Q4 2020.

Reallocation of the available capital

Grenke AG / R. Stahl AG

With a view to a hopefully imminent end to the crisis, companies that fell significantly prompted our interest and led to corresponding buy recommendations. We already mentioned Grenke AG. In addition to bonds, we also recommended buying shares in the company with a somewhat longer-term perspective. The stock was just over EUR 90 per share at the beginning of 2020. The fund has a purchase price of EUR 34.25. We believe the allegations from the short attack will continue to fade and thus help the Grenke share price.

A countercyclical approach also led to a buy recommendation in R. Stahl AG. The company recently changed its management, and we are convinced by its strategy and actions to date. The market seemed to already like the new management coming into 2020 as the share price started to increase. However, due to the COVID-19 crisis, we could now recommend an investment 30% cheaper compared to a year ago.

Agfa-Gevaert

Most of the capital, however, was allocated to the Belgian company Agfa-Gevaert whose share also considerably suffered because of COVID-19. Agfa-Gevaert is the successor company to the internationally renowned AGFA, once an industrial icon, the company now seems to be a not so attractive conglomerate with a handful of different businesses.

Every investment requires a different approach. This is especially true for Agfa-Gevaert. Looking at its profit and loss statement and traditional performance indicators, the company quickly falls through every search strategy. A glance at the balance sheet is just as off-putting.

We were ultimately convinced by a detailed analysis of the individual parts of the company, i.e., the so-called "sum-of-the-parts analysis". In this context, the sale of parts of the healthcare IT business for EUR 975 million in 2020 was particularly noteworthy. We valued the individual components of the company using conservative assumptions and we concluded that the current market price represents a significant margin of safety.

However, such a grouping always depends on the capital allocation capability of the management as the value of the individual parts need to be identified and properly managed! From our point of view, this is particularly interesting: the activist investor Active Ownership Capital (AOC) acquired a major share of the company some time ago and is represented on the Supervisory Board by Klaus Röhrig – first as Chairman and today as a member. It can therefore be assumed that AOC can significantly influence Agfa's capital allocation strategy – an area where AOC has a solid track record. In fact, Agfa-Gevaert reminds us in many aspects of Exceet SE, a very successful AOC investment. At Exceet SE, each individual business division was strategically reviewed, and the company ultimately focused on one core asset. In the case of Agfa-Gevaert, we see the remaining HealthCare IT division with its state-of-the-art enterprise imaging platform as the future core. Agfa HealthCare IT seems to us an important building block for every top-notch hospital IT. We believe it has considerable potential for growth and scaling.

Thus, even when recommending old industry icons, we ultimately remain true to our guiding principle: The portfolio should be well positioned for future developments - ideally with attractive software assets that are not (yet) nearly as pricey as the relevant peer group.

InVision AG

InVison AG, the largest TGV investment, made virtually no contribution to earnings in the past fiscal year and is still trading at its purchase price. One might think this is a pity. From our perspective as long-term investors, we are pleased with this development since the TGV was able to benefit from the underperformance to continuously increase its absolute shareholding.

In our view, 2020 was not a lost year for InVision. The entire InVision team has continuously worked to put all the pieces together. We firmly believe in the company’s vision of a state-of-the-art cloud technology which creates a highly scalable workforce-management solution that customers love.

As we see it, further significant progress was made along the way in the past year. We were especially pleased with the new native cloud integrations with various large US providers such as Zendesk and Five9. Also, with the introduction of injixo Enterprise, the functionality of the solution has been significantly expanded and exciting AI components have been added.

Conclusion

2020 was a particularly challenging year in many aspects. We are pleased and grateful that the TGV was able to achieve a strong performance for its investors.

What will 2021 bring? We do not know! The extensive fiscal and monetary interventions, combined with the ripple-down effects from COVID-19, suggest turbulent times ahead. At the same time, we certainly look with respect and some concern at what we see as euphoric valuations in some market segments or the interest rate levels on the bond markets that were unimaginable just a few years ago.

For this reason, we do what we always do: we focus on the risk-return profiles of the individual portfolio companies. And despite the macroeconomic uncertainties, we believe the risk-return profiles of the TGV portfolio companies, most notably of Agfa-Gevaert and InVision, are exceptionally attractive. Consequently, we recommended these two investments as "flagships” for the TGV portfolio, i.e., these two investments represent a large share of the overall portfolio. We are convinced that the market does not sufficiently appreciate the future potential of both companies.

That is why we also look ahead with confidence!

Thank you for the trust you place in us!

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