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 first half of 2020 written by our sub-advisor Rubicon Equities GmbH.

Yours sincerely

Investmentaktiengesellschaft für langfristige Investoren TGV

Half-year report 2020 of the sub-advisor

Dear co-investors,

The portfolio of the TGV Rubicon Stockpicker Fund is currently invested in 10 companies. The cash position as of 30/06/2020 was 0.3%.

List of top 5 investments:

Rank	Nom	ISIN	Weight
1	InVision AG	DE0005859698	30,5%
2	Gruppo MutuiOnline	IT0004195308	15,2%
3	Home24	DE000A14KEB5	10,6%
4	Vente-Unique.com	FR0010766667	9,3%
5	La Française de l'Energie	FR0013030152	8,8%

NAV as of 30/06/2020	136,9
Number of Investments	10
Weight of biggest Investment	30,5%
Weight of top 5 Investments	74,4%
Weight of Cash	0,3%

Performance overview

Since its launch in late October 2016 up until 30/06/2020 the fund returned 37.2%. The German Large Cap Index (Dax 30) returned 15.4% 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%
H1 2020	4,8%	-7,1%	11,9%
total	37,2%	15,4%	21,8%
per annum	9,0%	4,0%	5,0%

In H1 2020, the TGV performance is positive at 4.8%, whilst the Dax 30 exhibits a loss of -7.1%.[1]

Surprisingly, these numbers suggest a rather unexciting start of the year. Given the unprecedented and ongoing COVID-19 pandemic, however, it is certainly not an understatement to speak of the most intense and challenging period for us since the great financial crisis of 2008/09.

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

Tumultuous times: COVID-19, the portfolio and us

In hindsight, the inattention of Western financial markets, and even more broadly by the entire Western world, to the images of deserted and locked down Chinese cities was certainly astonishing. Despite several frightening reports, most major market indices did not react at all and remained at their highs.

At first, we did not grasp the full extent of this pandemic either. We obviously analyzed the risk of a prolonged lockdown in China on the portfolio companies. Except for disrupted supply chains of the E-Commerce furniture retailers, we saw little risk and felt rather safe. We had also briefly considered hedging instruments but swiftly rejected such considerations, especially with the slowly emerging factory reopening in China.

Reality hit all of us hard when the financial markets finally realized that the genie was already out of the bottle and that it was too late to control, let alone contain, the spread of the virus. In a record-breaking four weeks the Dax, for example, lost 40% and the TGV fell to a low of just under EUR 90 per share. Volatility indices reached unprecedented record levels. Surely every reader has made his own personal experiences during those striking weeks of March.

As sub-advisors of the TGV Rubicon Stockpicker Fund, we tried – around the clock – to process, evaluate and structure the constant flow of information. In particular, two assumptions crystallized over time and subsequently shaped our investment recommendations:

1. The effective intervention of governments and central banks would avoid a liquidity crisis

Even solid and large corporations such as Adidas started to publicly discuss the halting of payments (in this case rental payments). A propagation of halting payments across a large number of companies and market participants could have led to a liquidity crisis for the entire economy. This would have been devastating even for the most solid companies. Thanks to quick and aggressive reactions from the governments / central banks, we saw this danger greatly reduced.

2. After a full lockdown would follow a longer phase of "social distancing"

The most difficult task for us was to develop a robust idea of how COVID-19 could affect economic life in the months pursuant to a full lockdown. Even virologists rarely found a common line. We found the most convincing answer in the analysis "Coronavirus: The

Hammer and the Dance" by Tomas Pueyoat at the end of March.[2] He was one of the first to advocate for a full lockdown followed by a prolonged period of social distancing.

With these basic assumptions or expectations about the immediate future, we thoroughly analyzed the portfolio and did…not much.

Coincidence or not, each relevant portfolio position, was, in our opinion, well equipped for, or not affected by, the assumed scenario. Each individual company seemed strong enough to survive the turmoil and operate properly under the new conditions. As a result, we recommended only marginal adjustments to the overall portfolio during the whole 6-month period.

COVID-19 at the company level

1&1 Drillisch AG

From today's point of view, it seems that our assumptions were more or less accurate. The impact of COVID-19 on 1&1 Drillisch AG is a good example. The company is a reseller of DSL internet lines and cheap mobile phone contracts, has no financial leverage[3] and generates significant free cash flows. The company entered into the crisis at a price of EUR 22-23 per share and quickly tumbled to well below EUR 15 per share. Operationally, however, the risks clearly seemed manageable. Especially during the lockdown, we felt that people would only terminate their internet and mobile contracts as a last resort after cutting all other expenses. If anything, many users had to rely more than ever on their internet connection in order to work from home. As such, in times of social distancing, the internet-based distribution model struck us as extremely advantageous. In addition, in its quarterly report the company reported to have been only marginally affected by the pandemic. The market regained confidence and the share price – and, thus, the TGV position – subsequently recovered.

Home24 SE / Westwing Group AG / Vente-Unique.com

Obviously, it is not always that simple. For example, at the beginning of the crisis we were concerned about the impact on the online furniture retailers. Especially in the first weeks of March, we were concerned by the impact on overall consumer spending. On top, we were unsure about potential first and second order impacts within the competitive

2 https://medium.com/@tomaspueyo/coronavirus-the-hammer-and-the-dance-be9337092b56
3 There are, however, liabilities from the acquisition of licenses payable in 12 annual installments.

landscape. In principle, however, we thought that the focus of all three players on the online channel was a clear advantage compared to their competitors with physical retail stores that had to close.

Fortunately, the companies provided trading updates for April that confirmed their e-commerce advantage. Some companies announced sales increases of around 80-90%(!). All three companies thus significantly benefited from the forced shift of consumers towards the online channel. At least to some extent, this shift will turn out to be rather structural than temporary. With this potentially lasting trend in mind, we recommended an additional investment in Home24.

InVision AG

We were also surprised by the significant but only temporary price drop of InVision AG, a company that is debt-free[4] and whose sales are recurrent in nature. The company is literally agile, "lives" in the cloud and was able to continue working despite the lockdown with undiminished efficiency. Its offering addresses exciting future markets through its e-Learning and SaaS solutions. As a side note, in stark contrast to the price reduction experienced by InVision, US-based cloud providers in the contact center environment have benefited greatly from the crisis. Companies such as Five9 Inc. are now trading significantly above their pre-crisis levels. We therefore also recommended an additional investment in InVision at these reduced prices. As a result, the TGV now owns more than 10% of the company's share capital and InVision AG has become by far the most important position of the TGV at >30%. From our point of view, there are very few opportunities to build a significant participation in a great company with such an attractive risk-return profile. We are very pleased that the TGV has been able to position itself in recent years as an important long-term shareholder of the company.

Core Laboratories N.V.

On a small scale, we also looked for ways to benefit from the market turmoil in the short to medium run. Thanks to a hint from our colleague Mathias Saggau, we identified one opportunity in the American oil sector that experienced an unprecedented sell-off. We recommended an investment in Core Laboratories. Despite a fundamentally attractive business model, Core experienced a sharp price drop in the wake of the oil price plunge

[4] As a precautionary measure in response to COVID-19, a credit line was drawn. However, the funds are held as cash.

and after announcing a cut in dividends. With the purchase at rock-bottom prices and a subsequent sale after less than three months, the TGV was able to achieve a return of almost 100%.

During the crisis, there was one extremely important aspect that cannot possibly be overstated: we did not have to worry one bit about potential outflows from the TGV. This is the one most crucial element that allowed us to recommend investments based on our long-term beliefs and strategy. If there had been outflows, we would have been forced to completely, and suboptimally, adjust our investment recommendations. We wish to thank all investors for the trust they place in us, even in this highly challenging market environment. Our investors are a key pillar of our success!

Summary

In light of the devastating impact of the pandemic globally, we are satisfied with this slightly positive half-year result.

Are valuations now, i.e., after the incredible rally of the last months, too high? Or are companies at today’s prices fairly valued given the considerable liquidity in the market? Good question. We don’t know. The future is uncertain, and so is the course of the pandemic. With regard to the individual portfolio companies, however, the crisis has even reinforced our optimism. We had recommended all positions before COVID-19 because they were, in our view, cheap, shock-resistant and well positioned to benefit from global trends. Besides La Française de l’Energie beeing a green-energy play, the dominant theme in the portfolio is digitalization. And it is precisely this digitalization, accelerated by COVID-19, which has strengthened the competitive position of the portfolio companies. This is why, despite the current crisis, we remain optimistic for the future.

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