Dear Investors

We are enclosing the shareholder letter for our Teilgesellschaftsvermögen “Rubicon Stockpicker Fund” for the first half of 2023 written by our sub-advisor Rubicon Equities GmbH.

Yours sincerely

Investmentaktiengesellschaft für langfristige Investoren TGV
Half-year report 2023 of the Sub-Advisor

Dear co-investors,

The TGV Rubicon Stockpicker fund comprises 11 investments and was almost entirely invested as of 30/06/2023.

List of top 5 investments

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name</th>
<th>ISIN</th>
<th>Weight</th>
<th>NAV on 28/06/2019</th>
<th>Weight of biggest Investment</th>
<th>Weight of top 5 Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MEDICION Group</td>
<td>DE0006618309</td>
<td>23.9%</td>
<td>192.96</td>
<td>23.9%</td>
<td>76.6%</td>
</tr>
<tr>
<td>2</td>
<td>Hostelworld Group</td>
<td>GB00BYYN422S</td>
<td>16.4%</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Agfa-Gevaert</td>
<td>BE0003755692</td>
<td>14.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>United Internet</td>
<td>DE0005089031</td>
<td>12.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Invision</td>
<td>DE0009859698</td>
<td>10.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Performance overview

Since the TGV was launched in October 2016, the fund has returned 93.4%1. The German large cap index DAX gained 51.4% over the same period.

<table>
<thead>
<tr>
<th></th>
<th>TGV Rubicon Stockpicker</th>
<th>Dax</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 (2 months)</td>
<td>4.4%</td>
<td>7.7%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>2017</td>
<td>1.1%</td>
<td>12.5%</td>
<td>-11.4%</td>
</tr>
<tr>
<td>2018</td>
<td>-1.4%</td>
<td>-18.3%</td>
<td>16.8%</td>
</tr>
<tr>
<td>2019</td>
<td>25.9%</td>
<td>25.5%</td>
<td>0.4%</td>
</tr>
<tr>
<td>2020</td>
<td>47.4%</td>
<td>3.6%</td>
<td>43.8%</td>
</tr>
<tr>
<td>2021</td>
<td>26.4%</td>
<td>15.8%</td>
<td>10.6%</td>
</tr>
<tr>
<td>2022</td>
<td>-24.0%</td>
<td>-12.4%</td>
<td>-11.6%</td>
</tr>
<tr>
<td>H1 2023</td>
<td>4.3%</td>
<td>16.0%</td>
<td>-11.7%</td>
</tr>
<tr>
<td>total per annum</td>
<td>93.4%</td>
<td>51.4%</td>
<td>42.0%</td>
</tr>
</tbody>
</table>

At the end of the 1st half of the year, the positive performance of the TGV of 4.3% is seen alongside a much larger increase in the value of the German benchmark index DAX of around 16%.

---

1 Since the 2018 annual report, the performance of the TGV Rubicon Stockpicker Fund has been calculated using the BVI method. The differences in percentage return and NAV change can be explained by tax-related payouts.
In view of the decent price gains (the Dax recently even recorded a new all-time high), the market seems to be slowly getting used to the various problem areas. The war in Ukraine, inflation concerns or the increasing tensions between the US and China have not gone away and continue to accompany us. However, the initial panic seems to have been overcome and given way to a seemingly more sober analysis of possible consequences.

But, an all-time high in the DAX? In view of our experience of daily stock analysis across broad market segments, this circumstance leaves us somewhat perplexed. That's right, usually the DAX is calculated as a performance index, i.e. the dividend paid out is reinvested. This creates a natural tailwind that supports the quote. The significance of an all-time high is somewhat weakened by this. But still, we rarely encounter really positive sentiment and above-average valuation levels in our daily work. Rather, we perceive a division of the market.

Stocks with a flawless equity story rush from high to high. In Europe, the French LVMH share is certainly a classic representative of this category. Out of sheer joy in the beauty of the business model, a sporty company valuation does not seem to play a major role for investors. Looking at the US, Nvidia (a prominent stock in the field of artificial intelligence) or the safe haven of an Apple share come to mind.

We usually put "good but expensive" aside quickly and like to look for attractive risk-reward profiles even in slightly less accessible stocks. And that's exactly where we see valuations, at levels we haven't seen for a very long time. In many cases, as soon as there is even a small doubt or uncertainty over the stock, valuations have plummeted.

This impression is rather subjective, but is confirmed when we talk with like-minded investors. One example of this is our annual meeting with value investor friends at the Annual General Meeting of Berkshire Hathaway Inc. in Omaha. For several days, we intensively discussed business models and stock ideas in a larger group. The risk-reward profiles, which were widely discussed, actually reminded all our discussion partners more of times of bear market with potentially significant long-term opportunities than of the fewer opportunities for stock pickers in times of index highs.

Despite the below-average performance of the TGV compared to the DAX in the 1st half of the year, the valuation level of the portfolio therefore makes us extremely positive. Historically, comparably low valuation levels have usually been the ideal starting point for future growth in value.

Transactions in the portfolio

In our last report we reported here in great detail on Ceconomy AG. In the wake of the
price distortions on the electricity and gas markets as a result of the Ukraine war, there had been great concern on the stock market about pronounced consumer restraint, especially in the important Christmas quarter. The term "Cold Christmas" made the rounds. As a result, there was widespread speculation against consumer-related companies and the share of Ceconomy AG was punished severely. At times, the company's valuation implied a significant probability of insolvency. To us, the extent of the price decrease seemed exaggerated, especially against the background of the various rescue packages of the Federal Government. We then recommended expanding the existing position as prices continued to fall. As reported, the TGV also built up a small option position at low prices.

From today's perspective, this was the right decision. The company's operating performance has not been close to the wild predictions and at the end, Ceconomy earned money in the important Christmas quarter. From the lows in September, the stock has since gained over 100%.

In view of the currently considerable price losses outlined at the beginning, we recommended liquidating the majority of the equity position, which had become very significant, and thus, contrary to initial considerations, leaving it at a recovery trade. Other opportunities simply seemed more attractive to us.

Sure, the newly formed management team makes a good impression. The stock is cheap and with a corresponding time horizon we still see considerable potential. At the company's Capital Markets Day in June, the roadmap for the next 3 years was presented very transparently and convincingly. We will follow the development closely. Elsewhere, however, it seems to us that valuation levels have become highly attractive and make a reallocation recommendation appear very advantageous. First and foremost, United Internet AG and its subsidiary 1&1 AG attracted our attention. This is where the large majority of the sales proceeds was allocated.

We have been observing United Internet AG (UI) for a very long time. A few years ago, the TGV was also invested for a short time at significantly higher prices. With a great deal of skill and foresight, founder and major shareholder Ralph Dommermuth has developed the company into a permanent fixture in the German digital economy over the past 2 decades. Unfortunately, quality usually comes at a price and the company's magnificent assets have usually never been priced cheaply enough for our taste. At the moment, however, Mister Market is literally inviting us to invest every day with new valuation lows. The stock is trading at a 12-year low. The price-to-earnings ratio is closer to 5 than 6. What is the background?

In the course of its successful development of the last 20 years, United Internet AG has
developed into a holding company with 4 business units. We find the quality of the respective assets impressive:

1. With GMX, Web.de or mail.com, UI manages over 35 million e-mail accounts in Germany alone and has a market share of more than 50% for private e-mails.

2. 1&1 Versatel operates a fibre optic network of more than 55,000 km in length. In 350 cities, more than 23,000 customer locations are currently directly connected and will be supplied with high-speed Internet in the long term.

3. The subsidiary Ionos, which is now listed on the stock exchange, operates a large part of UI’s 100,000 servers. In the field of web hosting, the company is active in 18 countries. Ionos is the market leader in Germany, Spain, Poland and Austria; number 2 in the UK and France. With various additional services, the company is currently developing into an e-business solution provider.

4. Under the 1&1 brand, United Internet has also established a highly developed marketing machine. As the largest alternative DSL provider, it currently manages 4.1 million broadband connections. In addition, 1&1 is Germany’s leading Mobile Virtual Network Operator (MVNO) with 11.68 million mobile phone contracts. The MVNO provides its services without its own network and buys the significant, necessary network capacity externally. In the case of 1&1, the capacity is acquired from Vodafone and, in particular, from Telefonica.

In total, these divisions currently generate an EBITDA of around EUR 1.3 billion and usually generate a significant and structurally growing free cash flow.

To the chagrin of many shareholders, however, United Internet decided a few years ago to save on network rental expenses in the future and instead invest the money in building its own state-of-the-art 5G network. With the support of the Japanese company Rakuten, a state-of-the-art, so-called Open RAN network is to be built for this purpose. This brought considerable uncertainty to analysts’ models and investors’ plans. Does it work technologically? What will be the total investment? How does the regulator behave? Question after question. When there were also considerable delays in antenna construction, Mister Market had enough. Over the course of the year, the stock fell by 55%. As a result, the share was also thrown out of the MDAX and the STOXX 600. Further automated share sales were the result.

A detailed analysis of United Internet’s network construction strategy would certainly go beyond the scope of this report. All in all, there are some pro-arguments, a lot of uncertainty and broad scepticism. But even if we have a certain sympathy for the entrepreneurial strategy of UI, our layman’s view of things in the broad chorus of various expert opinions certainly does not offer any added value.
From an investor’s point of view, however, what attracts us extremely is the current company valuation or the current risk-reward ratio. According to our analysis, the current share price implies that all free cash flows over many years will be burned completely without any equivalent value. That seems very exaggerated and unlikely to us. The management history of the decision-maker is impressive and the optionality at all levels is significant! The market focuses solely on the problems. However, many conceivable positive surprises of a structural nature, on the part of the regulator or the chance of project success as a whole are largely ignored. Just imagine if the initial investments created value. The impact on UI’s valuation would be significant! The situation reminds us a little bit of the TGV’s investment in Westwing at the time. If the risk is manageable due to very low valuation levels, we are very happy to enter an environment of increased optionality.

On top of the above, we attach great importance to the opinion of the one industry expert who knows the exact strategy, cost calculations and the details of the contracts, which are usually kept under lock and key - Ralph Dommermuth.

At the turn 2021/22, he spent EUR 500 million on acquiring shares in UI for a price of around EUR 35 / share. All the important contracts had already been signed at this time. The share is currently trading below EUR 13. Admittedly, the current delay in antenna construction was certainly an unpleasant surprise. In March 2023, the company also acquired treasury shares for over EUR 290 million at a price of EUR 21 / share. We attach importance to both transaction prices.

The swap of Ceconomy for United Internet was certainly the dominant portfolio change in the past half-year. Using the same logic, it was recommended to allocate a smaller part of the sales proceeds directly to the subsidiary 1&1 AG, which is also listed on the stock exchange.

In the wake of Agfa-Gevaert’s price weakness, we also recommended rounding off the position and suggested buying a small position in PayPal. Due to the relative strength, we also recommended a slight reduction of Aumann AG in the portfolio despite the good development of the company.

**Update on the portfolio positions**

Agfa-Gevaert

Agfa-Gevaert certainly falls under the heading "somewhat inaccessible" at the moment.
The key earnings figures are burdened by constant restructuring expenses. In addition, some segments are currently suffering from operational headwinds. We approach the investment with a sum-of-the-parts valuation and, despite everything, arrive at a significantly higher net asset value. Recently, we expanded our sum-of-the-parts analysis to include an area that we had previously set to zero. Under the Zirfon brand, an Agfa unit has now developed into a leading membrane manufacturer for alkaline electrolysis. The area is growing extremely dynamically and offers great potential. We are very curious to see what will develop from this in the next few years.

InVision AG / Hostelworld Group plc

We have already described our disappointment with the development at InVision AG in or last report. There is really nothing to add to this. The stock fell to new lows during this time without any real trading volume. If the operating performance does not improve in the near future, structural changes to the corporate strategy seem necessary to us. We would like to support in this.

The Hostelworld Group, on the other hand, continues to give us much more to be pleased about. The company benefits greatly from the ever-increasing desire to travel and continues to focus all its energy on raising customer value by expanding and optimizing its social features. We continue to follow the company closely.

Mediqon Group AG - to be known in future as Chapters Group AG

Only recently, Mediqon Group AG reported in great detail on the current development at its Annual General Meeting and proposed a renaming of the company. All platform companies had their say and were able to present their respective investment strategies. For further attractive acquisitions, the company recently strengthened its balance sheet in May through further capital measures.

Conclusion

In the last 12-18 months, the share price development of InVision AG in particular has had a considerable impact on the TGV’s portfolio. The market’s current reluctance to buy the slightly more inaccessible stocks, such as Agfa-Gevaert, has exacerbated the situation. All of this has been completely incorporated into the fund price, and yet the performance of 10.4% p.a. since inception is within what we consider to be an acceptable range.

We are usually optimistic about the future. However, in view of the current valuation levels
of many portfolio positions (United Internet AG seems to be an excellent example of this),
our expectations for the next few years are clearly above average. The future will show
whether we are right in our assessment.

Thank you for your trust!

Lars Ahns
Lars.Ahns@rubicon-equities.com

Thorsten Ahns
Thorsten.Ahns@rubicon-equities.com