

VALUE-INVESTING IN GERMAN EQUITIES



FRANKFURT
PERFORMANCE
MANAGEMENT AG

PREFACE

We live in a time when it is a great challenge to invest wealth profitably in the long term.

That's why we at FPM Frankfurt Performance Management AG have been offering well-thought-out, proven and successful value investment – particularly in the asset class of German equities – since the millenium.

We take a stock-picking approach, investing in companies irrespective of any benchmark.

In a world that generates huge volumes of data, intelligent consolidation and a focus on the essentials are the key to success – and the only way to make clever investment decisions.



FRANKFURT



BERLIN



MÜNCHEN



LAYING THE FOUNDATION

“In the year 2000 we founded our own company, FPM AG, so that we could implement our investment philosophy under the best possible conditions.”

THE COMPANY AND ITS FOUNDERS

FPM Frankfurt Performance Management AG was founded in Frankfurt am Main in the year 2000 as an investment boutique taking a value approach to investing in the German equity market.

From our many years of experience we know that a rigorous investment philosophy requires a certain degree of entrepreneurial freedom if it is to be successful. We wanted to safeguard this independence, which is why we set up our own firm.



FPM AG

THE FPM PHILOSOPHY

Successful investing means understanding more than others. It takes a focused mind to build up superior knowledge. That's why we concentrate on the German equity market: we know this investment universe thoroughly, we deal with our target companies on a day-to-day basis and we cultivate close links with the respective management teams.

That puts us in a better position to assess business models so that we can make the right investment decisions. We expect every company in our portfolio to deliver an absolute, positive contribution to performance. That means we need to be convinced by every investment.

We see ourselves as value investors and manage a number of mutual funds and institutional special mandates.



SUPERIOR KNOWLEDGE FOR SOUND DECISIONS

*“We know our investment universe and its opportunities thoroughly.
This knowledge allows us to make the right investment decisions.”*

REDUCING THE NOISE

“Analytical intelligence is the basis for identifying the relevant data in the flood of information and consolidating it into valid investment decisions.”



FOCUSING ON THE ESSENTIALS

In a world that generates huge volumes of data, intelligent consolidation is the key to success. How can we identify the relevant information in a flood of data and translate it into clever investment decisions?

We have the experience and the expertise to get to the heart of the matter. We invest in undervalued companies whose business models we understand and whose management we can assess. We don't let ourselves be distracted by noise on the capital markets.



FPM AG

AS INDEPENDENT AS POSSIBLE

Independence is our hallmark, and it works to the benefit of our investors: because we are owner-managed and not part of any corporate group, we are not bound by any restrictions when selecting our investments. The guiding principle behind what we do is an accurate appraisal of the company itself – not whether assets in some index or industry have a particular weighting.

That's why we only invest in stocks that careful analysis indicates can be expected to deliver a sustainable return. We will even go against the general consensus in our decisions if the facts suggest this is appropriate.



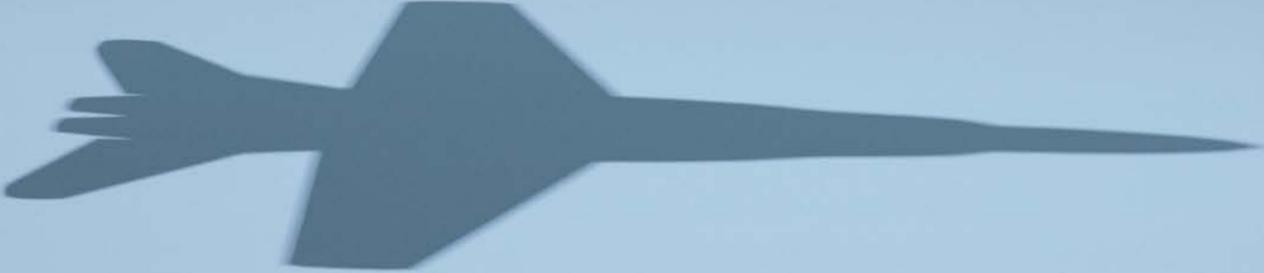
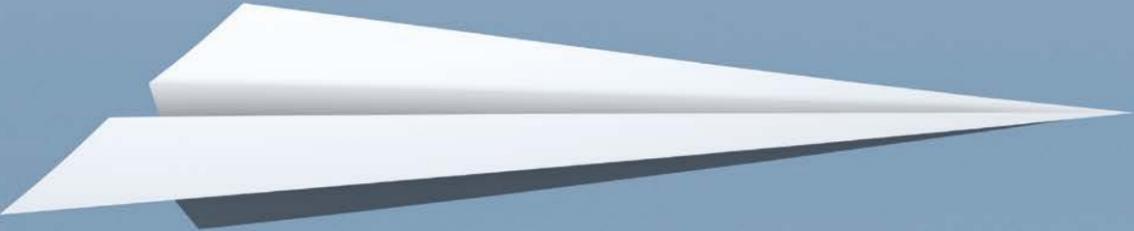
INDEPENDENCE

“Our business model enables us to exploit opportunities in the market regardless of whatever the general consensus is.”



RECOGNISING REAL VALUE

“We are value investors: we look for undervalued companies whose business model we understand and whose management we can assess.”



DIFFERENTIATING BETWEEN PRICE AND VALUE

We are value investors. That means our thinking is centred on the sustainable value of a company and the potential for returns this generates. We avoid fashionable themes or short-lived trends that often cause the price of equities to rise until they are overvalued, hence impairing the sustainability of profits.

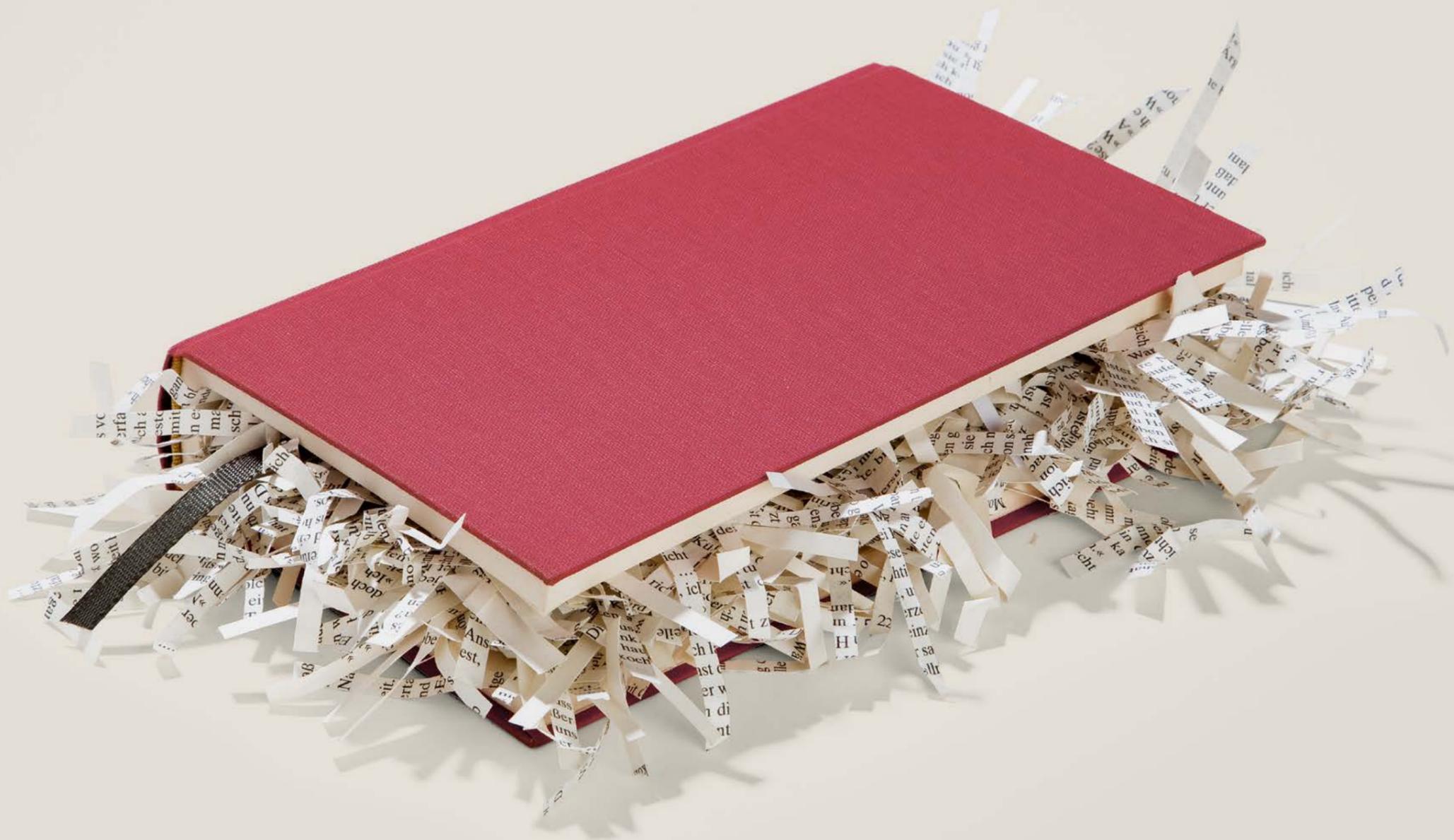
The thinking behind our approach is this: while the market is always right in the short term, it frequently changes its mind. By contrast, over time the price will adjust to the fair value of the company. We exploit these opportunities for our investors.

Our approach gives us security in our investment decisions. And that’s why we don’t get nervous when the market goes through critical phases – we are confident we know our investments inside out.

SECONDARY RESEARCH IS IMPORTANT – PRIMARY ANALYSIS IS ESSENTIAL

Many market players claim to be able to identify undervaluation. That's why we take secondary research seriously. We believe, though, that the quality, diligence and stringency of our own investment process are the prerequisites for achieving excess returns.

They enable us to understand the decisive characteristics of a business model as precisely as possible and determine the relevant value drivers. This, alongside a large number of discussions with the management teams, is the foundation on which we base our valuation of companies. We believe that the more disciplined the way in which this approach is applied, the more secure an investment will be.



APPLYING OUR OWN APPROACH WITH DISCIPLINE

“We put our trust first and foremost in what we ourselves produce and see – our own primary analysis as well as a large number of discussions with companies.”



FAITHFUL TO STYLE

“We remain faithful to our value investing approach.”

A LONG-TERM PERSPECTIVE THAT PAYS OFF

We believe that value investing is the most successful investment strategy over the long term – but of course any approach can go through periods of underperformance in the short and medium term. No investment strategy comes out on top in every quarter.

In our view, what is important is sustainable, long-term success. Correction phases, when many investors avoid equities due to an increasing aversion to risk, are usually the moment for value investors to strike: the difference between price and intrinsic value is greater and an investment more lucrative. It is in these phases that the foundation is laid for outperformance that will later pay off for the investor.



MAKING COMPLEX DECISIONS PROACTIVELY

With us, it is people who deliver performance. Our investment style is demanding. That's why we need the necessary expertise and the experience to implement the style successfully.

Our portfolio management team has just as much intellectual class as it has a healthy understanding of people, many years of experience and excellent knowledge of our investment universe. What is more, the network of Martin Wirth and Raik Hoffmann gives us access to companies and hence to information. Art and craft: we understand our investments.

MORE THAN A DECISION BETWEEN 0 AND 1

“Style is always personal – and is something that only people can pursue, implement and thus also live out in the long term.”



Martin Wirth (left) and Raik Hoffmann

HOW WE SEE OURSELVES

“Our investors entrust their money to us. We want to repay this trust in all our decisions and everything we do.”



FINANCIAL SERVICE PROVIDER IN THE TRUEST SENSE OF THE TERM

We are aware of what a great responsibility it is to invest other people’s money. That’s why every single one of us puts all his knowledge and experience into it – and because we invest our own money in our funds.

It is a matter of principle for us to be accountable at all times – which is why we communicate swiftly and transparently.



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