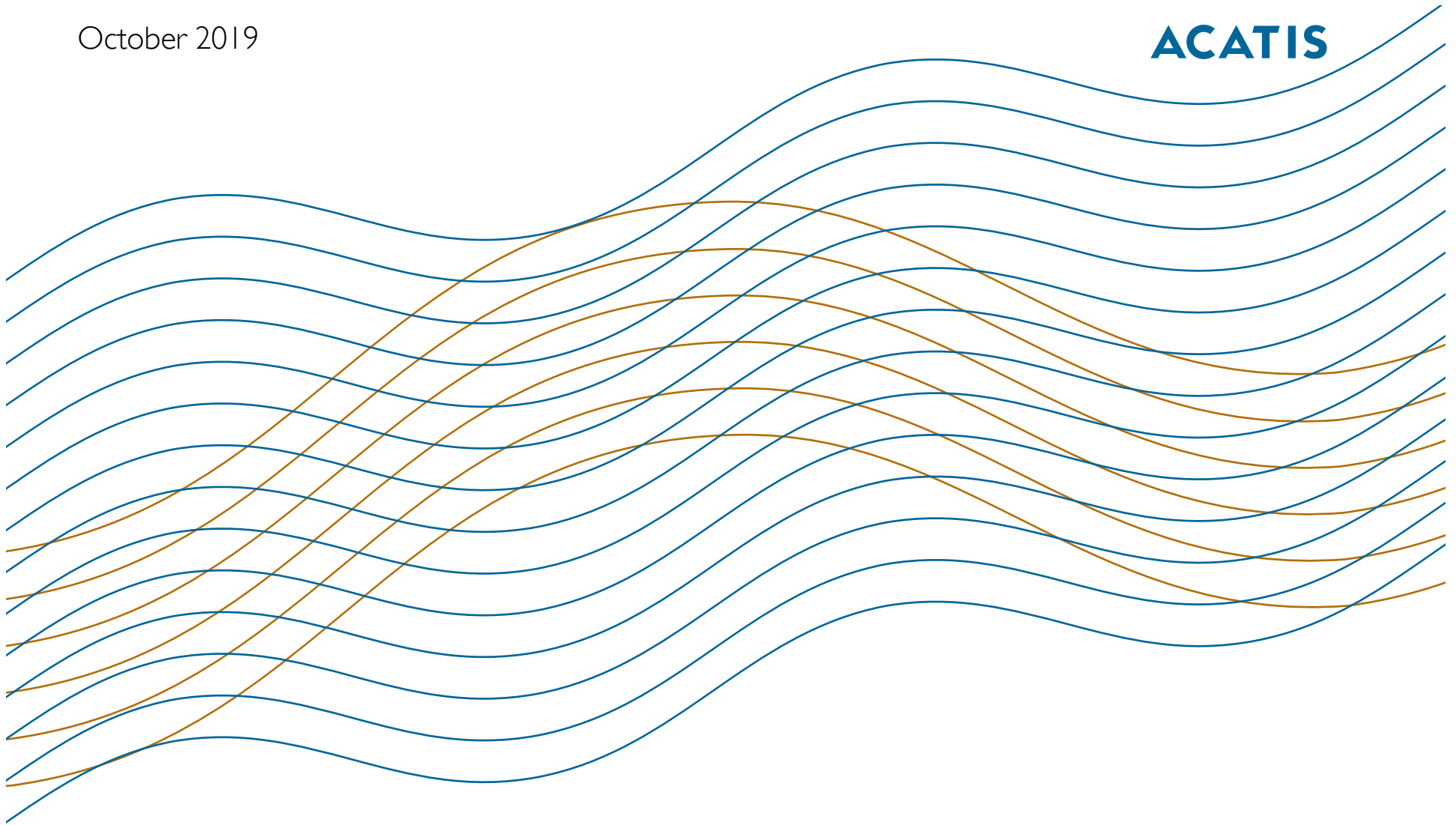


ACATIS QILIN Marco Polo Asien Fonds - Investing in Asia's emerging champions

October 2019

ACATIS



With the ACATIS QILIN Marco Polo Asien Fonds, you gain exposure to the old and new global power that is China and Asia

One Road, One Belt – China's new Silk Road



Source: Belt and Road Portal, China's National Development and Reform Commission

With the ACATIS QILIN Marco Polo Asien Fonds, you gain exposure to *the* country that will dominate ten key industries by 2025

China's master plan for 2025



With the ACATIS QILIN Marco Polo Asien Fonds, you gain exposure to a fund management team with local expertise and long-standing relationships with China's industry and policy-makers



Emblem of Tsinghua University, 100-year anniversary



- Our research partners at QILIN Capital - Prof. Dr. Ingo Beyer von Morgenstern and Dr. Stefan Albrecht - are honorary professors at China's elite Tsinghua University.
- 80% of Chinese Politburo members are Tsinghua alumni.

Contents

- Macro-economic environment
- Investment process
- Investment examples
- Research team and capital investment company
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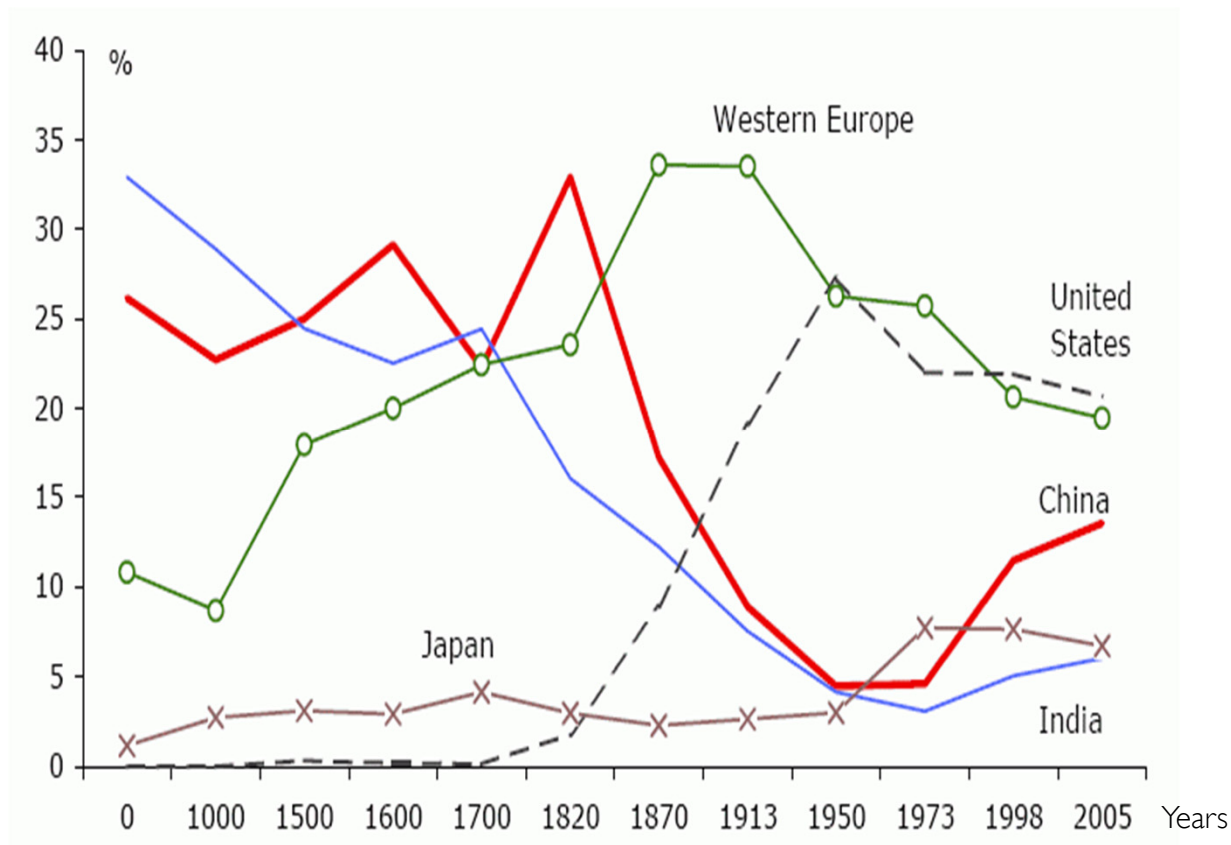
Macro-economic environment -
The old and new global power that is China and the
Asian region

Asia's long-term development is second to none

- More than 50% of the world's population lives in Asia. In a few years, Asia's share of the global GDP will exceed 40%. Over 60% of global growth is generated in this region.
- China's GDP, which has grown steadily by over 6% p.a. during the last 25 years, has catapulted the country from the tenth-largest to the second-largest economy in the world.
- China will replace the US as the world's largest economy before 2030 - an outcome that even the escalating US-China trade conflict will not be able to prevent.
- Other than China, India and Japan will also be among the world's four largest economies.

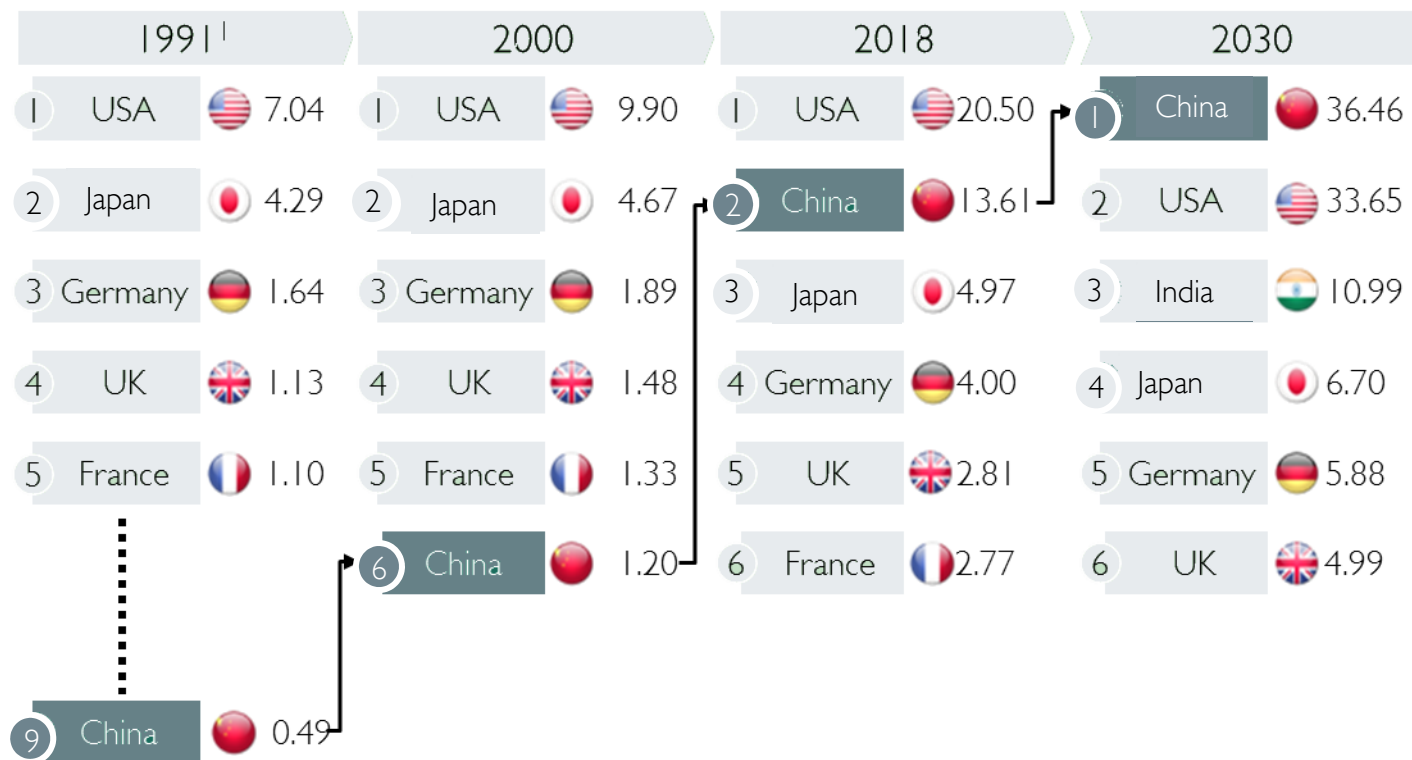
During the last 2,000 years, China has always been and will once again become a global power

GDP share of the major economies



China, India and Japan are on their way to becoming the world's largest economies by 2030

The gross domestic product (GDP) of China, Japan and India compared other global players
(in USD billion, nominal)



1) Data normalized in USD of the year 2000
Source: World Bank, The Economist, McKinsey Analysis

With the “Made in China” initiative, China wants to become the global leader in these ten key technologies by 2025



Electricity equipment



Agricultural implements



Rail transport



Information technology



Ship building and ocean technologies



Aviation and aerospace technology



New materials



Electromobility and saving energy



Robotics technology

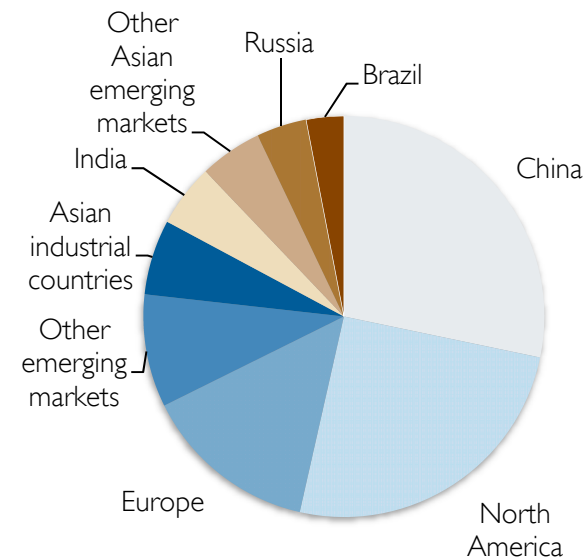


Biopharmaceuticals and advanced medical products

Asia is a “must” for globally-oriented investors

- Today, China already represents over 10% of global GNP and global stock market capitalisation.
- By 2030, the market capitalisation of all Chinese stocks is expected to be 28% (ahead of the US with 25%)
- By comparison, Asian and Chinese stocks are typically quite under-represented in Global investor portfolios.

Forecast market capitalisation in 2030, in percent



Source: Factset, IWF, World Bank, WFE, Goldman Sachs

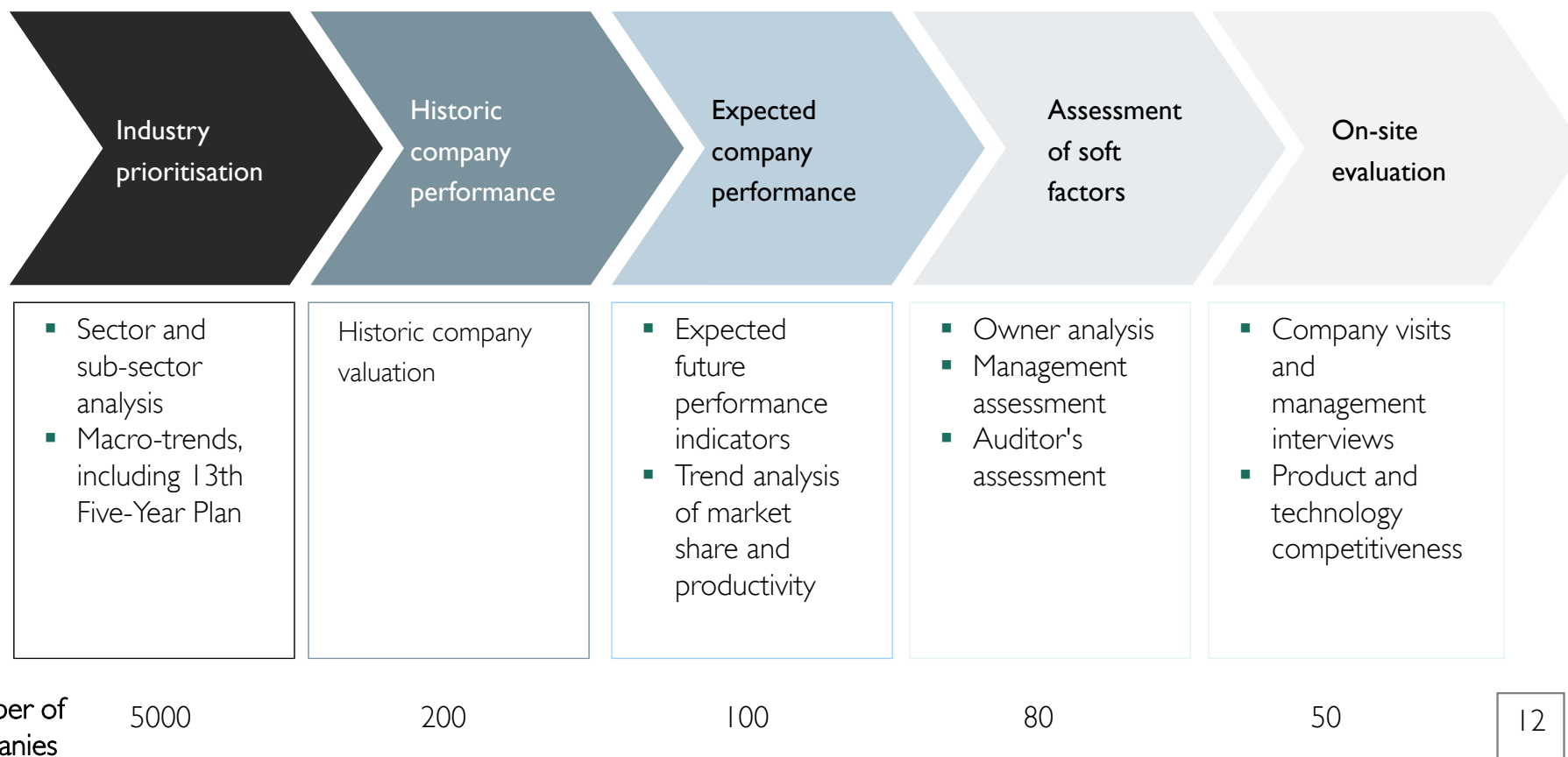
- Currently, valuations of Asian stocks are at the levels seen during the financial crisis in 2008, and significantly lower than in Western markets.

Investment process –
Using the Detecting Emerging Champions (DETEC)
methodology to identify the winners of tomorrow

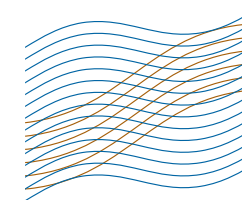
DETEC' fundamental company analysis uses a rigorous, analytical and data-driven approach

Is the company a future Asian champion?

Will this company create stock market value for investors?



Investment examples –
Systematic identification of country and sector champions



ACATIS QILIN Marco Polo Asien Portfolio (selected sample companies)



Hengrui Medicine is the leading Chinese brand pharmaceutical company with its own patented medications. It is also the leading first-to-market generic drug player with a proven track record in international markets.



HIKVISION: The world's leading video technology specialist with artificial intelligence facial recognition. Already active in over 155 countries with annual sales growth of +29%.



Huazhu is the leading Chinese economy hotel chain. The mid-range hotel standard-setter and consolidator with a profitable light asset franchise business model.



Inovance: Leading Chinese industrial automation provider. Number one Chinese player in the low-voltage frequency converter market and engine controls for electric buses. Biggest Chinese industrial competitor for Siemens.



New Oriental Education is the leading provider of private foreign language training in the world's fastest-growing education market.



iFlytek: With a market share of over 70 percent, iFlytek is China's leader in intelligent speech recognition technology. At present, the company is rapidly expanding in the following sectors: voice control technology for cars, smart home applications and robotics

Hengrui Medicine is the leading Chinese brand pharmaceutical company



Company description

Hengrui is China's largest manufacturer of oncology and anaesthetics products. The company specialises in the production of first-to-market generic drugs. Its strategy: to shift the focus from generic drugs to novel medications.

Manager comment

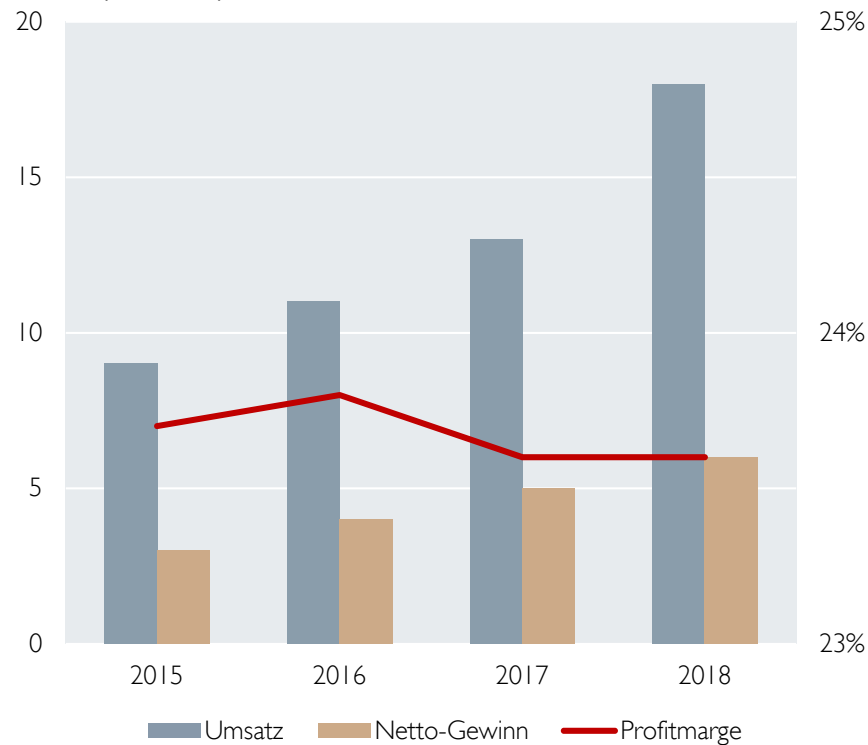
- Third place in the Chinese ranking: Market share of 8% (oncology), 25% (anaesthetics) and 17% (contrast agents)
- 22 new approvals for chemical drugs, and development of 7-8 innovative active ingredients
- All of the main product categories, including anti-tumour, cardiovascular and diabetes, are the most promising segments with the strongest growth
- Partnership with Sandoz, the generic manufacturer of Novartis, for the sale of Cyclophosphamid and Sevofluran in the US market
- Subsidiaries in Japan, Germany and the US

Figures

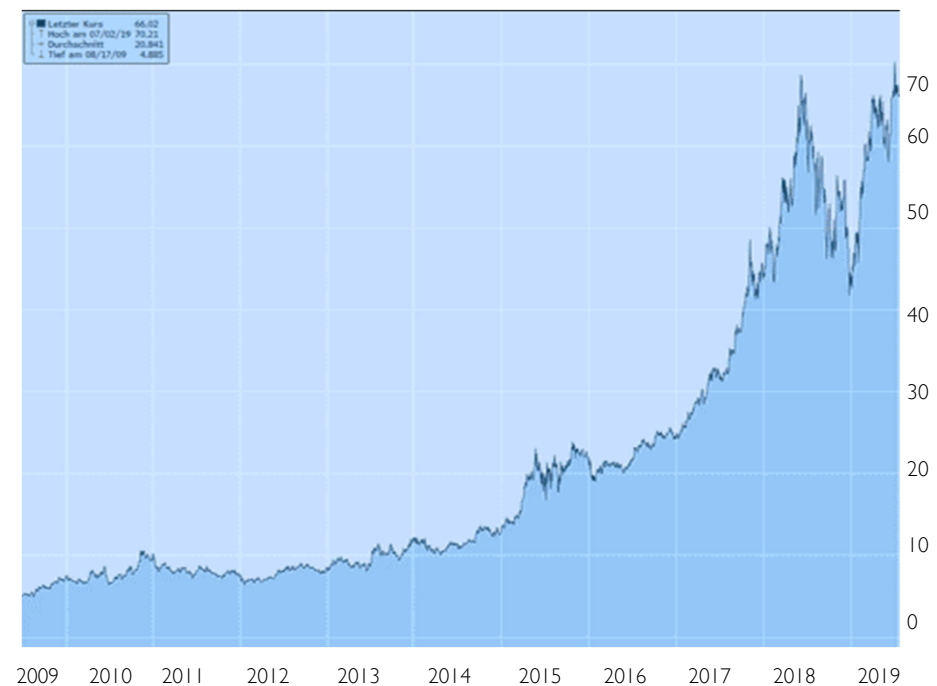
Earnings	CNY 13,865 million
Net profit	CNY 4,065 million
Employees	approx. 14,800

Outstanding long-term growth in Hengrui Medicine revenues, profits and share price

Income statement (annual)
CNY (in billion)



CNY share price over the last 10 years (30.6.2009-30.6.2019)



Hengrui Medicine is by far one of the fastest-growing pharmaceutical companies worldwide

Names of medication manufacturers	Sales revenues		CAGR
	2017	2021	2018-2021
Pfizer	453	459	0.3%
Novartis	419	487	3.8%
Roche	415	444	1.7%
Merck & Co	354	405	3.4%
Johnson & Johnson	344	437	6.2%
Sanofi	341	381	2.8%
GlaxoSmithKline	387	326	3.2%
AbbVie	277	369	7.4%
Gilead Sciences	257	222	-3.6%
Amgen	218	232	1.5%
Teva Pharmaceutical Industries	183	150	-4.8%
Mylan	116	126	2.1%
Jiangsu Hengrui Medicine	20	52	27.5%

Information Technology – Application programs (artificial intelligence)



Company description

China's leader in intelligent voice recognition technology, 8.8 billion market capitalisation and a market share of over 70%. Leading technology provider for voice synthesis, voice recognition and machine translation.

Figures	1 year	3 years	5 years
Sales revenues	+45%	+47%	45%
Earnings per share	19%	5%	9%

Our criteria

Market leadership	✓
High degree of innovation	✓
Key government focus area	✓
Significant R&D expenditures	✓

Non-basic consumer goods – Education (improved strategies and technologies)



Company description

Leading provider of private foreign language training in the world's fastest-growing education market. \$ 9 billion market capitalisation.

Figures	1 year	3 years	5 years
Sales revenues	+36%	+25%	21%
Earnings per share	8%	15%	17%

Our criteria

Structural growth	✓
Market leadership	✓
Biggest gains in market share	✓
Large cash flows, no debt	✓

As at: July 2019

Research team and capital investment company –
Local expertise and experienced fund management

The Qilin Capital core team combines excellent Asia and China research expertise



Prof. Dr. Ingo Beyer von Morgenstern – “Asia and China Insider”

- 30 years McKinsey & Company, 10 years McKinsey China, McKinsey Asian Practice Leader
- Honorary professor at Tsinghua University



Dr. Stefan Albrecht – “Asia and China Insider”

- 20 years McKinsey & Company, 15 years McKinsey China, McKinsey Asia Consumer Electronics Practice Leader
- Scholar of the “Studienstiftung des deutschen Volkes”



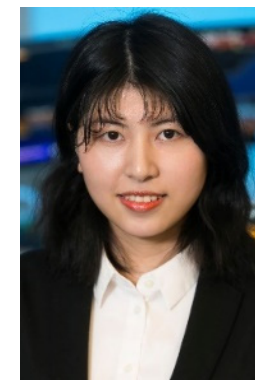
Patrick Liu – China Research Manager

- Manager of Asia Champions Research in Shanghai
- Former Manager of McKinsey High-Tech Practice Research in Shanghai



Daisy Zhu – China Research Analyst

- Research Analyst at Asia Champions Research in Shanghai
- Former research assistant at Huachuang Securities Research



Sofie Wang – China Research Analyst

- Research Analyst at Asia Champions Research in Shanghai
- Fund manager of the Hofstra Student Managed Investment Fund in New York

ACATIS Investment



- ACATIS – value-focused asset manager founded in 1994.
- ACATIS searches for undervalued stocks in a systematic and databased process.
- The monthly investment process is effective and consistent, with the funds achieving outperformance over the long-term.
- ACATIS offers value-equity funds, value-balanced funds, value-sustainability funds and value-bond funds. Since October 2016, ACATIS has been offering equity funds based on artificial intelligence.
- Assets under management EUR 6.5 bn (as of 31st July 2019).

How others evaluate us – Our awards



Scope Award 2019



Fund Manager of the Year 2017



Deutscher Fondspreis 2019 (German Fund Award)



Morningstar



€ Fund Award 2019



Private Banker – Best Fund Boutique 2018



MLP Fund Award 2019



Lipper Leader

Performance ACATIS QILIN Marco Polo Asien Fund

Performance of the fund versus MSCI AC Asia GDR (EUR),
Time period 11 June 2019 until 30 September 2019



Basic data and communication

Basic data

Investment company	ACATIS Investment Kapitalverwaltungsgesellschaft mbH, Frankfurt	
Custodian	UBS Europe SE, Frankfurt	
Manager	ACATIS Investment Kapitalverwaltungsgesellschaft mbH, Frankfurt	
Share class	A	B
Investment focus	Equity Asia with focus on China	Equity Asia with focus on China
Domicile	Germany	Germany
Currency	EUR	EUR
Benchmark	MSCI AC Asia GDR (EUR)	MSCI AC Asia GDR (EUR)
ISIN	DE000A2PB655	DE000A2PB663
Inception	11 June 2019	11 June 2019
Fiscal year-end	30 September	30 September
Front end fee	5%	0%
Ongoing costs (11 June 2019)	2,00%	1,50%
Performance fee	15% of the yield above the reference value that is generated by the fund during the settlement period (MSCI® AC Asia GDR (EUR), but only if the unit price at the end of the relevant settlement period exceeds the unit price at the beginning of the settlement period.	
Minimum investments	Non	250,000 EUR initial investment
Permission for public distribution	DE, CH	DE, CH
Distribution	Distribution	Distribution

ACATIS and QILIN place great emphasis on investor communication

Monthly report

Webinars and
teleconferences
on short notice

Planned Asia days
in German cities

Contact – your persons to contact



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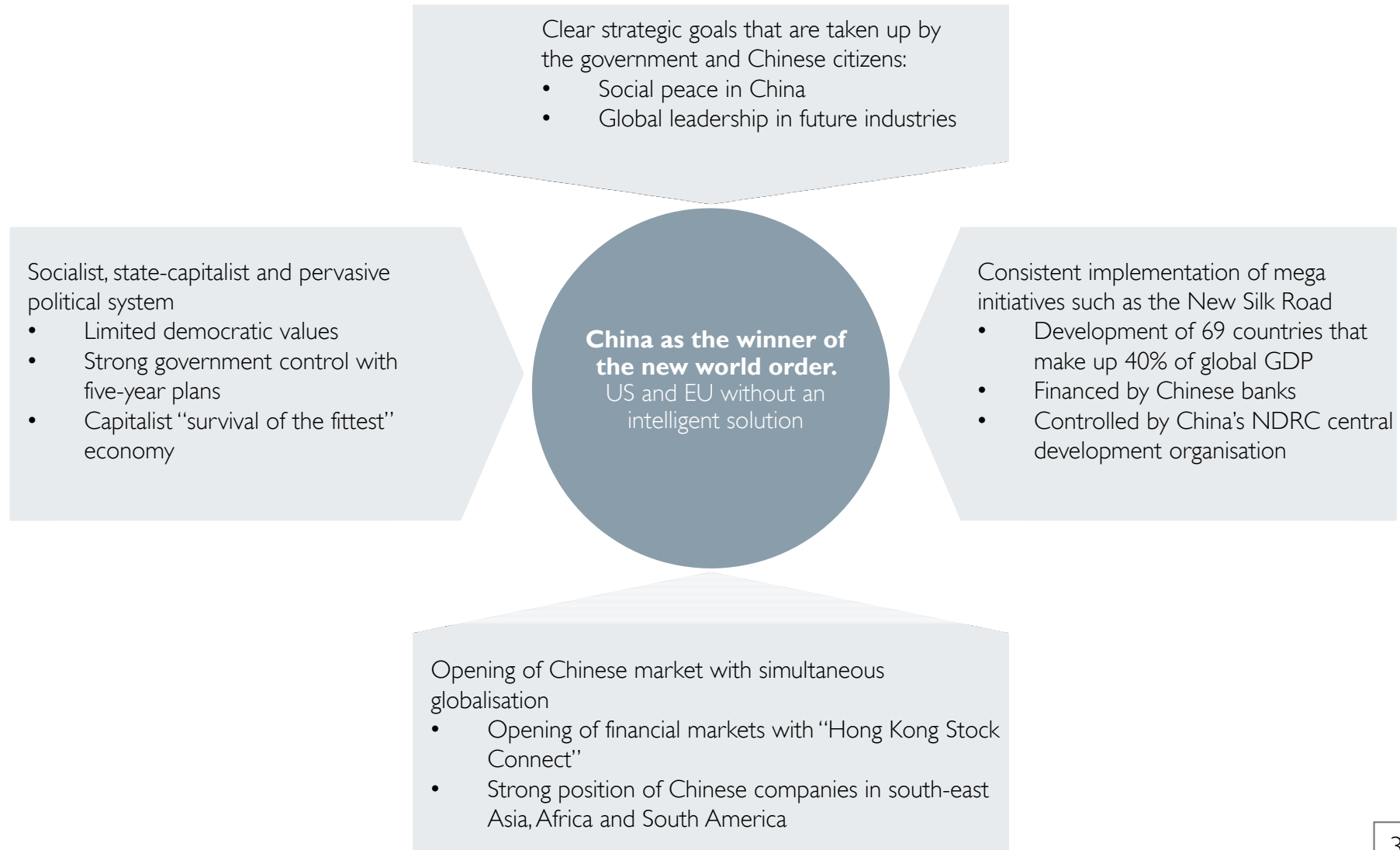


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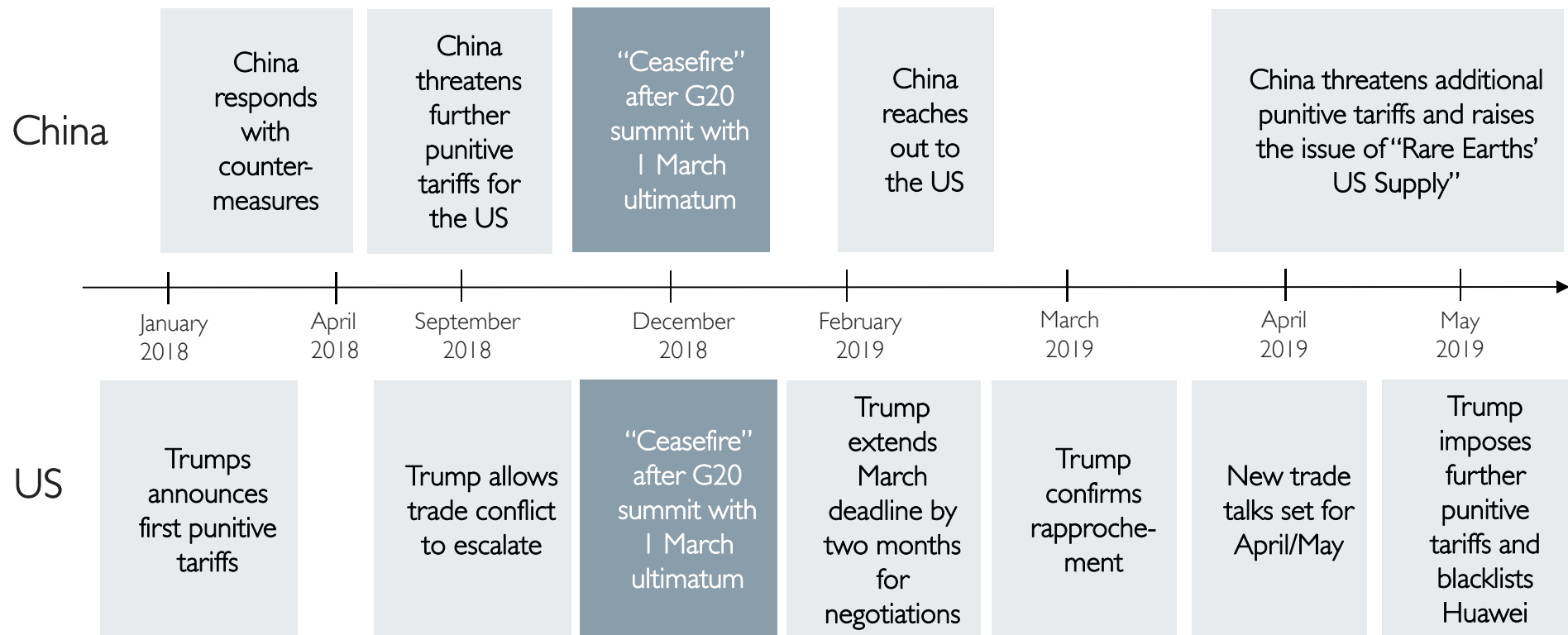
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Appendix – China, the winner of the new world order

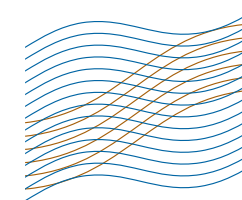
China as the winner of the new world order



Status of negotiations in the trade conflict



Source: Handelsblatt, "Im Handelskonflikt zwischen den USA und China ist Einigung in Sicht", 4.3.2019, Süddeutsche Zeitung, "Trump verlängert Frist im Handelsstreit mit China", 25.2.2019, Handelsblatt, "China wirbt für Zusammenarbeit mit den USA", 1.1.2019, Welt: USA und China treffen sich zu Beratungen, 24.04.2019; Süddeutsche Zeitung, "Trump kündigt höhere Zölle für Einfuhren aus China an", 6.5.2019.

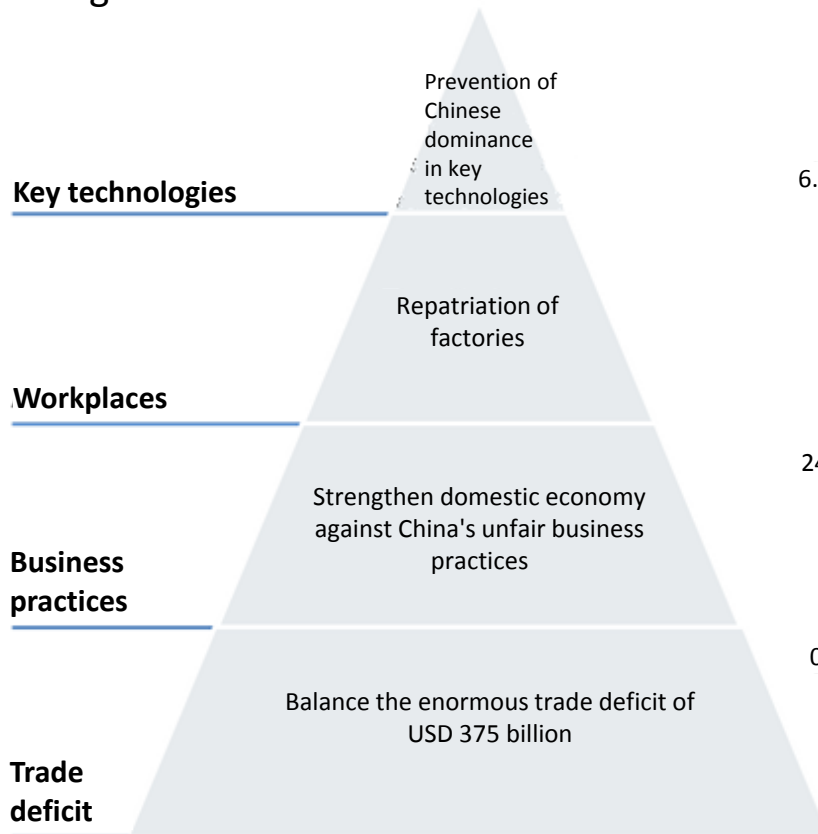


The Chinese stimulus program: Key measures taken by the Chinese government to support the economy

Measure	Implementation status	Description
<ul style="list-style-type: none"> Lower minimum reserve rate 	<ul style="list-style-type: none"> In introduction stage 	<ul style="list-style-type: none"> The number of lenders must be kept constant since reserves are cut by one percentage point. They already fell by 0.5% on 15 January, and by another 0.5% on 25 January. The cut will release net 800 billion yuan.
<ul style="list-style-type: none"> Deductions for income tax expenditures 	<ul style="list-style-type: none"> In introduction stage 	<ul style="list-style-type: none"> The income tax threshold is raised from 3500 to 5000 yuan, 31.6 billion yuan in the first month. Another individual tax deduction could be made in the area of education, medicine, rentals, mortgages and elderly care.
<ul style="list-style-type: none"> Possible tax reductions 	<ul style="list-style-type: none"> In the planning stage 	<ul style="list-style-type: none"> At this time, China has three VAT rates (16%, 10% and 6%), which apply mainly to production, infrastructure / construction and services / finance. According to information from the government in its work plan for 2018, the current VAT system will be changed from three to two tax rates to simplify the system. It is expected that the political decision-makers will reduce the 16% class by 2-3 percentage points in the next few months.
<ul style="list-style-type: none"> Increased lending rate for individual shareholders 	<ul style="list-style-type: none"> In introduction stage 	<ul style="list-style-type: none"> The central bank increases the lending rate for various small and very small companies from less than 5 million yuan to approximately 10 million, enabling financial institutions to provide loans to small / very small companies.
<ul style="list-style-type: none"> Reduced tariffs 	<ul style="list-style-type: none"> In introduction stage 	<ul style="list-style-type: none"> Tariffs on 1,585 import goods were lowered to 7.5%. Average tariffs for 677 materials and building materials were reduced from 11.5% to 8.4%, and from 11.2% to 8.8% for machinery (396 goods). Overall, tariff reductions in the first three quarters of 2018 totalled over 201.5 billion yuan.
<ul style="list-style-type: none"> Earlier announcement of debts by municipal administrations 	<ul style="list-style-type: none"> In introduction stage 	<ul style="list-style-type: none"> The rate will be communicated to the municipal administrations at an earlier date to accelerate the debt instrument issues totalling 1.4 billion yuan. In November, the finance ministry already issued 1,660 billion yuan to municipal administrations in 31 provinces.
<ul style="list-style-type: none"> Investments in infrastructure 	<ul style="list-style-type: none"> In the planning stage 	<ul style="list-style-type: none"> During the first three quarters of 2018, 437.4 billion yuan (approved by the NDRC) were invested mainly in transport and energy. It is estimated that in 2019, investments in rail transport will be 27% higher than in 2018.
<ul style="list-style-type: none"> Stimulating the consumption of current trend products 	<ul style="list-style-type: none"> In the planning stage 	<ul style="list-style-type: none"> The NDRC is working on the relevant measures to incentivise the consumption of trend products (e.g. vehicles and household appliances).

Overview of the trade conflict between China and the US

Objectives of the US delegation

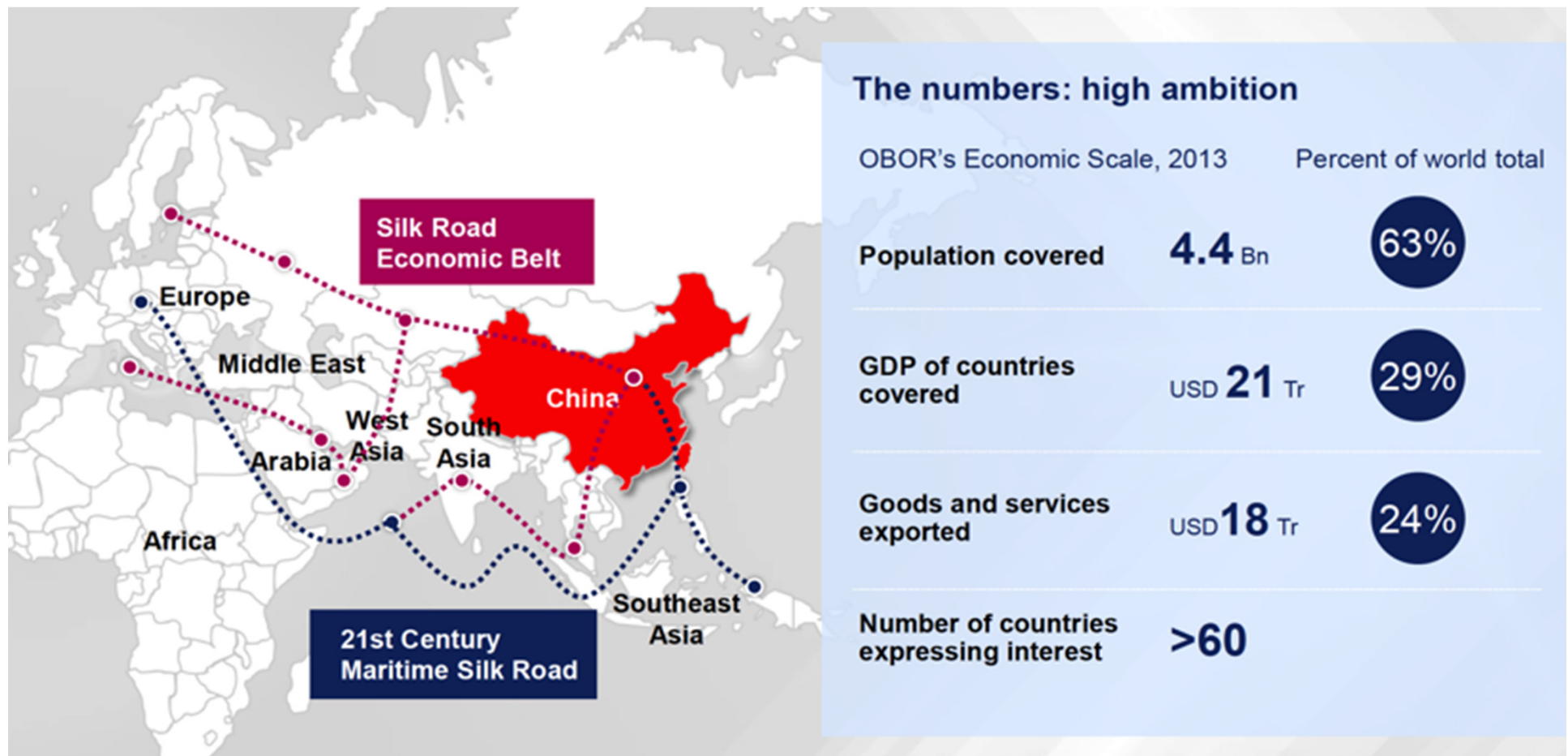


Time	Escalation of tariffs		Possible impact on China's GDP ¹⁾
	American tariffs on Chinese goods	Chinese tariffs on American goods	
6.07.2018	USD 50 billion +25%	USD 34 billion +25%	Key technologies
24.09.2018	USD 200 billion +10%	USD 60 billion +5-10%	0.45% negative effect on GDP
09.05.2019	USD 200 billion (from 24.09.2018) +15%	Higher tariffs announced as "counter-measure"	
Medium term	Tariffs on another USD 325 billion	TBD	1.6% negative effect on GDP

Source: FAZ, "Mein Bauchgefühl lag immer richtig", 25.11.2018; Bloomberg "Trump Signals U.S. Likely to Go Ahead With China Tariff Increase", 26.11.2018; boerse.ard.de; Zeit Online "US-Handelsdefizit mit China wächst deutlich"; The New York Times, "Trump Could Seek a China Trade Truce at G-20, Despite Tough Talk", 27.11.2018; Qilin Capital; Süddeutsche Zeitung, "Trump kündigt höhere Zölle für Einfuhren aus China an", 6.5.2019.

1) Based on expected net export losses due to US tariffs

The “New Silk Road” opens up 63% of the global population to China (economically speaking)



China's investments under OBOR* aim to secure economic interests and strategic sea corridors

What is China's motivation behind the OBOR initiative?

- To open western China and its 280 million people and export products (including phosphate and agricultural products) to the rest of the world
- Control of the strategic sea corridors by investing in already existing large ports - in Gwadar, Djibouti and Tanzania, and expanding this network
- Secure access to critical raw materials (particularly imported raw materials such as oil, gas and iron ore) and to consumer markets for China's surplus production capacities
- Strengthen relations with strategically important and historically familiar countries

How is OBOR designed?

- Officially announced in 2013, over a decade in progress, many existing investment plans were newly awarded and fall under the OBOR umbrella
- Driven by several government departments
- A comprehensive value creation strategy forms the basis of OBOR - China seeks out strategic investments independent of their current economic/financial value. Possibly no subsequent value creation in the building / operations phase led by China

What are the potential risks?

- China profits from Chinese investments with short-term financial dividends: 70% of OBOR MOUs include exclusive construction and infrastructure measures
- China's OBOR financing may prove difficult because the total obligation accounts for approx. 30% of the country's entire currency reserves
- Countries could find it difficult to repay the loans and may start to feel dependent

In addition to the Silk Road, China is also developing Africa and South America. China is growing into a global economic superpower

Investments promised



\$76 billion in investments across Africa, 82% from privates

