

Performance Data and Analysis (last updated Jan 2013)

Managed Accounts Monthly Performance Data (€)

	2009 pro-forma ¹	2010 pro-forma	2011	2012	2013
Jan.	-6.3%	5.5%	4.8%	8.0%	
Feb.	-6.1%	-1.9%	2.3%	6.2%	
Mar.	5.1%	6.4%	-0.4%	1.7%	
Apr.	16.4%	3.0%	0.6%	1.1%	
May.	8.4%	-3.3%	-1.9%	-1.4%	
Jun.	-1.9%	2.9%	0.3%	1.4%	
Jul.	5.6%	3.2%	1.1%	0.2%	
Aug.	9.9%	-1.5%	-12.1%	0.8%	
Sep.	2.7%	6.7%	-0.5%	1.1%	
Oct.	-4.3%	4.4%	5.1%	-0.9%	
Nov.	2.9%	1.7%	-3.8%	-0.4%	
Dec.	4.7%	2.7%	-1.3%	1.9%	
	40.7%	33.6%	-6.8%	21.0%	
Worst M	-6.3%	-3.3%	-12.1%	-1.4%	
Best M	16.4%	6.7%	5.1%	8.0%	
Ann.					
Volatility	23.8%	11.2%	15.5%	9.6%	
Year-End Assets under Management	€ 13 mio	€ 17 mio	€ 23 mio	€ 28 mio	

Performance relative to MSCI Europe IMI Net Return (€)

performance Managed Accounts minus performance MSCI Europe

	2009	2010	2011	2012	2013
Jan.	-3.2%	7.9%	3.3%	3.7%	
Feb.	2.9%	-1.5%	-0.1%	1.9%	
Mar.	2.8%	-1.2%	2.9%	1.8%	
Apr.	1.6%	3.6%	-2.6%	2.6%	
May.	3.3%	1.8%	-1.7%	4.8%	
Jun.	-1.0%	3.5%	3.2%	-3.4%	
Jul.	-3.6%	-1.8%	3.7%	-3.9%	
Aug.	4.5%	-0.2%	-1.9%	-1.3%	
Sep.	-0.3%	3.1%	4.2%	0.0%	
Oct.	-2.1%	1.8%	-2.6%	-1.6%	
Nov.	2.0%	2.9%	-2.5%	-2.5%	
Dec.	-1.5%	-2.9%	-3.2%	0.2%	
	6.8%	20.7%	2.4%	2.8%	
Worst M	-3.6%	-2.9%	-3.2%	-3.9%	
Best M	4.5%	7.9%	4.2%	4.8%	
Ann.					
Volatility	2.2%	-1.8%	-0.4%	-1.1%	

¹ For the 25 months period from January 2009 until January 2011 the performance data exclude "loss carry forwards" (high water mark). Consequently, the performance data shown in the table above differ from the data shown on page three in the table "2002 – 2012 Performance Data", actual performance for investors was 46.6% in 2009, 38.8% in 2010 and (6.2)% in 2011.

Performance Analysis

The primary performance objective is a return of 10% pa in every four-year period. Furthermore, it is the aim to outperform a) the return from long-term government bonds in every four-year period and b) the MSCI Europe IMI net in every two-year period. There can be no assurance that K&R Partners will achieve the objectives or its past investment performance.

Absolute performance of 10% pa (four-year averages) and outperformance of the REXP 10y (four-year averages)

It is the objective to achieve a return of 10% pa in every four-year time period. Furthermore, it is the objective to beat the REX 10 year Performance Index² in every four-year time period. In the 2009 – 2012 period, both objectives have been achieved.

<i>Annual Return</i>	Managed Accounts	REXP	Over-/ (Under)-Performance
2009 – 2012	20.7%pa	6.9%pa	13.7%pa
2010 – 2013			
Return for investor since 2009 (four year period)			
2009 – 2012	20.7% pa	6.9% pa	13.7% pa

Outperformance of the MSCI Europe IMI (two-year averages)

It is the objective of the Managed Accounts to beat the MSCI Europe IMI net index³ in every two-year time period. Since 2009 the objective has been achieved in all three two-year periods.

<i>Annual Return</i>	Managed Accounts	MSCI	Over-/ (Under)-Performance
2009/ 10	37.1% pa	22.9% pa	14.2% pa
2010/ 11	11.6% pa	1.3% pa	10.3% pa
2011/ 12	6.2% pa	3.7% pa	2.9% pa
2012/ 13			
Return for investor since 2009 (four year period)			
2009 – 2012	20.7% pa	12.9% pa	7.8% pa

² refers to the REX 10 year Performance Index (ISIN DE 0008469313). The index mirrors the performance an investor would achieve investing in German Government Bonds with a 10-year maturity. The performance calculation does not take withholding taxes into consideration.

³ refers to the MSCI Europe IMI Net Return € Index, an investable Large-, Mid- and Small-Cap Performance Index. The performance is calculated net of withholding taxes.

2002 – 2012 Performance Data

K&R Partners has been managing capital for outside investors since December 2001. The data below show the track record of the Managed Accounts. The January 2009 until January 2011 performance data differ from the Managed Account performance as investors benefitted from “loss carry forwards” (high water mark).

	K&R Partners ⁴	REXP ⁵	MSCI ⁶	Dax 30 ⁷	Stoxx Europe 50 ⁸
2002	(26.3)%	10.9%	(29.4)%	(43.9)%	(33.5)%
2003	37.9%	4.6%	16.7%	37.0%	14.1%
2004	20.0%	10.0%	13.0%	7.3%	7.6%
2005	35.4%	7.0%	27.1%	27.1%	24.8%
2006	29.7%	(0.9)%	21.2%	22.0%	14.1%
2007	(12.0)%	0.7%	2.0%	22.3%	3.1%
2008	(53.1)%	12.6%	(44.4)%	(40.4)%	(40.8)%
2009	46.6%	3.8%	33.8%	23.8%	29.7%
2010	38.8%	4.6%	12.9%	16.1%	3.8%
2011	(6.2)%	12.4%	(9.1)%	(14.7)%	(4.4)%
2012	21.0%	7.2%	18.3%	29.1%	13.8%
2002 - 2012	6.9%	6.7%	2.6%	3.7%	0.4%
Worst Year	(53.1)%	(0.9)%	(44.4)%	(43.9)%	(40.8)%
Best Year	46.6%	12.6%	33.8%	37.0%	29.7%
Ann. Volatility	22.5%		16.4%		

4 refers to the performance of the Investment Strategy net of withholding taxes and all fees/ costs:

Jan 2002 - Dec 2004 data refer to the L.C.-Universal fund, a “Spezialfonds” under German law;

Jan 2005 - Sep 2008 data refer to the Lunghin fund, a Cayman registered vehicle;

Oct 2008 following data refer to the Reference Managed Account.

5 refers to the REX 10 year Performance Index (ISIN DE 0008469313). The index mirrors the performance an investor would achieve investing in German Government Bonds with a 10-year maturity. The performance calculation does not take withholding taxes into consideration.

6 refers to the MSCI Europe IMI Net Return € Index, an investable Large-, Mid- and Small-Cap Performance Index. The performance is calculated net of withholding taxes. The MSCI Index mirrors K&R Partners’ investment universe.

7 refers to the Dax 30 Performance Index (ISIN DE0008469008). The performance calculation does not take withholding taxes into consideration. The Dax Index represents the thirty largest German shares by market capitalisation. German shares account for the majority of securities held in the Managed Accounts. The performance of the Index can be mirrored in a cost effective way by investing in Index Trackers.

8 refers to the STOXX Europe 50 Gross Return Index (SX5GR). The performance calculation does not take withholding taxes into consideration. The STOXX Index represents the fifty largest European shares by market capitalisation. Europe constitutes K&R Partners investment universe. The performance of the Index can be mirrored in a cost effective way by investing in Index Trackers.

2002 – 2012 Performance Data: History

K&R Partners has been managing capital for outside investors since December 2001. The investment style and legal structure evolved during this period. From 2002 until 2004, a "buy and hold" strategy based on fundamental research was applied. In 2005, the UCITS investment restrictions were loosened to allow optimum use of the "sports car size" assets under management". In 2008/ 09, risk management tools were introduced to minimize losses in periods of high volatility.

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| 2002 | In Dec 2001, a UCITS compliant "Spezialfonds" was launched charging a 20% only performance fee; qualitative analysis of listed companies with focus on companies of smaller size; the capital was always fully invested with long holding periods. |
| 2003 | In the first quarter of 2003, significant deviations from the intrinsic value for German Small-Cap equities became apparent; as the fund recovered its losses within seven months, the events did not lead to a re-evaluation of the investment style. |
| 2006 | Over the four year period from Jan 2002 until Dec 2005, the UCITS compliant fund achieved a performance of 13%pa outperforming the MSCI benchmark by 9%pa whilst showing a 2% higher volatility; however, the UCITS investment restrictions appeared performance dilutive; as a consequence, in Dec 2005 the portfolio was transferred to a Cayman registered fund with a 1%/ 20% fee structure. |
| 2007 | Steadily rising markets combined with low volatility made it increasingly difficult to justify the 20% performance fee. |
| 2007/ 08 | The Banking Crisis highlighted the prime brokerage model as a risk factor; transfer of the portfolio from the Cayman registered vehicle to managed accounts in Oct/ Nov 2008; as a consequence, all assets were held in the investors' name. |
| 2008 | The 2002/03 style "valuation discounts" in the Small-Cap sector reappeared: over the three year period from Jan 2006 until Dec 2008, the strategy achieved a performance of (19)% pa underperforming the MSCI benchmark by 7%pa whilst showing a 15% higher volatility; as a consequence, the buy and hold investment style being applied to ca. 2/3 of assets under management in combination with the application of leverage was reviewed. |
| 2008/ 09 | Evolution of Investment Style: complementing the qualitative analysis with quantitative risk management tools leading to reduced holding periods and increased trading volumes. |
| 2011 | Transfer of the individual Managed Accounts to a single Managed Account Platform charging a 1% management and a 10% performance fee. |
| 2012 | Over the four year period from Jan 2009 until Dec 2012, the managed accounts achieved a performance of 21%pa outperforming the MSCI benchmark by 8%pa whilst showing a similar volatility. |