

# FORUM

Family Office GmbH



Value Investing with a long-term perspective



# Inhalt

Mission Statement	3
Our Values	4
Investment Philosophy	6
Team	10
Results	15
Recommended Reading	16
Contact	17

# Mission Statement

FORUM Family Office (“FFO”) has administered the wealth of a Munich - based family since 1990, FFO has no customers.

Our mission is to invest these assets **in companies that combine an outstanding business model with strong competitive advantages**. When we find such companies we like to stay invested long – term, preferably for the next generation of the family.

We make **only direct investments** and only in Europe:

- FORUM European Smallcaps (“FES”) in **publicly quoted companies**
- FORUM Private Equity (“FPE”) in **privately held companies**.

We are **determined value investors**: we do relatively few new investments p.a. as we:

- want to understand, what we own.
- have a high **Hurdle Rate** and demand a high **Margin of Safety**.

# Our Values

- **Our value investing philosophy** reflects largely the **values of the family we represent**.  
The most important ones are:
  - discipline and rigor
  - thriftiness
  - responsibility
  - subordination to the requirements of a cause
  - integrity.
- The family enjoys owning companies or fractions of outstanding companies **whose managers share these values** and the long-term orientation.
- We learned that **these values give us an edge** particularly with regard to:
  - a better feeling for the **manager and the teams with the right values**
  - **credibility during the acquisition phase.**

# Persons the Family and FORUM Associate With



Friedrich II

- discipline
- service to others
- responsibility
- growth
- subordinating oneself to the state



Theo Albrecht

- discipline
- thriftiness
- simplicity as a value
- subordinating oneself to the company



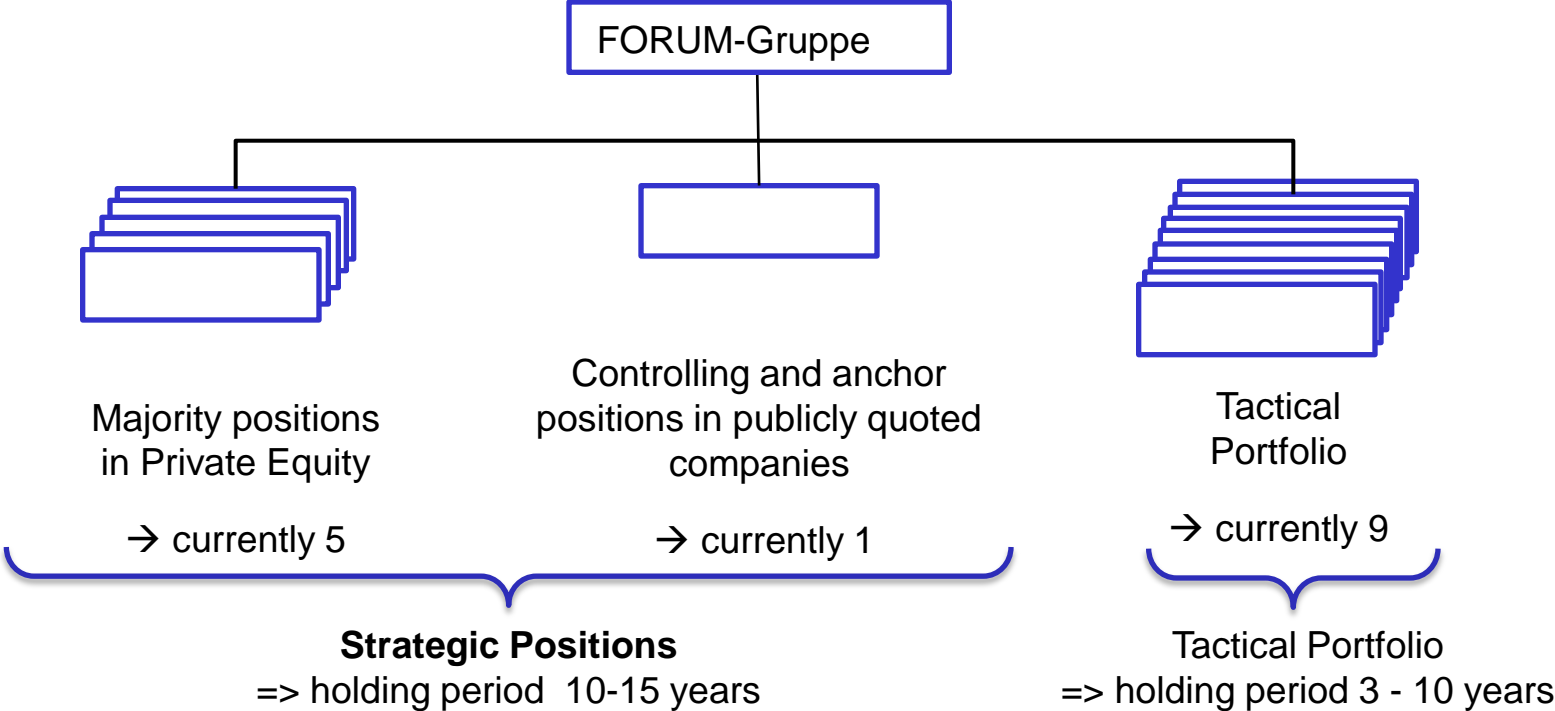
Warren Buffett

- discipline
- thriftiness
- clear, rigorous thinking
- subordinating oneself to the company

# Investment Philosophy I: Asset Classes

- Forum **only invests in companies**:
  - public equity
  - private equity
- Companies have the possibility to re-invest profits and cash flows internally at return rates which are not available to a financial investor. The Intrinsic Value of such firms can thus grow exponentially due to the effects of **Internal Compounding. No other asset class offers this possibility.**
- All studies about the long-term performance of asset classes show that investments in companies, especially stocks and private equity, have generated the highest returns to investors.
- A lot of outstanding companies are managed by persons, whose personal values are comparable to ours, more than in other asset classes.

# Portfolio Structure



# Investment Philosophy II - Circle of Competence

- We invest only in sectors which we can fully assess: we want a high predictability, where the business will be in 10 years.
  - by tendency „old economy“
  - no technology-companies.
  
- Historically we invested in the following sectors:
  - Manufacturers with >30% After Sales Business (Consumables, Service or Spare Parts)
  - B – to – B Services
  - Med Tech and Healthcare Services
  - Software.

Further more we are open for other sectors as well.



# Investment Philosophy III - Risk

- **We define risk as the permanent loss of capital.** Price Fluctuations on the capital markets are not a risk for us. **As long as the business model of our investments is intact , the intrinsic value will increase.**
- **Our past experience shows that the biggest risk factors have been :**
  - making non-rational decisions due to mental biases or lack of discipline
  - deficiencies in our management system.
  - inconsistencies in our investment philosophy.
- The companies we are invested in tend to have strong balance sheets and are strongly cash-generative. Due to their recurring revenue characteristics they tend to be less cyclical and have pricing power. We are confident that a crisis would not endanger the continuity of this set of companies.

## Team - Dr. Burkhard Wittek, CEO



### Education:

MBA, Harvard Business School  
Dr.rer.soc.oec.

### Work Experience:

In total more than 30 years business experience:

- 2 years with Dresdner Bank AG
- 13 years with The Boston Consulting Group, most recently as senior partner with worldwide responsibility for the consumer goods / retail and healthcare sectors
- 10 years operating management in private equity investments of the FORUM Group
- 9 years investment management at FORUM Family Office.

# Team - Public Equity I

Till Campe  
Associate



**Nationality:**

German

**Education:**

BA in Ancient and Modern  
History, University of Oxford

**Sectors :**

Media, Chemicals

**Regional  
Responsibility:**

England  
Ireland

Sascha Seiler  
Associate



German

MA, Business Education,  
University of Bamberg

Maritime Industries

Denmark, Norway, Italy,  
Germany

Diego Moreno  
Associate



Spanish

MSc. Industrial Engineering -  
Universidad de Zaragoza  
BSc. Economics and  
Management -UoL / London  
School of Economics

Capital Goods

Austria  
Switzerland

# Team - Public Equity II

Pedro Ramos del Rio  
Analyst



**Nationality:**

Spanish

**Education:**

BSc – Tech. University of Madrid  
Master of Gas Turbine  
Technology-Cranfield University  
MBA - London Business School

**Sectors :**

Aerospace

**Regional  
Responsibility:**

Spain, Portugal  
Sweden, Finland

Thibault Mercier  
Analyst



French

MSc Engineering ENSI of  
Bourges  
Advanced Master Finance –  
ESSEC Business School  
Paris

France  
Benelux

Johannes Fenner  
Analyst



German

MPhil – Judges Business  
School, University of  
Cambridge  
BA International Relations –  
Dresden University of  
Technology

Germany

# Team - Private Equity

Oscar Erler  
Analyst



**Nationality:**

German / Mexican

**Education:**

ESB Business School Reutlingen  
BSc International Management, double  
Degree,  
Universidad de las Américas Puebla Mexico

# Team - Support

Eva Wunderer



**Nationality:**

German

**Education:**

Travel Agent

**Responsibility:**

Recruiting Manager

Ulrike Mehlhorn



German

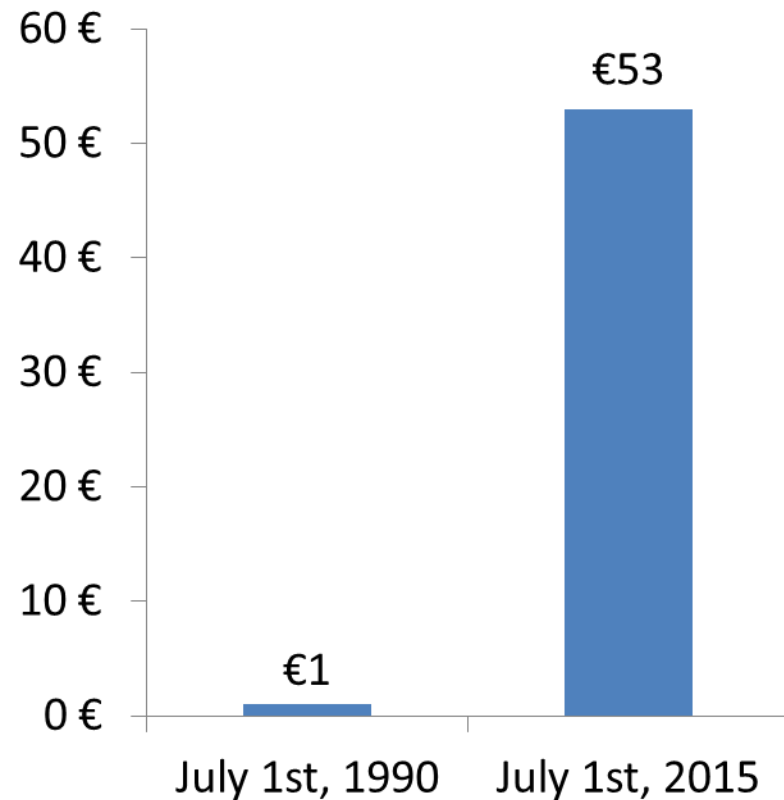
Business Administration Manager VWA  
Convention Sales

Back Office

# Results

**Since our inception 25 years ago, we achieved an absolute return on investment of 19% p.a.**

**This means, we made €53 out of €1**



# Recommended Reading

## **About Warren Buffett / Berkshire Hathaway**

Mary Buffett / David Clark: The New Buffettology. Rawson Associate 2002

James O'Loughlin: The Real Warren Buffett. N. Brealey Publishing 2003

Robert Miles: The Warren Buffett CEO. John Wiley & Sons, 2002

## **About Value Investing**

Kirk Kazanjian: Value Investing with the Masters. NY Institute of Finance, 2002

Bruce Greenwald et al.: Value Investing. From Graham to Buffett and Beyond.

Wiley Finance, 2001

## **Miscellaneous**

Tweedy, Browne (Hrsg.): Investing for Higher After-Tax Returns

Tweedy, Browne (Hrsg.): What has Worked for Investing





# Contact

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# Directions sketch

- **Directions from Munich Airport by public transport:**

You may use either the S-Bahn line S1 or the S8 from Munich Airport. Please change at Hauptbahnhof (the main train station) to the U-Bahn line U4 oder U5 direction Laimer Platz. Exit after one stop at Theresienwiese. Take the exit "Theresienwiese" and walk five minutes from there.

- **Arriving by car:**

There is a parking lot in the back yard. The entrance is on the right side of the building. Please park your car at space marked "FORUM" or on the street (liability to charges).

