



Offshore – name

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NOTE: Performance results are described herein are net of fees. The latest month's performance is preliminary and subject to revision.

Bern Dynamic Overview

Bern Dynamic LLP ("Bern")

A boutique advisory and brokerage firm since 2011

Partner: Lars A. Christiaanse

- Bern offers clients access to a pool of world-class, senior experts with a global reach, along with the experience and ability to provide advice across the broadest range of issues; geopolitical, security and business.
- In tandem with its advisory role, Bern Dynamic will use its unique international network to benefit its clients; creating, managing and executing the ambitions of investors and entrepreneurs.
- Team of 16 in London, UK

Lucerne Capital Overview

Lucerne Capital Management, LLC ("Lucerne")

An SEC-Registered Investment Advisor since 2000

Partners: Pieter Taselaar (founder) and Thijs Hovers

European long / short equity management

- Firm assets under management: \$230 million (04.30.2013)
- 10-year track record compounding 13.6% net of fees annually, +259.4% cumulative net since inception (May 2003 through April 2013)
- Team of 6 in Greenwich, CT

Unique management skill attributable to

- Unique expertise in uncovering value in global leaders and local leading-edge companies within Continental Europe
- Four decades experience interacting with a focused list of 250 European management teams
- Evaluate companies in a proven and repeatable private equity investment style, considering dynamics for above-average market growth, free cash flow, hard assets, and valuation
- Tactical trading around positions with defined entry and exits

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Lucerne Cumulative Returns vs Indices



Net Annual Returns	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Net Cumulative Return	Net Annualized Return
The Lucerne Capital Offshore Fund, LTD	29.7%	18.7%	27.6%	25.9%	-3.5%	-43.8%	95.9%	24.7%	-19.8%	26.5%	15.0%	282.2%	14.0%
MSCI Europe Net LCL TR	19.8%	12.2%	24.9%	19.1%	6.0%	-38.9%	27.7%	6.8%	-9.3%	15.6%	12.3%	108.1%	7.4%
S&P 500 TR	22.8%	10.9%	4.9%	15.8%	5.5%	-37.0%	26.5%	15.1%	2.7%	16.0%	19.6%	126.0%	8.3%

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Fund Overview

The Bern Lucerne Fund Strategy – European Long / Short Equity

Opportunity

- Capitalize on the inefficiencies in the Continental Europe that result from:
- Invest in a fund with well-established operational and administrative controls both internally and through service provider partners
- Maintain a highly liquid portfolio allowing for flexible risk management and active management
- Focus on making money on the buy by being more nimble than other European equity investors, of which there are few true competitors

Portfolio Construction

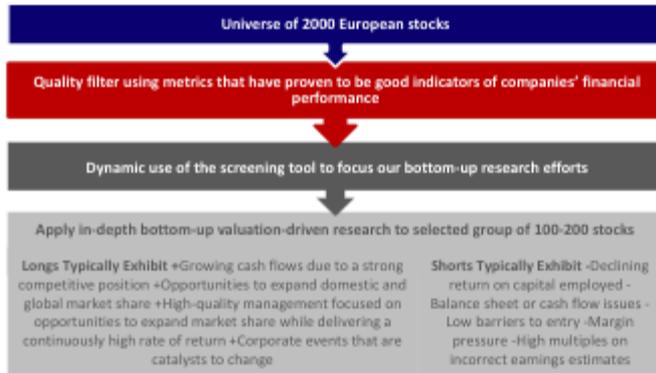
- Universe of Continental European large, mid- and small-cap companies
- Currency exposure is monitored and hedged to the USD
- Opportunistic management of exposures
- 20 to 50 positions with sector and country diversification
- Normal holding period: 3 to 24 months for longs, 1 to 6 months for shorts
- Long positions are usually less than 10% of NAV and short positions less than 3%
- At least 70% of the portfolio can normally be liquidated over 5 to 7 days, measured as no more than 25% of average daily traded volume

- Reporting lags
- Inadequate analyst coverage
- Misunderstood trade and fiscal policies
- Changing industry dynamics among companies in the same value chain
- Changing industry and corporate dynamics
- Perceived-versus-real changes to the competitive landscape
- Lack of deep equity culture

Investment Process

Bottom-up value research

Research requires watching for a private equity style opportunity with a potential 30% return scenario

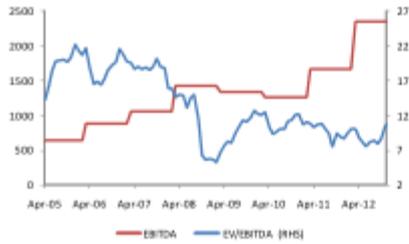


Macroeconomic Overlay

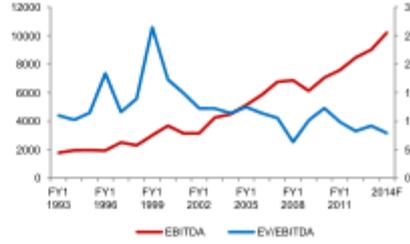
- Alignment of portfolio to macroeconomic environment
- Rotation between sectors and companies with varying sensitivities to discretionary versus non-discretionary spending
- Established database of research on economic cycle sensitivity: durable/non-durable segments, industrial/consumer buyers, competitive landscape

Multiple Contraction, Cheap Global Players

Richemont



LVMH



Index	Ticker	Company	EBITDA CAGR 5yr	Gross Margin vs 4 yr avg	ROIC	ROIC ex Goodwill	Working Capital 4 yr trend	FCY%	FCI 4Y Avg	DV %	Balance sheet Mx/EBITDA	Shares Outstanding 6 Yr CAGR	EV/EBITDA vs History (10)	Valuation upside
S&P	CFR.VX	OE FIMAND-BR A	30%	2%	16%	16%	-6.5%	4%	7%	2%	11.4	1%	-13%	48%
CAC	MC.FP	LVMH	18%	8%	13%	14%	-14%	5%	5%	3%	0.4	1.5%	20%	18%

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Europe: Pockets of Excellence



Despite the maturity of the European capital markets, value dislocations and inefficiencies persist

Europe: Global Footprint

Example

Worldwide automotive industry – global unit sales

- Exposure to growth markets is key
- Allows for acceleration in growth despite challenging domestic markets

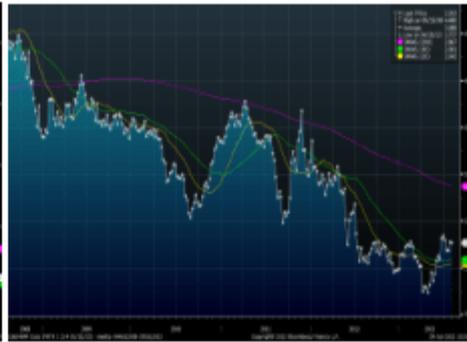


Yield is Scarce

German 2 yr Government Yield

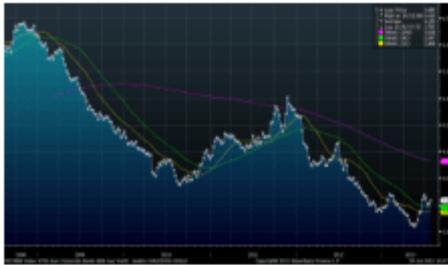


French 2 yr Government Yield



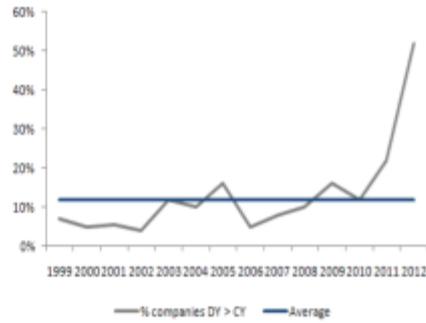
Corporate Bond Yields to All-Time Low

European BBB Corporate Yield



All-time low of 2.582% on 05.09.2013

EURO 600 Stock with Div Yield > Credit

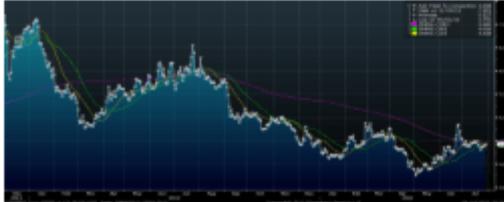


....while dividend yields over credit is at an all time high

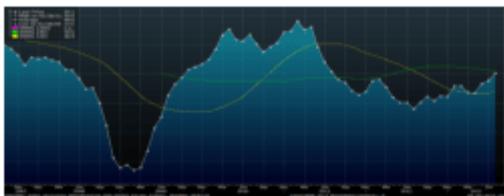
Europe is Investable Again

The Draghi Effect

Italian and Spanish 10 yr Yields



Europe ISM breaks through 50 again after 4 years



- Credit market takes view European system is well underwritten
- Growth periphery remains subdued
- However, our companies are positioned to benefit from global growth
- Austerity and tax hikes widen gap between winners and losers
- Second derivative in Europe improving
- We have counted over 50 companies that are turning positive on Europe in their earnings reports

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Example: Duerr

Leading German engineer with global footprint and secular growth trends

- World market leader in paint shops for automotive industry
- Unique footprint after decades of expanding in growth markets
- Unique skillset helps lower cost and energy efficiency at OEMs
- Volkswagen, Daimler and BMW among largest clients
- German OEM Capex plans reveal > 10% growth per annum
- High investments in more energy efficient plants
- As well as expansion in Emerging markets
- Valuation suggest Duerr at peak profitability, while we expect many years of +10% growth

Summary Financials

Sales 2012	1.5bn
EBIT 2012	170m
EBIT CAGR 2012-2015	20%
Market cap	1bn
Net debt/ EBITDA	0.1x
EV/EBIT 2013	5.3x
Dividend Yield 2013	3.80%
ROIC	16%

China Expansion

	2005	...	2011	CAGR %
Orders	146		858	34
Sales	83		575	38
Employees	119		887	40

Source: Duerr

Unique Global Footprint

Country	Founded	Employees
Brazil	48 years	250
Mexico	46 years	210
South Africa	41 years	50
Korea	30 years	115
China	28 years	1550
India	21 years	410
Russia	14 years	30

Source: Duerr

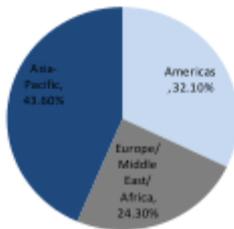
Example: Remy Cointreau

Most Premium Aged Spirits Company in Europe with Global Reach

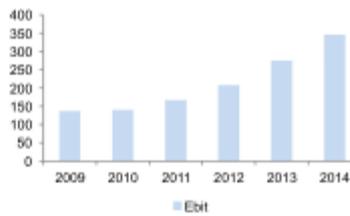
- Sales dominated by cognacs, Remy Martin is main brand
- Strong presence in China and other growth markets
- Growth is supply constraint, so pricing power is high
- Huge entry barriers due to 'aging' and strong brands
- 3.5% dividend yield, 30% EPS CAGR, EV/ EBIT 13x Mar-14
- Strategic value confirmed by industry transactions above 20x EBIT
 - Examples: Diageo – United Spirits & Pernod - VNS



Sales Breakdown



The Art of Compounding



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Shorts: Fake Yielders, Contractors & Accounting Irregularities

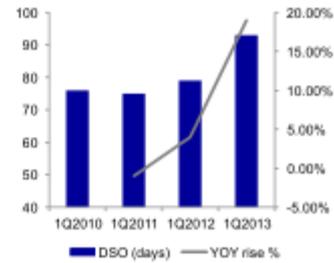
Utilities & telecom incumbents, risk dividend cuts and right issues

- Recent examples are RWE, EON, and KPN

Many contractors took too much risk to 'survive' recession

- Saipem and Imtech: recent examples where aggressive accounting masked cost overruns and loss making contracts.
- Hochtief has a high risk of being next contractor to warn due to:
 - Dramatic rise in working capital driven by (unbilled) receivables signal either:
 - Cost overruns preventing billing their clients
 - Aggressive revenue recognition
 - Trade receivables rose to record 93 days in 1Q13, up from 79 days in 2012 and 75 days in 2011.
 - Hochtief has lent EUR 600m to Dubai subsidiary to cover high amounts of overdue receivables following the property bust. None of the debt has been repaid.

Hochtief receivables rise



Appendix

Appendix

- Monthly Returns
- Terms and Service Providers
- Bios
- Valuation Metrics
- Back Office Processes
- Top 5 Holdings
- AUM History
- Investor Base
- Awards & Press
- Investor Relations

Net Monthly Returns

The Lucerne Capital Offshore Fund, LTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	MSCI Net Europe LCL TR	
	2013	4.8%	3.5%	-0.6%	0.2%	3.0%	-0.8%	3.5%						15.0%	12.3%
2012	12.5%	7.0%	-0.7%	-0.4%	-6.1%	-2.1%	0.9%	2.1%	3.1%	2.9%	3.5%	2.2%	26.5%	15.6%	
2011	-2.4%	1.4%	4.2%	1.3%	-3.4%	-0.7%	-9.2%	-11.4%	-5.6%	8.9%	-3.7%	0.5%	-19.8%	-9.3%	
2010	-1.2%	-6.4%	11.8%	-0.1%	-12.4%	-2.6%	4.2%	-5.3%	11.3%	10.1%	6.5%	9.9%	24.7%	6.8%	
2009	-0.8%	-8.6%	1.9%	28.8%	16.4%	1.1%	13.7%	15.5%	10.2%	-9.2%	-1.0%	7.5%	95.9%	27.7%	
2008	-16.0%	3.8%	-3.8%	6.3%	1.7%	-11.2%	-0.2%	13.3%	-17.2%	-15.0%	-2.6%	-10.1%	-63.8%	-38.9%	
2007	3.0%	-1.2%	5.6%	5.8%	3.7%	-0.4%	-2.5%	-6.7%	-0.2%	3.2%	-10.4%	-2.1%	-3.5%	6.0%	
2006	7.5%	3.7%	2.9%	2.0%	-5.1%	-0.9%	0.3%	2.1%	0.2%	2.7%	1.9%	6.5%	25.9%	15.1%	
2005	1.8%	4.5%	0.8%	-2.0%	2.5%	3.8%	4.5%	2.1%	4.7%	-4.6%	3.6%	3.5%	27.6%	24.9%	
2004	6.1%	3.0%	-3.4%	-0.3%	-1.4%	1.5%	-0.3%	0.1%	2.8%	1.0%	4.5%	4.5%	18.7%	12.2%	
2003					4.2%	3.9%	5.4%	2.5%	1.0%	6.0%	2.1%	1.6%	29.7%	19.8%	
Inception: May 2003													Cumulative since inception	282.2%	108.1%
													Net annualized return	14.0%	7.4%

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Offshore – returns, name, inception date

Terms and Service Providers

The Bern Lucerne Fund

Fees	Management fee: 1.5% Incentive fee: 20%
Liquidity	Monthly, with 60 days notice
Minimum Investment	\$500,000
Early Redemption Fee	First year, 2%
Administrator	Citco Fund Services (Bermuda) Ltd
Prime Brokers	Morgan Stanley Goldman Sachs
Auditor	PricewaterhouseCoopers
Legal	Paul, Weiss, Rifkind, Wharton & Garrison Walkers

Offshore – LTD from factsheet

Bios Lucerne Capital Team

PIETER TASELAAR

Founding Partner & Portfolio Manager since 2002

- Previously, Senior Managing Director, ABN AMRO New York, Head of European Equities
- Corporate Finance and Capital Markets, ABN AMRO Amsterdam
- MBA, Columbia University
- Law Degree, Leiden University, the Netherlands

THIJS HOVERS

Partner & Portfolio Manager since 2007

- Previously, Head of Pan European Small and Mid-cap Equity Research, ABN AMRO
- Head of Benelux Equity Research, ABN AMRO
- Senior Equity Analyst, ABN AMRO
- Equity Analyst, Rabobank
- MA, International Finance
- BA, Economics, University of Amsterdam, the Netherlands
- II Ranked Analyst #2, 2006
- Thomson Extel - #1 Benelux: Small Caps Research, 2006
- Brendan Woods Top Gun, 2010 and 2011
- Brendan Woods Best Minds in Consumer Products, 2011

KAI WU, Chief Compliance Officer / Chief Financial Officer since 2007

- Previously, Associate, PricewaterhouseCoopers
- BS, Georgetown University

CASEY NUNEZ, Controller / Investor Relations since 2010

- Previously, Senior Associate, BDO Seidman
- BS, Georgetown University

BRIAN JOHNSON, Head of Trading since 2007

- Previously, Senior Account Officer, Citi Private Bank
- BS, University of Florida

YOHANES WAHYUDI, Trader since 2011

- Previously, Trading Assistant and Research Analyst Intern, Matrix Capital Group
- BS, Syracuse University

Valuation Metrics

Absolute fair value metrics (rather than relative value analysis) enhances the selling discipline

Strict valuation multiples at entry to invest in pricing inefficiencies with limited downside

- Identify attractive entry points with a potential 30% return scenario
- Typically 10x EV/EBIT for strong global franchises, generating high returns and have a low capital intensity to support growth
- Typically 6x EBIT for more capital intensive cyclical stocks
- Key variables are cash conversion, capex/EBITDA, ROIC, fair equity risk premium, cost of debt
- Assess risk (beta) by the volatility of a company's cash flow and earnings growth

Cash flow based valuation model

Focuses on key drivers to generate cash under a variety of market circumstances:

- Top line and gross margin resilience
- Cost, working capital and capex flexibility
- Potential risks in tax, interest charges and hedging policies

Ongoing testing of assumptions

- Models incorporate revenue line input from external macro advisors
- Sell if growth is priced in or if investment case fundamentally changes

Outperformance is due to our ability to identify and value companies focused on reinvesting or distributing strong and growing cash flows

Back Office Processes

Committed to protecting client capital

while providing the team enough support to effectively manage the Fund

Operational Control Features

- Internal features – Clear roles, redundancies and ability to adapt
- External features – Service providers, NAV confirmation, and third-party custody

Process Documentation

- Trade processes – Daily reconciliation. Multi-layered system both in-house and at administrator
- Research mosaic – Documentation to record our multi-level research process
- Valuation policy – Month-end formal review including external input away from investment professionals
- Risk management policy – Daily review of position sizes
- Cash control policy – Dual signatures and maintaining cash away from brokerage account
- Registered investment advisor best practices – Documented policies / procedures and compliance oversight
- Privacy policy for investor information

Counterparty Agreements

- Extensively negotiated term and facilities with all counterparties

Disaster Recovery & Backup Procedures

- Daily backup, off-site data storage, and remote access ready

Please refer to the Due Diligence Questionnaire for detail

Top 5 Positions

Top 5 Positions

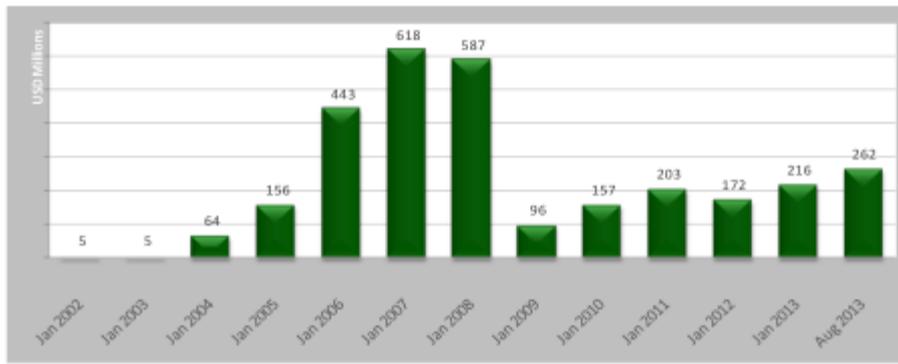
as of June 2013 (in alphabetical order)*

Company (Country)	Description	Recent Dynamics	2014 Valuation Summary**	Market Cap (Million €)
Aalberts Industries NV (Netherlands)	Designer & manufacturer of heavy industrial services & flow control systems (Ticker: AALB NA)	Recovering end markets (U.S. housing, German industry, aerospace); high ROIC; add-on acquisitions	PE 11.3x FCY 7.9% Div 2.2%	€ 1,878
Brenntag AG (Germany)	Global market leader in chemical distribution, with a global network of 400 locations in 70 countries (Ticker: BNR GY)	High single digit organic growth, could increase with Europe's recovery; high FCY funds add-on acquisitions, providing high synergies; EPS compounds at 15-20%/year; growth is more secular than cyclical	PE 14.6x FCY 6% Div 2.6%	€ 6,010
Rexel SA (France)	Distributor of electrical equipment, including wires, cables, ducts, security & telecom products & household appliances (Ticker: RXL FP)	Strong growth in the US; while European growth is not yet priced in, when it is operating leverage would kick in and push multiples down from already low levels	PE 11x FCY 9% Div 4.7%	€ 4,679
Roche Holding AG (Switzerland)	Developer, manufacturer, & marketer of pharmaceuticals & diagnostic products (Ticker: ROD VX)	Around 10% organic top-line growth per annum, low capital intensity, > 25% ROIC, & 3.5% div make for a scarce asset providing consistent growth and yield	PE 15x FCY 6% Div 3.6%	€ 161,914
TIH Group NV (Netherlands)	Designer & manufacturer of innovative systems for IT, telecom, electrotechnical engineering & industrial production (Ticker: TWEKA NA)	Among highest ROIC in Dutch market; clean balance sheet to propel growth, participating in strong healthcare and security growth trends	P/E 9.4x FCY 10% Div 4.6%	€ 744

*Excludes index hedges. **These are Luxor Capital Management, LLC's projections for 2014 as of April 2013 and are subject to change. Source for Market Capitalization: Bloomberg, March 31, 2013

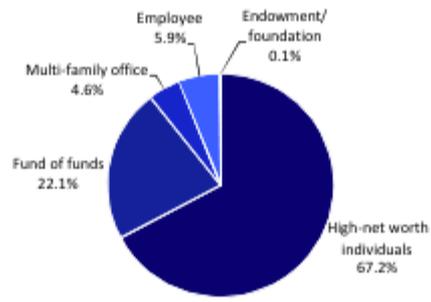
AUM History

AUM History - Lucerne Capital Management Current Funds



Investor Base

Firm Investor Base as of August 1, 2013



Awards & Press

2010	2011	2012
<p>Brendan Wood International's Top Gun Award <i>This's Hovers, among the 75 most influential buy-side specialists in Europe</i></p>	<p>Brendan Wood International's Top Gun Award <i>This's Hovers, among top 11 buy-side investment minds in the Dutch Market</i></p>	<p>Bloomberg Brief: Hedge Funds June 19, 2012 <i>Lucerne Bets on European Multinationals while Shorting Builders</i></p>
<p>BarclayHedge Award Recognition Award Annual Top 10 <i>The Lucerne Capital Fund, LP</i> Sector: Equity Long/Short – Europe</p>	<p>Brendan Wood International's Best Investment Minds <i>This's Hovers, Worldwide Consumer Products</i></p>	<p>Barclay Managed Funds Report 3rd Quarter 2012 <i>Barclay Roundtable: No Optimal Solution is at Hand to Resolve Europe's Credit Crisis</i></p>
	<p>Institutional Investor Feb 2011 (Online Article) <i>How Hedge Funds Generate Returns in Europe</i></p>	<p>Effect Aug 2012 (Dutch article) <i>De korte lijntjes van een Nederlands-Amerikaan hedgefonds (The Short Lines of a Dutch-American Hedge Fund)</i></p>
		<p>BarclayHedge Award Recognition Award Annual Top 10 <i>The Lucerne Capital Fund, LP</i> Sector: Equity Long/Short – Europe</p>

Investor Relations



BERN DYNAMIC LLP

CONTACT

Lars A Christiaanse

Routine Reporting

Monthly: Day 1 Estimate, Newsletter, Statement

Annual: Audited Financial Statements and K1s, both mid-April

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