

hkp /// group

Triangle of Share Purchase Plans

IAFP and Associations - Round Table on Employee Share Ownership in German-speaking countries

Dr. Rieke Hullmann, Jonas Friedrich

November 29th, 2023

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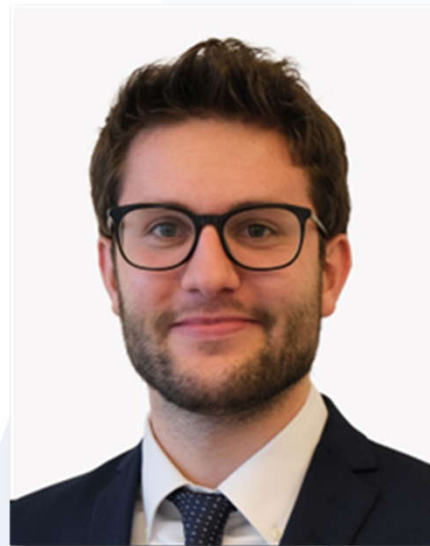
hkp/// group Introduction

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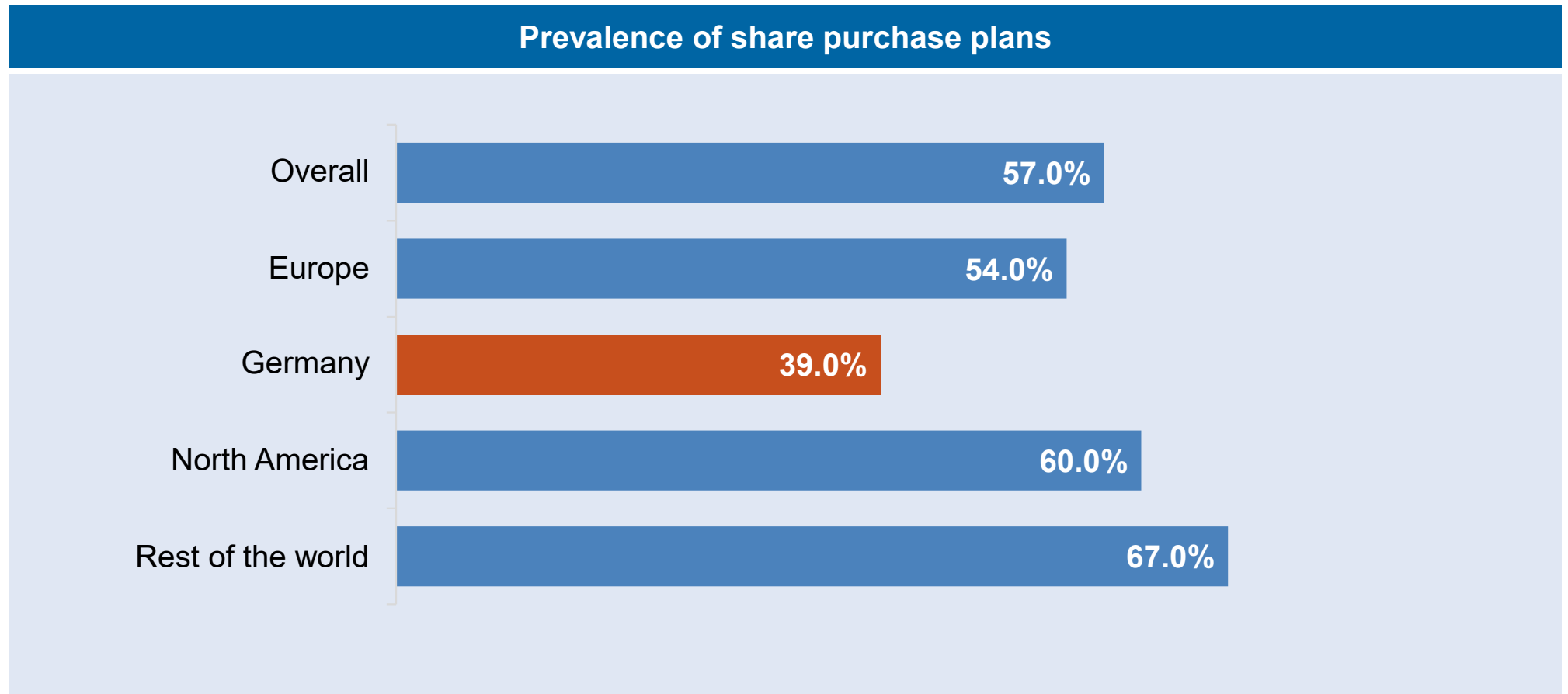


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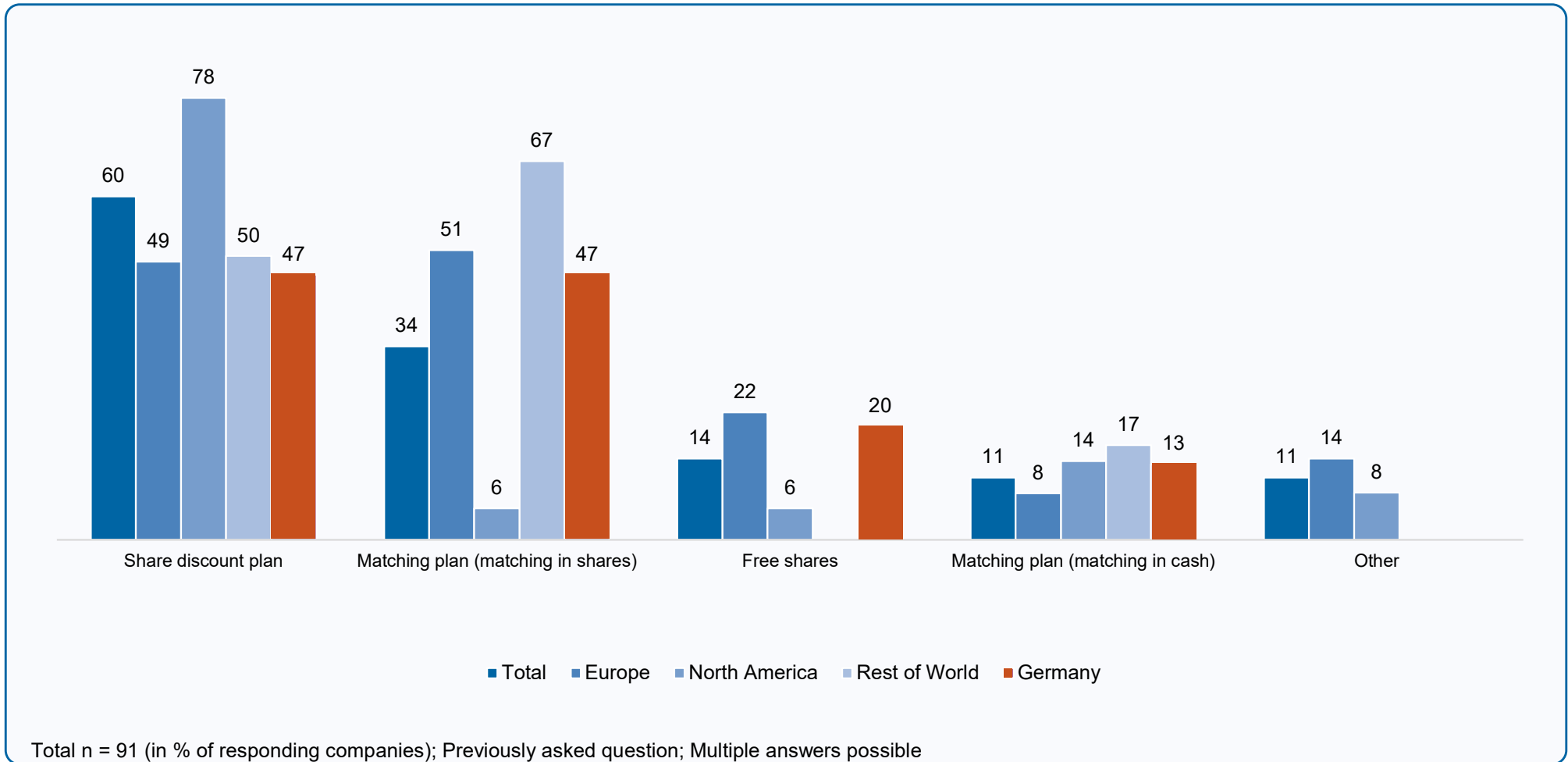
Learn more @www.equity-insights.org

Global Equity Insights 2023: Lower Prevalence of Share Purchase Plans in Germany



Source: Global Equity Insights 2023; Number of companies with employee share purchase plans.

Global Equity Insights 2023: Type of Share Purchase Plans in the Market



Triangle of Share Purchase Plans: Input Parameters

| Input | |
|---|-------------------------------------|
| Stock market | DAX - DAX <input type="text"/> |
| Company | DAX Index <input type="text"/> |
| Type of Return | Total Return <input type="text"/> |
| Annual Investment in € | 1200 <input type="text"/> |
| Program type | Share Matching <input type="text"/> |
| Level of Matching | 3 : 1 <input type="text"/> |
| Holding Period in years | 3 <input type="text"/> |
| Tax-free amount on matching shares in € | 2000 <input type="text"/> |
| Tax-free amount on capital gains in € | 1000 <input type="text"/> |

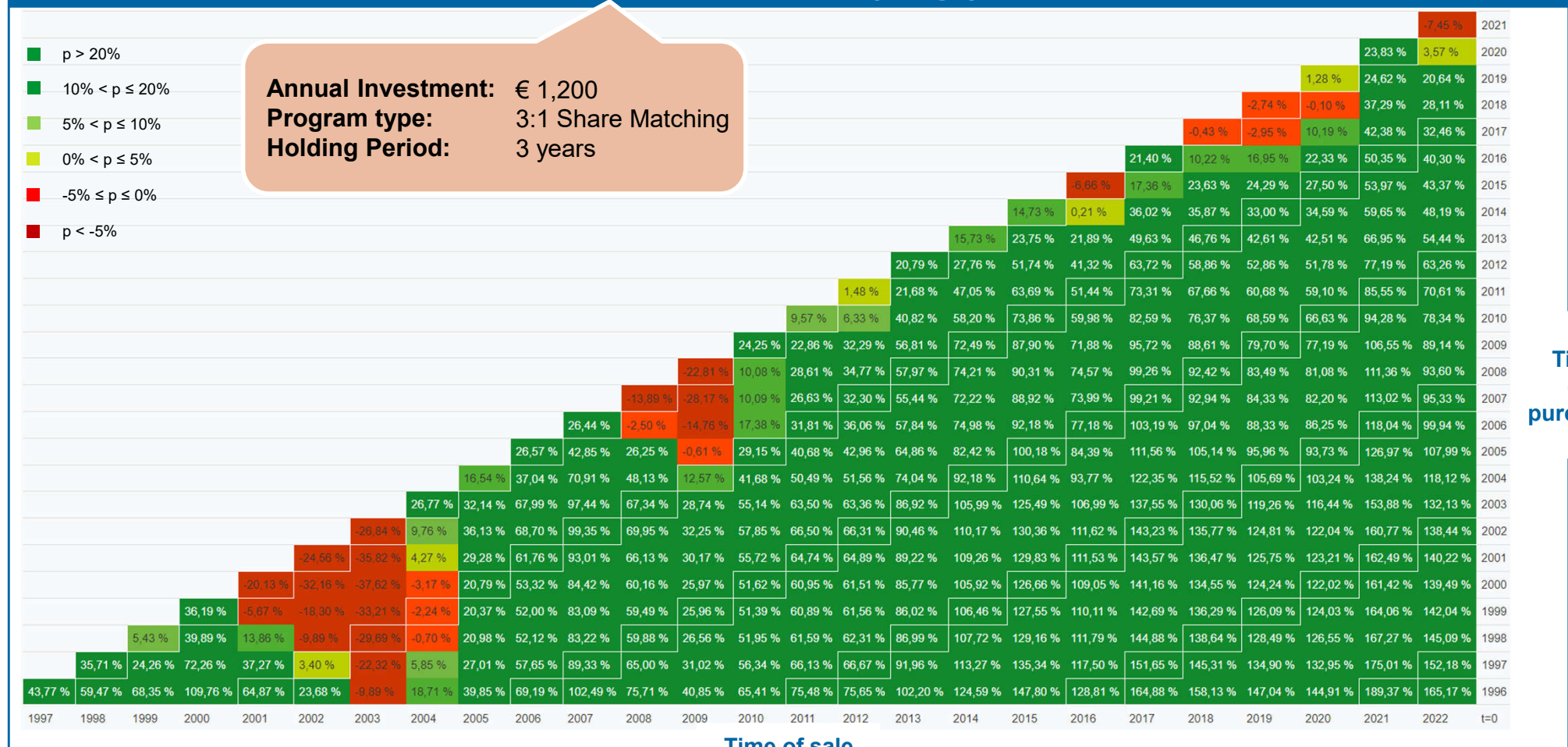
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Triangle of Share Purchase Plans: Output

Total return after taxes: (avg.) DAX Index

- $p > 20\%$
- $10\% < p \leq 20\%$
- $5\% < p \leq 10\%$
- $0\% < p \leq 5\%$
- $-5\% \leq p \leq 0\%$
- $p < -5\%$

Annual Investment: € 1,200
 Program type: 3:1 Share Matching
 Holding Period: 3 years



Time of purchase

Time of sale

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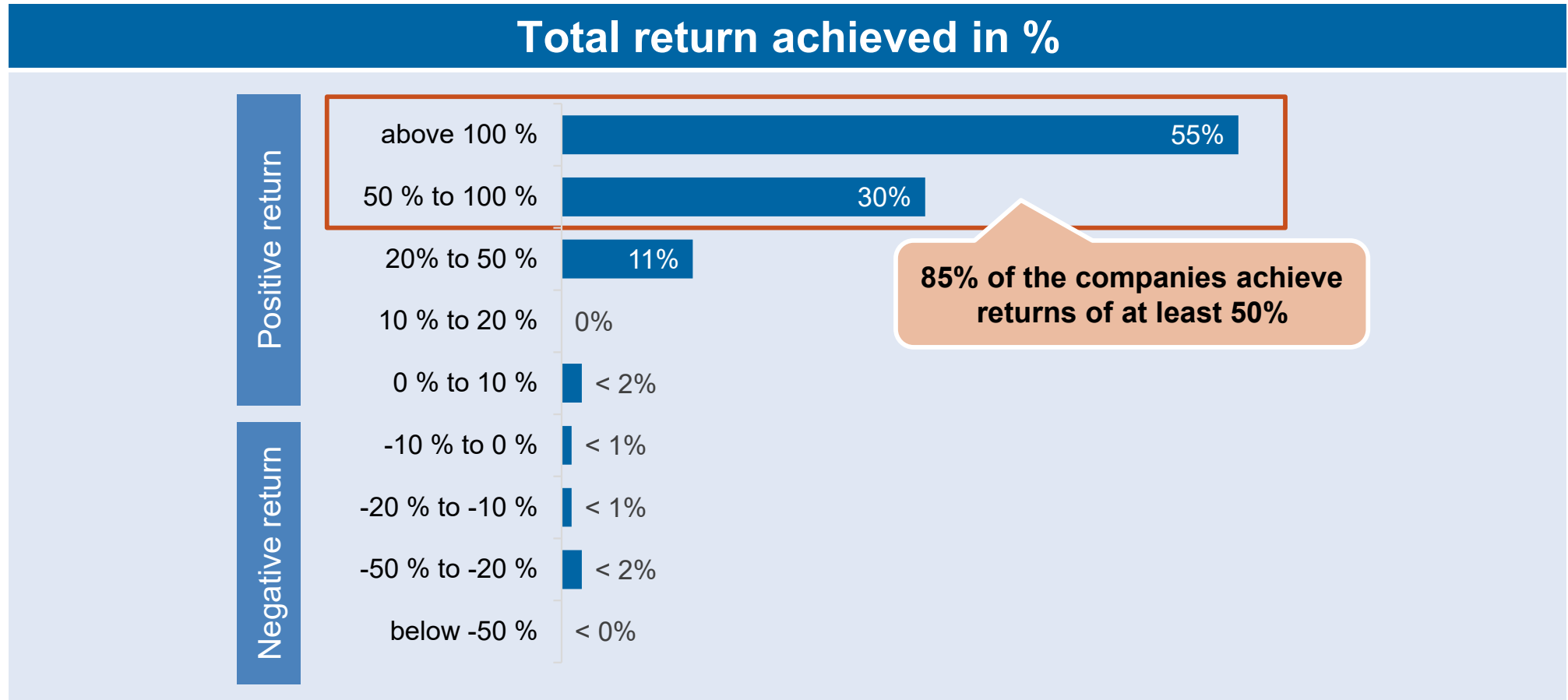
Assumption: Tax-free amount on matching shares of EUR 2,000, tax-free amount on capital gains of EUR 1,000.

Triangle of Share Purchase Plans: Overview

| Years | Ø Return p.a. | Ø Return | Ø Profit | Investment |
|-------|---------------|----------|-------------|-------------|
| 1 | 8,65 % | 8,65 % | 103,83 € | 1.200,00 € |
| 5 | 10,95 % | 40,95 % | 2.457,25 € | 6.000,00 € |
| 7 | 10,12 % | 52,06 % | 4.373,14 € | 8.400,00 € |
| 10 | 9,83 % | 74,72 % | 8.966,53 € | 12.000,00 € |
| 15 | 8,47 % | 104,99 % | 18.897,86 € | 18.000,00 € |
| 20 | 7,68 % | 138,31 % | 33.193,67 € | 24.000,00 € |

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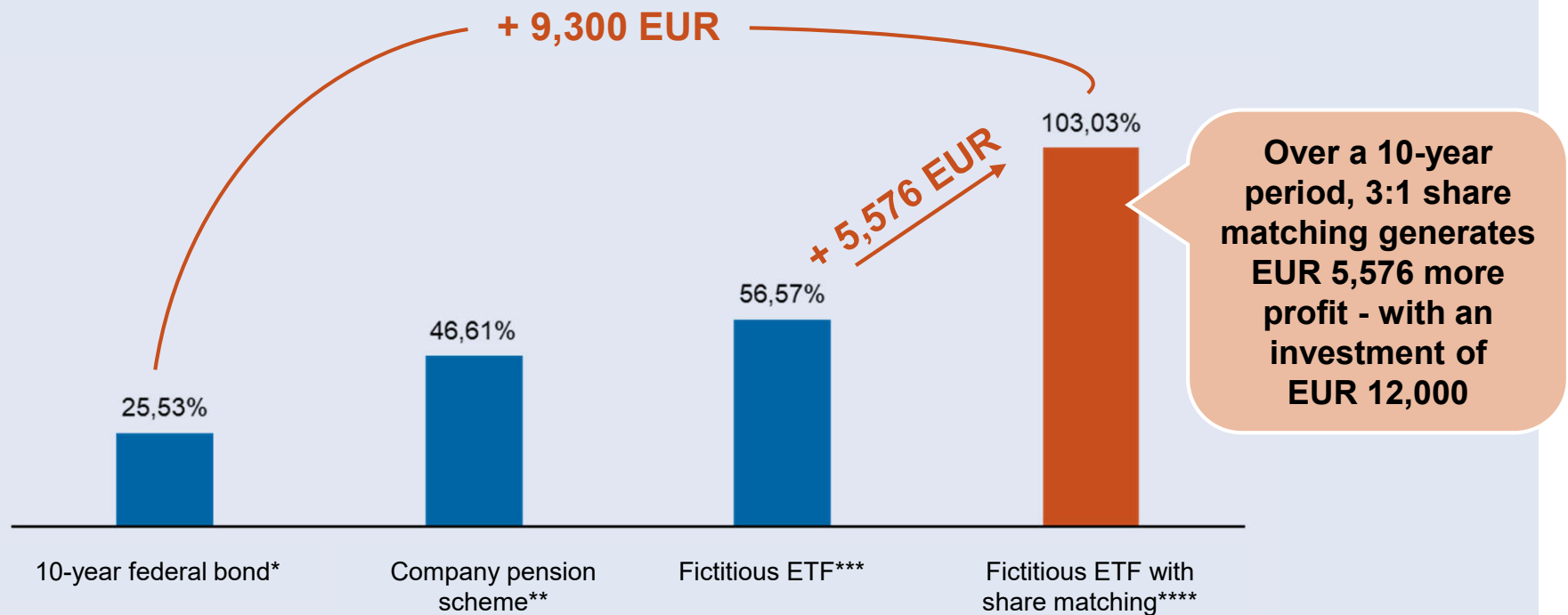
Over a 10-year period, 98% of the Share Purchase Plans from DAX, MDAX and SDAX delivered Positive Returns



Note: Average across DAX, MDAX and SDAX companies for a period of 10 years between 1996 - 2022 with an annual investment of EUR 1,200, a share matching of 3:1, a tax-free amount on matching shares of EUR 2,000 and a tax-free amount on capital gains of EUR 1,000.

Share Purchase Plans Achieve Higher Returns Compared to Other Types of Investments

Comparison of Investment Types



* Assuming an interest rate of 2.30% p.a. (13.01.2023); source: German Finance Agency.

** Based on an actuarial interest rate of 3.90% p.a. (31.12.2022); source: HEUBECK Zinsinfo.

*** Basis: Average total return of the German DAX, MDAX and SDAX share indices for an annual investment of EUR 1,200; source: own calculations.

**** Basis: Average total return of the German DAX, MDAX and SDAX share indices with an annual investment of EUR 1,200, with 3+1 matching; source: own calculations.

Link: mab-renditedreieck-calc.hkp.net

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