



DEEP RESEARCH FUND - RETURN ANALYSIS

Explanation of the net return in 2022

The net return of the Deep Research Fund A-class was -20.5% in the year 2022. Below you can find more information on how this return came about.

Operational contribution

Revenue of our portfolio companies increased on average +13.0%, reflecting both an increase in volume sold and higher prices due to the inflationary environment. The operating margin of our portfolio companies have not changed materially. The return contribution from margin expansion was +0.4%.

Valuation

Valuation had a negative impact of -27.3% on our portfolio return. The valuation declined from a 19.5 × EV/EBIT multiple at the beginning of the year to a 13.0 × at the end. The average multiple of all sold company at the moment of sale was 17.2 ×, while newly purchased companies were valued at 9.6 × when purchased. The main driver of the negative contribution was the decline of the stock market in general, despite the solid operational results (see operational contribution).

Use of earned cash

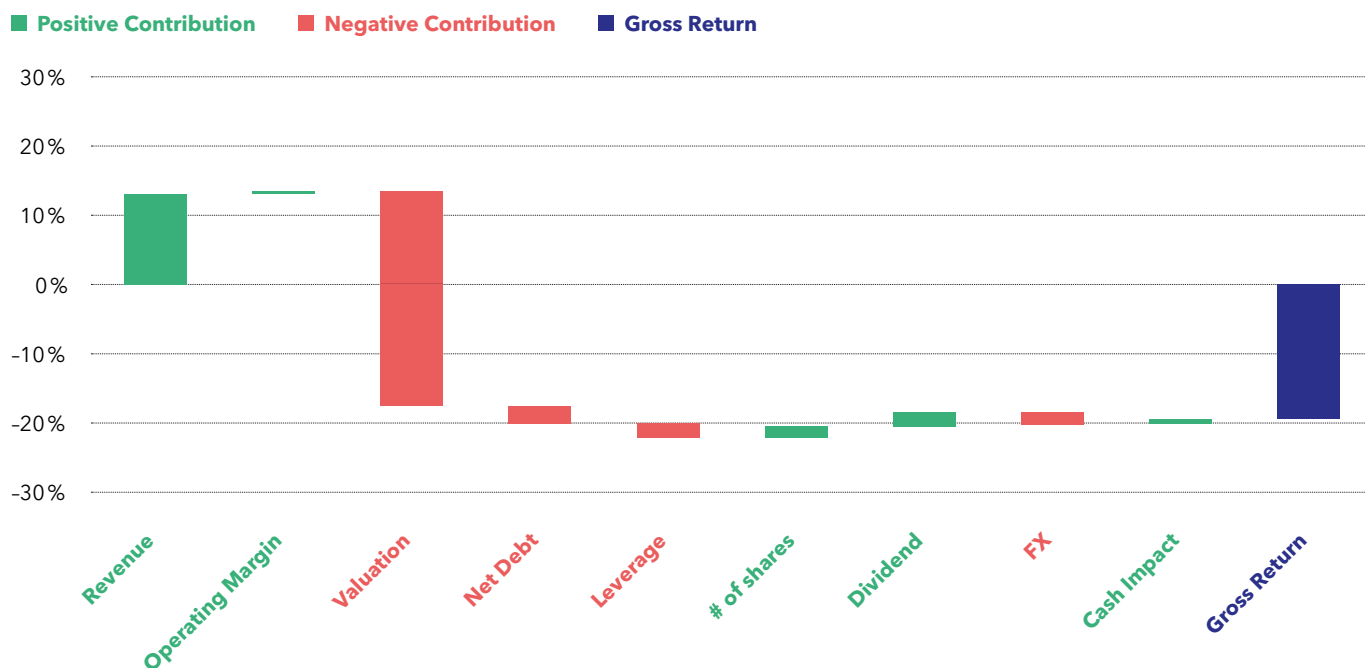
After two years of rather conservative capital allocation, our companies slightly changed their capital structure and started to spend more money again. They increased their working capital, capital expenditures and reintroduced share buy-backs and dividend payments. The net dividend yield was +2.1%. Our companies were also able to repurchase a portion of their shares outstanding, which led to a positive +2.2% effect on overall performance.

Other

The cash position impact was +0.7% at an average investment level of 97.5%. The TER was 1.3%.

Explanation of the net return of -20.5% in 2022

Deep Research Fund - Class A



Gross Return	-19.5%
Total Expense Ratio (TER)	-1.3%
Other	0.2%
Net Return	-20.5%

We analyze and report annually on the different factors that led to the Deep Research Fund's return. The return of the fund is in principal comprised of the capital gains, dividend payments and currency exposures of the various stocks in the fund. We go one step further and analyze the capital gains of the stocks in more details.

On our website at www.deepresearchfund.ch in the section Insights, you can read the report called "return analysis" that provides a detailed explanation of our return analysis with a description of how the return can be broken down into the shown factors.

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