



DEEP RESEARCH FUND - RETURN ANALYSIS

# Explanation of the 2024 net return

The net return of the Deep Research Fund A-class in the past year was +13.6%. Below, you can find more information on how this return was achieved.

## **Operating performance**

The operating performance of the portfolio companies in the past year was significantly below the levels of previous years. The downturn in the semiconductor cycle, delays to projects in the construction industry and uncertainty in the automotive sector with regard to upcoming regulatory challenges were the main reasons for this. The portfolio companies' sales remained more or less unchanged, while cost discipline and anticipation of the changing market situation even led to a slight improvement in operating margins. The average operating margin in the portfolio was 22.3%.

## **Valuation**

The valuation of the portfolio companies, measured by the EV/EBIT multiple, increased by +5.5%. The average valuation at year-end was 17.3x, which is still slightly below our long-term average of 17.8x.

## **Use of income**

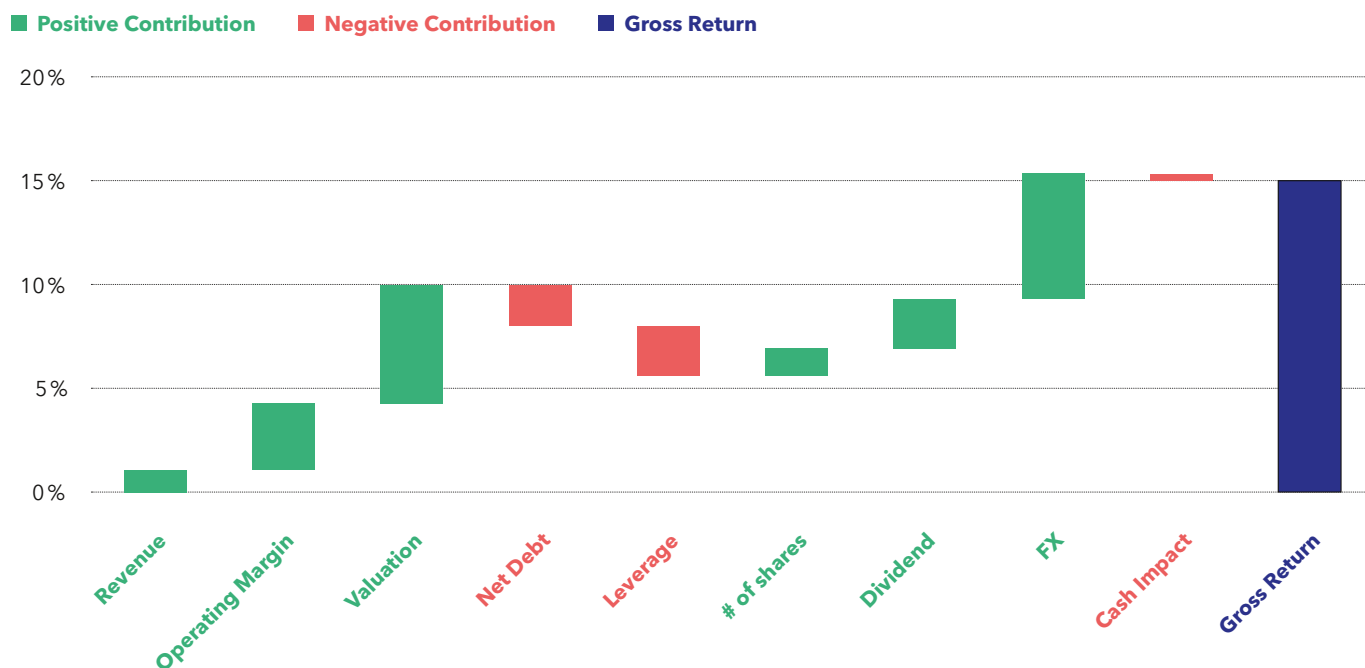
The net dividend yield was +2.4%. The share buy-backs reduced the number of shares in circulation, which had a positive impact of +1.2%. Distributions from our portfolio companies and further reinvestments in their businesses exceeded the funds generated last year, which led to a slight increase in net debt. The average company leverage ratio is now 1.1x ND/EBITDA (end of 2023: 1.0x).

## **Miscellaneous**

The cash position impact was negative at -0.3%, and the fund's average investment level last year was approximately 97.0%. The Total Expense Ratio (TER) was 1.3% at year-end.

**Explanation of the net return of 13.6% in 2024**

Deep Research Fund - Class A



<b>Gross Return</b>	15.0%
<b>Total Expense Ratio (TER)</b>	-1.3%
<b>Other</b>	-0.1%
<b>Net Return</b>	13.6%

We regularly analyze the different factors contributing to the returns of the Deep Research Fund and report on them annually. Portfolio returns typically comprise three components: capital gains, dividend payments and currency exposures. We have developed a method to analyze the true drivers of returns in more detail. These might include business expansion, margin improvement, smart buying or selling strategies, or simply the cash earned by the company.

At [www.deepresearchfund.ch](http://www.deepresearchfund.ch) (in the section "Insights", under "Return Break-down"), you can find a detailed explanation of our analysis with a description of how the returns are broken down into the listed factors.

### **Anrepa Asset Management AG**

Neuhofstrasse 12, 6340 Baar (Zug)

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