

Monthly Report as of 31.05.2025

In this report, we focus on corporate developments rather than unpredictable macro-level events.

TACO & Tariffs

In brief, May was marked by a continuation of the market rebound that began in April. Cyclical sectors led the upswing, fuelled by political signals from the US and China indicating a potential easing of trade tensions. The dominant narrative in the markets has become the so-called “TACO trade” (Trump Always Chickens Out), referring to the market’s expectation that initially aggressive announcements – such as the proposed 50% tariffs on EU imports – will eventually be postponed or watered down. This dynamic played out again in May as the US administration extended its deadline in the trade dispute with the EU.

Market Developments in May

Capital markets responded with a renewed „risk-on“ sentiment. The DAX reached a new all-time high and the STOXX Europe 600 TR approached its historical peak. Mid caps slightly outperformed large caps. Demand was strongest in cyclical sectors such as Travel & Leisure (+11%), Industrials (+9%) and Banks (+9%), while defensive sectors like Insurance (+2%) and He-

althcare ($\pm 0\%$) lagged behind.

Recovery in European Small and Mid Caps

European small and mid caps continued to perform. Following years of relative underperformance, selective inflows have begun to return – particularly into cyclical stocks with attractive valuations or structural catalysts. Institutional investor appetite for this segment appears to be recovering.

Political Tailwind from Germany

The election of Friedrich Merz as German Chancellor has reduced political uncertainty in Germany. The new administration, which includes several industry professionals, may offer early economic stimulus. This, in turn, could generate attractive opportunities in the German and broader European small and mid cap segment, supporting a selective investment approach.

Fund Performance

The **GS&P Fonds – Family Business (G)** delivered a strong return of **+4.9% in May**, outperforming the STOXX Europe 600 TR.

Key Contributors:

- **Elmos (+18%)** – Benefited from expectations of sequential earnings improvement
- **United Internet (+25%)** – Advanced following a partial tender offer for 1&1, the payment of a substantial special dividend and robust share price performance at its majority-owned subsidiary, **Ionos**
- **HelloFresh (+19%)** – Recovered well, though the position was largely exited in June following the unexpected resignation of the CFO
- **1&1 (+18%)** – Gained on the back of United Internet's partial tender offer
- **Jet2 (+17%)** – Supported by strong quarterly results and the announcement of a share buyback program

Key Detractors:

- **Koenig & Bauer (-21%)** – Weighed down by disappointing quarterly results, though exposure had been reduced beforehand
- **ABO Energy (-10%)** – Dragged by a lack of positive catalysts in the broader renewables sector
- **Zalaris (-5%)** – No specific news in May

Portfolio Adjustments

As noted, this month's report places greater emphasis on company-specific de-

velopments.

New Addition: Pfisterer

As mentioned in the previous month, we actively participated in a successful IPO: newly added to the portfolio and now among the top 10 holdings is **Pfisterer**, a South German **family-owned** grid technology specialist.

Following multiple pre-IPO meetings with the company's management and valuation discussions with the underwriting banks, we secured a solid initial position of just under 3% of the fund volume. The IPO was multiple times oversubscribed. The stock closed its first trading day up 11%, ended May up 27%, and stood at **+40%** as of June 13.

Pfisterer is a compelling investment both thematically and financially. With heavy investment underway in German and European infrastructure and an IPO valuation of <11x 2026e P/E and <8x EV/EBIT, the company appeared **attractive**. Mid-term targets include more than **doubling EBITDA** to €130 million by 2029 compared to 2024 levels.

This 104-year-old company is undergoing significant transformation, financed in part through its IPO. A private equity route was explicitly ruled out.

Pfisterer taps into two megatrends: **Global grid expansion** for decarbonisation and the renewed **focus on energy security**. As

a niche provider of high-voltage connection systems, Pfisterer operates in a growing market with high entry barriers and predictable demand.

The company is **running at capacity**. A **€215+ million investment program** – approximately 40% funded via the IPO – aims to expand and automate existing sites rather than build new ones, reducing execution risk.

Pfisterer operates a robust and high-margin product business, not a project-based or pre-financed model. Its client base is diversified and global, with limited concentration risk. The focus on **high-voltage** accessories (HVAC) – often as a **single-source supplier** – offers accretive gross margins of over 40%.

Key differentiators include **technological depth** with over 100 patents, solid R&D intensity (~5.5% of revenue) and strong materials expertise (e.g., aluminum-based solutions).

The company is growing organically and, following the IPO, maintains a net cash position. With a planned **60% capacity expansion** by 2029 and a target EBITDA margin of up to 20%, it is well positioned to benefit from scale effects and deliver growth significantly above the market's estimated 12% CAGR.

Even compared to peers like Vossloh or Nexans, Pfisterer stands out with superior margins, stronger growth and infrastruc-

ture exposure without typical project risks.

We **anticipate a re-rating** over time, driven by solid results and supported by broader market tailwinds from players such as Siemens Energy and Friedrich Vorwerk.

IPOs – a Source of Incremental Alpha?

Overall, the **pipeline for European IPOs** is currently **well filled** – we expect numerous new listings in the coming weeks. We view these – assuming careful selection – as a potential source of additional performance. The examples of **Pfisterer** and **Renk** in 2024 have impressively confirmed this.

In the case of **Renk**, we were early – almost avant-garde – participants, but, in hindsight, exited the position too soon in line with our valuation principles. In the interim, the stock traded at a **P/E of over 60x for 2025**, driven by price-insensitive thematic ETFs and investors – compared to **less than 12x at IPO**. Even factoring in the new mid-term targets, the expected 2030 P/E remains around 20x – whereas Elmos trades at roughly **7x**.

We consider participation in IPOs to be a **distinct advantage of active over passive investment strategies**. Our close interaction with management – something ETFs inherently cannot replicate – proves particularly valuable in this context. We actively support successful IPO companies on their path toward major indices, with ETFs and benchmark-oriented funds

eventually emerging as marginal buyers that provide additional momentum.

As for selection discipline: we **consciously chose not to participate** in the rather disappointing IPO of **Innoscripta**.

Further Adjustments

We initiated a rather tactical position in IT services firm **Allgeier** at €17 via a placement. The company stands to benefit from Germany's renewed push for public sector digitalisation. The funds stemmed from the near-complete sale of our **Aumann** position.

2G Energy

At the turn of April to May, we participated in a share placement of **2G Energy** at €27.40 – a manufacturer of highly efficient combined heat and power (CHP) units and large-scale heat pumps that we have been closely following for many years. The company develops, produces and installs **CHP systems** with electrical outputs ranging from 20 to 4,500 kW, with a **key differentiator** being their ability to operate on a variety of gas types, including natural gas, biogas, sewage gas, landfill gas, and even hydrogen.

Following a hype phase during the hydrogen boom a few years ago, the stock has now returned to a fundamentally more attractive valuation level. We continue to see strong structural **demand for decentralised energy generation** – for example, to mitigate supply outages (as re-

cently observed in Spain), as well as to serve emerging high-demand segments such as data center power supply.

In addition, Germany's current political constellation has led to an improvement in the regulatory environment for this space.

Rocket Internet

A positive surprise – and a welcome liquidity event – was triggered by a renewed interest in **Rocket Internet**. The invitation to the AGM sparked fresh speculation about potential, significant special distributions, leading to a notable increase in the share price. We used this window to exit a larger part of the position and reallocate proceeds into other short-term opportunities with higher return profiles.

YTD, the position – held as a **defensive special situation** – had gained over **18%** at the time of sale. That said, the stock still trades **well below both its book value and, more importantly, its intrinsic value**. Given the company's limited transparency, this discount is at least partially understandable.

Despite substantial write-downs on its holdings, Rocket Internet remains in a strong financial position. The company plans a capital increase from reserves, followed by a capital reduction to create distributable retained earnings. **In theory**, special distributions of up to **€17 per share** would be possible (current share price: ~€18). However, we expect a longer time horizon for such a pay-out and view a reduced position as appropriately sized.



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