Weitz | INVESTMENT MANAGEMENT

ANALYST CORNER/ DECEMBER 2024

Our Investment Process in Action



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WHY BIO-TECHNE CORPORATION (TECH)

Our interest in Bio-Techne stemmed from its unique positioning as a critical enabler of life sciences innovation and its exceptional growth potential in both established and emerging markets. Bio-Techne supplies indispensable products that underpin the discovery, development, and commercialization of therapies and diagnostics. This strategic role, combined with a history of disciplined expansion, is what we think makes Bio-Techne a compelling company.

BIO-TECHNE CORPORATION (TECH)

Bio-Techne is a global leader in life science reagents and tools. Techne is a "picks & shovels" provider, selling a broad range of life science consumables and equipment into pharma & biopharma, academic, and diagnostic end-markets. The company has two segments:

- **Protein Sciences**
  - Proteins & Antibodies
  - Protein Instruments
  - Cell & Gene Therapy
- **Diagnostics & Spatial Biology**
  - Molecular Diagnostics
  - Spatial Biology

DISCOVER

One factor that drew us to research Bio-Techne is its extensive portfolio that is among the global market leaders in proteins and antibodies. This establishes significant barriers to entry for competitors and positions the company to capitalize on market developments.

The shift from research-use-only (RUO) applications to Good Manufacturing Practices (GMP)-grade proteins highlighted Bio-Techne's ability to adapt and grow alongside industry needs. GMP proteins command premium pricing and offer predictable, long-tailed revenue streams due to their "locked-in" role during clinical trials and commercialization.

We view Bio-Techne's investment in GMP infrastructure—spanning the U.S., UK, and China—as a critical enabler for future growth. Bio-Techne says that these facilities, coupled with its stake in life science equipment company Wilson Wolf, strategically align the company to capture value across the cell therapy and bioproduction ecosystem.

EVALUATE

A significant factor in our analysis of Bio-Techne was its strategic acquisition strategy. The acquisition of ProteinSimple transformed Bio-Techne into a leader in proteomic instrumentation, where every device sold creates downstream demand for its reagents. This model is designed to not only enhance margins but to deepen customer relationships, creating a durable competitive advantage.

The company's acquisition of Lunaphore further strengthened this strategy by positioning Bio-Techne as a leader in spatial biology. As this emerging field gains momentum, Lunaphore's automated instrumentation and Bio-Techne's reagents appear well-positioned to capture incremental revenue opportunities, driving growth in high-potential adjacencies.

INVEST

The current downturn in the life sciences market created an opportunity to acquire Bio-Techne at an attractive valuation. We believe its strong balance sheet, leadership in high-growth areas, and conservative operational approach mitigate short-term pressures, such as weaker biotech funding, while amplifying its ability to capitalize on secular growth opportunities.

MONITOR & ADAPT

Bio-Techne's disciplined and forward-looking management team has demonstrated a strong ability to balance organic growth with strategic acquisitions. We think the company's prudent capital allocation, robust M&A track record, and ability to innovate in emerging fields such as spatial biology and molecular diagnostics provide a solid foundation for long-term value creation.

ANALYST CORNER: Our Investment Process in Action

Ultimately, we see Bio-Techne as having a resilient business model, scalable growth drivers, and a track record of innovation that mirrors the evolving needs of the life sciences industry. Our investment reflects confidence in its ability to deliver long-term returns while serving as a critical enabler of breakthroughs that improve lives worldwide.

STRATEGY AND PROCESS

High-conviction multi-cap portfolio

- There are a limited number of great investment ideas.
- We take a long-term view and construct a high active share portfolio.

Value driven, private-buyer mindset

- The value of a business is a function of the cash flows it will generate over time.
- We think about and value a business like a private buyer and look to buy shares at a discount to our calculation of intrinsic value.

Focus on bottom-up, fundamental research

- Human behavior and market sentiment are more volatile than the intrinsic value of a business.
- We use bottom-up research to build a concentrated portfolio and may invest in companies that many other traditional value investors may not.

IMPORTANT DISCLOSURES

As of 09/30/2024, the following portfolio company constituted a portion of the net assets of Conservative Allocation Fund, Large Cap Equity Fund, Multi Cap

Equity Fund, and Partners III Opportunity Fund as follows:

• Bio-Techne Corporation: 6.0%, 0.0%, 0.0%, and 0.0%.

Holdings are subject to change and may not be representative of the Fund's current or future investments.

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