

Conscious Investor® Fund

Letter to Members: 2023 - 2024

Noble Purpose: To preserve and grow the wealth of our Members and their families with consciousness and peace of mind.

Mission: To identify the most likely Wealth Winners® while avoiding potential Capital Killers through unique and proprietary software and processes.

Vision: Our Members and their families see the Fund as a fundamental part of growing and preserving their wealth to live the lifestyle they choose while investing in companies that add value to society.

Cultural Values

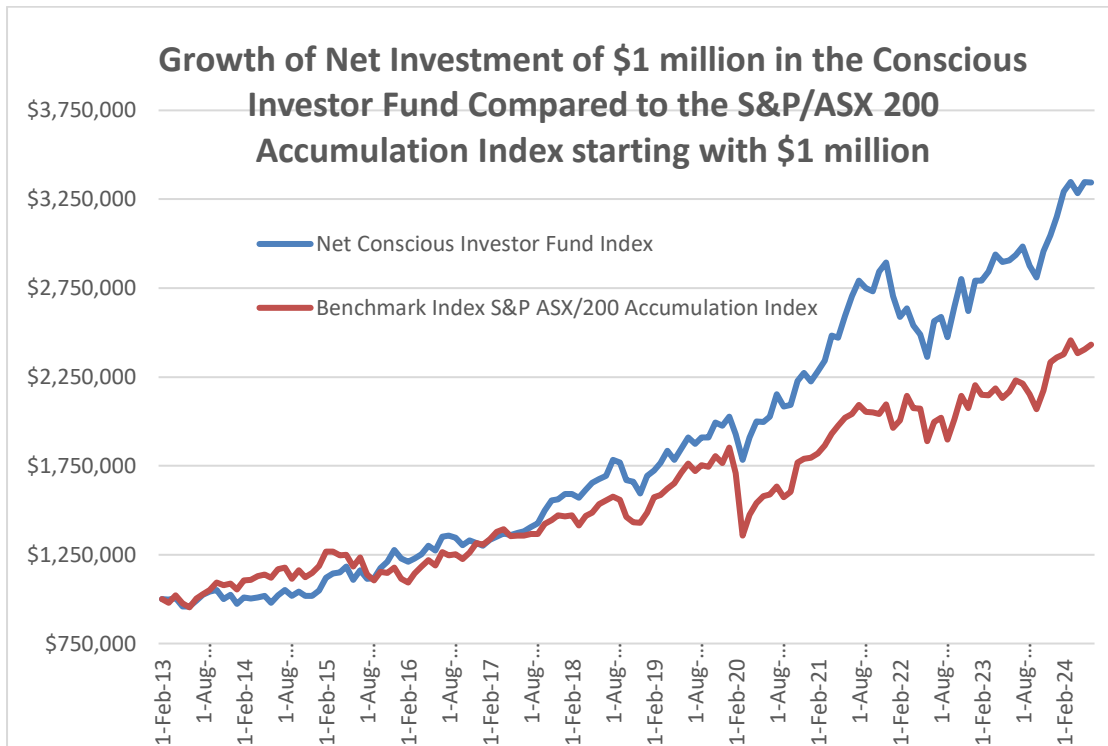
1. We stay true to the philosophies and methodology of Teaminvest and Conscious Investor®—centred around long-term growth of earnings and sales per share—to maximise lasting capital growth for our Members.
2. We recognise that Members and their families have faith in us, by investing their money in the Fund.
3. We support our Members by being responsive to their questions and by providing regular reports explaining the principles of how and where we invest their money.
4. We emphasise that we only make money as managers when our Members make money, and not simply by having funds under management irrespective of performance.

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Dear Fellow Members of our Conscious Investor Fund:

As always, it is a pleasure to describe some of the main features of the Fund starting with the outstanding return of 15.14% for the past financial year. Overall, the most important feature is that by investing in outstanding companies, the Conscious Investor Fund continues to provide outstanding performance while maintaining security for our Members. For instance, investing \$1 million in the Fund when it first started would now be worth \$3,334,216. This is shown in the following chart.



Putting it another way. If you had invested \$1 million in the Fund at its inception, you would have profited by over \$2.3 million compared to only \$1.4 million if you had invested in the Accumulation Index. This is an extra profit of \$900 thousand.

Companies that Grow Fund Profits Year after Year

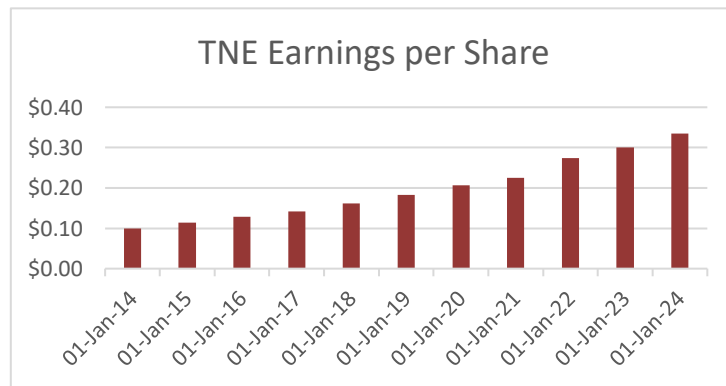
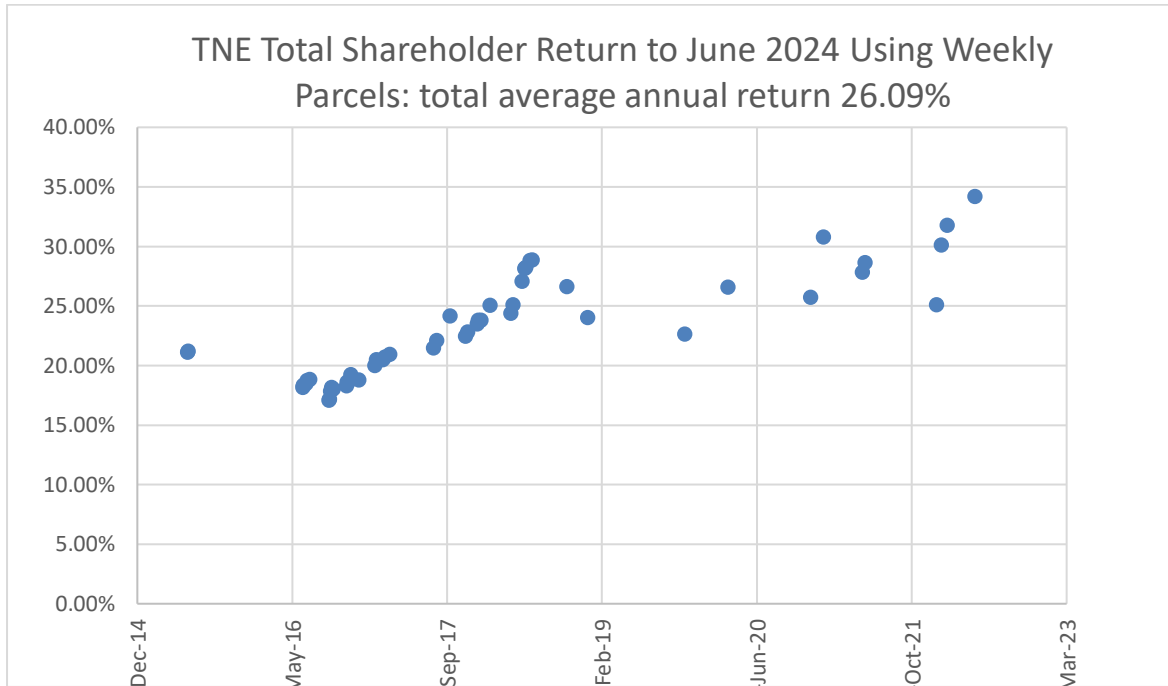
I recall an advertisement from my childhood for Mortein insect spray. It had the line, “When you’re on a good thing, stick to it.” This applies perfectly to the exceptional companies in the Fund. As more money flows into the Fund from either new investors, or existing Members adding more funds, the first action we consider is whether to add this money to any of our existing holdings. (Our software Conscious Investor makes this very easy because it can show which of the possibilities is likely to be the most profitable.) On a week-by-week basis, this often results in dozens of extra purchases. We will look at three examples, Technology One, Mastercard and Visa.

Example 1: Technology One

The first investment into Technology One was made on 8 June 2015 consisting of 1,000 shares at \$3.52 each for a total \$3,520. Those shares are now valued at \$18.23 each plus dividends.

Since that first purchase, a further 50 parcels of TNE shares were bought for an average return of 26.09% per year. (When purchases are made, they are recorded as bundled into weekly parcels. The average annual return for these parcels ranges from 17% to 34%.)

The current position in TNE is now \$11.6 million.

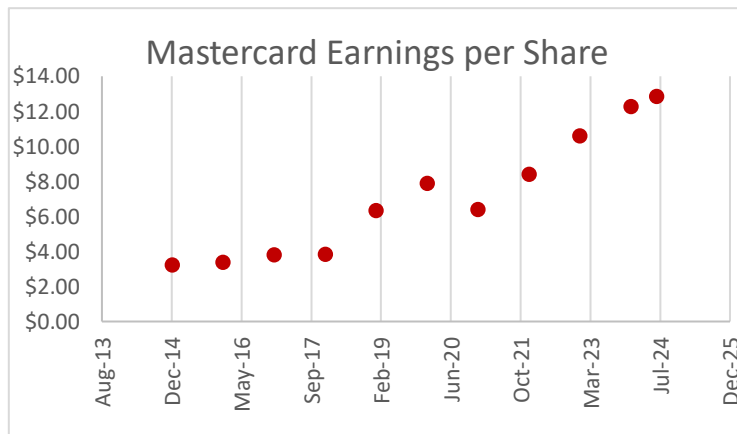
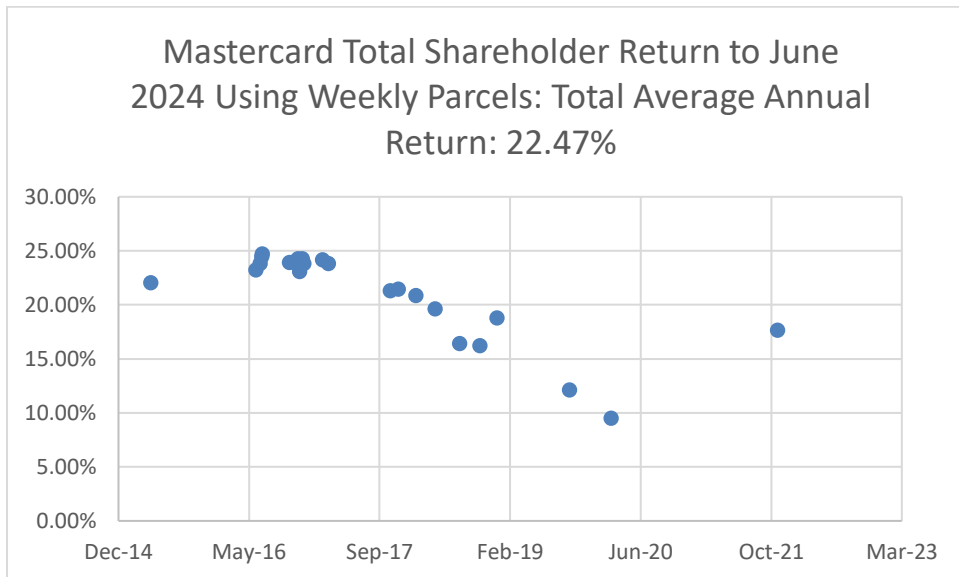


Example 2: Mastercard

The first investment into Mastercard was made on 30 April 2015 consisting of 300 shares at US\$90.00 each for a total \$27,000. Those shares are now valued at \$449.04 each plus dividends

Over that period, a further 25 parcels of Mastercard shares were bought for a total average return of 22.47% per year. (When purchases are made, they are recorded as bundled into weekly parcels. The average annual return for these parcels ranges from 10% to 24%.)

The current position in Mastercard is now US\$5.2 million.

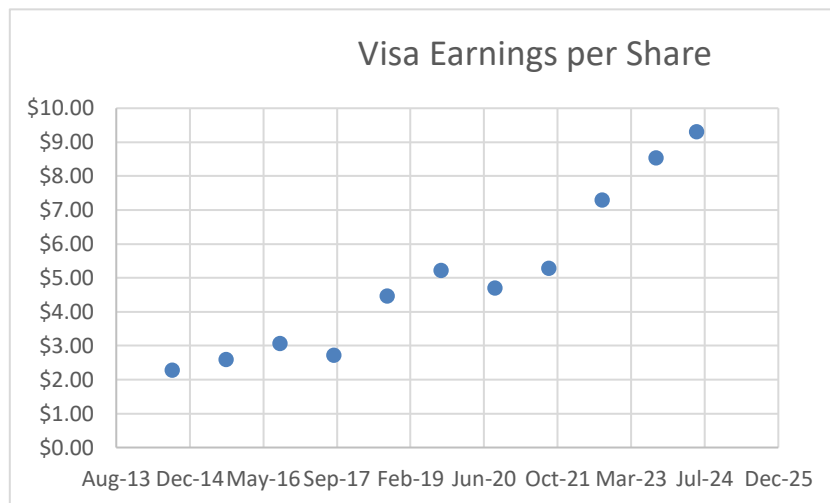
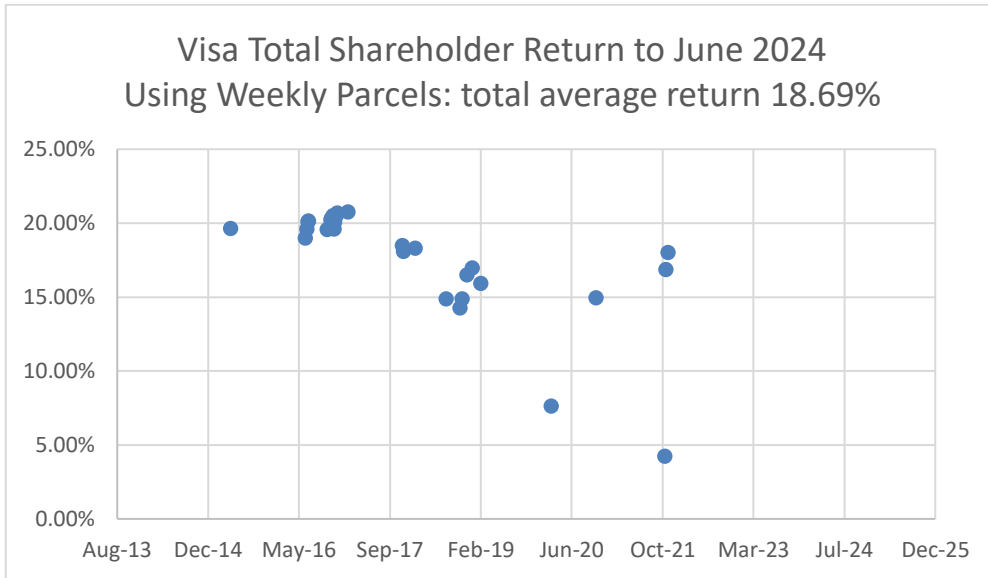


Example 3: Visa

The first investment into Visa was made on 30 April 2015 consisting of 300 shares at US\$67.00 each for a total \$20,100. Those shares are now valued at \$271.19 each plus dividends.

Over that period, a further 30 parcels of Visa shares were bought for an average return of 18.69% per year. (When purchases are made, they are recorded as bundled into weekly parcels. The average annual return for these parcels ranges from 4.2% to 21%.)

The current position in Visa is now US\$5.2 million.



Another Approach: Share Buybacks

Another company in the Fund with exceptional performance is Berkshire Hathaway. (By the way, Warren Buffett always refers to Berkshire Hathaway as Berkshire. So we will do the same.)

Like the previous examples of Technology One, Mastercard and Visa, we look for opportunities to build our holding in Berkshire at attractive prices. But there is another way the total position of Berkshire is enlarged, through the actions of Berkshire itself buying back its own shares.

Before July 2018, Buffett had a rule that they were only going to buy back shares in Berkshire if the share price dropped below 120% of its book value. Since this never actually happened, there were no buybacks. This led to Buffett changing the rules.

Explaining the new rules, Buffett declared that “the new program does not specify a maximum number of shares to be repurchased and does not require any specified repurchase amount.” He continued: “The program is expected to continue indefinitely. We will not repurchase our stock if it reduces the

total amount of our consolidated cash, cash equivalents and U.S. Treasury Bills holdings to below \$30 billion. Financial strength and redundant liquidity will always be of paramount importance at Berkshire.”

Since the start of the new program, for 23 consecutive quarters, Warren Buffett has overseen the repurchase of more than US\$77 billion worth of his company's stock.

This decreasing share count impacts the number of share outstanding which in turn has a positive impact on earnings per share (EPS), something we welcome.

Conscious Investor® and the Teaminvest Methodology

The starting point is our investment software, Conscious Investor®. It filters and analyses companies listed in markets worldwide in three steps: Filter, Research and Return. The filter stage zeros in on companies with attributes such as strong and stable growth in earnings and sales, high and consistent return on equity and not too much debt. The research stage identifies those companies for which these attributes are likely to continue. Finally, the return stage calculates the maximum price to pay to be confident about getting the required rate of return over the long-term. Conscious Investor® uses automatic margins-of-safety calculations to stress test the investment assumptions.

Once this is done, the Teaminvest Methodology focuses on the following five areas and the Capital Allocation Team scores these areas to increase the precision of the decision process.

1. How does the company make money? Is the business expected to grow? Are there clear signs it will have a growing customer base?
2. Investments should be like castles with deep moats: What are the businesses unique features that separate it from its competitors? These “economic moats” are scored in terms of depth and durability.
3. Risks must be identified: All businesses face risks that could weaken their operations. The identified risks are scored according to the likelihood of their occurring over the next economic cycle and their potential damage if they occur.
4. Does the company have a clear mission statement or noble purpose? Is there strong evidence that the company uses these to guide its direction, decisions and remuneration policy?
5. Is management honest, open and rational? As part of examining the business the board and senior management are evaluated: are there any signs they are not acting honestly, rationally and in the best interests of shareholders? The Capital Allocation Team scores the remuneration structures for the CEO and senior management in terms of clarity, alignment and quantum.

The final steps involve calculating buy and sell prices. You can find more details in the Information Memorandum. It also describes our processes to identify Wealth Winners® while making it extremely unlikely we would place any of your capital in potential Capital Killers.

We hope this letter will give help you a better understanding of our philosophy and what motivates us to choose investments for your money. Please let us know of any other topics you would like us to cover.

We aim to continue being outstanding stewards of your precious capital you have entrusted with us.

Wishing you the very best of health and well-being.

Kind regards,



John Price and the rest of the Capital Allocation Team: Howard Coleman, Stephen Harrison, Kevin Robinson and Michael Stewart.

Appendix: Artificial Intelligence

The following, including the last paragraph, was written using CoPilot, Microsoft's Artificial Intelligence software package.

Sonnet for the Conscious Investor Fund in the Spirit of William Shakespeare

To thee, dear Fund, whose noble quest unfolds,
In numbers, graphs, and market's fickle dance,
Thy algorithms, sharp as swords, they hold,
Seeking wealth where others merely prance.

Thou art no idle dreamer, lost in haze,
But scan'st a thousand firms with eagle eyes,
In search of gems that blaze through market maze,
Wealth winners, rising 'neath the azure skies.

Thy metrics whisper secrets, coded lore,
As balance sheets reveal their hidden tales,
And CEOs, like bards, their visions pour,
While dividends dance merrily in gales.

So here's to thee, dear Fund, with conscious grace,
May profits bloom, and risks find their right place.

Remember, this is purely poetic fancy, not an actual Shakespearean sonnet. For the real deal, explore the Bard's 154 sonnets, each a gem in its own right. And if you're curious about the Conscious Investor Fund, dive into its data-driven world of Wealth Winners.