

## Conscious Investor® Fund

### Interim Letter to Members: December 2024

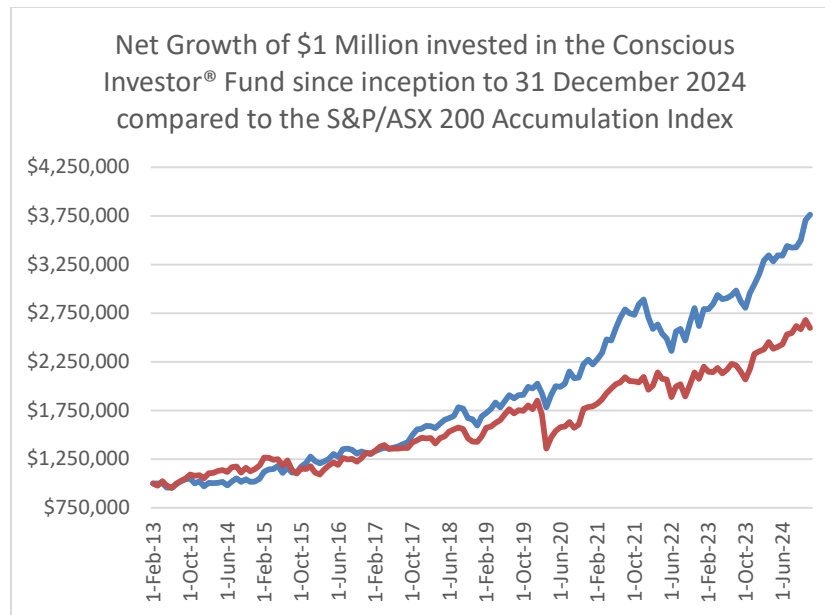
- Noble Purpose:** Focussing on growth of wealth with peace of mind for Members and their families.
- Mission:** The Capital Allocation Team does this with consciousness and stewardship, making use of the unique and proprietary software Conscious Investor, and processes to identify Wealth Winners® while avoiding potential Capital Killers.
- Vision:** That our Members view the Fund as a fundamental part of the growth and preservation of wealth, for themselves and their families, 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®—based on growth of earnings per share—to maximise long-term capital growth for our Members.
  2. 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.
  3. We recognise Members and their families have faith in us, by investing their money in the Fund.
  4. 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.

### Welcome

Welcome to the interim Letter for members of the Conscious Investor Fund, families and friends.

The following chart shows the growth of \$1,000,000 invested in the Fund since inception to 31 December 2024 compared to the ASX S&P200 accumulation index fund. For instance, over the calendar year 2024, investments grew by 23.54%. Even more, some of the investments of our early Members have more than tripled in value since they were first deposited.

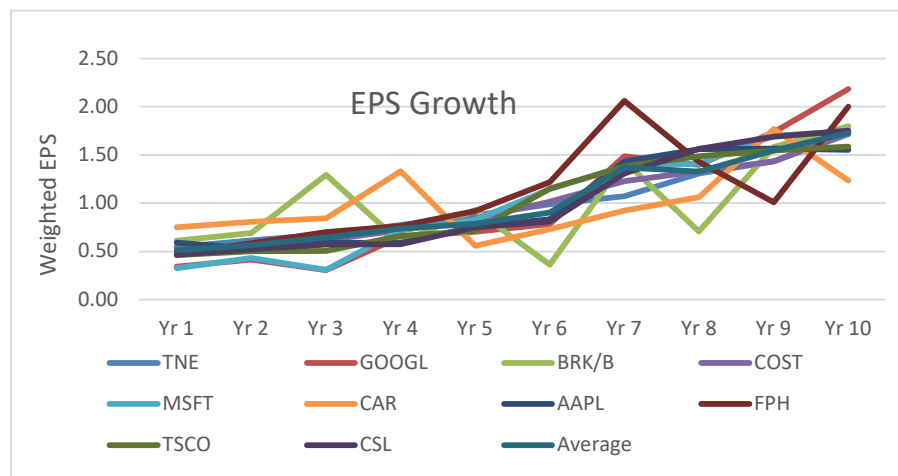


Calculations are based on exit prices with distributions reinvested, after ongoing brokerage fees and expenses but excluding individual tax and member fees. Fund Inception 1 February 2013.

## Growing Earnings Year After Year

One of our favourite pieces of information on companies in the Fund are measures of growing earnings, particularly growing earnings per share. Over time, it is the growth of EPS that drives the value of your investment. There are different ways of displaying the growth of EPS. The next chart displays the EPS growth of the most recent ten years for the largest ten holdings. (In decreasing size these are: Technology One, Alphabet (Google), Berkshire Hathaway, Costco, Microsoft, Car Group, Apple, Fisher and Paykel, Tractor Supply Company, and CSL.)

The overall upward trend of each of the companies is clear. Importantly, the average growth of the average EPS over the last ten years has more that tripled.



## 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 unique features of the business 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 potentially weaken their operations. These risks are identified and scored according to the likelihood of their occurring over the next economic cycle and their potential damage if they happen.
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, an evaluation is made of the board and senior management: are there any signs that 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 aim to continue being outstanding stewards of your precious capital you have entrusted with us. Please let us know if you have any questions or if there are any topics you would like us to include in future letters.

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

Kind regards,



(John Price and the rest of the Capital Allocation Team: Howard Coleman, Kevin Robinson and Michael Stewart)

*The Capital Allocation Team prepared this report for members of the Conscious Investor® Fund. It does not take into account anyone's personal circumstances. Remember, what happened in the past is not always what will happen in the future.*

Questions? Contact us: [cifund@consciouscapital.com.au](mailto:cifund@consciouscapital.com.au)

Conscious Capital Limited AFSL 427 216

---