

CV Capital Pty Ltd

▸ 22 January 2023

SHAREHOLDER REPORT AS AT 31 December 2023

To my fellow shareholders & partners,

We have celebrated the 6th anniversary of the fund. Our annual compounded returns (post all cost and fees) over the life of the fund is 10.5%. Over the same period, our benchmark's compounded return was 7.9% (including all dividends but not assuming reinvestment) meaning our outperformance was 2.6%. While we have beaten the benchmark and 10.5% compound return appears satisfactory considering the fact that interest rates and inflation was very low during this period, we should have done better considering our small size.

I would like to pay a tribute to Charles Munger who passed away late last year a month short of his 100th birthday. Charlie was my teacher, not only did I learn the key principles of investing from him, I learnt a lot about life as well which by far the more important lessons. One of his quotes which think is massively useful goes like this:

“life will have terrible blows, horrible blows, unfair blows. Doesn't matter. And some people recover and others don't. And there I think the attitude of Epictetus is the best. He thought that every mischance in life was an opportunity to behave well. Every mischance in life was an opportunity to learn something and your duty was not to be submerged in self-pity, but to utilize the terrible blow in a constructive fashion. That is a very good idea.”

Basically, don't have a victim mentality and don't let one tragedy increase to two or three more due to a failure of will.

Fund Activity

Last year when interest rates were rapidly rising I was hoping there would be more opportunities to buy fantastic companies at good prices but that didn't materialise and thus we have not added to any new major positions in calendar 2023 except for adjusting existing positions in our portfolio. Most of our activities were centered around arbitrage trades which I believe is better compared to the opportunities available to us at this point in time.

Top Holdings

As at 31 Dec 2023, our top 5 holdings accounted for 57.9% of the overall portfolio value.

No	Investment	Portfolio weighting
1.	Baby Bunting (BBN)	16.8%
2.	Undisclosed (arb position)	14.5%
3.	Boustead Singapore (F9D)	14.3%
4.	United Overseas Australia (UOS)	7.7%
5.	Steamships Trading (SST)	4.7%
	Total	57.9%

Cash and other short term investments which I consider to be cash equivalents (arbitrage positions) as they are not intended to be held for the long term accounted for 38.9% of the portfolio.

Fund Performance

CV Capital's return for FY2024 (1 July 23 to 31 Dec 23) is 17.0% (including FY23 dividends). Since inception our returns are 11.1% (before performance fees) and 10.5% (after performance fees) on an annual compounded basis.

The share price as at 31 December 2023 is \$1.32. Details as follows:

	Per share
Securities portfolio value	\$1.00
Cash (excluding arb positions)	\$0.32
Franking credits	\$0.00
Share price	\$1.32
Less: Estimated tax liabilities on realised gains	(\$0.00)
Subscription price	\$1.32

YOURS SINCERELY,
DARRELL CHEAH