MEAD
CAPITAL MANAGEMENT

2023 Mead Capital Management Annual Letter

	MCM Performance Vs. Benchmarks			
	MCM	MSCI	SPY	Russell 2000
2018	(3.0%)	(9.2%)	(4.6%)	(11.1%)
2019	18.1%	26.6%	31.2%	25.4%
2020	8.1%	16.3%	18.4%	20.0%
2021	26.2%	18.7%	28.7%	14.5%
2022	(13.9%)	(18.4%)	(18.2%)	(20.5%)
2023	7.8%	22.3%	26.2%	16.8%
Compounded Annual Gain 2018-2023	6.4%	8.0%	12.0%	6.1%
Overall Gain 2018-2023	45.0%	58.5%	97.1%	42.4%

Note: MCM result is after fees.

Dear Partners,

On a composite basis and after fees[1] MCM client portfolios increased 7.8% for the year. Our performance – *my* performance – was subpar. We badly lagged the S&P 500, the MSCI World Index, and the Russell 2000. Even the latter was more than two times ahead of us in 2023.

I'd like to believe I'm a marathon runner watching overeager competitors sprinting the first few miles out of the gate. But it's entirely possible I'm an average Joe competing in a race I shouldn't have entered. To gain par with the MSCI at the ten-year mark in 2027 will require a little over two percentage points of outperformance per year over the next four years. To reach the S&P will require eight points per annum. Pass the energy bar, please.

That dreary introduction aside, I feel pretty good about last year. Our performance suffered in part due to a steep decline in the shares of one major investment, Hingham Savings. But that decline also afforded us the opportunity to invest more capital at wonderful prices. The only way to have our financial cake and eat it too (outperformance *and* low prices) is to sell one investment high and buy another low. It's hard enough to find good companies as it is; finding new ones at bargain prices while existing investments soar is purely luck. We'll have our fair share of such lucky breaks in the future. My focus remains on finding and *owning* good businesses, the tides come as they may.

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[1] See important disclaimers at the back.

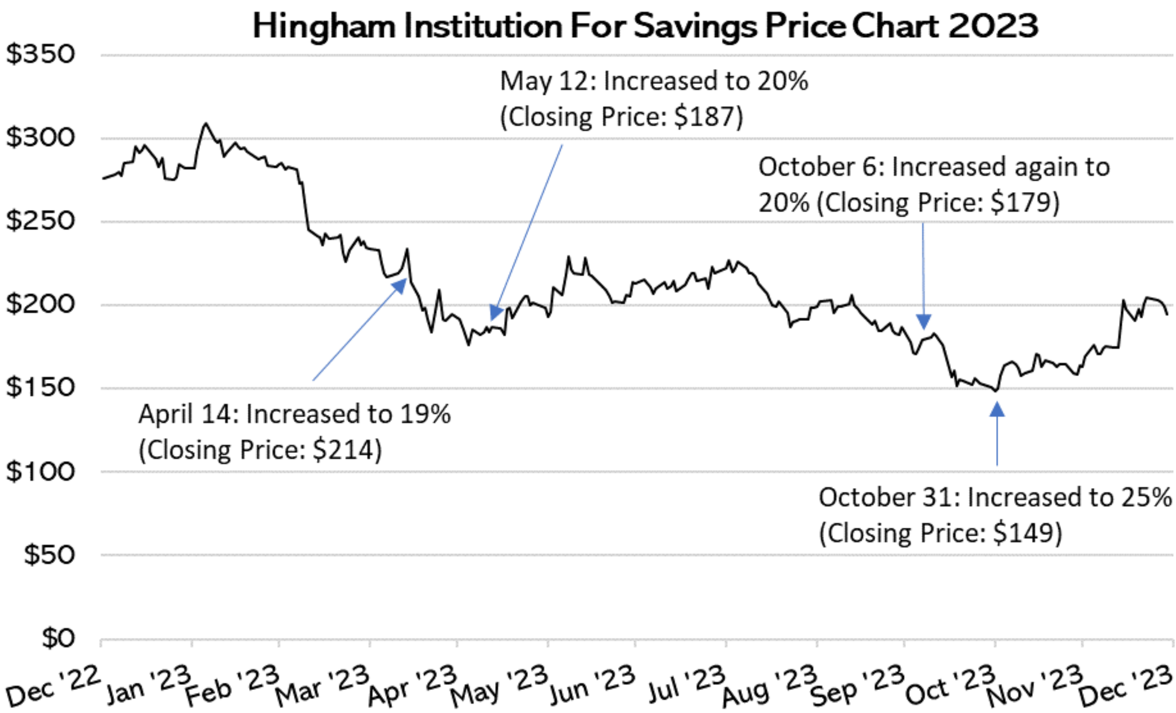
Mead Capital Management, LLC
Table of Historical Holdings

	Year ended December 31:					
Company	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Berkshire Hathaway	38.2%	42.4%	51.0%	50.0%	68.3%	73.8%
Hingham Institution for Savings	29.4%	20.2%	14.9%	10.5%	3.1%	
Copart, Inc.	9.9%	7.0%	7.7%	10.4%	8.9%	5.5%
Triumph Financial	8.8%	4.1%				
Boston Beer Company	4.2%	6.5%	5.2%			
Heineken Holding NV	4.0%	4.7%				
Creighton's PLC	4.0%	6.1%				
Activision Blizzard		4.1%				
Synchrony Financial		2.7%	4.3%	6.8%	3.3%	2.6%
Cimpress PLC		1.3%	2.8%	4.8%	9.3%	6.3%
Nestle				1.2%	0.5%	0.4%
ALJJ Regional Holdings				0.1%	1.1%	1.4%
Trupanion					4.7%	3.8%
Total common equity	98.4%	99.2%	85.9%	83.8%	99.2%	93.9%
Cash	1.6%	0.8%	14.1%	16.2%	0.8%	6.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Equity securities #	*7*	*10*	*6*	*7*	*8*	*7*

Notes:

1. Heineken Holding NV includes ADRs

Our major moves in 2023 consisted of increasing our holdings in Hingham Savings and Triumph Financial, and funding those purchases in part by trimming Berkshire Hathaway and to a lesser extent, Copart. The year-over-year change in ending allocation in the chart above only tells part of the story: Berkshire was at a 48% position on October 31 when I made the decision to reduce it to 40% to fund the increase in Hingham from 18.6% to 25% (Hingham having continued to decline as a percentage of the portfolio due to its declining price), and the increase in Triumph Financial from 5.7% to 7.5%. (Copart was trimmed by just 0.70%.) The share price of both Hingham and Triumph subsequently advanced which resulted in their ending allocations of 29.4% and 8.8%, respectively. I'll have more to say on both below.



Three other decisions shaped the portfolio in 2023.

- On April 14 I sold our entire holdings of Synchrony Financial and Cimpress. The thesis with Synchrony was simple and twofold. One, I liked Hingham more and it was selling at what I thought to be a very good price. Two, I thought consumer credit might deteriorate deeper and faster than pundits were suggesting.

  I wrote about the dilemma Cimpress posed last year:

  > *The problem I face is the pari-mutuel system in reverse. By owning shares I've made the bet. But do I keep my ticket or sell it to another bettor at a lower price? Shares have declined so much (by about two-thirds from the end of 2018 to the end of 2022) that a potentially large future payoff makes holding shares the rational course of action. In other words, the horse has gotten worse, but the odds have increased significantly.*

  Despite the potential for outsized return (indeed, shares advanced nearly 60% in 2023), I decided my knowledge of the business and the industry was not sufficient to justify continuing to be an owner of the company.

- The other decision, coming on the heels of the Berkshire AGM in May, was to sell our arbitrage position in Activision Blizzard. The original thesis was that we could buy in at $75 per share and receive $95 per share when Microsoft completed the acquisition. I got spooked by the UK's negative stance against the acquisition and decided it would be less risky to own more of something I knew well, which ended up being Hingham just four days later. Our experience with Activision wasn't poor but it might be poor thinking on my part. We broke even on the investment from a cost standpoint, although the price moved slightly negatively during course of 2023 prior to selling it.

These moves are summarized in the 24% turnover statistic listed below. Generally, lower is better, although I never let things like turnover or taxes dictate significant changes to the portfolio. Some years are more active, others less so.

Also listed below is a performance attribution table showing the contribution of each security to our overall return during the year. Of note, the totals do not add to the overall return since it's an average. Additionally, Heineken is listed twice: once for the European shares and again for the ADRs.

Mead Capital Management, LLC
Turnover Summary

2018	67.8%
2019	0.4%
2020	61.5%
2021	6.1%
2022	28.7%
2023	23.5%
3 Year Average	19.5%
3 Year Median	23.5%
5 Year Average	24.0%
5 Year Median	23.5%
Inception Average	31.3%
Inception Median	26.1%

Performance Attribution

Symbol	Description	Avg Weight	Return	Contribution
BRK B	Berkshire Hathaway	43.19%	15.17%	6.41%
CPRT	Copart, Inc.	9.44%	60.74%	4.41%
TFIN	Triumph Financial	5.56%	64.24%	3.38%
CMPR	Cimpress PLC	1.54%	58.77%	0.74%
HKHHY	Heineken Holding NV ADR	2.89%	12.58%	0.40%
SAM	Boston Beer Company	5.37%	5.17%	0.25%
HEIO	Heineken Holding NV	1.42%	11.83%	0.20%
ATVI	Activision Blizzard	4.05%	-1.22%	-0.08%
SYF	Synchrony Financial	2.55%	-7.94%	-0.16%
CRL	Creighton's PLC	5.51%	-36.83%	-2.29%
HIFS	Hingham Institution for Savings	21.31%	-26.99%	-3.25%

Now to the fun part … talking about the companies we own!

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Portfolio Updates:

Hingham Institution for Savings

Although it is the second largest position in our portfolio by allocation at 29% at year-end 2023, Hingham is a much more concentrated bet than Berkshire. Berkshire is a collection of a few very large businesses, including two stable, mature operations, and literally a hundred other smaller enterprises. Hingham is a *single* business. Because of that I consider Hingham to be our largest investment even though Berkshire technically takes the spot.

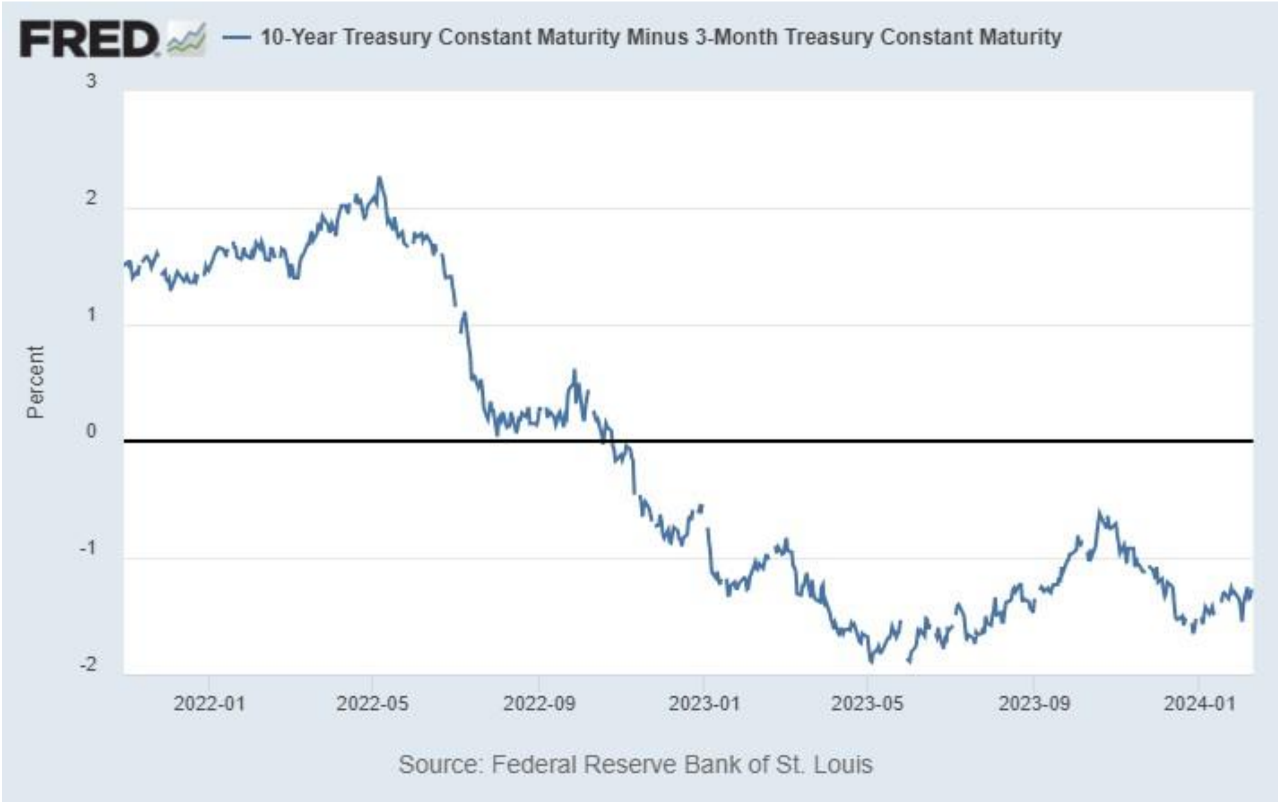
Hingham is the perfect combination of simple business, trustworthy management, long runway, and price. Only a few companies deserve such weightings, and only Berkshire has been as large on an absolute basis.

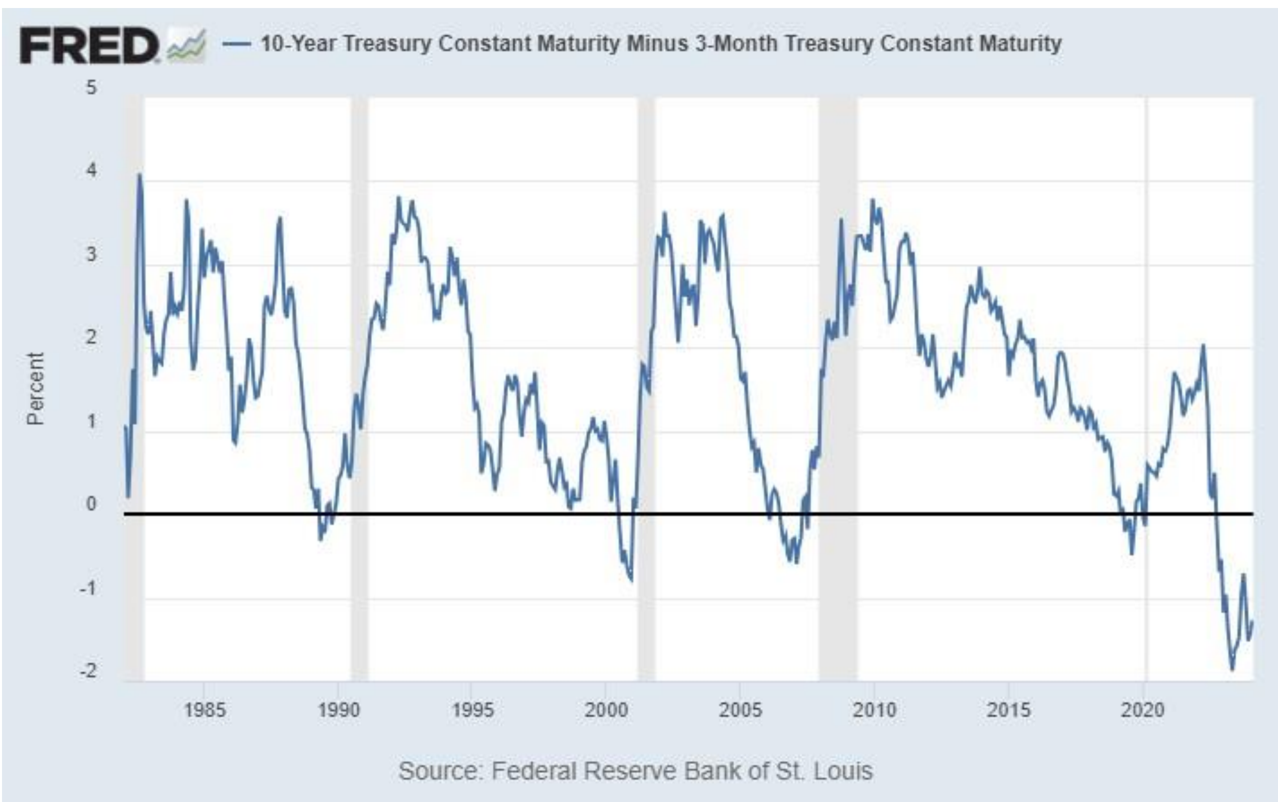
The business of a bank is simple. It takes in deposits from customers looking for a safe place to store their savings and lends those deposits to other customers looking for capital to invest in worthy projects. What remains after paying operating costs such as staff and branches accrues to shareholders. The technical term for this work of turning shorter-term deposits into longer-term loans is maturity transformation.

Typically, banks operate in a normal yield curve environment where the interest rate paid to depositors is lower than the rate earned from borrowers. This makes sense because depositors enjoy safety, liquidity, and because it costs money to service those accounts. Additionally, the bank takes the credit risk associated with lending on risky projects. Regulators require a certain amount of equity capital to be maintained so that losses on the asset side of the balance sheet are absorbed by shareholders not depositors.

The steep rise in interest rates since the Fed began tightening in March 2022 has caused several issues for banks. The first is the simple fact that higher rates mean long-term, fixed rate assets are worth less than before. This was demonstrated in dramatic fashion with the collapse of Silicon Valley Bank in March 2023, which invested in "safe" US Treasuries only to find out what countless business publications print ad nauseum in their pages: bond prices move inversely to yields. But this was just the first-order effect of an aggressive tightening cycle.

The second effect is what banks are living now: an inverted yield curve. Not only is it inverted but the depth and duration of the inversion is unprecedented, as evidenced by the following two charts from the St. Louis Fed:


FRED
10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity
Percent
3
2
1
0
-1
-2
2022-01
2022-05
2022-09
2023-01
2023-05
2023-09
2024-01
Source: Federal Reserve Bank of St. Louis


FRED
10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity
Percent
5
4
3
2
1
0
-1
-2
1985
1990
1995
2000
2005
2010
2015
2020
Source: Federal Reserve Bank of St. Louis

This long discussion on banking and interest rates was necessary to place Hingham's results in context. The bank sticks to its basic knitting of borrowing short and lending long while keeping a close eye on overhead and credit risk.

The following table shows just how quickly Hingham's cost of funds rose over the past two years and swamped the increase in asset yields, which take longer to reprice. The result was a spread as of the fourth quarter of 2023 of just 17 basis points.

Yield on / cost of	Q4 2021	Q4 2022	Q4 2023	Change 2021-2022	Change 2022-2023
Interest earning assets	3.68%	3.91%	4.40%	+0.23%	+0.49%
Interest bearing liabilities	0.29%	2.24%	4.23%	+1.95%	+1.99%
Spread	3.39%	1.67%	0.17%	-1.72%	-1.50%

Equally important are how much overhead a bank has and its loss experience. Hingham is class-leading in both respects. Its overhead is a quarter of where most other banks operate (even some quite large ones), and its credit remains pristine.

Annual Figures	2021	2022	2023	Change 2021-2022	Change 2022-2023
Operating expenses % assets	0.74%	0.70%	0.67%	-0.04%	-0.03%
Charge off ratio	0.00%	0.00%	0.00%	0.00%	0.00%
Core ROA	1.89%	1.43%	0.35%	-0.46%	-1.08%
Core ROE	17.29%	14.56%	3.62%	-2.73%	-10.94%
Equity to Assets	10.93	9.81	9.56	-1.12	-0.25

The problem is the inverted yield curve and how quickly short-term rates increased. The sharp rise in rates did not allow time for assets to reprice and keep pace, and the inverted curve skewed the basic maturity transformation work. Hingham management admits it missed an opportunity to protect itself from the steep rise in rate a couple of years ago. But I'd rather have a management laser focused on the basic running of a bank than trying to anticipate interest rate movements and inviting other risks onto the balance sheet.

My thesis with Hingham remains unchanged. Hingham is structured to make highly satisfactory returns through the cycle without requiring any competitive advantage on either side of the balance sheet. It is managed to take deposits at market rates and lend them at market rates, turning an average spread into an above-average return by focusing on keeping overhead and credit losses at rock bottom. Management also has significant skin in the game and communicates openly and honestly with shareholders.

I'll repeat what I said last year: I retain the utmost confidence in Hingham's management. This is a tough period but not one the bank hasn't navigated before. It has the capital, liquidity, and patience necessary to manage through today's tough operating environment. Here is Chairman Robert Gaughen (taken from the Q4 2022 press release):

> "…During all such periods - whether fair or foul weather - we remain focused on careful capital allocation, defensive underwriting, and disciplined cost control - the building blocks for compounding shareholder capital through all stages of the economic cycle. These remain constant, regardless of the macroeconomic environment in which we operate."

You should be proud to be partners in such a wonderful enterprise. I sure am.

Triumph Financial

I present Triumph next because it is in some ways the opposite of Hingham with a more *asset*-sensitive balance sheet. This is a coincidence and in no way the result of some business school-type portfolio risk approach.

Triumph's net interest margin shrunk only slightly over the course of 2023, going from 7.82% in 2022 to 7.67% in 2023, a decrease of just 15 basis points. Triumph's NIM is only part of the story, however. It's return on average assets decreased from 1.79% to 0.76%. That gap between NIM and ROA encompasses expenses and loan losses. Triumph has greater expenses because it operates in a different manner than Hingham, *which is entirely normal*.

Triumph joined the ranks of our portfolio in December 2022. I won't repeat all the details, which you can find in last year's letter. Triumph continues to execute its strategy of becoming the leader in the relatively boring-sounding transportation payments business. In the fourth quarter of 2023, TriumphPay became cash flow neutral a year ahead of schedule. Triumph now touches one out of every two transactions in the brokered freight space in the United States, and has its eyes set on the broader freight market and beyond. The company just announced a new service, LoadPay, a wallet application for truckers that integrates with its other systems.

Triumph reminds me in some ways of the Daily Journal Company, a Los Angeles-based legal newspaper Charlie Munger chaired until shortly before he died. Triumph, like DJCO, is doing daily block-and-tackling work in a difficult space. Signing up brokers and small truckers takes time and money, something it will be very hard for a competitor to replicate. It is also squarely focusing on end user truckers and freight brokers, making their day-to-day lives easier and earning a fair return in the process. Despite the runup in share price (+64% in 2023), I think the bank is fairly valued and retains significant upside potential.

Founder and CEO, Aaron Graft, has proven energetic and forthright, two qualities I look for in management. We're in this partnership for the long term.

Berkshire Hathaway

Berkshire ended the year at 38% of client accounts, down from 42% at the end of last year. In 2018 it was almost three-quarters of the portfolio. This decline in allocation has nothing to do with price. In fact, Berkshire's share price has increased over 81% from 2018 to 2023 (and increased an additional 11% as of February 12, 2024). The reason for the decline is the change in my relative appraisal of Berkshire's attractiveness compared to other opportunities as noted in the beginning of this letter.

Berkshire has always been my rock-solid opportunity cost benchmark. It's a company I know extremely well, and it has satisfactory and steady (if limited) earning power. And even at this "low" of 38% of the portfolio it's still probably considered a recklessly high allocation by many. That's fine by me. Berkshire is a gem.

Berkshire Hathaway After-Tax Earnings ($ millions)	**Oct. 1, 2022-Sept. 30, 2023**		**Oct. 1, 2021-Sept. 30, 2022**		**Oct. 1, 2020-Sept. 30, 2021**		**Oct. 1, 2019-Sept. 30, 2020**		**Oct. 1, 2018-Sept. 30, 2019**	
Insurance - underwriting	$4,680	*13%*	$38	*0%*	$57	*0%*	$99	*0%*	$957	*4%*
Insurance - investment income	8,808	*25%*	5,703	*18%*	4,858	*19%*	5,212	*24%*	5,248	*22%*
Railroad	5,201	*15%*	6,162	*20%*	5,798	*23%*	5,092	*24%*	5,429	*23%*
Utilities and energy	2,438	*7%*	3,657	*12%*	3,441	*14%*	3,039	*14%*	2,754	*12%*
Pilot Travel Centers	380	*1%*								
Manufacturing, service and retailing	12,703	*36%*	12,312	*39%*	10,796	*43%*	8,063	*38%*	10,446	*45%*
Other, including non-controlled	1,224	*3%*	3,497	*11%*	280	*1%*	(223)	*-1%*	(1,392)	*-6%*
Operating earnings, after tax	**$35,434**	***100%***	**$31,369**	***100%***	**$25,230**	***100%***	**$21,282**	***100%***	**$23,442**	***100%***
				0%						
Investment and derivative gains/losses	$41,235	*116%*	($32,706)	*-104%*	$60,805	*241%*	($25,504)	*n/a*	$4,617	*20%*
Net earnings (loss)	$76,669	*216%*	($1,337)	*-4%*	$86,035	*341%*	($4,222)	*-20%*	$28,059	*120%*

Note: Other adds back goodwill/intangible impairments of $10,863 for the TTM 2020 period and $129 for the TTM 2021 period. The TTM 2022 period includes $2.7 billion of foreign currency gains. The TTM 2023 period includes forex losses of approximately $205.

The most important figure to track over time is operating earnings. Focusing on this line we see a company making steady progress. The business press likes to focus on bottom line net profit, which includes changes in the securities portfolio. In 2023, Berkshire will likely report a GAAP net profit that overstates its true earning power. Ignore that figure and look to operating earnings.

Berkshire takes no pains to report adjusted earnings or any of the nonsense peddled by many management teams. A close look at the table above reveals earnings in the normally stable utilities segment down by a third. This is the result of litigation expense at PacifiCorp from wildfires in 2020 and 2022. These losses, while real ($1.9 billion pre-tax YTD 2023), are not recurring expenses and don't reflect underlying earnings power. Nonetheless, they impact operating earnings and are part of the vicissitudes of owning businesses.

Viewed up close Berkshire's "moves" in 2023 were fairly boring. The financial results are anything but boring over time. Here's the high-level capital allocation for 2023:

- Purchased an additional 41.4% interest in Pilot, bringing its ownership to 80% (increased to 100% in January 2024).
- Repurchased shares. The $7 billion figure year-to-date is likely to have increased only modestly as the share price continued to advance in the fourth quarter.
- Sold some equity securities, net. YTD Berkshire sold $24 billion of equity securities, an amount that probably increased slightly in the fourth quarter. Despite this, a strong US stock market will have buoyed the equity portfolio to nearly $375 billion.

The market appears to be pricing Berkshire at a 5% going-forward return.[2] For such a high-quality collection of businesses that is a satisfactory return considering the rail and energy businesses show lower than normal earning power. But it gets even better. It assumes no insurance underwriting gains, which Berkshire has historically generated. It doesn't include any optionality from the significant cash resources on the books, nor any benefit from organic growth in float, which is a possibility. In sum, Berkshire is a wonderful collection of many exceptionally good businesses and remains attractively valued.

[2] After tax earnings of $20.7 billion divided by the implied residual value of the operating businesses of $418.3 billion.

Breaking down Berkshire Hathaway's market value
What do we get for our money?

($ millions)		*% market cap*
Market capitalization on February 12, 2023	$862,000	*100%*
Balance sheet totals as of September 30, 2023:		
Insurance cash & Treasuries	$151,974	*18%*
Equity securities (net of deferred tax)	242,081	*28%*
Equity method investments	27,249	*3%*
Fixed maturity investments	22,435	*3%*
Subtotal cash & investments	$443,739	*51%*
Implied residual value of operating businesses	$418,261	*49%*
After-tax earnings (12 mo. 9/30/23):		
BNSF Railroad	$5,201	
Utilities & energy	2,438	
Manufacturing, service, and retailing	12,703	
Pilot Travel Centers	380	
Subtotal - after-tax earnings	$20,722	
Value assuming 10x	$207,220	*24%*
Value assuming 15x	$310,830	*36%*
Assumes:		
1. Equity & debt securities are fairly-valued.		
2. Breakeven insurance underwriting ($4.7bn profit not included above).		
3. Rail, Energy, and MSR business results represent normalized earnings power.		

Creighton's PLC

I first wrote about Creighton's in my letter last year. Creighton's earned the unpleasant distinction of being the worst performer in our portfolio in 2023, down nearly 37%. That was enough even at a modest 5.5% average allocation to knock 2.3 points off our return for the year. Several important updates are worth knowing.

First and most distressing, 20+ year Managing Director (CEO-equivalent) left the company and the board in November 2023. No reason was given for his departure, and we're still in the dark as to his whereabouts. Two strong lieutenants, Pippa Clark and Martin Stevens, were tasked by longtime board chair and majority owner, William McIlroy, to lead the company temporarily during the search for a permanent replacement.

Johnson's exit coincided with weak business results that included a 7% decrease in sales, including a 37% decline in contract manufacturing revenues. The latter isn't totally unexpected given industry weakness since it makes sense that others would slow sales of outsourced production first. Additionally, operations continue to face inflationary challenges on top of economies of scale going in reverse as volumes shrink. On the positive side, sales from the company's two recent acquisitions, Emma Hardie and Brodie & Stone, were up 4% and 10%, respectively.

This leaves us holding an investment eerily like that of Cimpress with better odds because of a lower stock price. The current market cap (as of February 12, 2024) is just £15.5 million compared to an average cost of around £34 million. I plan on holding while the trading environment and uncertainty in the leadership structure resolves. But if in a year I'm wrong about anything it will likely be Creighton's.

Copart

It's been four years since I last wrote about Copart in these letters. At just shy of 10%, Copart remains an important cornerstone of our portfolio. The company continues to execute its strategy of making it easier to sell vehicles through its online auctions, slowly acquiring land to increase network density and reduce costs. Daily, Copart has over 265,000 vehicles online, selling 3 million vehicles per year to buyers in 190 countries.

Copart falls into the category of hold-on-for-dear-life investments, meaning that selling at what looks like an expensive price almost always turns out to be a mistake. Consider the five years ending in 2018: Shares closed 2013 at a split-adjusted price of $4.58 per share. They ended 2018 at $12, an increase of 162% or 21% per year. Revenues went from just over $1 billion in 2013 to $1.6 billion in 2018 (+10% CAGR). Likewise, operating profit increased from $283 million to $584 million (+16% CAGR). Looking at this data one might have concluded the rational course of action was to sell. After all the stock price increased at double the rate of revenues and 5% greater than profits, and the market cap of $11 billion implied a modest 5% pre-tax return going forward.

But consider the next five years: Shares went from $12 in 2018 to $49 in 2023, an increase of 308% or 32% annually. Revenues went from $1.8 billion in 2018 to $3.9 billion (+17% CAGR) while operating profit increased from $585 million to $1.5 billion (+21% CAGR). At year-end 2023, Copart's market cap was a whopping $47 billion, implying a 3% pre-tax return.

A core tenet of value investing is that the stock price tracks underlying business progress over time. Clearly Copart's stock can't keep outpacing the business fundamentals forever. Still, the business is the better half of a duopoly in the US that's just scratched the surface of international operations. It also has enticing prospects of using its network to move whole cars and other vehicles. Management is rational and squarely focused on building the business for the long term. I may trim our position to fund other purchases where/when necessary, but I think it'd be a mistake to part with such a good business with such good prospects.

Boston Beer & Heineken

Together Boston Beer and Heineken represented just over 8% of the portfolio at year end. Both companies continue to earn good returns on tangible capital with conservatively financed balance sheets (no debt in the case of SAM). Boston Beer has seen volumes flatten as the hard seltzer buzz wore off. The company has several other initiatives in the works, including a partnership with Pepsi to produce Hard Mountain Dew and with Beam Suntory in the ready-to-drink mixed drink space. Twisted Tea continues to be a winner which the company is capitalizing on with variations of the original.

Heineken remains the world's 2nd largest brewer with duopolies with AB InBev in key markets such as Mexico and Brazil. It also has a commanding share in Vietnam (albeit with some temporary weakness) and a large share in China via a partnership with Snow, the most popular beer on the planet. The strength of the Heineken brand is evident in the fact that it increased prices 13% in Europe and only experienced a 4.8% decline in volume. Heineken has a long runway with an aspirational brand, pricing power, and premiumization opportunities in many key markets. I also like the fact that the CEO, Dolf van den Brink, is aiming to make the company more boring (his words), with a focus on price and returns not just volume growth.

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Conclusion

Investing is a simple but not easy endeavor of finding good businesses to own over the long term. The nuts and bolts of investing – finding companies and calculating their intrinsic value – are comparatively easy compared to the temperamental requirements of following the facts and one's own logic in the face of a crowd, either literally or via the stock price, suggesting you are wrong.

My confidence is bolstered by having wonderful client-partners. Each of you has added, in at least some small way, to my understanding of business and investing. I'm thankful for you trusting me with your hard-earned capital. Your understanding of what we're trying to accomplish together – building wealth by owning parts of good businesses – goes a long way in helping us achieve our goals. It gives me more time to read, think, focus, and analyze businesses, time of which you are the beneficiary.

While I prefer to offer my in-depth thoughts in long-form once a year, I very much enjoy speaking with clients. Don't be shy. I relish these days of small beginnings because the present size of Mead Capital allows me to interact with client-partners and not get overwhelmed by calls or feel that it detracts from research. It also allows me to search for and buy shares in companies others simply cannot because of their size. At some point in the future, I intend to close MCM to new clients to remain in this nimble state. If/when anything changes on that front, you'll be the first to know. In the meantime, I'd appreciate referrals to like-minded individuals.

I look forward to reporting to you in another year.

Rationally yours,

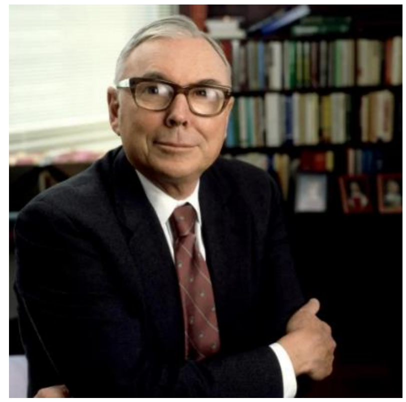
Adam J. Mead

February 15, 2024

Remembering Charlie:

Charlie Munger, my hero and intellectual grandfather died just shy of his 100th birthday, in November 2023.

Charlie's wisdom continues to guide my thinking in investing and in life.



<u>Important Disclosures:</u>

Mead Capital Management, LLC is a registered investment adviser based in Derry, New Hampshire. Adam J. Mead is its principal, CEO, Chief Investment Officer, and managing member.

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Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein.

Past performance is not indicative of future performance.

	Q4 2023	2023	Annualized Performance 1 Year	3 Years	5 Years	Inception
MCM	**4.7%**	**7.8%**	**7.8%**	**5.4%**	**8.4%**	**6.4%**
Avg. cash % NAV	*1.5%*	*3.1%*	*3.1%*	*8.1%*	*7.7%*	*9.3%*
MSCI	11.2%	22.3%	22.3%	5.8%	11.8%	8.0%
SPY	11.6%	26.2%	26.2%	10.0%	15.6%	12.0%
Russell 2000	14.0%	16.8%	16.8%	2.1%	9.9%	6.1%

Calendar Year Performance

	MCM	MSCI	SPY	Russell 2000
2018	-3.0%	-9.2%	-4.6%	-11.1%
2019	18.1%	26.6%	31.2%	25.4%
2020	8.1%	16.3%	18.4%	20.0%
2021	26.2%	18.7%	28.7%	14.5%
2022	-13.9%	-18.4%	-18.2%	-20.5%
2023	7.8%	22.3%	26.2%	16.8%

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MCM includes all proprietary investment management accounts managed by Mead Capital Management on the Interactive Brokers ("IB") platform beginning on January 1, 2018, with the exception of one account open for less than two quarters. MCM's principal, Adam J. Mead, maintained accounts outside of IB during and prior to this time. These outside accounts were excluded because i) one proportionally-large account employed a strategy inconsistent with MCM's current strategy, and ii) to maintain consistency of reporting from IB.

MCM performance is after a 1.00% annualized fee or 0.25% per quarter (MCM's maximum fee) deducted from the performance data taken from IB. MCM believes this is conservative because some accounts managed by MCM paid fees through the IB account (the majority of accounts paid fees outside of IB or had no fee).

Calculations presented above are unaudited. They are believed to be accurate, however, MCM does not and cannot guarantee accuracy.

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The S&P Index return was determined by Interactive Brokers using the performance of SPDR S&P 500 ETF Trust (SPY). The MSCI Index return was determined using the performance of iShares MSCI ACWI ETF (AWCI). The Russell 2000 Index return was determined using the performance of iShares Russell 2000 ETF (IWM).

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