Conduit Shareholder Manifesto

Conduit Capital shareholders are a unique bunch of investors. We generally adhere to the following principles. If you are (or plan to become) a Conduit shareholder, this guide may help you to better understand our business and culture.

1. **We are business owners with a long-term focus.** Conduit is not a company with which we try to make short-term trading profits. We are long-term owners of a business enterprise.
2. **We measure performance by calculating the increase in intrinsic value per share.** While not a perfect proxy, the *growth* in intrinsic value per share is most closely measured by the *growth* in net asset value per share. We do not measure the performance of Conduit by its size, or financial ratios that are not relevant (such as the PE ratio).
3. **We expect Conduit to increase the intrinsic value per share over the long-term at a rate well above the market averages and peers.** We intend to achieve this goal by maximising Conduit's return on capital employed and average annual growth in normalised earning power per share.
4. **We are partners with management and expect management to have significant skin in the game.** Management should "eat their own cooking" by owning shares in the company.
5. **We recognise that the IFRS reported numbers of the business do not always tell the whole story.** We therefore put in the effort to understand how the business is really performing. We do not pay attention to short-term financial results.
6. **We understand Conduit has a primary focus on insurance but expect the Company to make investments in non-insurance businesses.** We know Conduit will eventually own a diversified set of high quality businesses, both in the insurance and non-insurance industries, and through the public or private markets. We expect management to make investments that meet our key criteria, irrespective of form.
7. **We encourage management to make long-term investments even if they produce short-term losses.** We are not afraid of short-term earning pressure in exchange for sustainable long-term earnings power.
8. **We expect management to retain earnings so long as the market value of every rand retained exceeds one rand over the long-term, and so long as good investment opportunities can be found.** We do not expect dividends in the ordinary course, but do expect share repurchases when the circumstances warrant.
9. **We expect the company to be transparent and report the good news and the bad.** Business has its ups and downs. We demand management to be honest rather than opaque.
10. **We will issue shares only when the value we obtain is greater than the value we give up.** Management should think carefully about when to issue shares. When as much or more value can be obtained by issuing shares, we expect management to capitalise.