

Dear friends,

In 2023, we marked a period when we faced high rates, energy prices, the onset of national recessions and geopolitical struggles, which led to negative market sentiment.

Nevertheless, we saw several opportunities in the markets we traded. The purpose of the change, within Libensky Family Office a.s. (hereinafter only as “LFO”), was to expand our activity into the world, to form the direction of investment in shares and the purchase of entire companies and, for the time being only within the group, to provide corporate credit.

Through the limited availability of capital, we tried to test different investment strategies, and in the end, we were inspired by the teachings of the great Warren Buffet – namely to concentrate in a few titles and focus on investments with “Moat”, i.e. businesses with a strong competitive advantage and great management, where we can see the case for future growth based on the numbers, prospective fundamentals, future cash flow generation, and shareholder value.

In 2023, we achieved a moderate appreciation of up to 10% (including dividends) in the capital markets. We had to exit some positions earlier than planned to enter more promising investments. Towards the end of the year, we also exited our largest position in ČEZ where, unfortunately, political decisions reduced the attractiveness and interest of the company and made it mediocre.

The best decision at the end of the year was to invest in NVIDIA, a company specialising in artificial intelligence. Despite the fact that I generally avoid things I don’t understand, there was clear potential in the company. The numbers NVIDIA generated last year caused an initial jump and serve just as the beginning of long-term growth, especially with its monopoly position in datacentre IR.

Another reason was that, despite an entry price of around USD 500/share, we believed that the market values and P/E ratios did not accurately reflect the company’s potential. Based on our estimates of future profitability, we came in at a P/E of less than 32, which is very impressive and acceptable for a company that has a margin of over 50% and an estimate of USD 100 billion in profits within 2-3 years. Not to mention that the SEMICONDUCTORS area is cyclical. The biggest risk consists in the exaggerated expectation of multiple growth and supply chain disruption.

Under LFO, we have incorporated Stardom Company s.r.o., a company that specialises in innovative stage technology, AVT, and acoustic solutions. The first half of the year was dedicated to expanding into more areas where, with a great team, we were able to capture and execute large scale commissions. We also saw great client satisfaction. Owing to the capital strength of LFO, we were able to offer clients an unmatched financing option. The Company achieved record turnover and profits.

We will continue to work on increasing the value of the Company, growing free cash and preparing for further investment opportunities.

Martin Libenský, MBA

Shareholder and Chairman of the
Board

Footnote

As of the end of January 2024, we reached a significant milestone of positive profitability on our investments across the Group, which will have a very significant impact on our 2024 results.