



# MONEY GOALS SRL



## Letter to Shareholders – 2022

2022 has been our first year of operations, and I think things went well, but they were not nearly as good as I expected. In 2022 our net income was 14496€ and at the end of the year, our net worth was 29271€, for a simplistic return of investment of 98.1%, which is ludicrous considering the baseline assets under management of my calculation. The less the starting capital, the easier it is to obtain absurd relative return (those returns in absolute terms would be laughable, like the one we had).

It is somewhat embarrassing for me to write this letter, as currently I am the only one owning the company and I was considering to change the title in “letter to myself”. Forgive my wishful thinking, I promise I will not be as naïve in my operations as in this letter.

### **What is “Money Goals SRL”?**

Money Goals SRL is an Italian corporation which operates an online business. Mr. Leonardo Pinna (who is writing this) is currently the only person working inside the company, as well as the sole owner of Money Goals SRL. The company’s main sources of revenues are the online business activities, divided in content advertising, third party products sponsorships, and affiliations, and investments in other businesses by means of financial securities.

### **Why this letter?**

The 23 December 2021, Money Goals SRL was born. 2022 has been the first year of operation for this corporation. Right now, I have no idea how long will last this company and this journey, and how good it will do. This letter is the trace I want to leave as a testimony of a journey which I hope can inspire people and produce wealth for many. Also, I want to share with other people the journey. Right now, I am alone in this, but maybe that will change over time.

Other than that, a yearly letter is the perfect moment to evaluate how things are going, how my investments were successful or failed and to assess the current and future position of the corporation.

A little honest note: as I am writing this letter, we are headed towards the end of 2023, so I am quite late in writing this letter. I want to be honest: the need for a yearly letter was not here until some time ago, as the shape of what I wanted to do started to become more defined. So, in a couple of months probably I will write a second letter about 2023 results, but that does not change what I want to accomplish through my writings.

### **Our results in 2022**

I decided to divide our operations in two main branches: online activities and investments. Online activities are the predominant segment in terms of current earnings power, while the investment segment is just starting out. Online activities’ revenues derive from (i) affiliations, by which we get a fee from third parties whenever a new customer purchases or subscribes to a third-party product, (ii) sponsorships, by which we get paid a fee for producing a content about a third party topic and publishing the content on our social media channels, and (iii) content advertising, which is the amount of revenue share we get from advertisements that appears before, during or after our contents are showed to the public. For investments segment, things are just starting out and in 2022 there were some interesting purchases.

### ***Online activities***

For our online activities 2022 was a good year, not a great one. We lost much ground from competitors during 2022, as the online business continues to develop toward fast content and sensationalism. While other competitors have gained a lot of new subscribers, we struggled to increase our market share of attention. The main cause of this is my inability to meet viewers’ interests and my inability to create quality contents. I always refused to produce “hot-topic” contents as I am not interested in sensationalism or baits to gain a click or two more, and I will continue to do so. It is not for me, it is not me: Money Goals SRL will not be able to maximize revenues by producing online

content until my face is the main event, because I am too far as a person from the market needs for hype, FOMO or brand-new hot investing ideas. It is a game I am uncomfortable in playing.

The good news is that our operations still pay well, but in my view, things are going to change for the worst in the next couple of years as we adapt to new online market conditions and challenges, and hopefully we will start to see a new light in the investment segment. I am not counting on the online business for the long run: I think it is a wonderful business to be in to integrate revenues with overall low costs and great margins, but it suffers the lack of the Buffett moat, because everyone could start a new online “business” tomorrow, and with the right approach and clickbait-and-super-hot content he or she could also have some pretty good gains in the short term, until the next sensationalist would enter the scene and lower the bar of the common sense.

The content advertising revenues went poorly: we could not deliver market results. Overall, I think going forward we will need some drastic changes to keep the wheel spinning in our favor.

### ***Investment results***

Much more fun and rewarding has been the investment section of the portfolio, although it has been limited due to limitation in funding. We just started activities with 10000€ invested from me, and the first half of 2022 has been about accumulation of capital from the current main activity of the company. Nevertheless, some occasions of capital deployment were spotted in some pretty big companies, namely Alphabet and Meta Inc. Our timing has not been perfect, and it will never be, but the strategy of accumulating stocks while prices were dropping revealed to be really effective: at some point in time, we invested 2000€ in Meta Inc and while I am writing this, the price of those stocks is about 6000€.

What I am maybe lacking right now is the trust in my judgment abilities, but results showed (to me) that I can apply value investing principles with some kind of “success”. Of course, I am well aware of the fact that one or two years are not even near to be enough time to judge an investing performance, so I will try my best not to fall in the overconfidence trap, while continuing to keep a straight application of the principles of value investing in our capital deployments.

What is value investing? Well, it is a *modus operandi* which focuses on finding the value in things, compare that value to the current price, and if the price reveals itself to be far less than value, purchase that thing.

The “things” are financial instruments, and the value is a simple but very difficult concept: the value of an asset is the sum of all the cash it can generate during its lifetime, discounted at a certain discount rate. I include also the remaining selling value in calculations, if any, and that value would be discounted a lot if projected much far in the future. This is simple to understand, but it is also difficult to evaluate. Things could change in the near future by a lot, so I will never be able to perfectly assess investments. What I could do is to put the odds in my favor by purchasing a great value with little money.

Imagine this: you could buy a brand-new fresh car by paying it a lot, and brag about your big purchase with others. But then, over time, you will face a lot of risks: risk of car accident, risk of auto part damages, risk of stealing, any little defect would cost a fortune just to repair. You could buy instead a comfortable used car, one which will bring you where you have to go, for a little price. You will risk a lot less in the day-to-day usage of your car and you would face a lot less headaches: repair will cost less, taxes would be fairly less, and so on. That is the risk of overpaying: losing a lot of money for no reason, or not protecting your invested principal.

I wrote down 7 principles of investing that you will find in our website. I commit to all those 7, as I am convinced that it is the only road to success in our activities.

This is it for now, thank you for reading through this. See you next year.

Castelvetro di Modena (MO), Italy, 09 November 2023.

Leonardo Pinna, CEO of Money Goals SRL.