Dear shareholders,

Year (Ending)	AGT (Nett)	HSI	S&P 500	NAV/Share
2019	98.4%	13.0%	31.5%	198.4
2020	137.5%	-0.2%	18.4%	471.2
2021	128.0%	-11.8%	28.7%	1074.1
2022	11.7%	-12.6%	-18.1%	1199.8
2023	25.5%	-10.5%	26.3%	1505.9
CAGR - 2019 - 2023	73.6%	-4.9%	15.7%	
Overall gain - 2019 - 2023	1405.9%	-22.2%	107.0%	

2023 was an eventful year. There were severe uncertainties such as an ongoing war in Europe, a hawkish US Federal Reserve dealing with persistent inflationary pressures hence bringing Fed Fund rates to its highest in 22 years and also dysfunction in Washington resulting in periodic government shutdown fears. At the same time, investors must grapple with the ongoing geopolitical tensions between US and China, the uncertainties surrounding China's COVID-19 reopening, the severe economic consequences resulting from the burst of its residential property bubble and its negative spillover effects to rest of its economy etc.

Despite the above ongoing concerns, we have largely maintained our course. For our long-term portfolio, barring three additions, there were no significant changes in our investments (except their weightings) from a year ago. As a group, they continue to look attractive based on current valuations relative to their long-term potential earnings power. For our active trading strategy, we continue to stay focused on capitalising high reward to risk opportunities (both long and short), while prudently managing risks. As a result of our actions (or inaction), total return was +25.6% for the year of 2023. S&P 500 achieved +26.3% while Hang Seng was -10.5%.

Long only strategy, Concentrated investing

For the whole year, our long only investments contributed around 75% of total returns.

Acting on your behalf, we continue to only buy and own businesses that are simple to understand, have long-term favourable outlooks, operated by competent and minority shareholders' friendly management, and purchased at reasonable valuations. We own 6 to 8 of such businesses and these investments constituted around 70-80% of our total assets. As it is for every year, some has performed well, and some has not. Although none of the 6 – 8 companies are listed in Hong Kong/China, some do have significant business operations (30% for 1 company) in China. Hence given the current challenging economic environment in China, the managers of these businesses have indeed done better than expectations and we applaud them for that.

The short-term economic outlook in China remains highly uncertain and mixed. Despite several rounds of monetary easing and fiscal stimulus, China's exports, industrial production, and consumers spending remain weak. Youth unemployment is as high as 10% currently and deflationary pressures have lately started to exert its downward pull on the overall economy. Recognising the short-term severe challenges that the country is facing; we will continue to closely monitor the fundamentals of our existing investments as we always do and will make any necessary changes, if need be.

At the same time however, the best investment opportunities are most often found in abundance during poor economic times. The Hang Seng index is now in a severe bear market, having declined 50% from its peak in March 2021. It has declined an unprecedented 4 years in a row (2020 – 2023), is now back to 1997 levels (Asian financial crisis) and selling for 8x earnings multiple. Being long term believers of the economic potential of the country, we remain highly confident that the leaders and its people will successfully restart its economic engine, sooner or later (although we don't know when.)

Hence accordingly, we are devoting a significant part of our time scouting and identifying attractive bargains in the Hong Kong/China stock markets and following closely the country's economic revival policies. In the later part of this letter, we will report to you on our thoughts about China, our current portfolio, additional investments and one investment mistake that we have committed in the past year.

<u>Trading strategy – Opportunistic Long/Short; Short term trades</u>

Our short term trades constituted the remaining 25% of the overall 2023's returns.

There were no major transactions that contributed to any outsized trading gain. The trading thesis of the various transactions that we made include Long/short equity pairs, industry cycle and capital flows, index rebalance flows etc. In contrast to our long term investments (focus on industries with long term tailwinds), the short term trades we made are heavily diversified across different industries and stocks. We manage risks very carefully while seeking to put on largely market-uncorrelated short term trades. Our traders will continue to stay patient, prudent and seek only to act on opportunities we deem to be highly asymmetrical in their reward-to-risk ratios.

<u>Discussion on new investments and mistake</u>

There were a few notable investments that we have made, on your behalf, over the past year. We seek to explain the investment merits and risks for each one of them. In cases where the name of the company is omitted, this is done so to protect your interest as we are still in the process of either purchasing more or selling the stock. (Existing fund shareholders who are interested in understanding more about these investments are welcome to contact us directly.)

This discussion is by no means meant to promote a stock. All we can do is to assemble a group of carefully selected promising investments and purchase them at attractive valuations. It is unrealistic and impossible to expect each one of them will do well. Moreover, we do not need each of them to do well in order to achieve a great overall investment result.

After purchasing, we wait patiently, monitor their developments closely and retain the flexibility to add/reduce our investments. Over time as a group, we think they will do well, but we have no great confidence to select any specific one and say, "This is the stock which will double in 3 – 5 years."

At the same time, we will be candid with you on the major mistake(s) that we have committed over the past year, if any. Mistakes take the form of either commission or omission (opportunity cost). The former meaning poor investment decisions that we should not have made and the latter implying profitable investments that we should have made but for some reason, chose not to. Internally we believe an open discussion of our mistakes has so far yielded the best result in terms of further refining our investment process. As the saying goes "All I want to know is where I'm going to die, so I will never go there."

New investment

Taiwan Semiconductor Manufacturing Company, TSM US (Market cap: US$530bln)

Company's background: The company is the world's largest semiconductors' manufacturer/foundry, with factories predominantly located in Taiwan.

Sustainable competitive advantages: Due to its constant emphasis on R&D over many years, the company has built a considerable technological advantage over its peers. It is now constantly ahead of its peers for the **most sophisticated chips** in the world, and because of its manufacturing abilities, it is also able to build a massive amount of these chips **at a cheaper price** than competitors. These two competitive advantages (Best in class product and price competitiveness) have allowed it to win valuable customers relationships with some of the world's largest technological companies such as Apple, Nvidia, Qualcomm etc.

These close relationships are strategic in nature too, it allows the company to be in the forefront of technological trends and concentrate its R&D efforts on the areas that most make commercial sense in the future. This creates a virtuous cycle of offering great products at a low price hence maintaining strong relationships with key customers. This results in a deepening of its economic moat.

Our thoughts and investment thesis: Returns on capital have averaged >25% for the past 15 years period and it has steadily been able to deploy its surplus earnings to reinvest in the business for further growth. This has resulted in its revenue and net profits increasing 14.1% p.a. and 16.1% p.a respectively for the same period. We think it has the potential to be a **long term earnings compounder** and has purchased it at around 17x price to earnings ratio, a level we deemed reasonable for its current dominant position in this attractive industry.

Risks: 1) The company operates in a highly capital intensive and cyclical industry. Due to the increasing usage of semiconductor chips across many industries (Healthcare, Industry automation, Automotive, consumer electronics etc.), we think the future cyclicality of the industry may be less pronounced than before. 2) Due to insufficient diversification of its production facilities, armed conflicts between China and Taiwan will trigger a mass loss of production.

Financials snapshot (Based on latest FY)

Size and financial strength	
Market capitalisation (MC)	US$533B
Sales	US$69B
Profits	US$27B
Debt to equity (D/E)	0.26
Net cash as % of MC	3.0%
Capital efficiency, profitability and growth	
Return on equity (ROE)	26%
Return on capital employed (ROCE)	23%
Gross margins	54%
Net margins	39%
Sales growth (5yrs CAGR)	15%
Net profit growth (5yrs CAGR)	18%
Free cash flow growth (5yrs CAGR)	3.5%
Valuation	
P/E ratio	
2023	19.7
2024 (Est)	17.5
Dividend yield	2.20%
Shares repurchase (Ongoing)	No

New investment

US data centers REIT (Market cap: US$690m)

Background: Operating as a real estate investment trust (REIT), the company owns and operates data center properties in United States, serving customers ranging from hyperscalers and colocation providers. In the middle of 2023, its second largest tenant, which leased 3 of its properties and constituted about 20% of total revenue, filed for bankruptcy. This news sent the share price down drastically, falling 30+% in 2 weeks.

Our thoughts and investment thesis:

1) We are of the opinion that data centers usage generally is likely to be increasing in the long term. The industry is in a long term secular uptrend, and hence this was a solvable issue over time.
2) The REIT has a strong and established sponsor and has assisted in resolving troubled leases hence we are hopeful it may still do that this time round.
3) The existing rents of data centers in nearby locations were at least 5% higher than what the troubled tenant was paying. Hence, we think, given enough time, it wouldn't be difficult to secure replacement tenants.
4) Even in the worst case scenario where the tenant was to default on all three leases, because share price has declined so much, the yield in the worst case scenario will still be >6 %.

We think this temporary difficult period offers us a good opportunity to purchase a relatively good business with long term tailwinds, at a favourable valuation. On your behalf, we bought the stock and waited patiently.

Progress so far: A few months after our purchase, the tenant underwent corporate restructuring and eventually sold itself to a strong and established infrastructure global company, Brookfield Corporation. At the same time, with assistance from its sponsor, the reit also sold off two existing assets to Brookfield. The sales proceeds were immediately utilised to purchase a part ownership in a major data center in Japan. This effectively mitigated a serious fall in its dividends per unit (DPU), achieved geographical diversification and also reduced customers' concentration risk. As a result, the share price stabilized and has recovered 50% from its low since.

Investors often only focus on the near term P&L and fail to conceptualize long term value creation. (It is like a starving person facing the choice of an immediate meal or a feast 1 week later, most often than not, he will choose the former.) Good investments at a big discount always come with some sort of discomfort or doubt, else there will be no discount. It can be anything ranging from industry headwinds to short term earnings concerns or negative perception of management due to past misallocation incidents. There is always something to worry about in a stock that's offering a good margin of safety. The job for us is then to figure out whether it is a solvable issue, or the problem has inflicted mortal damage to the company.

Good things can happen post a crisis and result in a company emerging stronger. With survival at stake, bad times can force managers to refine an existing weak business model, adopt better and more sustainable business practices. In this particular case, A) The company has now appreciated that it is important to have adequate geographical and customers diversification. B) The investing community has again recognized the strength and the willingness of its sponsor to step in during difficult times and could be counted upon to do so in the future. Hence, it is logical that the REIT should now trade at a tighter spread or higher valuation multiple before the tenant's bankruptcy, as it is now a safer business.

Financials snapshot (Based on latest FY)

Size and financial strength	
Market capitalisation (MC) mlns	US$700m
Sales	US$108m
Dist. Income to shareholders	US$44m
Debt to equity (D/E)	46%
Net cash as % of MC	Net debt
Capital efficiency, profitability and growth	
Return on equity (ROE)	N.A*
Return on capital employed (ROCE)	N.A*
Gross margins	65%
Net margins	N.A*
Valuation	
P/B ratio 2024 (Est)	0.95
Dividend yield	5.50%
Shares repurchase (Ongoing)	Yes
*Revaluation losses in 2022	

New investment

Electronic Manufacturing Services provider, Market Cap (HK$1474M)

Company's background: Having factories and production facilities in China, Guangdong and Ving Phuc Province, Vietnam, this Chinese company has been involved in manufacturing various electronics components since 1992. Its customers include industrial, commercial and consumer companies, ranging from emerging enterprises in Northern America to top global multinational companies. Through careful business execution, the management was able to grow the company's revenue and net profits at a rate of 11.4% and 14.4% over a 10 year period from 2009 – 2018. Gross margin, an important indicator of pricing power and cost control for electronic manufacturers, was also healthy at around 15% for the period. During this period, management had maintained a conservative balance sheet, conserved cash and repaid all its outstanding debts.

Difficult period and steps taken by management: The subsequent 5 years period (2019 – 2023) for the company was a difficult one. Manufacturing orders slowed considerably, largely a result of the trade tensions between US and China, and China's strict Covid-zero policy. Both factors contributed significantly to the current phenomenon of global supply chains' reshoring. As a result, revenue and net profits decreased 30% and 50% respectively during this 5 years period. After discussions with its customers and prudent contemplation about its future, Management then took decisive, corrective actions. It decided to diversify its production bases and started the establishment of its first overseas factory in Vietnam. Having a conservative balance sheet (flushed with cash) proved crucial for the company, it was able to complete this move swiftly and smoothly. The Vietnam factory was built after 2-3 years and have commenced production in 2022 (albeit on small volumes).

Our thoughts and investment thesis: Being an electronics contract manufacturer, we think management has done well given the cards it has been dealt with. We have been worried about the potential drastic fall in China's manufacturing orders since late 2021after repeated orders to loosen China's covid containment policies were unanswered. Now that its Vietnam factory has started production, we think its future prospects are now more positive, and at the same time management has started to readjust its capital allocation plans, a move we deemed favourable for minority shareholders.

1) **Recovery prospects**: The choice to diversify its production facilities early is the right one. With proper execution, there is a good possibility that **the company's Vietnam factory can benefit strongly from continued reshoring efforts by global MNCs** (China + 1 strategy).
2) **Positive capital allocation policy**: In 2022, management announced a Hk$250mln share repurchase plan. It has since utilized approximately HK$80mln to do so. Now that it is in a more stable position than a few years ago, returning surplus capital is the right thing to do. **Aggressive share repurchases below**

their intrinsic value can add significant value creation for shareholders. At the same time, management has also increased dividends in 1HFY24, possibly a sign of renewed optimism about the company's future earnings outlook. Both indicate a stronger emphasis on shareholders' interest moving forward.

3) **Low valuation and margin of safety**. Around 80% of the company's market capitalization is in net cash and there is no outstanding debt. This cash amount has been rightly valued at a huge discount in the past when the underlying business's profitability was decreasing and management's reluctance to conduct share repurchases. The high level of unutilized cash may have also likely signaled that the company is run by a management that is unwilling to adopt smart capital allocation policies. **Now that management have taken concrete steps to address these concerns, we think purchasing the company at 3x earnings multiple (excluding cash) offers us a reasonable chance of decent returns while importantly, providing us a strong margin of safety.** (Despite revenue slowing, the company has been generating positive free cash flow every year; ensuring a constant build up of cash and equity worth)

Risks: Slower than expected orders win in Vietnam plant and worse than expected decrease in orders in China

Financials snapshot (Based on latest FY)

Size and financial strength	
Market capitalisation (MC) mlns	HK$1,474
Sales	HK$2014
Profits	HK$123
Debt to equity (D/E)	Net cash
Net cash as % of MC	77.5%
Capital efficiency, profitability and growth	
Return on equity (ROE)	9%
Return on capital employed (ROCE)	9%
Gross margins	13%
Net margins	6%
Sales growth (5yrs CAGR)	-1%
Net profit growth (5yrs CAGR)	8%
Free cash flow growth (5yrs CAGR)	N/A
Valuation	
P/E ratio 2023	12
2024 (Est)	10.2
Dividend yield	5.50%
Shares repurchase (Ongoing)	Yes

Mistake

Company background: The company is a shipyard specializing in ship repairs, shipbuilding and offers engineering solutions for offshore, marine and energy industries. It serves customers worldwide.

Operating in a deeply cyclical industry and an orderbook driven business, the company has been chronically making losses over the past 6 years. It is highly indebted, faces refinancing risk and higher interest expenses at a period when interest rates are rising rapidly. Its order wins are lumpy and have been slow to materialize. At the same time, rising materials and labour costs in an inflationary environment further erode their operating margins.

Our errors:

1) Misjudging its economic characteristics: Upon the company announcing an order win, we were overly optimistic about future order wins and neglected the fact that the company's balance sheet is very weak. It is still operating in a highly cyclical industry with low earnings visibility and low pricing power.
2) Committing "Groupthink". At around the same time, several sell side analysts initiated "Buy" recommendations on the stock and resulted in us committing "Groupthink" i.e. naively reaches a consensus with the crowd before conducting critical reasoning and careful evaluation of risks and consequences.
3) Inappropriate investment sizing: As a result of the above, we allocated a heavier than usual amount of our assets to this investment.

Consequences: Shortly after our purchase in 2Q23, interest rates started rising rapidly in the next few months and brought down the share prices of highly indebted companies. The company's share price gradually declined >30% from its peak and hasn't recovered since. We sold a majority of our position and although we did not suffer an equivalent % decline (as the share price initially went up after our purchase), our poor decision had still resulted in a sizeable loss of around 5% of NAV (Realized in the month of Oct 2023).

Our losses were compounded by the fact that the initial investment amount could have been deployed to purchase other businesses in a temporary period of general low prices (3Q23). *In all we think this erroneous purchase had caused us approximately 8% of NAV. (5% realized loss + 3% (Est.) opportunity cost*)

"The bitterness of poor quality remains long after the sweetness of low price is forgotten."

Lessons learned (Relearned):

Bear markets/severe market corrections particularly hurt two categories of stock. Firstly, companies that are highly cyclical, low earnings visibility, heavily indebted and financially overstretched as there are high risks in their abilities to refinance existing debt and higher interest expenses further eroding profitability. Second category is low

quality businesses with their stocks heavily touted by sell side analysts and being the hottest momentum plays. If we had our time again, we would not be seduced by its (apparent) mathematical cheapness but weigh more heavily on the DNA of the business.

"We buy good stocks initially, but at some point, during a bull market, end up switching to something else that is looking attractive only in the short term. Only the brokers become rich as a result."

Financials snapshot (Based on latest FY)

Size and financial strength	
Market capitalisation (MC) mlns	$7,100
Sales (mlns)	$1950m
Profits (mlns)	($260m)
Debt to equity (D/E)	88%
Net cash as % of MC	Net debt
Capital efficiency, profitability and growth	
Return on equity (ROE)	-6%
Return on capital employed (ROCE)	-4%
Gross margins	-7%
Net margins	-13%
Sales growth (5yrs CAGR)	-9%
Net profit growth (5yrs CAGR)	N/A
Free cash flow growth (5yrs CAGR)	N/A
Valuation	
P/E ratio 2023	N/A
2024 (Est)	N/A
Dividend yield	N/A
Shares repurchase (Ongoing)	No

China and the major causes of weaknesses in its economy

Having read many thoughtful insights on the country and the reasons for its current economic malaise, I will briefly summarize 4 important reasons and lay them in a chronological order for better understanding.

1) **Worsening US-China relations (2017 – present)**

Deep ideological differences and the perceived economic and technological threat of China have long been brewing in the United States. The trade policies enacted during the Trump presidential era cemented the bad relationship and galvanized almost the whole of the U.S. to oppose China. The Biden administration further heightened the opposition of China on the grounds of national security and helped forged a bipartisan consensus on this matter. This made turning back extremely difficult now. In the name of protecting its interest, U.S is hitting on China with all she has. From restricting the flow of sophisticated semiconductor chips to limiting the flow of people and capital, the issue has now exceeded pure rational thinking and mathematical calculations. It has now become an issue of politics and emotions, where common sense is being cast aside. Being the most powerful country in the world, the U.S. is effectively forcing almost every country to choose sides. More restrictions are likely to come, and these will further bifurcate the world. The practical ramifications of all these actions are profound and not yet fully understood. Supply chains have been reorganised, trade flows have changed, and so will people flow and capital flows. Investing in China's businesses has thus become much more complicated than before, and some notable investors have called for a geopolitical risk premium on China's assets.

2) **Handling of the Covid-19 pandemic (2020 – 2022)**

Many could not comprehend the way China leaders had handled the containment of the Covid-19 pandemic. The strict adherence to a Zero-covid strategy (Mass testing, sudden lockdowns, and quarantine etc) for almost 3 years had both serious direct and indirect costs. The huge economic consequences resulting from 1) diverting limited resources away from productive economic activities and 2) losing the confidence of its population, foreign investors, and businessmen. This together with the ongoing trade tariffs imposed on the country by the earlier US administration, further hastened the pace of global reshoring, away from China. The China factories lost a huge amount of manufacturing activities and investment to US allies and other countries that were more liberal in their Covid containment policies, such as Vietnam and Malaysia. A great number of jobs were lost as a result.

After an unprecedented wave of protests in the country in November 2022, the top administration then decided to abruptly reverse the country's containment policies. From imposing the strictest Covid curbs to the sudden reopening in Dec 2022, it was perfectly understandable that many had lost confidence in the future of its government's policies. When people are uncertain about the future, they tend to reduce consumption. They feel the need to save up for rainy days ahead. Although the

pandemic was essentially gone for more than a year, the society needs time to readjust back to normal and to regain confidence.

3) Anti-capitalistic policies on internet platform and for-profit education entities

Coinciding with the health challenges brought about by Covid-19 were the government policies to rein in Internet platform companies and private education entities. Although the rationale for such policies were perhaps justifiable, the execution and timing during a period of strict lockdowns were unacceptable by many. Sudden policy changes, especially those deemed to be businesses unfriendly, caused great dismay and anxiety. Businessmen and investors were at a loss to respond, not knowing what officials may throw in their way next. In a top-down society like China with no formal elections schedule, this period is perceived to be a high-risk one, and the rational and safest thing to do is to rein in capital expenditure and perhaps seek temporary shelter in other businesses friendly jurisdictions. The loss of confidence and capital outflows are key drivers of the present economic situation and resulted in the more than $6 trillion combined losses from Chinese and Hong Kong equities since the late 2020's peak.

4) Dealing with the burst of residential property bubble and its aftermath

The fourth factor troubling the economy is the bursting of its housing bubble and spillover effects for the economy and society. Now the bubble has been burst, there doesn't seem to be easy solutions to soften its economic aftermath. From uncompleted housing projects to the default of the bonds of high-profile residential developers, these further sapped away confidence of the country's citizens and the investing public. To limit its fallout, rapid easing of monetary policies now to reignite the economy seem to be the right thing to do but this risk stoking of housing speculation once more. Combined with the issue of a declining population and hence a decrease in the long-term demand of housing, the industry's troubles will continue to be a problem for the economy and society for a long time to come.

Each of these four problems alone is challenging enough and for the four to occur at around the same time is truly unprecedented. To gradually solve and mitigate the long-term effects (Economic, social and psychological) of the 4 factors will require wisdom and the utmost cohesion of the people and its leadership.

Why are we keen and how are we navigating this challenging investing landscape?

"In the midst of every crisis lies great opportunities." Albert Einstein

One sentence that has served us well for many years is "Bull markets inevitably die; Bear markets eventually recover."

Raging bull markets do more harm than good for long term investors. It introduces aggressive and reckless capital into established industries, resulting in decline in profits and returns on capital. It also rewards poor quality businesses, weak/unproven business models and benefit undisciplined businessmen and greedy investment bankers. Inevitably, negative consequences will occur, pulling down innocent investors and perfectly good companies in their wake.

On the other hand, often a severe bear market is the best time to purchase investments because government officials are forced to act aggressively; introduce economic reforms and easing monetary conditions etc. Importantly for investors, low valuations offer high margin of safety. At the same time, businesses face lesser competition, lower input costs (labour and materials) leading to better margins, enjoy easier access to credit and better investment opportunities. Entrepreneurs also sharpen their business models and refocus their attention on running a tighter ship. In short returns on equity goes up.

Our approach on identifying bargains in companies listed (or operating) in Hongkong/China market includes the following:

1) Focus on strong balance sheet businesses which have seen strong and resilient cash flows over this difficult economic period and operating in industries with long term structural tailwinds.

2) Focus on companies that have significant revenue overseas but have nonetheless seen share prices and valuations severely beaten down.

3) Follow the moves of great investors in China and follow closely on companies that have conducted major share repurchases during this decline.

We have targeted a short list of investment candidates based on the above criteria and have acted on two of them. We are constantly monitoring this volatile and fluid situation and will share more with you in the next update.

While we are now eager to find opportunities in China, we will not rush into it and compromise our investment standards. China's listed companies have historically been associated with dubious accounting, explosive expansion but no profits ("Growth at all costs"), unsustainable short term debt and poor corporate governance that compromises on minority shareholders' interests etc. Hence any decision to invest will be made carefully and be compared with the many good opportunities in our existing portfolio as well as in other markets.

"You make most of your money in a bear market, you just don't realise it at the time".

Concluding words

A poor equity market in 2022 has cleared severe market excesses and brought stocks' valuations to more palatable levels. In 2023 we were grateful to have received additional subscription monies from both new and existing investors, allowing us to make investments at attractive levels. We are grateful for your support and thankful to have added considerable value for you over the past 2 years. (S&P 500 +3.4%, Fund +40.2%) To continue facilitating the onboarding of new potential like-minded investors, a new "B" class share (USD denominated), has thus been created.

We continue to act in a non-cyclical manner when deciding on accepting new subscriptions. In times of expensive valuations and broad market exuberance, we will act with utmost restraint in accepting any new monies (Cap on subscriptions). When valuations are low and investment opportunities are in abundance, you can expect us to be more active and vocal in raising funds. We believe that by having new monies to deploy at lower prices, this not only allow us to achieve good harmony with our underlying investing process, but importantly it also ensures 1) existing investors benefit by having a chance of increasing their exposure made at lower prices and 2) new investors have a good chance for good investing returns by bringing something to the table.

We also try our best to seek out and accept only long term, patient capital. Short term money chasing for short term outperformance is unscalable and unsustainable. It often leads to poor investing habits and likely results in heavy investment losses. We see no real urgency in "growing bigger", especially if it comes with the high possibility of disrupting our investment process. The last thing we want to be worried about is short-term oriented partners redeeming at the next 15% drawdown. As such, to any prospective clients, we highly emphasize the importance of patience and having a long-term orientation in order to truly enjoy the fruits of compounding returns. During a recent encounter with a potential client, I was asked "How much is the minimum to invest?" To which I responded, "It's not really a matter of how much, but how long?"

In 2023, we welcomed our 8th colleague, Jia Jun. He has joined us as an equity research analyst. Jia Jun has previously made good contributions as an intern in 2022. He has since graduated from Nanyang Technological University, topping his cohort as the best accounting student of his year. Let's hope he has as good an investing mind as he has in his academic fields. We should know soon.

Our team remains highly focused on our compounding journey. While we cannot guarantee returns, we can promise you that we will treat your monies exactly the same way we treat ours; carefully and prudently. In addition, we will again remind ourselves to:

1) Stay patient and not be greedy or seduced by the dangers success may bring.

2) Assemble a good team; Maintain an effective and decentralized fund structure.

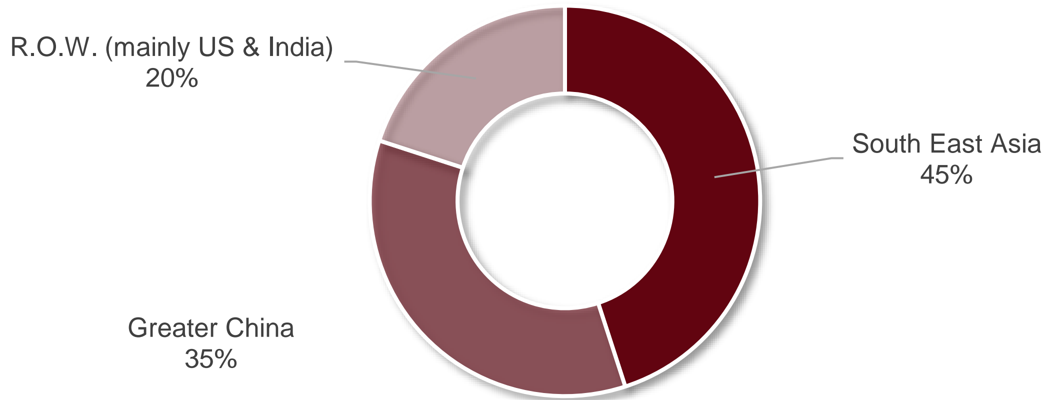
3) Do not sell our fund expensive, Seek and speak the truth.

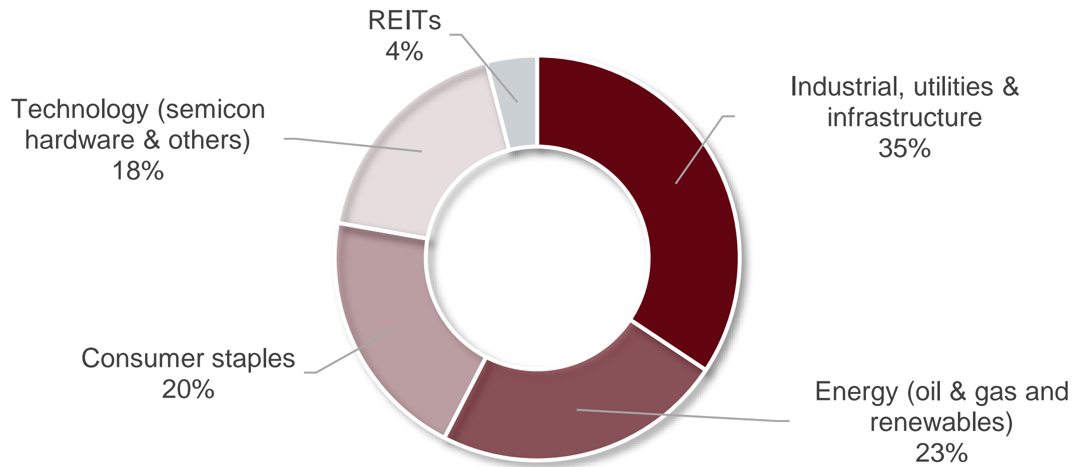
Thank you. I look forward to writing to you soon.

Greg,

On behalf of Avrian and Tim

Portfolio's constitution by geography and industry (As of December 2023)



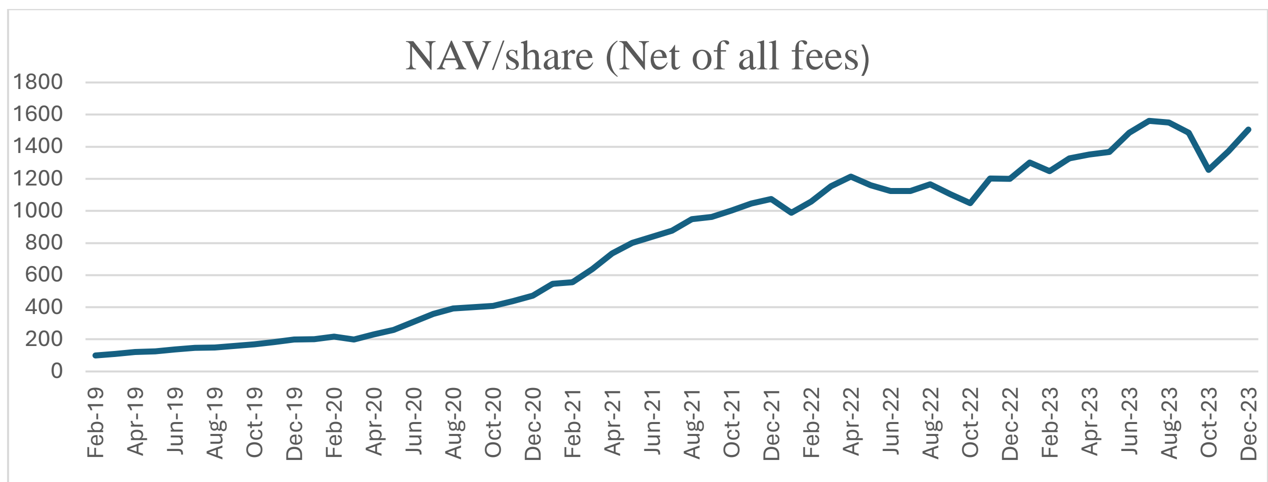


Strategy allocation as % of AUM	
Long-term investments:	70-80%
Active trading (Short-term)	15-25%
Quantitative investments	5%
Portfolio concentration:	
# of positions	>30
6 – 8 holdings	80%
Largest holding	25%
Target holding period	>3 - 5 years
Selected portfolio metrics	
Return on equity (ROE)	~12%
Price to earnings (P/E)	~11x
Dividend yield	~2%
Gearing and Exposure	
Longs (Gross)	170%
Shorts (Gross)	20%
Net exposure	150%
Gearing level	<200% of AUM

Historical performance (Net of all fees)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019		-0.3%	9.0%	11.1%	4.1%	8.8%	7.4%	2.1%	6.7%	5.5%	8.2%	8.7%	98.4%
2020	1.6%	7.2%	-7.8%	15.9%	11.8%	19.5%	16.4%	9.2%	2.3%	1.8%	7.2%	7.7%	137.5%
2021	15.6%	1.9%	14.9%	15.1%	9.1%	4.8%	4.3%	8.3%	1.5%	4.2%	4.4%	2.6%	128.0%
2022	-8.0%	7.1%	9.0%	5.1%	-4.4%	-3.1%	0.0%	3.7%	-5.4%	-5.0%	14.7%	-0.1%	11.7%
2023	8.4%	-4.2%	6.4%	1.8%	1.3%	8.7%	4.9%	-0.7%	-4.1%	-15.6%	9.2%	9.9%	25.5%

Net asset value/share (Net of all fees)



*Inception level 100 from February 2019

*Fund returns administered by Amicorp Pte Ltd from 2019 – June 2021. Subsequent (July 2021 onwards) returns are administered by Trident Trust. All returns audited by EisnerAmper.

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