AGT Partners

Q3 2025 Shareholder Letter

Dear Shareholders,

Year to date, our fund has generated a net return of +78.4% for Class A shares and +84.9% for Class B shares[1]. Our Class C shares were also launched on 1 September 2025 and has generated a net return of +3.0% for the month of September.

There have been no changes in our gearing levels, fluctuating between 120% – 190% throughout the year. As of end-September, our gearing level stood at approximately 180%, within our promised cap of 2x equity.

Since late April, global equity markets have surged, with the S&P 500 and Hang Seng Index rebounding 38% and 40% from their mid-April lows, respectively. Year to date (23 Oct 2025), these indexes have gained 14% and 28% respectively.

Our Current Situation and Recent Strong Returns

We have four key tailwinds supporting our fund's performance:

1. Strong business fundamentals leading to earnings growth and thus the rerating of several holdings.
2. Easing trade tensions since mid-April, which has stabilized business conditions and reduced market volatility, leading to a broad rally in global equity markets.
3. Lower interest rates, thanks to contained inflationary pressures.
4. Government actions to revitalise the Singapore equity market, including a planned S$5 billion injection and other measures, which has boosted valuations of several of our small- and mid-cap holdings

Although we've benefited from these four factors so far this year, we really **shouldn't expect them to persist indefinitely**. While we hope policy measures to revitalise the local equity market should certainly continue, especially benefiting companies that are committed to 'value unlocking' initiatives (factor 4), our focus is really on picking and holding onto the right businesses (factor 1). Meanwhile, trade tensions are already resurfacing, as seen in recent US-China conflicts over rare earths, software restrictions, and tariffs (factor 2). Additionally, rising trade tariffs could lead to higher inflation, forcing central banks to adopt a more hawkish stance and tighten monetary policy (factor 3).

When macro conditions inevitably turn hostile, as they often do, market volatility will likely create opportunities for us to initiate new investments or add to existing ones at attractive prices. As the saying goes, 'the best investments are made in stormy weather.'

[1] Differences in returns between both classes were due to FX fluctuations and fees structures.

Long-term Investments Portfolio (70 – 75% AUM, 25 - 30 Companies)

We continue to own great businesses such as Apollo Global Management, Apple, CNOOC, KKR, Tencent, TSMC, and Sheng Siong. These are companies with durable competitive advantages that enable them to generate high returns on capital. These top-tier businesses also offer significant growth potential, allowing them to deploy incremental capital at attractive rates of return. This type of businesses (**first category**) represents our preferred investments. During the quarter, we only made selective additions (preferably on market down days), but otherwise there no significant changes to our holdings in this category. Brief theses on Tencent, KKR and Apollo are attached in page 6 of this letter.

Overtime, our overarching goal is to own more of these great businesses, managed by honest and competent management, purchased at reasonable prices, and with the full intent of holding them for decades. Our job most of the time is to figure out what is the appropriate valuation to pay, rather than whether it's the right business to own.

Occasionally, we'll invest in less long-term promising businesses primarily due to the high valuations of top-tier companies. These businesses (**second category**) often lack durable competitive advantages and aren't ideal for long-term holding. However, due to their small size, operating in cyclical industries, or lack of analyst coverage, they can be lowly valued and thus present us with a strong margin of safety. Our task is to determine if the market has overreacted to their short-term challenges. If we're right, and profitability improves, their share prices can rerate quickly.

As mentioned in our previous communication with you, we've been adjusting our portfolio since mid-April in response to trade tariff uncertainty. Specifically, we've allocated new subscriptions towards domestically focused, services-oriented companies – such as telcos, utilities, construction, consumer staples, and hospitality – and away from companies reliant on external trade. This rebalancing has resulted in a more diversified portfolio in terms of geography and industry. We believe this defensive posture is prudent given the current external environment, and some of these domestically focused companies fit into the above mentioned second category of investments.

However, we acknowledge the risks in this approach: limited visibility on long-term earnings power and the potential to hold onto mediocrity for too long, mistaking temporary price gains for fundamental strength. If we fall into this trap, our long-term returns will suffer despite short-term gains. I'm mindful of this risk and will strive to strike a balance between caution and opportunity.

Active Long/Short trading (20 – 25% AUM)

Since inception, we've allocated 20-25% of our assets to short-term trading, aiming to capitalize on market volatility and idiosyncratic events driven by earnings surprises, analyst upgrades/downgrades, and industry flows. In the past quarter, we've generated trading gains across various industries and companies, while maintaining strict risk discipline. Notable trades include Cheerwin (6601 HK) and FIT Hong Teng (6088 HK), detailed on pages 7 and 8 of this letter.

Quantitative Strategy (5% of AUM)

The quantitative strategy continued to lag the Hong Kong market, as the Hang Seng Composite Index rose ~+16.0% for the quarter. Leadership was distinctly cyclical/speculative. In Hong Kong, the rally was led by Materials (+58.8%), Healthcare (+32.1%), Consumer Discretionary (+25.0%) and Information Technology (+22.7%). In factor terms, Momentum outpaced the market, while other factors broadly matched or trailed.

Our quantitative universe excludes commodities and pharmaceuticals due to their cyclical/binary risk profiles, which can impair signal stability and factor integrity. While this conservative design helps preserve robustness, it necessarily limited participation in the quarter's high-beta, sentiment-driven advance.

The portfolio remained anchored in Quality, Value, and Momentum, emphasizing durability and repeatability over short-term exuberance. This disciplined framework can lag during speculative phases but has historically preserved capital through subsequent normalizations. A measured cash allocation was maintained to manage downside risk and preserve flexibility—creating a temporary drag yet enhancing our ability to act decisively during dislocations.

Operationally, the quantitative strategy is undergoing a system migration so as to enable larger universe construction, scalable backtesting, and more robust factor research, strengthening the strategy's long-term competitiveness and adaptability.

AUM Growth and its Impact on Future Returns

As our assets under management (AUM) grows, we are often asked: 'How will this impact future fund performance?' There is no question that smaller fund size has its clear advantages for a value-oriented strategy. Intelligent stock picking thrives in inefficient parts of the market. Tiny, obscure, and neglected companies often offer fertile ground for low-risk, high-reward returns.

As our fund size grows, driven by organic growth and new investment subscriptions, our ability to meaningfully invest in smaller companies will become increasingly challenging. We will thus have to invest more capital into larger, more widely followed companies. Consequently, our performance will become more susceptible to market cycles, and finding suitable investment opportunities in sufficient quantities will become increasingly difficult.

While our current 70+% CAGR returns is undoubtedly unsustainable, Avrian, Tim and I believe our target of achieving 15-20% gross returns in the long run remains feasible even at our current fund size of ~S$285m. What makes our job difficult will be more a factor of the level of overall stock market valuations. Specifically, we anticipate that the **prevailing high stock market valuations (brought about by the tailwinds mentioned in the earlier paragraph), rather than fund size, will be a more significant headwind**.

During bear markets, even large fund managers can capitalize on numerous intelligent investment opportunities to deploy substantial capital. (The market panic in the first two weeks of April'25 following the surprise trade tariff announcement exemplified such an opportunity, where savvy investors could deploy vast amounts of capital effectively.)

A larger fund size may also bring advantages. We've been increasingly invited to participate in IPOs and secondary equity placements. Moreover, management teams of listed companies are more receptive to our engagement, particularly when we propose initiatives to enhance shareholder value, such as cost-cutting, divesting non-core assets, and increasing dividends or share buybacks.

Hence the interesting question is at what point does the incremental capital flip from a plus to a minus? In other words, what fund size would make it extremely challenging for us to achieve 15-20% returns? Given the significance of market cycles and valuations in generating opportunities, we hesitate to ascribe an exact AUM threshold. However, we commit to alerting you if we believe we are approaching such a "tipping point."

Should that happen, we will restrict new external investors, allow only existing shareholders to add capital, and consider distributing dividends to better manage excess capital relative to available opportunities.

Alignment of Interests and Proportion of Internal Capital

Except for the residential properties we own, Avrian, Tim and I continue to have more than 95% of our personal wealth alongside you in this single fund. A significant part of our performance fees is also ploughed back into the fund. (At times, we also stagger our subscriptions across a few months to ensure we have capital to deploy in the event of market downturns, allowing us to capitalize on opportunities when others might be constrained).

We are not interested in launching another fund just to chase trends in private credit or private equity. Our preference (for our own wealth allocation) is to put almost all our eggs in this single basket and watch it extremely closely.

As our fund grows, our personal wealth will likely constitute a smaller proportion of the overall AUM due to new investor subscriptions and existing investor add-ons.

However, this will not change our current approach a single bit. We invest every dollar with care, regardless of ownership. In fact, we hold ourselves to a higher standard with others' money than our own, which is why we have reduced leverage since opening our fund to external investors.

If we are to fail you, it will be due to underperformance on returns (which I am sure will happen periodically) and not because of matters regarding your fund managers' integrity.

Closing Thoughts

We will remain grounded, make conservative assumptions, and navigate our portfolio prudently through this uncertain environment, prioritizing caution and long-term value creation. We will also continue to keep overall fund expenses low (no pass-through fees).

Our goal remains unchanged: to achieve the best returns with minimal risk by investing in a portfolio of good, largely uncorrelated businesses that collectively offer a compelling balance of safety and profitability.

Thank you for reading and please approach us directly if you have any questions regarding your investment. The length of your participation period with our fund always matters more than the size of your participation.

Best regards,

Greg, on behalf of the whole AGT team

Appendix – Theses on Selected Long-term Investments and Active Trades

---

Tencent (700 HK, Market cap: US$730b)

Tencent remains one of our core long-term holdings, and we added to our position this quarter at a reasonable valuation (in our opinion) on the back of another strong set of results. Tencent has one of the strongest moats among the businesses we own: Weixin and WeChat have a combined MAU of 1.4 billion users, with Weixin being practically indispensable in China.

We are also strong admirers of Tencent's management team who have consistently executed well quarter after quarter and are laser-focused on the long-term growth of the business instead of chasing short-term profits. For example, they are taking a patient approach to growing advertising revenue by limiting advertising load. When scrolling through Weixin Video Accounts, users encounter ads roughly 5% of the time, compared to 12–15% on competing platforms such as Douyin and Kuaishou. And yet, Tencent's ad revenue still grew 20% in the latest quarter, thanks to better ad targeting (driven by AI) that increased revenue per impression.

Tencent's strong and consistent execution gives us confidence in its ability to compound earnings for many years to come, and we are glad to have it in our portfolio of businesses which we intend to own for the long-term (preferably forever).

Apollo Global Management (APO US, Market cap: US$72b)

KKR (KKR US, Market cap: US$110b)

Historically, alternative asset managers primarily served institutional investors (sovereign wealth funds, pension funds etc.) seeking exposure to alternative assets. However, individual investors, from high-net-worth individuals to mass-affluent clients, are now increasingly interested in this asset class (private equity, infrastructure, credit etc.), creating a market potentially as large as the institutional segment. The industry is also now on the cusp of being able to sell products to the 401(k) market, which holds an estimated $7 trillion in assets.

Demand for investment-grade private credit is rising as well, driven by insurance companies seeking excess spread and institutional investors looking for alternatives to publicly traded fixed income.

In this industry, brand and scale are critical – wealth advisors are more likely to recommend products from established firms which have long, successful track records. Hence, it is likely that the major players will be getting an increasing portion of the pie moving forward.

Supported by these tailwinds, we believe APO and KKR are well-positioned with a long runway ahead for continued AUM growth and compounding of earnings, as they broaden their product offerings and deepen distribution across both individual and institutional channels. We have thus added to our positions at what we believe to be reasonable valuations, and these are businesses we expect to own for many years, if not indefinitely.

Cheerwin (6601 HK, Market cap: US$400m)

Cheerwin is a leading platform in China offering a comprehensive range of products across household care, personal care, and pet categories. The company develops and manufactures a broad portfolio spanning household repellents, insecticides, cleaning agents, and air care products, and holds the top market share across several subsegments. Currently, over 90% of revenue is derived from core household product categories, while its pet segment—including 77 retail stores—contributes around 7% of group revenue. This pet business is expected to expand and serve as a growth driver, potentially accounting for 10% of total revenue in the coming year.

Gross margin improved from 45.0% in 2023 to 49.2% in 2024, with scope for further upside. At present, 37% of sales are generated online and 63% offline. Online sales deliver a significantly higher gross margin of 55.8%, compared with 45.2% for offline. As the business continues to shift toward online distribution, the company's overall margin profile should strengthen accordingly. Group revenue is expected to grow at ~8–10% annually, with PATMI rising at a similar or slightly higher pace. With no debt on the balance sheet, Cheerwin maintains a strong net cash position of RMB2.65bn versus a market capitalization of HK$2.93bn (RMB2.69bn). At the current share price of HK$2.20, and assuming an 80% payout ratio, the dividend yield in FY25e/26e is projected at 6.7% and 7.3%, respectively. From a valuation perspective, stripping out interest income from its net cash, Cheerwin generated RMB158mn of core operating profit in 2024. Applying a 10–12x EV/EBIT multiple (a ~30% discount to peers) on FY26e core operating profit of RMB210mn, and applying a 20% discount to net cash, we derive a fair value per share of HK$3.45–3.80. This implies 57–73% upside, corresponding to FY26e P/E of 17.2x–18.9x and dividend yields of 4.7%–4.2%.

FIT Hon Teng (6088 HK, Market cap: US$5.3b)

Following the announcement of additional tariffs by former U.S. President Donald Trump, shares of FIT Hon Teng (6088 HK), the Foxconn-backed interconnect solutions provider, experienced a sharp sell-off. The stock price fell from HK$3.80 to HK$1.80 in the aftermath, reflecting investor concerns over potential supply chain disruptions and margin pressures tied to U.S.-China trade tensions. From mid to late May, we initiated and built a position in the company at an average entry price of HK$2.10. Our investment decision was based on the view that tariff-related weakness had largely been priced in, while the company continued to exhibit solid long-term fundamentals. FIT Hon Teng is strengthening its position in high-speed interconnects, optical modules, and electric vehicle connectors—segments we believe will benefit from structural growth drivers regardless of short-term geopolitical noise. The company also stands to benefit from the ramp-up in NVIDIA's GB200 servers, with its AI server business potentially contributing a low double-digit percentage of earnings in FY25.

The stock's retracement provided an attractive entry point relative to historical valuation multiples and peer group comparisons. We saw upside potential as the market reassessed the durability of FIT Hon Teng's business model and its ability to navigate shifting trade policies. This made our purchase at HK$2.10 a compelling risk-reward proposition at 6–7x FY26e P/E. We subsequently realized gains on the bulk of our position, selling between HK$3.90 and HK$5.90, as the market re-rated the stock to higher earnings multiple.

Disclaimers

AGT Partners Pte Ltd ("AGT Partners") is a Fund Management Company which holds a Capital Market Services (CMS) Licence. We conduct fund management activities and are governed under the Securities and Futures Act, Singapore ("Act") and are regulated by the Monetary Authority of Singapore ("MAS"). The information therein is solely for the use of our clients, accredited investors ("AI") (as defined in the Act) and such professional, sophisticated, accredited, or qualified persons or investors (as defined in relevant jurisdiction) who have satisfied all relevant laws. The information contained has been given in good faith and every effort has been made to ensure its accuracy, AGT Partners accepts no responsibility for loss occasioned as a result of reliance placed on any parts of the contents of this website and makes no warranty as to the accuracy of any such information or content. The terms and conditions applicable to individual investors will be set out in the applicable contract or offering document.

Existing clients or prospective ones should always remember that:

- Past performance may not be an accurate indication of future performance
- Your investment is risky in its nature and short-term performance can be volatile
- Exchange rates may cause the value of underlying investments to fluctuate

The information illustrated on the website is for informational purposes only and shall not:

- Be deemed as an offer to subscribe for any shares in the fund/(s) managed by AGT Partners
- Be deemed to be investment or financial advice
- Be reproduced, distributed, or published without the consent of AGT Partners