AGT Partners

1Q 2026 Shareholder Letter

Dear Shareholders,

During the first quarter, our fund generated a return of +13.9% for Class A, +13.2% for Class B and +13.3% for Class C. Our gearing levels were maintained at around 140% to 160% throughout the quarter.

The 2025 full-year results reporting season did not bring any major surprises. Some of the companies we own did well and some others less so, but taken as a group, they have performed broadly within expectations, and we remain optimistic about their respective long-term earnings power.

Middle East conflict's impact on our portfolio; Having the right expectations and behaviour

We are closely monitoring the conflict and the related energy shock for potential impacts on our various businesses. After assessing the current circumstances, we significantly trimmed two existing positions and redeployed the proceeds (together with ongoing monthly subscription inflows) into several opportunistic purchases. We will elaborate on these changes, along with the analytical framework we use to navigate such crises, in the sections that follow. If the conflict drags on longer than expected, portfolio turnover may rise. Regardless, we will continue to act carefully and rationally.

For the month of March alone, our portfolio experienced a negative return of 5%-6% across all 3 share classes. At its lowest point during the month, our portfolio was down approximately 10.3%. **If not for the gains from our energy related holdings, our returns in March would have been materially worse, and we want to be upfront about that**. **Excluding those energy related gains, we estimate the portfolio would have been down roughly 15% for the month, as several of our non-energy related holdings declined 20% or more**. (If the war drags on, there is no guarantee that our energy related holdings will perform the way they did in March as some of them are no longer cheaply valued after posting massive gains in the month.)

We want to be transparent about this because it is not captured by the end-of-month NAV figure, yet it may still be important context for shareholders, particularly in understanding the extent of intra-month volatility and how different parts of the portfolio may behave during this highly uncertain period. It is important for us that our shareholders/partners are fully aware of what they are signing up for, so that no one is negatively surprised and redeems their investments at the worst possible time.

Especially for new shareholders who have joined us via our distribution partners, whom we may not yet have the pleasure to interact with face-to-face, it is important to internalise what this means:

1) **You are buying into a strategy that will feel uncomfortable at times**. A geared (moderate) portfolio that occasionally concentrates in unpopular or beaten-down areas can and will experience drawdowns that may look "too large" relative to broad indices or your other investments. We choose to invest this way because we believe it gives us a better chance of generating outsized long-term returns, and we are willing to live with the volatility that comes with it. (We can't expect to reap the potential returns from buying cheap, unpopular stocks, yet avoid the higher volatility that often comes with them. As we have said before, we would rather earn a bumpy 15% than a smooth 10%.)

2) **The main risk is not volatility itself, but behaviour under stress**. The worst outcome is not a 20% monthly drawdown—it is being forced (emotionally or financially) to redeem when prices are depressed and prospective returns are the highest.

3) Therefore, being "**fully aware and prepared**" means two things: (1) you can tolerate/ignore occasional severe mark-to-market declines without needing to sell, and (2) you accept that returns will be lumpy even if the long-term destination is attractive.

(If you are not comfortable with the above, our fund may not be the right fit for you.)

Of course, believing that the long-term destination will be rewarding requires a high level of trust in us, earned over time through close observation. We therefore welcome interaction and periodic face-to-face meetings with all shareholders (regardless of investment size or whether you invested directly or via our distribution partners). In many ways, this mirrors how we invest. The positions we size the largest, sleep best at night, and importantly, add to during declines, are those with not just strong business economics, but also management teams we have been able to observe closely over many years—and whom we trust to take good care of minority shareholders' interests. (i.e. management teams who make things right when they have gone wrong and dutifully channel the rewards of the business back to shareholders over time through sensible capital allocation policies via dividend payouts and share repurchases.)

In short, we are trying to prevent a common and painful pattern in investing: joining after strong returns, then redeeming during the first scary drawdown. This mistake of buying because something has done well recently and selling at the first sign of price weakness is one your fund managers are no stranger to either.

To guard against this cognitive bias, we have found it useful to keep two principles in mind:

1) Things in markets—as in life—are seldom all good or all bad. While media headlines pound us daily with news of war and high oil prices, the businesses we own continue to improve quietly in ways that rarely make the news. **TSMC** is steadily driving yield improvements in its most advanced nodes through relentless R&D efforts. **Sheng Siong's** management and its staff are working day-to-day on seemingly small details to maintain and better its 30% gross margins: more efficient store layouts, better assortment, and stronger, cheaper in-house brands. These seemingly small incremental efforts (that largely go unreported by the media), compounded over time, are what gradually widen a company's economic moat and ultimately drive meaningful long-term business progress and market value appreciation.

2) In financial markets, opportunity often comes disguised as danger. (Provided one is buying good companies at sensible prices and can stay patient enough.) Resist the temptation to act based on emotions and be willing to appear stupid in front of others as long as you know you are not acting stupid.

Portfolio changes, our analytical process and acting appropriately during the conflict

On our part, we are not advocates of totally ignoring geopolitical or macro events either. (It's easier said than done but the key is not to overreact nor underreact.) While we certainly can't predict macroeconomic events, we do take them seriously when they can materially change operating conditions or alter a company's economics over a sustained period.

Given how uncertain and fluid this current conflict is, we (like almost everyone else) are operating with incomplete information and are making decisions based on probabilities and our best judgement at the time. No one can see the future with certainty; the best we can do is make the most sensible decision with the information available and then adjust our posture thoughtfully as new information surfaces and facts change. As the Chinese saying goes: "摸着石头过河". ("Crossing the river by feeling the stones.")

We thus ask ourselves the following questions to help guide our decisions and remind ourselves to always think and act rationally:

1) Duration: Is this likely a transient shock (weeks/months) or a new operating regime (years)?

2) Sensitivity: If it persists, does it structurally change the business's economics (unit margins, demand, balance sheet risk, competitive moat)?
3) Are we overreacting or underreacting?

Overreacting

- Selling good businesses just because prices fell or scary news flow is loud.
- Treating every macro headline as thesis breaking.
- Making big portfolio changes based on narratives rather than business fundamentals.

Underreacting

- Failing to act when downside becomes asymmetric (e.g. technological disruptions, rising debts, structurally rising input costs coupled with inability to pass through costs.)
- Ignoring a sustained regime change (e.g., government interventions, regulatory shifts) that can permanently lower a company's earnings power.

Significantly reduced two positions

Based on channel checks and our internal assessments, we chose to significantly reduce two holdings that we believe could be directly impacted by a persistently high oil price environment and resulting inflationary pressures: a REIT, and a company with transportation costs forming a large proportion of its daily operating expenses.

We are acting prudently in an environment where interest rates and a key input cost may remain elevated for a sustained period. We hope we are wrong and that both companies continue to scale greater heights in the future and that we may yet have the chance to participate again in their growth. After all, this geopolitical conflict arising into an energy crisis is in no way their fault and both businesses are run by honest and responsible management teams that we admire. (So far in mid-April, stock prices of these two companies have rebounded to levels higher than our average sale prices.)

Long-term investments portfolio

In March, the widespread market volatilities created good opportunities to add to several of our core positions across both buckets, Great Businesses and Great Bargains, and we moved promptly to do so (though in a few cases, we added slightly early into the decline).

We continue to own **Great Businesses** such as TSMC, Tencent, Apple, DBS, KKR, Apollo, CNOOC, Sheng Siong, among others. CNOOC and Sheng Siong delivered strong returns in March, rising 10% and 8% respectively. CNOOC's earnings will naturally benefit from high prevailing crude oil prices, while Sheng Siong tends to be a beneficiary during periods of recessionary fears as consumers trade down in weaker economic environments.

In contrast, KKR and Apollo saw their share prices remain soft amid ongoing negative sentiment surrounding alternative asset managers' private credit exposure and concerns over gating / redemption restrictions. While it is indeed true that many of the private credit funds tailored to wealthy individuals have seen elevated levels of redemptions, thus spurring a number of managers to limit withdrawals to 5%, what may have been under-appreciated is that these same funds are still receiving new inflows, and hence net flows are closer to zero. Importantly, institutional demand for private credit continues to be strong; the noise has largely been around the retail space. The major banks (and BlackRock) that have reported earnings also remained constructive on the sector. In particular, when asked about systemic risk in private credit, Jamie Dimon said that "it almost can't be systemic at that size relative to anything else". We are inclined to agree. The $2 trillion direct lending market is only 3% of total debt outstanding for US households and businesses. In comparison, real estate mortgages were 60% at the peak of the housing bubble in 2006. We believe our entry valuations, at low-teens earnings multiples, offer an attractive entry point over a multi-year horizon, and we added to both positions during the quarter. We also note that KKR's Co-CEOs have made meaningful insider purchases during this period, which we view as an encouraging sign that they are aligned and see value at current price levels.

We have also recently made a small purchase in Microsoft. The stock has sold off, along with the broader software sector, on technological disruption fears that AI could potentially replace all software. We believe that not all software companies should be painted with the same brush. While we acknowledge that AI capabilities released by companies like Anthropic and OpenAI are incredible and will only get better, we think Microsoft's suite of productivity and business software will be further enabled by AI rather than being entirely replaced. Microsoft is deeply entrenched within its customer base, and their ability to bundle products is a moat we believe is under-appreciated. As such, we believe that at 20x PE the stock offers value. We are encouraged by the new E7 bundle that comes with M365 Copilot and will be observing its adoption rate in the coming quarters.

Under our **Great Bargains** category, we invest across a wide range of situations—commodities and cyclicals, deep value, spin-offs, corporate restructurings, turnarounds where losses are narrowing with concrete signs of recovery, and companies benefiting from improving industry demand-supply dynamics.

One notable recent development was that several key suppliers to major global semiconductor equipment manufacturers—companies we track closely in Singapore and Malaysia—have finally signalled concrete signs of order expansion and improving capacity utilisation (after almost 4 years of downturn). This is significant because these businesses tend to have meaningful fixed costs. Once utilisation rises beyond a threshold, incremental revenue can pass through at much higher margins. With clearer order momentum, higher utilisation and operating leverage, we believe the probability of a multi-quarter earnings upcycle has improved, and we have increased our investment commitment in these companies accordingly. (Importantly, the manufacturing operations of these firms have so far been largely unaffected by the Middle East conflict, partly due to lessons learnt during the COVID-19 period. They have since diversified their supply sources and deliberately built greater resilience into their supply chains, which have helped reduce disruption risk in an increasingly uncertain world.)

We also continue to monitor China's residential property recovery closely. In Shanghai, the existing-home market has shown encouraging sales momentum, with March transactions reaching a five-year high. Nationwide, new-home price declines moderated for a second consecutive month in March**,** suggesting the downturn may be stabilising in at least some cities. After multiple rounds of central and local governments' supportive measures, it is likely that Tier 1 cities will lead the recovery, with the rest of the cities improving more unevenly. We have positioned ourselves (for some time now) in companies that should benefit when the cycle turns up, and we will continue to watch developments closely and add selectively.

In certain unique cases, we also find opportunities to buy tomorrow's growth stocks at today's value prices. This can happen when management successfully undertakes a genuine strategic reset (e.g., shifting from asset-heavy to asset-light / solutions-based models, and from cyclical to more secular revenue drivers), or when they execute value-unlocking actions such as disposing non-core assets, returning surplus cash to shareholders, and deleveraging to reduce fragility. We described our thesis on Marco Polo Marine in depth in our 2025 annual shareholder letter. We are also tracking several other promising candidates and have begun investing in some of them. We look forward to sharing updates with you over time as we continue to partner management teams who are willing to "own less, manage more" and commence value-unlocking initiatives.

There will inevitably be setbacks and hiccups along the way. Determination and perseverance will be required from management, while having trust and patience will be required from us.

Active long/short trading

Our trading strategy performed well in the first quarter with gains arising from a variety of positions involving semiconductor, oil and gas, utilities, shipping and shipyards, among others.

Crude Palm Oil (CPO) industry

Particularly in March, our Indonesian CPO planters rallied strongly on the back of firmer crude oil prices and supportive biofuel policy announcements in both the U.S. and Indonesia.

For the first time ever, biodiesel prices in Europe traded at a discount to traditional diesel price in late March. While oil prices were heavily influenced due to the destruction of major energy production facilities in parts of the Middle East and the near total closure of the Strait of Hormuz, the demand and supply of biofuels remained largely stable, as it has its own distinct fundamentals such as vegetable oil supply and government policies. Improving economics coupled with increasing awareness of the importance of energy security has prompted more governments to raise biodiesel blending mandates.

In Indonesia in particular, the announced transition to B50 from B40 from 2H'26 onwards, will further increase domestic palm oil absorption over time, tightening the exportable surplus. (We also note that in mid-April, Malaysia also announced plans to raise its biodiesel blending mandate from B10 to B15 to strengthen energy security, alongside longer-term roadmaps that could accommodate higher blends such as B20 and B30 in the future.) The European commission has also urged its member states to consider the possibility of prolonged disruption to energy supply and encouraged them to explore greater use of biofuels to ease pressure on traditional fuel markets.

Importantly, supply side remains constrained. Across Indonesia and Malaysia (the top two CPO producers in the world), structural factors such as aging trees, softer yields, as well as environmental and policy constraints, labour tightness, and fertiliser-related pressures have limited supply growth.

In our view, the current tighter demand–supply dynamics should help keep CPO prices elevated, which bodes well for established planters with strong execution, consistent production track records, and well-managed cost structures.

As a result, our two holdings performed strongly in March, delivering returns of approximately 22% and 39% respectively in the month. While both now trade at higher valuation multiples (roughly 12x–15x P/E), we are positive on their longer-term earnings potential for reasons mentioned above, and both also still offer around 5% dividend yield even at current prices. As such we look to add opportunistically on share price weakness.

Memory industry

We have also increased our holdings in a leading South Korean memory chip maker during March. While the memory industry is currently enjoying a period of unusually strong profitability, we remain mindful of its historical boom-bust nature: once demand slows, highly commoditised standard DRAM and NAND can quickly swing into oversupply, especially as new capacity comes onstream, leading to rapid ASPs declines and sharp earnings compression.

For this reason, we are paying close attention to negotiations between memory suppliers and hyperscalers around long-term contracting models. Micron recently announced that it has signed its first five-year Strategic Customer Agreement (SCA)—the first such agreement in the company's 46-year operating history.

While long-term contracts are not foolproof as customers may still seek to renegotiate pricing, defer deliveries, or even cancel orders in a downturn, we nonetheless view this as an encouraging sign that the industry may be moving, at the margin, towards better visibility and more disciplined planning.

If longer-duration contracts can become more common (even at average selling prices slightly lower than current spot levels), earnings visibility and stability for memory suppliers could improve meaningfully. Accordingly, capital expenditure and capacity planning become more predictable, inventory management becomes more controllable, and the industry could gradually evolve from a historically volatile cycle into a structurally lower-volatility business, closer in nature to the foundry model today.

If this transition takes hold, we expect earnings visibility to improve materially, allowing us to sleep better with the position and potentially migrate it into our long-term portfolio bucket. (We are focused on safety of principal and long-term prosperity, not one-off exuberance.) Otherwise, the position will remain in our trading bucket, where sizing is more modest and the investment horizon is shorter.

We are actively monitoring AI adoption rates, the unit economics and incremental profitability of AI investments across both hyperscalers and leading frontier model developers (e.g., Anthropic and OpenAI), their resulting capex trajectories, and the implications for the broader semiconductor industry and its supply chain.

In March, we also executed several shorter-term trades to take advantage of elevated volatility. These trades were primarily sentiment and momentum-driven and less fundamentally driven. In any case, the gains from these activities did not 'move the needle' for us.

Late stage, pre-IPO investment

In February, on your behalf, we also entered into a late-stage pre-IPO investment in a local company that is seeking to list on the SGX.

Our default posture toward private investments has always been one of caution. Exit options are limited if our thesis proves wrong, and financial disclosure is typically shorter dated, with less of the long-established, fully audited track record we prefer.

That said, in this case, we find the terms attractive enough to participate for three main reasons. First, the business is relatively asset-light and has demonstrated good returns on capital based on recent results, with an earnings outlook we consider attractive in a growing industry. Second, it is run by a committed and experienced management team. Importantly, this is the same team that previously operated a similar business under another listed company that we have invested in during the earlier parts of our careers, hence giving us a longer history for reference. The funds raised are intended to strengthen the existing moat and expand the current business line. Third, we are investing at mid-single-digit earnings multiple and importantly, structured as a convertible note that offers us a 4% annual yield for a period of two years from our investment date should the IPO fail to materialise.

Even so, we are approaching this conservatively. The total amount that we have committed both at pre-IPO and at the IPO stage are less than 1% of our total assets, effectively "tiptoeing" into this opportunity. On 23rd April, the company has successfully listed on SGX. It will take a few years for management to execute its aspirations for the business, and while we won't know whether our judgement on its earnings power is right or not yet, we now at least have a transparent, publicly quoted stock price.

Flexibility of a global, unconstrained mandate

It's a messy and uncertain world out there—two ongoing wars, the continued threat of trade tariffs, and persistent U.S.-China rivalry, among other risks.

Our global, unconstrained mandate allows us to allocate capital to countries we believe are politically stable and relatively safer. The great businesses we own typically earn revenues from diversified global markets and possess strong, entrenched competitive advantages. They are not easily displaced, and in most cases, geopolitical or macro shocks are more likely to delay their growth, not derail it.

Meanwhile, many of the great bargains we own derive a large portion of their revenues from Southeast Asia and the broader Asia region. This is an area that remains relatively stable, vibrant, and structurally growing. Just as importantly, our proximity to these businesses gives us easier access to management, allowing for more frequent engagement and closer monitoring—a significant advantage in small and mid-caps investing.

Concluding

Over the past two months, almost all members of the investment team made substantial, additional subscriptions to the fund.

We do not know when the current Middle East conflict will truly end—and even if it does, future geopolitical events/macro-driven selloffs are inevitable. What we do know is that we want the fund to maintain as much liquidity and flexibility as possible during downturns: to create a larger buffer against further declines, and to build dry powder for bargain-hunting opportunities.

(On a related note, quite a few of the management teams of our investee companies have taken advantage of share prices declines to add to their own holdings in their listcos. It has always pleased us to see management teams make insider purchases. When the purchases are meaningful relative to their personal wealth or annual compensation, it often signals a long-term mindset and continued confidence in the company's future.)

Quite a few existing investors have also stepped up with additional subscriptions. Often, the best investments are made during the scariest of times when an investor accepts that conditions may well deteriorate further in the near term yet recognises that the valuations of decent-quality businesses are becoming attractive over the long run. (At one point, headlines were even warning that the entire Iranian civilisation of 5,000 years was at risk of being wiped out, an illustration of just how extreme narratives can be.)

After all, it's usually futile to try to buy at the absolute bottom and sell at the absolute peak. What counts is accumulating enough of the right holdings at a decent average purchase price and holding long enough to reap the full potential of the underlying businesses.

Thank you for reading.

We will continue to invest your funds carefully and keep overall fund expenses low.

Greg,

On behalf of the AGT team

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