

Dear Partners,

After running the fund for slightly over 6 years, we have produced an average compounded growth rate of around 20% per annum.

By sharing our portfolio, we aim to demonstrate that our fund's success was not the result of a single lucky bet. Rather, our performance was driven by an accumulation of thoughtful investment decisions that, when combined, produced a strong performance for the entire fund. We believe this strategy is both repeatable and scalable.

Our Investment Track Record: A Total of 22 Realized Bets

Performance of All Realized Investments (Jan 2019 – Dec 2024)						
Symbol	Quarter 1st Owned	Quarter Sold	Holding Period (Days)	Holding Period (Years)	IRR	Investment Multiple
SPOT	Q4 2022	Q3 2024	630	1.7	132%	4.27
BBBY	Q2 2019	Q1 2021	581	1.6	216%	2.65
VIAC (PARA)	Q2 2019	Q1 2021	343	0.9	268%	2.61
HRB	Q3 2020	Q2 2022	664	1.8	67%	2.55
META	Q1 2022	Partial sold as of Q4 2024	930	2.5	60%	2.48
WFC	Q1 2020	Partial sold as of Q4 2024	1762	4.8	34%	2.14
SIG	Q2 2019	Q1 2021	693	1.9	87%	2.02
FL	Q3 2023	Partial sold as of Q4 2024	496	1.4	30%	1.43
SRG	Q1 2022	Q3 2022	188	0.5	71%	1.32
GSK	Q1 2021	Q1 2024	1046	2.9	10%	1.28
GTx	Q3 2023	Q3 2024	338	0.9	28%	1.26
VFC	Q2 2024	Q3 2024	96	0.3	121%	1.23
FL	Q1 2022	Q3 2022	175	0.5	44%	1.19
HUYA	Q1 2022	Q1 2024	714	2.0	13%	1.16
BIDU (9888)	Q2 2019	Q4 2022	1254	3.4	1%	1.03
9888 (BIDU)	Q2 2021	Q2 2023	771	2.1	4%	1.02
1910	Q2 2019	Q4 2019	214	0.6	2%	1.01
UAA	Q4 2022	Q4 2023	403	1.1	1%	1.01
FDX	Q1 2020	Q1 2020	21	0.1	26%	1.01
9888 (BIDU)	Q2 2024	Partial sold as of Q4 2024	194	0.5	-3%	0.99
ASC	Q2 2023	Q4 2024	495	1.4	-2%	0.97
PARA (VIAC)	Q2 2021	Partial sold as of Q4 2024	1359	3.7	-21%	0.75

*VIAC became known as PARA later on; and we eventually swapped BIDU (Listed on NASDAQ) for 9888 (Listed on HKSE).

Our Investment Track Record: 22 Realized Bets, 18 Companies

Performance of All Realized Investments (Jan 2019 – Dec 2024)				
Symbol	Quarter 1st Owned	Quarter Sold	IRR	Investment Multiple
SPOT	Q4 2022	Q3 2024	132%	4.27
BBBY	Q2 2019	Q1 2021	216%	2.65
HRB	Q3 2020	Q2 2022	67%	2.55
META	Q1 2022	Partial sold as of Q4 2024	60%	2.48
WFC	Q1 2020	Partial sold as of Q4 2024	34%	2.14
SIG	Q2 2019	Q1 2021	87%	2.02
FL	Q1 2022	Partial sold as of Q4 2024	34%	1.33
SRG	Q1 2022	Q3 2022	71%	1.32
GSK	Q1 2021	Q1 2024	10%	1.28
GTX	Q3 2023	Q3 2024	28%	1.26
VIAC / PARA	Q1 2020	Partial sold as of Q4 2024	157%	1.25
VFC	Q2 2024	Q3 2024	121%	1.23
HUYA	Q1 2022	Q1 2024	13%	1.16
BIDU / 9888	Q2 2019	Q2 2023	2%	1.02
1910	Q2 2019	Q4 2019	2%	1.01
UAA	Q4 2022	Q4 2023	1%	1.01
FDX	Q1 2020	Q1 2020	26%	1.01
ASC	Q2 2023	Q4 2024	-2%	0.97

Examining the Data:

The tables above detail every stock trade that we've realized since 2019. The corresponding gain or loss is shown as an **Investment Multiple** in the last column. This multiple indicates how much we received for every \$1 invested in a company:

- For Spotify (SPOT), we received a total of \$4.27 for every \$1 invested, generating a profit of \$3.27.
- For Viacom/Paramount (VIAC/PARA), we received \$0.75 for every \$1 invested, resulting in a loss of \$0.25.

In any given stock, we typically take time to build our position, and we may buy or sell portions of our stake depending on price levels. The **IRR** provides an insight into the timing of these cash inflows and outflows.

Some additional points:

- We have bolded the 18 companies that we invested in.
- We repurchased some companies after previously exiting, making a total of 22 bets.
- 3 out of those 22 bets incurred losses (shown in red).
- The results reflect only capital gains/losses and excludes the dividends we received.
- Every position usually ranges between 5-15% of AUM.
- The table excludes any of our live positions where we have not sold a single share (and thus not yet realized).

Interpreting the Data:

There are a few things that stand out:

- We've made very few trades.
- We've made very few mistakes.
- Our mistakes are relatively controlled.

We don't believe this was the result of luck.

Even when we account for our Spotify investment, which generated the highest investment multiple for our portfolio, the bet size was only around 5% of our AUM so this single bet did not drive the returns of our entire portfolio. This point is worth emphasizing because we firmly believe that successful investing isn't about a single standout trade. It's about having a strategy that we can execute *consistently* for years to come.

Our Strategy is Clear and Simple:

- 1) Look for companies we can understand
- 2) Attach a value to the business
- 3) Purchase only when the stock price falls below the value of the business

As investors in public companies, we are committing today's capital with the expectation of receiving a greater return in the future. Our objective is not only to estimate the amount of cash flows we may receive, but also to assess the likelihood of those cash flows materializing.

To achieve this, we focus on understanding the business economics of the company, and we try to gauge if the economics will continue to hold true for the next 5-10 years. If we can't do that, then it's impossible to attach a value to the company—at least for us anyway. Once we can value the business, the next step is simple: Patiently wait for the chance to strike—again, simple but not easy.

While some skilled business analyst can effortlessly analyse multiple industries and maintain an extensive list of stocks to pick from, we recognize that we're not quite there yet—and that's perfectly fine. Our stock universe may be smaller, but even within that smaller universe, there are still valuable opportunities to explore.

After 6+ Years of Testing Our Strategy:

Truly understanding the business economics of any company requires intensive study of not only the actual business, but also its competitors, suppliers, customers, and the broader industry. While these factors provide valuable context, macro shifts can still drastically change the business landscape. To build real conviction, we must grasp how these forces interact and how they might evolve over time. Rapid change will render even the most thorough research obsolete—this is why we look for simple businesses.

Our research can often take several months, and even after we are comfortable investing, we must consider the price of the business. Determining the intrinsic value is one thing; making prudent investments is another. We only commit capital when we can buy the business at a price below its intrinsic value. Very few companies meet the stringent criteria we set.

That is why make so few bets a year.

In fact, after over 6 years, we realized a total of only 18 companies, and out of the 18 companies, only one company (ASC) resulted in a net loss of approximately 3%. And since we typically maintain a portfolio of 10-20 stocks, that single realized loss cost us only around 0.1% to 0.2% of our *total* AUM. Our entire portfolio is constructed with these types of asymmetric bets in mind—heads we win, tails we don't lose much. The hunt might take a while, but we think these opportunities are well worth the wait!

A Wonderful Business at a Fair Price or a Fair Business at a Wonderful Price

Everyone wants to own a piece of a wonderful business. Many analysts highlight the qualities of wonderful businesses and how these companies will dominate their industries *for years to come*. While it's easy to point out these well-studied ideas, the problem is, there are many who are also aware of them. This knowledge in turn creates a higher demand for the wonderful business, which in turn pushes the prices up even further.

The challenge isn't just finding the wonderful business—it's making sure you don't overpay. A slight premium might still work out over the long run, but only if one key assumption holds: the company's competitive position and business economics must also hold true over the long run. While we have had some success picking these wonderful businesses, we continue to remain humble in our forecasting abilities over long periods of time.

Out of the 22 investments we realized, only a small minority could truly be classified as wonderful businesses. For most of our investments, we acquired fair to good businesses at, what we considered to be, wonderful prices. Many of these companies or industries were facing headwinds at the time of our purchase so the demand (and price) for them was lowered. The heightened uncertainty might inflate the perception of risk, but there's a distinction between uncertainty and the risk of losing capital—our foremost priority is safeguarding against the latter.

We don't invest hoping the company or industry will experience a miraculous turn around—that's far too risky. Instead, we focus on identifying businesses where the fundamental drivers are still intact and/or we try to evaluate if the company has sufficient assets to cover

our investment cost. In other words, even in the worst-case scenario, we think there is still a good chance we can recover our original capital. And if things improve or the company does turn around, we're also rewarded nicely due to our attractive purchase price.

That is why our mistakes remain small and relatively controlled.

Curiosity and Patience: An Advantage We Can Rely On

Investing in public equities might come with inherent uncertainties, but it also provides an opportunity to freely participate in the growth and success of diverse businesses. Our intensive focus on minimizing the downside risks might take a lot of time and work, but this strategy has served us well over the past 6 years.

There is simply no substitute for thorough due diligence, patience and discipline. We may spend months researching a company only to walk away because we don't fully understand the business or the price was simply too high—and that's perfectly fine! We learn a little bit about the company, and we move on to the next one.

Our curiosity fuels our research, but discipline and patience dictate when we invest. These are dependable traits that are well within our control. It is only with a thorough understanding of our investment that we can remain calm during market turmoil; you simply cannot outsource this. We'll continue to stick to what we know, and we leave the moonshot jackpots to the lucky few; after all, someone has to fund the next bubble—might as well not be us!

Once again, a big thank you to all our partners and stakeholders who have joined us for this ride.

Cordially,



Frederick Tye
31st March 2025