

# MS CAP

## MUSTARD SEED CAPITAL

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### Important Notice

(as of September 2025)

Mustard Seed Capital successfully launched earlier this year with strong support from our first group of investors. Since then, we have updated certain terms and presentation details to reflect current practice and market conditions.

The enclosed brochure (dated February 2025) is provided primarily to illustrate our investment philosophy, approach, and historical track record. Please note:

- **Fees and minimum investment amounts**

These details are not published in this brochure. Current terms are set out in the Official Investment Management Agreement, which is provided at the time of subscription.

- **Benchmarks**

For performance comparisons, we use publicly traded ETFs (SPY for U.S. equities and URG for global equities). These serve as practical proxies for broad markets and help avoid potential copyright or licensing issues that can arise when reproducing proprietary index names

For the latest terms and official investment documentation, please contact us directly.

# MSCAP

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27<sup>th</sup> February 2025

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This brochure provides information about the qualifications and investment practices of Mustard Seed Capital. The information is intended only for Accredited Investors and Institutional Investors. If you have any questions about the contents of this brochure, please contact us using the contact information above.

## Welcome To Our Fundraising Deck!

They say every fundraiser starts with the 3 F's—friends, family, and a few brave fools. Honestly, I'm just grateful to have had such great company on this journey thus far. Jokes aside, I know that the bulk of our first investors will come from friends and family, and I couldn't be more thankful for all your support.

I hope you have read the past couple of annual letters, which can be found on our website. I've tried my best to cover some of the key areas of the fund management business and how I would like to run our operations.

When setting up our investment management operations, I've thought long and hard about how to structure our partnership. If the positions were reversed, how would I like to be treated? There are two important points that kept coming up:

1. What type of returns can our investors expect and what are the risks?
2. What will it cost our investors?

For those questions, I can't provide a simple answer, but I'll do my best to give you the information needed to make a well-informed decision. I hope to explain our approach thoroughly so you can understand both the potential returns and the risks involved.

### **What type of returns can our investors expect and what are the risks?**

Over the past 6 years, I've delivered an annual return of around 20% for our fund, MSCAP. Throughout this period, our portfolio has typically maintained a cash balance of around 20-40%. Since the cash was invested in treasuries yielding around 2-4% per annum, it's fair to say that this conservatism has weighed down the overall fund performance. However, the advantage of focusing on asymmetric bets is that when they do materialize, their impact is often so substantial that it lifts the entire portfolio. Opportunities like that are rare, but I've found them to be available during most market periods.

By sticking to this approach, I've been able to identify at least one stock per year that has delivered returns of 3-5x our original investment. Although we cannot predict with certainty how a bet will unfold, we recognize the rarity of such opportunities and typically allocate between 5-15% of our portfolio AUM to each bet. The asymmetric bets that pay off, are the primary drivers of our portfolio returns. We strive for some diversification to cushion our mistakes, but concentration is crucial if we are to benefit from these rare opportunities. Not surprisingly, most of these bets we make come from "boring" industries or lesser-known companies, rather than the high-flying tech or AI-driven stocks like Nvidia or Tesla. In fact, I tend to avoid most of these popular names because I don't believe I fully understand their business models or the underlying economics that drive the business' cash flows.

Because of this stringent approach, I make few and infrequent bets throughout the year. This is also part of the reason for our high cash balance. To clarify, maintaining a cash balance is not a goal in itself—it's simply a byproduct of my inability to find opportunities where I believe the odds are strongly in our favour. Another result of our stringent approach is that we tend to make fewer mistakes, and if we do, the mistakes are often small. To date, there has been no significant realized loss, and also, no unrealized loss

that exceeds 3% of our current AUM. As I've mentioned before, I'm deeply aware that all the capital we manage is hard-earned, and as such, I will always prioritize capital preservation over capital gains.

To address the original question:

Beating the market is challenging, and very few professional managers have done so *consistently*. Historically, the market has delivered about 10% per year over the long term. My goal is to deliver around 12% annually after fees. While I have every intention of exceeding this target, I've emphasized before that our partnership is like a financial marriage—lasting success comes from setting the right expectations from the start.

I wish I could give a simple answer or quantify the risk we undertake, but I just can't. Investment in single stocks can be a risky endeavour, but we hope to significantly reduce this risk by doing thorough due diligence before every investment. I hope we never pick a dud, but even as a betting man, I wouldn't take those odds.

Our approach of investing in medium to large companies in developed countries while maintaining some level of diversification (averagely 10-20 stocks), should drastically reduce the risks of significant capital loss. Even after our highly disciplined and stringent approach, we will still make mistakes. However, I think the risk of having it significantly affect our overall portfolio should be relatively low.

Finally, given our minimum ticket size, I plan to invest at least SGD \$1,000,000 alongside our investors. While this doesn't guarantee any sort of returns, I believe it demonstrates the level of conviction we have in our strategy and it also ensures our incentives are closely aligned with yours.

### **What will it cost our investors?**

In our FY23 letter, I've provided a comprehensive breakdown of the various costs involved in running an investment operation. A large part of expenses goes towards non-investment related administrative items like KYC, compliance, audit, fund administration etc. After the recent billion-dollar laundering case in Singapore, the Singapore government and MAS (Monetary Authority of Singapore) has also tightened governance further which has only increased the annual cost of maintaining a capital markets license to operate a fund in Singapore.

After evaluating several options, I've determined that the most cost-effective way to operate our operation is by offering investment services through Separately Managed Accounts (SMAs). In this structure, investors will appoint our MAS-licensed fund to professionally manage their portfolios, and the fund will then appoint me to personally oversee the management of each investor's portfolio. I will then essentially manage each investor's portfolio by mirroring all our investments. There are some inefficiencies that I will have to deal with, but the key functions will still be there. More importantly, this allows us to keep the costs as low as possible. That said, even with this simplified structure, the costs will still run in the tens of thousands annually!

In deciding what will be the ideal fee structure, I drew a lot of inspiration from the original Buffett partnership. After careful consideration, I decided that the most straightforward and fair approach was to implement the below:

1. 0% Management fee
2. Our performance fee terms are set out in the Official Investment Management Agreement.
3. High watermark

The main intention was to align our incentives as much as I could. Under this fee structure, I will essentially bear all the annual running costs of our operation, and I only earn a fee *if (and only if)* our investor's financial position has improved. In addition, after comparing this structure to many common fee structures, I think this fairly compensates both parties. I've posted a simple excel file that details different fee structures. You can access it on our website. Feel free to play around with the different variables.

I am keenly aware that our first investors will primarily be friends and family. The reality is, the higher the fees our fund charges, the lower your returns will be—and the more pressure I'll face to deliver exceptional performance. That's not the kind of dynamic I want to establish. I've chosen to keep the fee structure straightforward and as fair as possible because I believe this approach aligns our interests for the long-term.

In closing, I can't promise specific returns or guarantees that we will be able to avoid permanent capital loss. What I can assure you is that I've structured this partnership with your best interests in mind, aligning our goals and incentives from the start.

Our approach is one that is grounded in trust, discipline, and a long-term perspective. While no investment is without risk, my focus remains on capital preservation, identifying high-conviction opportunities, and navigating the market with care and patience.

Much like our commitment to the companies we invest in, we are in this for the long haul. Thank you for your trust and support—this journey wouldn't be the same without it.

Cordially,



Frederick Tye  
27<sup>th</sup> February 2025

*P.S. If you're keen to make an investment, do reach out to us. The Official Investment Agreement will be sent after our fundraising target has been achieved.*

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## Executive Summary

Frederick Tye is the current CIO and investment manager of Mustard Seed Capital, a fund established to manage personal and family investments in public equities. After establishing an investment record over 6 years, achieving a compounded growth rate of around 20% per annum, Frederick is offering investment services to accredited investors and institutional investors.

The current investment offering is for Separately Managed Accounts that will be managed by Frederick Tye as a portfolio manager under Galilee Investment Management Pte. Ltd., a Licensed Fund Management Company (LFMC) by Monetary Authority of Singapore (MAS).

The Investment Manager	Frederick Tye is the current CIO and investment manager of Mustard Seed Capital.  Mustard Seed Capital is a private fund established to manage personal and family investments in public equities.
The Appointed Fund	The appointed fund Galilee Investment Management Pte. Ltd. will manage and transact on behalf of the investor.  Henceforth referred to as “The Fund”.
Separately Managed Accounts	Under Separately Managed Accounts (SMA), the investor’s account will be under the investor’s individual name, and the investor will nominate The Fund to trade on the investor’s behalf.
Investment Objectives	The Fund will seek to earn above market returns and long-term appreciation by investing principally in public equities of U.S. and non-U.S. companies.
Investment Strategy	<ul style="list-style-type: none"><li>• Long-only public equities</li><li>• 10-25 stocks</li><li>• Primarily medium to large cap equities</li><li>• No shorting</li><li>• No leverage</li><li>• No derivatives</li><li>• Only cash-secured options</li><li>• Fixed-income treasuries or equivalent</li></ul>
Investor Suitability	The Fund is intended solely for Accredited Investors (AI) or Institutional Investors.
Investment Management Fee	<ol style="list-style-type: none"><li>1. Management fee = 0%</li><li>2. Our performance fee terms are set out in the Official Investment Management Agreement.</li><li>3. High Watermark</li></ol>

Fund Expenses	<ul style="list-style-type: none"> <li>• The Investor is responsible for all transaction related expenses.</li> <li>• The Fund is responsible for operation expenses including platform fees, license fees, and other operation expenses including database subscriptions.</li> </ul>
^Redemption or Addition of Investment Interests	<p>Additional subscriptions may be made on a monthly basis, subject to acceptance by the Manager.</p> <p>Redemptions may be requested at any time, provided that the Investor submits a minimum of <b>90 days' written notice</b> to the Manager. This notice period is required to facilitate the orderly liquidation of assets and execution of the redemption.</p>
Reports	The investor will be able to retrieve reports directly from his/her own Interactive Brokers account.
Risk Factors	An investment in The Fund involves significant risks and is suitable only for a person that can bear the economic risk of the loss of its investment. There can be no assurance that the Investment Funds will achieve their investment objectives
Appointed Brokerage	Interactive Brokers LLC

## The Investment Manager

The investment manager for the Separately Managed Accounts is, Frederick Tye.

Frederick Tye has been managing private funds for himself and his family since 2017. The fund's official performance has been tracked since 2019. From 2<sup>nd</sup> January 2019 till 26<sup>th</sup> Feb 2025, year to date (YTD), the fund has achieved a 20.10% compounded growth rate.

Frederick Tye graduated from the University of Southern California with a bachelor's degree in Business Administration. He has worked as an Analyst at Blue Edge Advisors, a Singapore-based hedge fund.

Currently, he serves as executive director of Embassy Freight Services Pte. Ltd., a private logistics company with global operations in more than 60 cities. In addition, he also currently serves as Independent Non-Executive Director, and is a member of the audit committee of Omnibridge Holdings Ltd, a public company listed on the Hong Kong Stock Exchange. The company provides HR and recruitment services to private and public sectors in Singapore and Hong Kong.

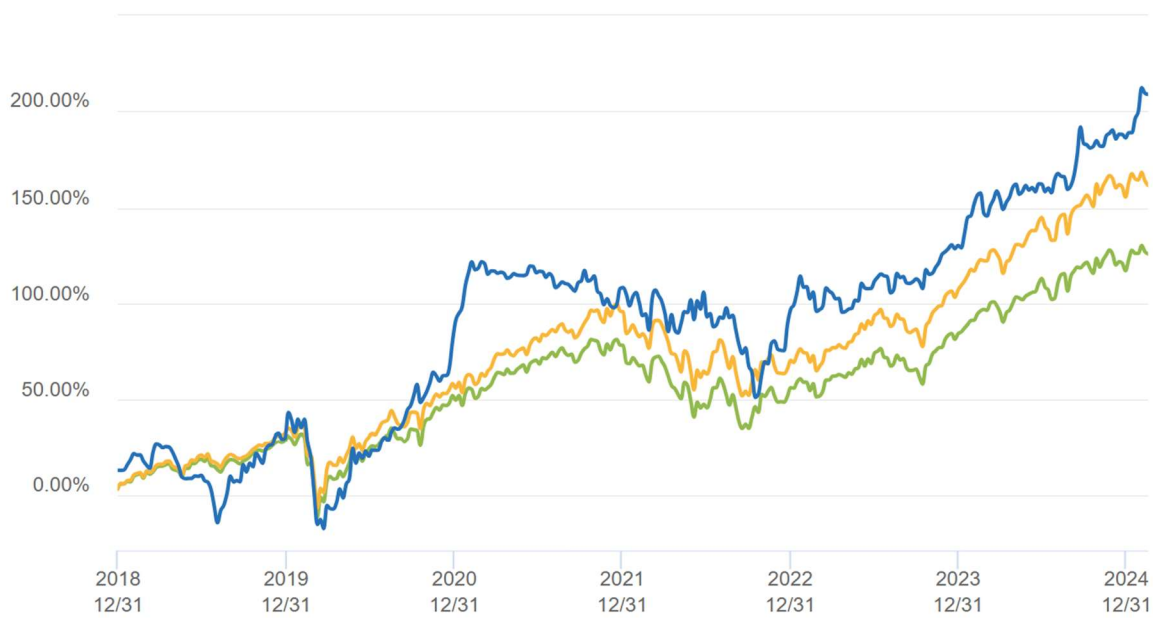


The unaudited fund's record as generated by the brokerage are below:

	Cumulative Returns (%)			Annual Returns (%)		
	U.S. Equity ETF (SPY)	Global Equity ETF (URTH)	Mustard Seed Capital (MSCAP)	U.S. Equity ETF (SPY)	Global Equity ETF (URTH)	Mustard Seed Capital (MSCAP)
Currency	USD	USD	SGD	USD	USD	SGD
2019	31.22	28.14	33.22	31.22%	28.14%	33.22%
2020	55.33	48.35	66.45	18.37%	15.77%	24.94%
2021	99.98	81.40	99.46	28.75%	22.28%	19.83%
2022	63.64	48.82	75.60	-18.17%	-17.96%	-11.96%
2023	106.50	84.49	130.58	26.19%	23.97%	31.31%
2024	157.89	118.93	187.77	24.89%	18.67%	24.80%
YTD Feb 2025	161.48	125.84	208.82	1.39%	3.16%	7.31%
<b>Annualized</b>	<b>16.90%</b>	<b>14.15%</b>	<b>20.10%</b>	<b>16.90%</b>	<b>14.15%</b>	<b>20.10%</b>

## Cumulative Benchmark Comparison

2019-01-02 to 2025-02-26



Date

■ URTH %

■ SPY %

■ MSCAP %

## The Appointed Fund

The appointed fund to conduct investment management services is Galilee Investment Management Pte. Ltd. The Fund has been issued a Capital Market Services (CMS) license from Monetary Authority of Singapore (MAS) and is a registered Licensed Fund Management Company (LFMC).

All transactions will be between the investor and the appointed fund.

## Separately Managed Accounts (SMA)

- Under the SMA structure, the investor will create an Interactive Brokers account under the investor's name.
- The investor will then appoint The Fund to manage the investor's portfolio.
- The Fund will appoint the Investment Manager (Frederick Tye) to manage the investor's portfolio.
- The Fund will have control over investment decisions and will execute trades on behalf of the investor.
- Withdrawals and deposits are controlled by the investor
- Performance fees will be automatically deducted based on the mutually agreed structure

## Investment Objectives

The Fund's principal operation will be investments in public equities. Our objective is to deliver the investor above market returns, but this is by no means guaranteed. As the market has compounded at around 10% annually over the long term, our objective is to deliver around 12% to our investors after fees. Over the long term, we believe this will produce significant excess returns for our investors.

*From our FY23 letter, what a small 1 or 2% does over a long period:*

<b>Initial Sum:</b>	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Annualized return:</b>	8%	9%	10%	11%	12%	13%	14%
<b>After 10 years</b>	\$215,892	\$236,736	\$259,374	\$283,942	\$310,585	\$339,457	\$370,722
<b>After 20 years</b>	\$466,096	\$560,441	\$672,750	\$806,231	\$964,629	\$1,152,309	\$1,374,349
<b>After 30 years</b>	\$1,006,266	\$1,326,768	\$1,744,940	\$2,289,230	\$2,995,992	\$3,911,590	\$5,095,016
<b>After 40 years</b>	\$2,172,452	\$3,140,942	\$4,525,926	\$6,500,087	\$9,305,097	\$13,278,155	\$18,888,351

## Investment Strategy

Our primary objective will always be capital preservation instead of capital appreciation.

We aim to maintain a portfolio of 10 to 25 stocks at any given time, balancing diversification with the advantages of concentration. The majority of our positions typically represent 5% to 15% of our assets under management (AUM). By focusing on medium to large cap equities in developed markets—without employing leverage, shorting, or using derivatives—we significantly mitigate the risk of any substantial permanent capital loss.

Any cash balance will be held in fixed-income Treasuries or equivalent instruments. While these may not offer the highest yields, we prioritize liquidity to ensure we can act swiftly when compelling investment opportunities arise. We place a greater emphasis on minimizing opportunity cost rather than chasing a few additional basis points in yield.

## Investor Suitability

As we are performing a regulated activity within Singapore, our fund's CMS license allows us only to accept investors who are Accredited Investors (AI) or institutional investors.

An AI is defined as:

- Minimum income of SGD \$300,000 in the last 12 months (or its equivalent in a foreign currency); or
- Net personal assets exceeding SGD \$2 million, of which the net value of your primary place of residence can only contribute up to SGD \$1 million; or
- Net financial assets exceeding SGD \$1 million (or its equivalent in a foreign currency); or
- Hold a joint account with an Accredited Investor, in respect of dealings through that joint account.

## Investment Management Fee

Our fee structure is designed to align our interests with those of our investors:

- **Management Fee: 0%** – We do not charge a fixed fee for managing our investor's capital. This means we only make money if we generate positive returns for our investors.
- **Performance Fee:** – We only charge a performance fee. This ensures that our success is directly tied to delivering strong performance for our investors. Performance fee terms are set out in the Official Investment Management Agreement.
- **High Watermark** – We only charge a performance fee on new profits. If the fund declines, we must recover losses before earning fees again. This ensures that our investors are not charged for poor performance and only pay us when their investments reach new highs.

## **Fund Expenses**

The only additional fees that the investor pays are trading fees for transaction related costs. We believe these fees are minimal as our appointed brokerage Interactive Brokers charges very low trading costs and charges very low commissions as well; furthermore, we do not trade regularly. Our estimates are the total costs will probably be less than \$100 for a portfolio size of \$100,000.

Ultimately, these fees are deducted first, and only after that is our performance fee calculated. In short, this expense is already accounted for, and the investor pays us only for profits in excess of the original net asset value, or investment sum of \$100,000.

## **Redemption or Addition of Investment Interests**

We allow additional investments to be made monthly, subject to the Manager's acceptance. Redemptions may be requested at any time, but require 90 days' written notice to the Manager to ensure an orderly and responsible liquidation process. We are seeking long-term investors, so we strongly encourage you to only invest capital that you can allocate for the long term. Please do not invest funds that you may need in the near future.

Ideally, we would like capital to remain invested for 3–5 years, but we also understand the importance of flexibility and liquidity for our investors. While you will always retain full control over your account—since the portfolio is held in your name—we ask that investors honor this approach. We may decline future subscriptions from those who do not respect these terms, as maintaining investor discipline is key to long-term compounding.

This philosophy is echoed in one of our favorite lessons from legendary fund manager Peter Lynch:

Peter Lynch's Fidelity Magellan Fund delivered an outstanding 29% annualized return from 1977 to 1990. However, the average investor earned just 7%, far below the fund's performance. This was due to poor timing—investors bought high and sold low, reacting emotionally to market swings instead of staying invested. Lynch emphasized patience, as long-term investors benefited the most.

## **Minimum Investment Sum**

Minimum investment commitments are set out in the Official Investment Management Agreement. We encourage investors to commit only capital that they can set aside for the long term.

## **Reports**

The investor will have full access to all of Interactive Brokers (IBKR) reporting functions. These reports can be generated at any time within the IBKR portal.

## **Risk Factors**

Investing in the fund involves risks, including the permanent loss of capital. Past performance is not indicative of future results. Market fluctuations, economic conditions, and other factors may impact returns. The fund does not use leverage, shorting, or derivatives, but there is no guarantee against losses. Investors should consider their risk tolerance before investing.

## **Appointed Brokerage**

Our appointed brokerage is Interactive Brokers LLC. We believe they offer good functionality to manage Separately Managed Accounts and charge low fees, which we believe is crucial to our operations.

While IBKR is a well-established broker, we do not control its operations, and there are risks associated with execution, custody, and platform availability. Investors should be aware that brokerage-related issues may impact trading and fund performance.