

Dear shareholders of the fund,

%	AGT (Nett)	HSI	S&P 500	NAV/Share
2019	98.4%	11.0%	30.0%	198.4
2020	137.5%	-3.8%	16.3%	471.2
CAGR - 2019 – 2020	117.1%			
Overall gain - 2019 - 2020	371.2%			

The serious negative economic impacts from a once-a-few decades pandemic shook the financial markets like a severe earthquake. In March 2020 alone, S&P 500 suffered a decline of 30%. The fastest and swiftest decline ever recorded. Decisive monetary policies by major central banks and effective fiscal policies undertaken by most countries worldwide arrested the decline and by 4Q2020 major equity indexes have either substantially recovered most of their year declines or already surpassed pre-covid levels. Gains were predominantly led by companies broadly speaking in technological fields and selling tangible consumers related goods. On the other hand, companies in travel, F&B, retail and commercial offices landlords were severely lagging.

In periods of extremely high near-term uncertainty, your fund managers have positioned ourselves not based on where we think broad equity market indexes will perform (A feat we doubt anyone can perform consistently), but based on which industries and where tailwinds or headwinds will likely be. I.e. making industry bets

We wished that we could have told you we acted decisively from the start of the crisis, but the reality of the situation then was too uncertain. We slowly allocated our funds to medical equipment producers, personal protection equipment manufacturers etc. Even though these are by and large companies selling commodity-like goods and with no structural competitive advantages and hence low pricing power to speak of, we bought them cautiously with no intention of holding them for long horizon. Nonetheless we figured that demand for their products will heavily outweigh existing supply (had been low for many years) and that their starting valuation points are low.

Next, we also made investments in various companies involved in semiconductors manufacturing. (Working for home seems the only viable solution before any vaccine were readily available, hence the increases in demand for computers and servers etc). Here we can sleep a little better knowing that while semiconductor industry typically face short term cyclicity factors, its long term secular demand trends seem quite intact.

We also had an opportunity to make two important investments, the first being a Singapore listed supermarket known for good locations and cheap prices and second being a Hongkong-listed, China dominant e-commerce platform (Network economics effect). Here we are much more positive about the long-term earnings power of these two companies and are happy owning both companies for a considerable period.

Throughout the whole year, we managed to also put on trades that seek to capture opportunities driven by broad market volatility. Gains came from generally shorting weak quality companies with underlying business conditions impacted by the pandemic and possible result weak economic environment (Airlines, Oil & gas, retail and commercial landlords etc.)

In all, both our long-term investments and trades performed beyond our expectations and as a group displayed share price returns ranging from good to tremendous. The fund generated returns of XX% nett of all fees for the year. We remain vigilant on the opportunities and risks that this set of challenging times may bring us and will act accordingly to good investing principles and risks management.

Moving forward, we intend to allocate a considerable amount of our funds to investing in good quality companies with growth potential and will start segregating our fund's performance based on Long only strategy and Trading strategy.

Being the first letter addressed to shareholders, we will like to spend more time describing our strategies, backgrounds and corporate values.

## **Investing principles and guidelines**

While we do not have any strict do's and don'ts, and evaluate each investment on a case by case basis, we generally tend to favour the following

- A business that is simple to understand and has favourable medium to long term prospects.
- Possess certain structural competitive advantages that gives it the ability to earn good returns on capital for a considerable period.
- On top of that, we need the business to have good growth potential and hence able to reinvest its earnings at the similar good rate of return on capital.
- Ideally the business should be managed by competent managers with a minority shareholders' friendly mindset and own meaningful stake in the company themselves.
- Finally, no matter how attractive the investment, it is not worth an infinite price. We seek to purchase at reasonable valuations.
- We tend to bet heavily when we manage to spot the above
- We do not make economic predictions. We do try to make business predictions, over a period of time.

We tend to steer clear or put on shorts on the following:

- Commodities-like businesses that are deeply cyclical in nature.
- Low returns on capital business that have no visible prospects of improvement.
- Highly geared businesses

## **About us**

We are a fund management company focusing mainly on Asia Pacific equities. We are an absolute returns fund and moderate amount of gearing is employed in the fund strategies. Currently we have two main strategies, Long only investing, Long/short trading. Our team currently consists of 7 investment professionals working in various functions of Portfolio managers, traders, and research analysts.

## **Our background**

Avrian, Timoty and I have been working together as a team since 2008. We each started our careers as proprietary traders for the securities division of an investment bank, focusing on trading Singapore equities. After almost 6 years, we moved to a fund management company specialising in bottom-up stocks picking, focusing on regional equities. In Jan-2016 we started an investment holding company and in Feb-19, we registered ourselves as a fund management company (RFMC) under MAS regulations and guidelines.

## **Corporate values**

We strongly believe in the benefits of long-term compounding, and this guides our investing process. A million compounded at 12% per annum for 20 years grows to almost \$10mln, but it grows to \$30mln if you compound at same rate for an additional 10years.

We keep corporate expenses low. No expensive office locations, no high commission rates paid to brokers, no excessive fees paid to various fund's intermediaries (Fund administrators, lawyers, accountants, auditors etc)

We seek to attract the right talent to join us and retain them for a long time. Talent being defined as Smart (and yet do not think or behave as such) and hardworking individuals who can function effectively as a productive team

We eat our own cooking. Each of the three of us have more than 90% of our net worth in this single fund and we **DO NOT** have any executive directorships nor significant economic interests outside of AGT partners. Overtime each employee is also strongly encouraged to invest alongside fund's investors for total interests' alignment.

We spend minimal time/amount in marketing/advertising related expenses as we strongly prefer to let numbers speak for themselves.

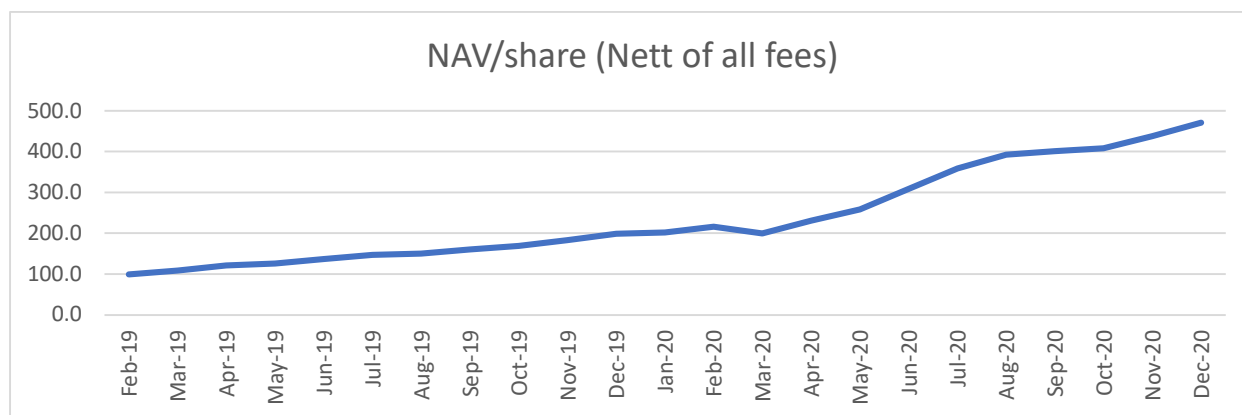
Thank you and I look forward to writing to you again.

Greg, on behalf of Avrian and Timoty

### **Historical performance (Nett 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%

### **Net asset value/share (Nett 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.

### **Disclaimers**

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- 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.

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