

OVERLOOK INVESTMENTS LIMITED

Ivey Value Investing Conference
April 2022



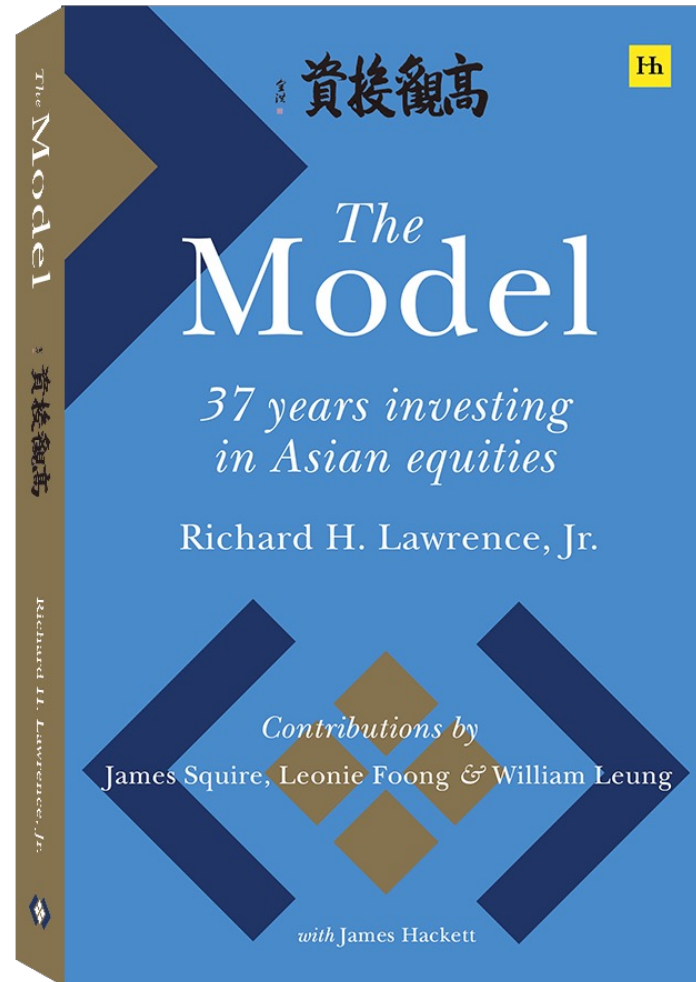
THE OVERLOOK PARTNERS FUND, L.P.

▶ The Overlook Model

“Buy some stocks and wait for them to go up, and then sell them. If they don't go up, don't buy them.”

— Will Rogers

The Model: 37 Years Investing in Asian Equities



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Valuation Equations

- **Investing is an Art**
- **However, Equations can Provide Benchmarks**
 - Red, Yellow and Green Lights
- **Great Equations Incorporate Critical Components of Stock Picking**



The Greatest Equation of All Time

The DuPont Equation



Donaldson Brown (1885-1965)

- **Mr. Donaldson Brown**
 - Explosive Salesman at DuPont
 - Inventor of the DuPont Model
- **No Other Equation Comes Close to Impact on Global Financial System**
 - Equation Invented in 1912 at Age 27
 - Defines Components of Return on Equity
 - In Wide Use since the 1920s

$$\text{ROE} = \frac{\text{Net Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Asset}} \times \frac{\text{Total Asset}}{\text{Average Shareholder Equity}}$$

► Valuation Equations

- **Ben Graham's Equation**

$$P/B \times P/E < 22.5$$

- **John Neff's Equation**

$$\frac{\text{E.P.S. Growth Rate} + \text{Dividend Yield}}{P/E}$$

- **The Overlook Equation**

$$\frac{\text{Normalized E.P.S. Growth Rate} + \text{Operating Return}}{P/E \text{ Ratio}} = \text{Value Score}$$

▶ The Overlook Path to Performance

- Confluence of the Overlook Investment Philosophy and Business Practices Create the Path to Performance

$$\textit{Investment Philosophy: } f(IP) \supseteq f(TofP|V,S) = \\ \{p \in P : R_{p,t} > R_t \forall t \in \{3,5,10\}\}$$

+

$$\textit{Business Practices: } f(BP) \supseteq f(ConS) = \\ \{p \in P : R_{p,t}^{CW} \geq R_{p,t} \forall t \in \{3,5,10\}\}$$

=

$$\textit{Margin of Safety: } f(IP) \cap f(BP) \supseteq f(TofP|V,S) \cap f(ConS) = \\ \{p \in P : R_{p,t}^{CW} \geq R_{p,t} > R_t \forall t \in \{3,5,10\}\}$$

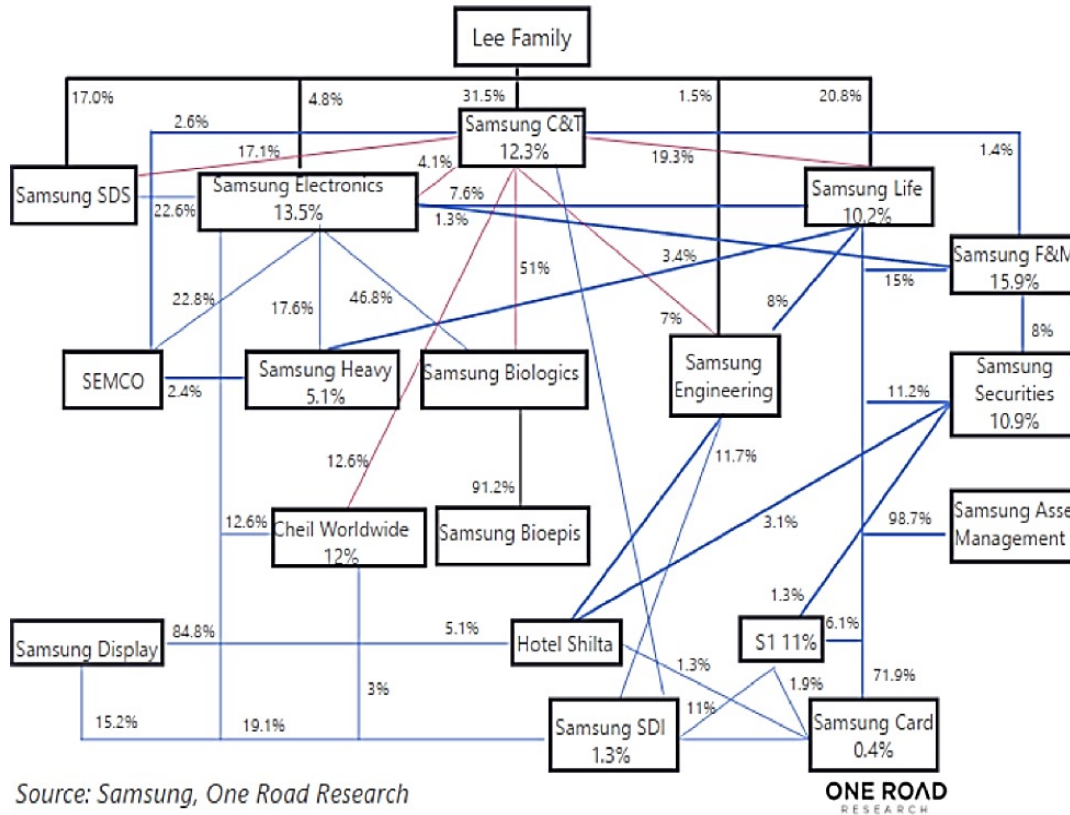
Modern Finance Technology

- **Help Superior Businesses Address Blind Spots**
- **Definition:**
 - *Provision of private and confidential advice to Chairmen and CEOs on issues of corporate governance and capital management with an objective of building better public companies.*
- **Ability to Identify the Real McCoys**
- **Hall of Fame vs. Hall of Shame**

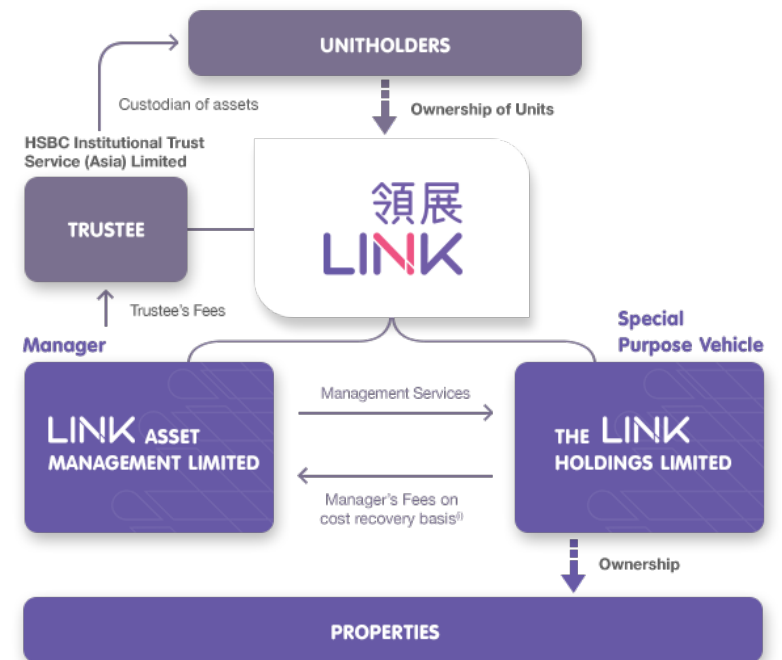


Common Blind Spot: Corporate Structure

Samsung Ownership Structure (% of Equity)



Link REIT Group Structure



Fund Managers Also Have Blind Spots

- **Wall Street's Dirty Little Secret: Failure to Deliver**
- **Understand the Definitions**
 - Time-Weighed Return (TWR)
 - Capital-Weighted Return (CWR)
 - The Discount Between TWR and CWR
- **Never Invest in a Fund without Knowing CWR & Discount**
- **Legal Cap on Subscriptions Controls Growth of AUM & Limits Discount**

<i>Updated as of May 31, 2021</i>	Capital -Weighted Return	Time -Weighted Return	Outperformance CWR over TWR*
5 years	18.4%	17.1%	1.1%
10 years	13.3%	12.7%	0.5%
20 years	16.7%	17.2%	-0.5%
Since Inception (30 Years)	14.2%	14.3%	-0.1%

* Calculated by geometric compounding.

Environmental, Social & Governance

- Essential Part of Overlook’s DNA Since Inception
- Essential to Practice What We Preach
 - Internal & External
- Climate is the Biggest Threat
- Overlook’s Policy on Climate
 - Awareness & Goals
 - Disclosure & Credibility
 - Leadership & Engagement
- Industry’s Approach at Right
 - Page 1 of 9
- Offers Investors Opportunity for Bifurcation

Q1 Does this investment opportunity/fund seek to advance non-financial goals?

Q2 What is the Impact/ESG/D&I thesis for this strategy? (i.e. How do you generate positive outcomes & limit potential negative outcomes)

Q3 What screening method(s) does the Fund use? Please check all that apply

Q4 Which themes and categories best describe the strategy's ESG/impact area of focus?

Impact
 ESG
 Diversity & Inclusion

CHARACTERISTICS THAT SET OVER THE COMPANY'S STOCK. Investors will judge nearly all public companies on their commitment and ability to reduce the carbon intensity of their operations and the planet. Investors will designate companies as either "part of the solution" or "part of the problem". And share evaluation will reflect these judgments.

Negative screening that restricts negative ESG impacts
 Positive screening that seeks beneficial ESG impacts
 Other If Other, please specify

Business Quality & Governance
 Generic Green
 Generic Responsibility
 Generalist Impact
 Board Composition
 Corporate Governance
 Corporate Social Responsibility
 Fair Trade
 Human Capital Management
 Supply Chain Management

Access to Finance
 Financial Inclusion/Fintech
 Manufacturing
 Markets
 Microfinancing
 Microinsurance
 SME Business Development

Agriculture & Consumer Goods
 Consumer Products
 Food Access
 Foodtech
 Healthy Food & Nutrition
 Sustainable Agriculture
 Water

Community & Sustainable Cities
 Community Development
 Culture & Arts
 Disaster Recovery
 Housing
 Infrastructure
 Sanitation
 Transportation
 Workforce Development

Education & Wellness
 Access to Information
 Disease & Medical Innovation
 Early Childhood
 Education
 Fitness
 Health
 Maternal & Reproductive Health
 Mental Health

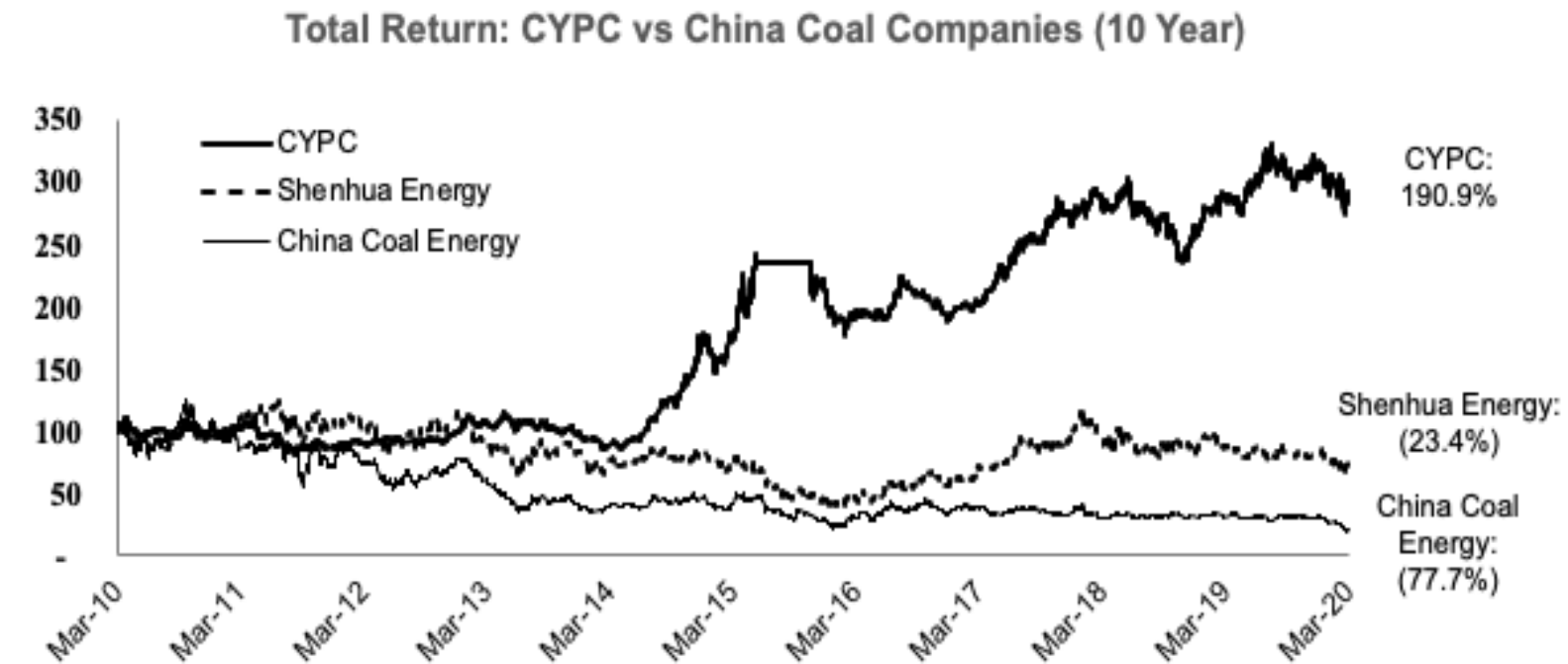
Energy & Technology
 Climate Adaptation
 Energy Access
 Energy Efficiency
 Renewable Energy
 Geothermal
 Green Tech
 Nuclear
 Solar
 Wind

Environment & Natural Resources
 Air / Pollution
 Carbon & Environmental Commodities
 Conservation
 Forests & Timber
 Land Usage
 Oceans & Coastal Zones
 Sustainable Tourism
 Recycling
 Waste Management

Diversity & Empowerment
 Civic Engagement & Activism
 Criminal Justice
 Disabled & Special Needs
 Government & Accountability
 Human Rights
 Immigrants & Refugees
 Media & Press
 Native & Indigenous
 Purpose, Fulfillment & Empowerment
 Under-Represented Minorities
 Underserved Communities
 Veterans

The Climate Divergence

- Total Return: CYPC vs. China Coal Companies (10-Year)



Rebased to 100 and adjusted for dividends
Source: Bloomberg



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Duration and Selling

- James Squire's Chapter in *The Model*
- Best Description of Selling Ever Written

The Art of Selling Equities

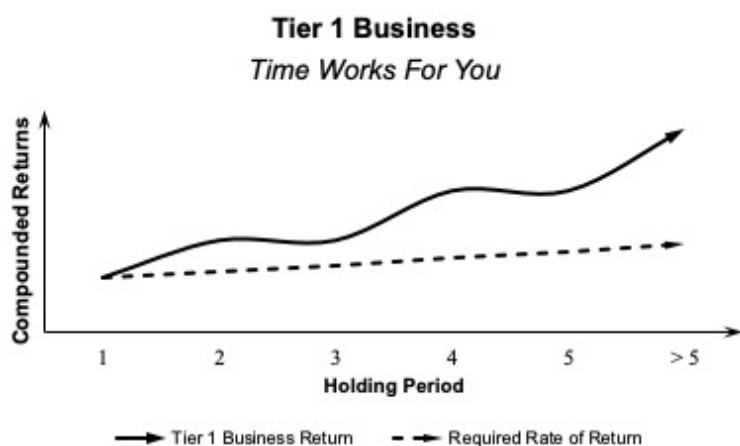
Contributed by James Squire

*The best way to manage risk is to understand what you
are investing in.*

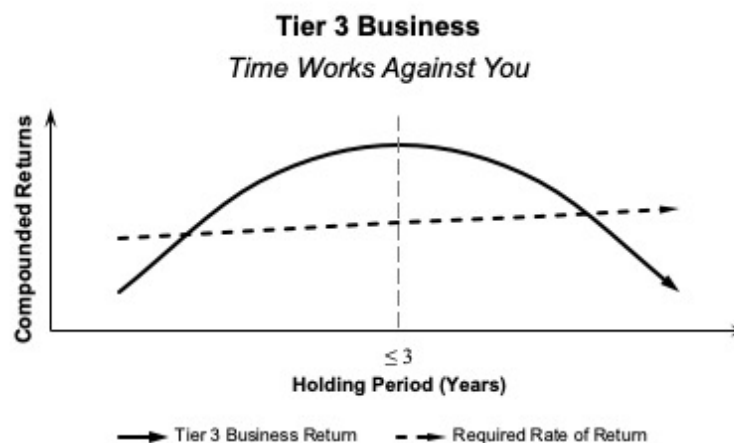
— OLD WALL STREET SAYING

Duration and Selling

- **Quality of Business Drives Duration of Holding Period**
- **Tier 1 Business: Time Works For You**
 - High Returns, Low Capital Intensity, Strong Pricing Power
 - Be Wary of Selling – Duration Is Infinity
- **Tier 3 Business: Time Works Against You**
 - Buy Cheaply & Expect to Sell Cheaply



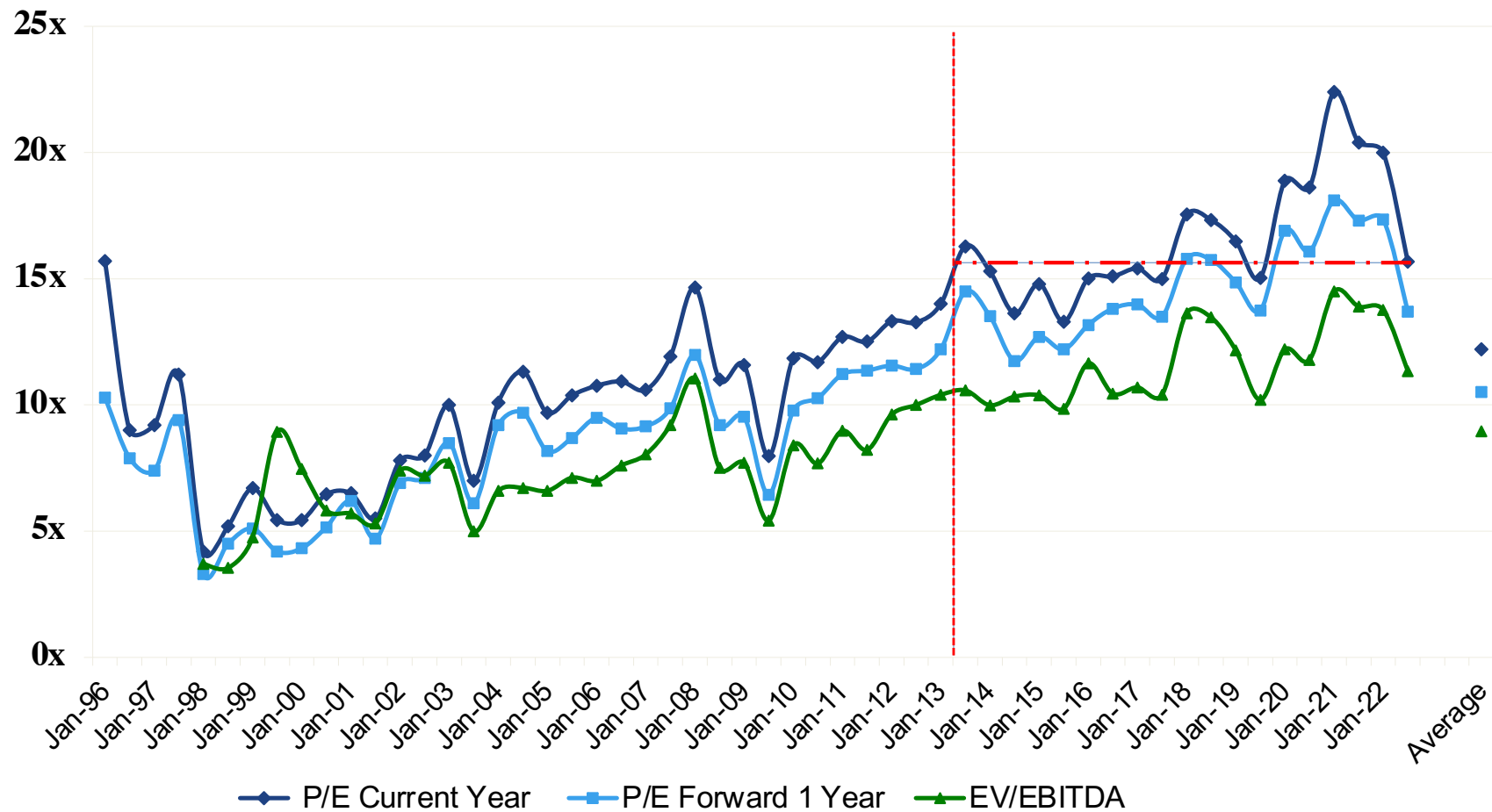
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Long-Term Valuations Tell a Story

- **18 Current Year P/Es From 2013 – 2021:**

- 8 Are Higher, 8 Are About Even, 2 Are Lower than Current 2022 P/E



Bear Markets



"He'll be sorry he missed you. But I can assure you that at the time we all considered it a stock with strong growth possibilities."

Bear Markets Time of Greatest Opportunity

- **First Lesson Is that You Must Survive**
- **Prepare for, Don't Predict, Bear Markets**
- **Bear Markets Hurt**
- **Never Question Investment Philosophy During Declines**
- **New Leaders Always Emerge from the Wreckage**
- **Bear Markets End**
- **Outperformance Can Last 4-5 Years**





Bear Markets Hurt, but Don't Last Forever

- **Average Decline**

- Average (Inclusive)	-38.1%
- Average Asia ex-Japan	-38.3%
- Average U.S.	-38.0%
- Average Except 1929	-36.1%

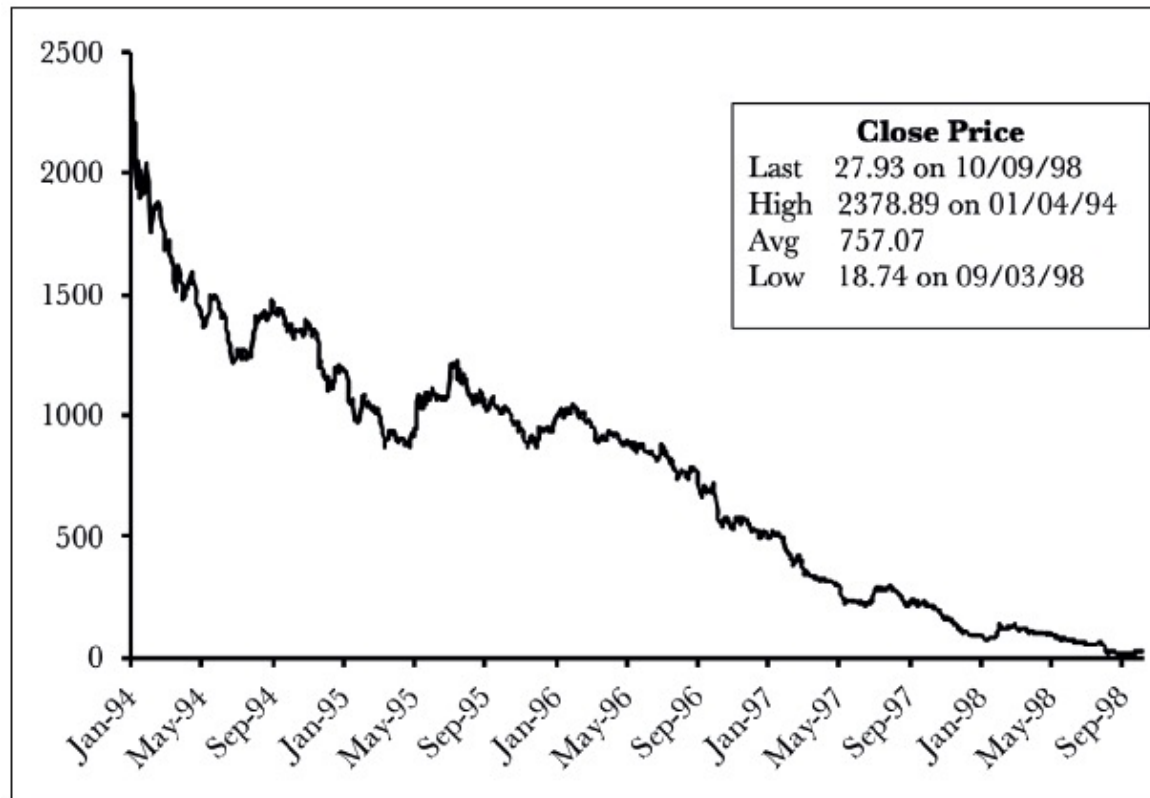
- **Average Duration**

- Average (Inclusive)	12.1 months
- Average Asia ex-Japan	9.1 months
- Average U.S.	14.3 months
- Average Except 1929	9.2 months

Mistakes in Bear Markets Really Hurt

- Thai Property Composite Index Down from 2,400 to 30
- Down 98.7% in Local Currency, 99.3% in US Dollars

Thai Property Sub Index, 1994–1998



Source: Bloomberg.



Investment Opportunities Improve

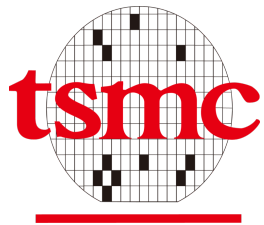
1997/98		2007/08	
<i>Valuation</i>		<i>Valuation</i>	
P/E Ratio		P/E Ratio	
1998	5.2×	2007	10.9×
1999E	4.8×	2008E	9.1×
2000E	3.5×	2009E	7.6×
1999E EV/ EBITDA	2.8×	2008E EV/ EBITDA	6.4×
1999E Yield	5.2%	2008E Yield	5.8%
Price to Book Value	0.71×	Price to Book Value	1.62×
<i>Growth and Profitability</i>		<i>Growth and Profitability</i>	
1999E Return on Equity	17.0%	2008E Return on Equity	23.7%

TSMC: Companies Also Have Models

- **TSMC's Model**

- We Don't Compete with Our Customers
- Spread Cost of Fab Over Many Customers
- Treat Everyone the Same
- Invest in Cutting Edge Technology
- Adhere to a Disciplined Financial Model

- **TSMC is the Finest Public Company in Asia**



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