



Turning Point Capital

11th December, 2018

Dear Valued Clients & Friends,

Fund Launch: Open Letter to Early Investors

Turning Point Capital International Ltd. commenced operation on 11th December, 2018. As this is my first letter to early investors, I will review some of our guiding principles upon which Turning Point Capital was founded.

Turning Point Capital is an unconventional fund. I feel that in order to achieve superior results, one must be courageous enough to be different from the crowd.

I am going to do things differently than most private banks or funds do in terms of strategy, incentives, planning and process. At Turning Point Capital, we will never have multiple strategies. I embrace value investing principles and focus on inefficient areas of the market where others don't see or can't look. Due to my 'contrarian' strategy, I expect the fund volatility to be above average. However, I will smooth out the performance by implementing a long-term investment horizon since stock prices will catch up to its real business intrinsic value over time. I have built a mindset that volatility does not equate to risk rather it is the permanent loss of capital that is a risk to us.

The fund will have a single capital allocator – me, thus any successes or failures will be solely attributable to me. I will continue to increase my personal stake in the fund in the future so as to align our interest. My goal is to maximize the long-term compounded return of the fund, after all fees, expenses and taxes, while minimizing the risk of permanent capital loss. I am also comfortable holding cash in the absence of compelling opportunities or ideas. I believe Turning Point Capital's strategy, philosophy and approach give me the best chance of achieving this goal.

Disciplined Value Investing Strategy

I am a value investor. I seek securities that I believe are trading at discounts to intrinsic value and present minimal risk of permanent capital loss. My goal is to find out-of-favor securities and long-term multi-bagger opportunities that I think have limited downside.

My preference is to buy well-run, outstanding businesses at depressed prices. Unfortunately, that opportunity is rare. Therefore, I will look at excellent businesses that are temporarily out-of-favor and distressed securities that have hidden value (special situation categories), as well as underperforming businesses that have a high probability of solving the core problems or fundamental issues. In either case, I am looking for a price below intrinsic value, as well as limited downside risk (margin of safety).

Turning Point Capital International Ltd.

Singapore | Indonesia

www.turningpoint-capital.com

Fund Registration No: 1948975

jozabad@turningpoint-capital.com | +62 812 1925 63001 | research@turningpoint-capital.com



Turning Point Capital

I intend to maintain flexibility regarding the universe of securities in which I will look for value. I strongly believe investment opportunities arise in an out-of-favor and special situations securities. Some examples include, but are not limited to:

- M&A transactions, Unwanted Spin-offs
- Broken IPOs (Ignored)
- Potential for Unlocking Shareholder Value
- Distress, Bankruptcy or Mispricing
- Restructuring and Reorganization
- Leadership or Management changes
- Forced selling by institutional investors
- Under-followed and overlooked (Hidden Value) securities

Business Owner Mindset

In investing securities, I take a business-like approach. Regardless of the size of our position, I perform a high level of due diligence, communicating with management of the companies as if I were buying the entire business. My research and idea generation comes from a list of companies/sectors that I track, SEC filings, private business owners, investors and financial statements. I strive to read a lot, including out of the box like blogs, special news in order to get additional ideas while growing my circles of competence daily.

The Right Partners & Investors for a Long-Term Focus

I am seeking long-term investors in the fund, as I seek to manage the fund on a long-term basis. I intend to take advantage of the time horizon opportunities. One to three years is too short of a time to judge my business performance. I believe five years is the minimum period on which results should be judged – the longer the time horizon, the more meaningful the result. (*Disney wasn't built in one year*)

I am thankful for the responsibility and opportunity to protect our capital and create growth. I look forward to a long and fruitful relationship. Thank you for your trust and support. As always, my money is invested alongside yours in any market environment.

"Having clients with a long-term orientation is crucial. Nothing else is an important to the success of an investment firm."

Sincerely,

Jozabad Jonathan
Portfolio Manager

Turning Point Capital International Ltd.

Singapore | Indonesia

www.turningpoint-capital.com

Fund Registration No: 1948975

jozabad@turningpoint-capital.com | +62 812 1925 63001 | research@turningpoint-capital.com