December 2023
Fountainhead Partnerships Fund
Quarterly Letter

"Those who have knowledge don't predict". Lao Tzu

"The lesson for the year for any stock market investor, in our opinion, was to focus on the stocks, not on the market." Fountainhead Partnerships Fund

Fountainhead Partnerships Fund (FHPF) was up 22% in 2023 while MSCI World was up 21% and S&P 500 was up 24%. In 3 of the last 4 calendar years, FHPF has produced more than 20% while MSCI and S&P have achieved this feat twice in the same period.

	2023	4 year CAGR	3 year CAGR
Fountainhead Partnerships Fund	**22%**	**14%**	**10%**
MSCI World	21%	8%	5%
S&P 500 (IVV)	24%	10%	8%
S&P 500 Equal Weight Index	12%	8%	7%
Small Cap Russell 2000	15%	5%	1%
MSCI Japan	18%	2%	-2%
MSCI Europe	16%	2%	2%
MSCI Emerging Markets	6%	-3%	-8%
US Dollar Index	-2%	1%	4%
US Aggregate Bond Index	2%	-3%	-6%

Source: Bloomberg

Portfolio Performance Analysis:

Conviction in Strategy: The Fund has outperformed MSCI World in each of the last four years. We achieved this result despite two greater then 25% corrections in stock markets during the period. We are reasonably satisfied with our performance and much more convinced about our strategy, given our portfolio is more than 70% in the same stocks today as it was in 2020.

In 2023		Since 2020	
Stocks added	**Stocks sold**	**Stocks added**	**Stocks sold**
Fairfax Financials	ODET	Accenture	ODET
Accenture	PTC Inc	Seven & I Holdings	PTC Inc
Seven & I Holdings		GMO Payments	DiaSorin
GMO Payments		Hikari Tsushin	Intesa Sanpaolo
Hikari Tsushin		Universal Music Group	S&P Global
		Fairfax Financials	Scout24 AG
		Aon PLC	Norway Royal Salmon
		IQVIA Holdings	Visa Inc
			Zoetis
			Sirius XM
			LEG Immobilien
			Autodesk

Our turnover has been less than 15% annually in the last four years. The majority of the stocks we have sold since 2020 were due to excessive valuations. Some of them we are now considering buying again as the valuations have become more reasonable.

Three such examples are shown below on a price to earnings basis:

Source: TIKR

It is possible to make good returns despite being underweight in Magnificent 7

There was a narrative in the investment community last year that it is impossible to make good returns without significant exposure to seven large cap tech stocks (M7). There is some truth to that, given 15% of the total 24% return of the S&P 500 came from those stocks, which are 30% of the index. The other 70% of the index only contributed 9% return.

However, we believe it is a convenient oversimplification when our research showed that there were 129 stocks in the S&P 500 excluding M7, and 543 in MSCI World index that beat the benchmark returns.

	Overall Performance	Positive Stocks ex M7	Negative Stocks	No. of Stocks that beat S&P500 (ex M7)
S&P500	24%	307 (47% of S&P Mkt Cap)	193	129 (23% of S&P Mkt Cap)
Fountainhead Partnerships Fund	22%	22 (79% of Total)	9	10 (40% of Total)

We at Fountainhead Partnership Fund disregarded the Magnificent 7 narrative and focused on finding returns agnostic to index weightings and prevailing trends.

About 40% of our portfolio companies beat the benchmark return and we only had a 6.5% exposure to the M7 stocks (with Google and Microsoft). The lofty valuation levels of the popular large capitalisation weighted components of global indices make us confident in our ability to again add value over the benchmarks and earn our active fees in coming years.

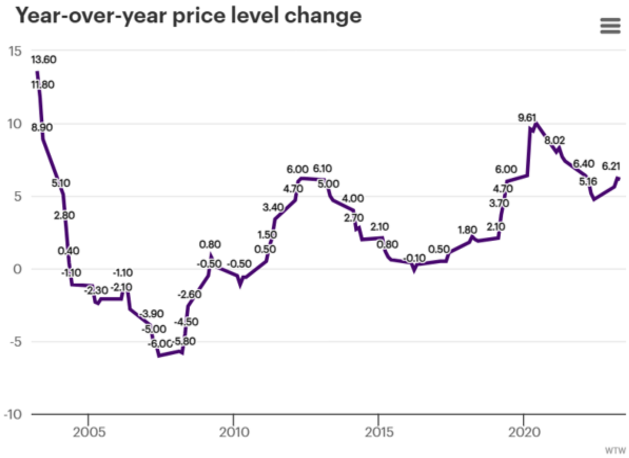
Stocks we added for 2024:

MARSH MCLENNAN (MMC US EQUITY)
Market Cap: USD 93bn

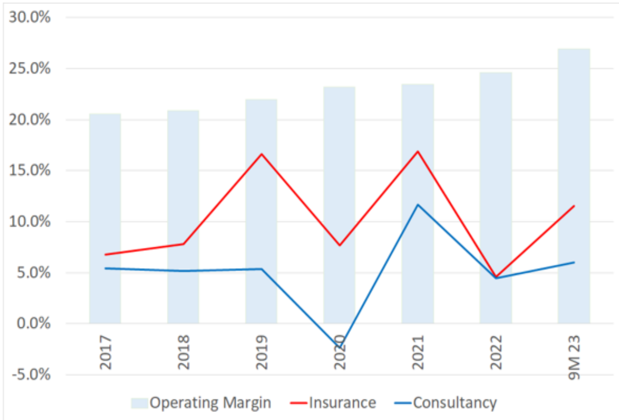
The insurance sector is enjoying a favourable operating environment and we have increased our exposure to the sector by adding MMC. It is the largest Insurance Broker in the world that has been delivering healthy revenue growth and steady margin improvement. It has a global footprint with the US contributing 50% of the revenue. The remaining 50% comes almost equally from the UK, Europe and Asia.

The sector dynamics have significantly improved in the last few quarters due to higher premiums demanded by the insurers and rising prices of underlying investments. Property and Autos are experiencing double digit growth in pricing, with higher claim risks due to natural disasters – driving prices and demand higher still – good for brokers.

Insurance Prices from Willis Tower Watson



MMC Revenue Growth by Business and Operating Margins



MMC is the strongest company in the insurance broking sector. The business model generates free cash flow equivalent to ~70% of net profit. Management has been maintaining a steady balance between share buybacks and leverage, depending on acquisitions and cost of funding. In the last twelve months, the stock has underperformed the broader market, and we consider the current valuation to be a good entry point in the stock.

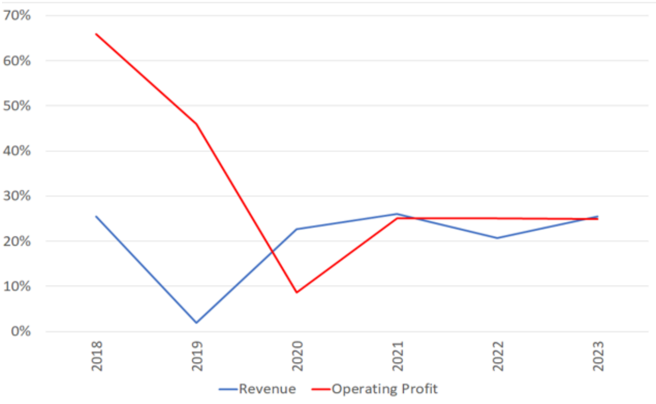
GMO PAYMENTS

Market Cap: USD 5bn

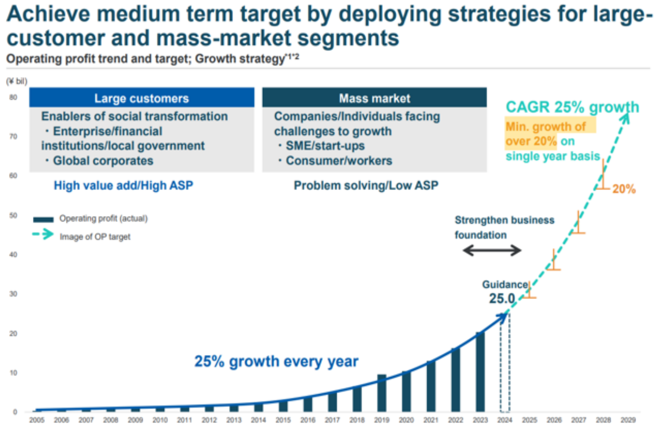
GMO is a unique Japanese payment company delivering consistent 25% operating profit growth for more than ten years. Japan has much lower penetration of cashless payments and E-Commerce, providing a large growth runway, with very little competition.

GMO's business model is based on making a small margin on rapidly growing online payment volumes. The company has been consistently delivering 20% transaction volume/value growth with only marginal decline in fee rates. Management has been proactive in both investing in regional markets and if the price is right, divesting these investments and generating returns for shareholders. Recently, income is supplemented by buy now/pay later (which we consider a potential risk), taking advantage of low interest rates in Japan and reporting very low credit costs. Cultural differences about how consumers spend in Japan may well provide a tailwind for superior returns from this business when compared with the USA and Australia.

GMO Payments: Revenue and operating profit growth

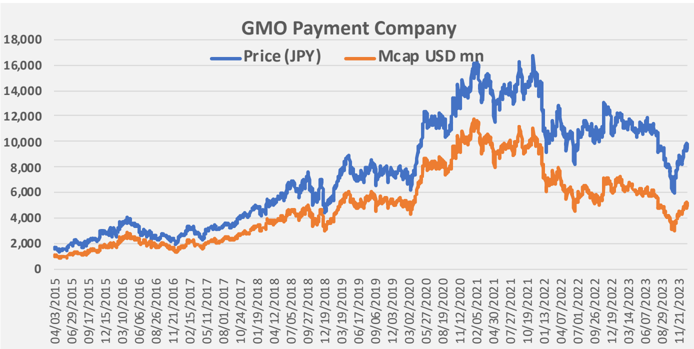


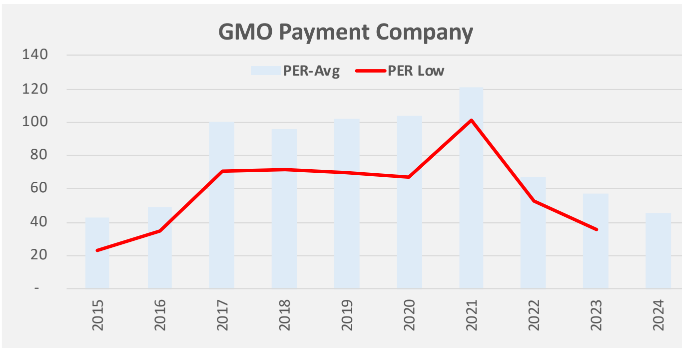
GMO Payment: Management medium term target



Competitive pressure in the Japanese market is much less intense primarily due to cultural barriers for new entrants from overseas and unwillingness of the local banks going into this space, despite the large untapped potential. That is why we believe GMO, despite its rich valuations, may not suffer the same de-rating as other payment companies such as Paypal.

Dividend is the only vehicle used to reward shareholders, with a consistent pay out of 50% (paid in 1Q of next fiscal year). Company doesn't buyback any shares yet given the significant growth opportunities but it could be an option in the coming years. Management has a very successful track record in meeting its guidance (provided at the beginning of the year).





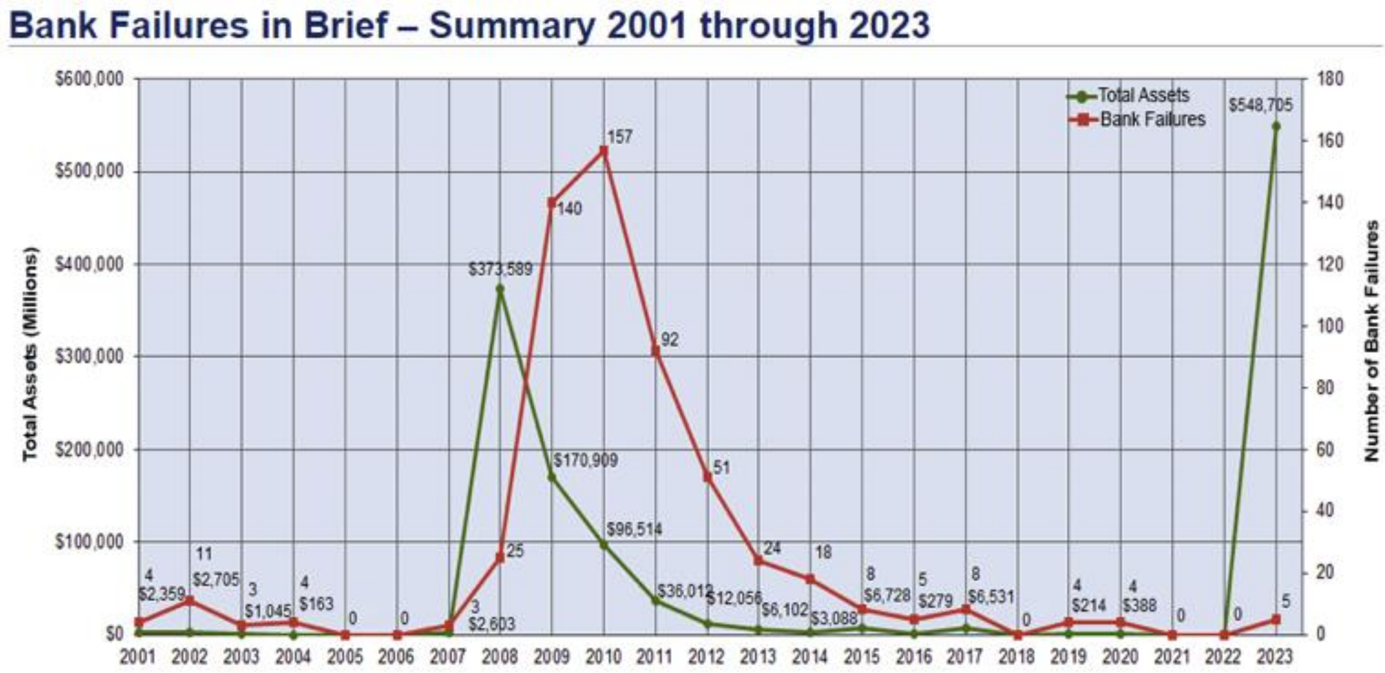
We have been following GMO for a very long time but never found the stock cheap enough despite remarkably consistent operating growth metrics. In early November, the stock went below 30x PE for the first time since we started to look at it in 2018. The decline in stock price was due to a correction in payment companies stocks globally. Most payment companies' share prices plunged more than 50% last year.

We considered it a good opportunity and started allocating capital at 30x PE and were looking to buy more at cheaper prices – <u>which turned out to be our worst decision of the year</u>. The stock's price jumped 50% in two weeks and we missed the opportunity to accumulate more. Given the history, we might find our next opportunity in 2028!

We will remain patient.

Market commentary: Market has no memory

After the worst annual return since 2008 for equities and the worst ever for bonds, the only question on everybody's mind was not if we will have a recession in 2023 but how bad it would be. Every economist in the January 2023 Bloomberg survey had forecasted a 100% chance of recession in the next twelve months. Their conviction for a bad recession increased when the 2nd, 3rd and 4th largest bank failures in US history happened in March 2023. All these economist projections did have an impact – they pushed investor sentiment to multi decade lows and had the central bank worried about inflation and their reputation - who then kept talking about prospects of higher interest rates.



Source: CBI

Considering the USD 550 bn total assets of 3 failed banks were equivalent to 325 failed banks in 2008-11, the forecast for a lower stock market seemed a no brainer. But then came the move from US Fed that people could not estimate the impact of properly at that time or even until now. The US Federal Reserve reacted by pumping liquidity into the system, guaranteed the deposits of the failed banks and sold them to savvy large buyers.

All of this happened while the Fed continued to raise interest rates and US treasury rates continued to make multi decade highs. We wish good luck (and our sympathies) to all macro forecasters, and remain thankful for being bottom-up stock pickers.

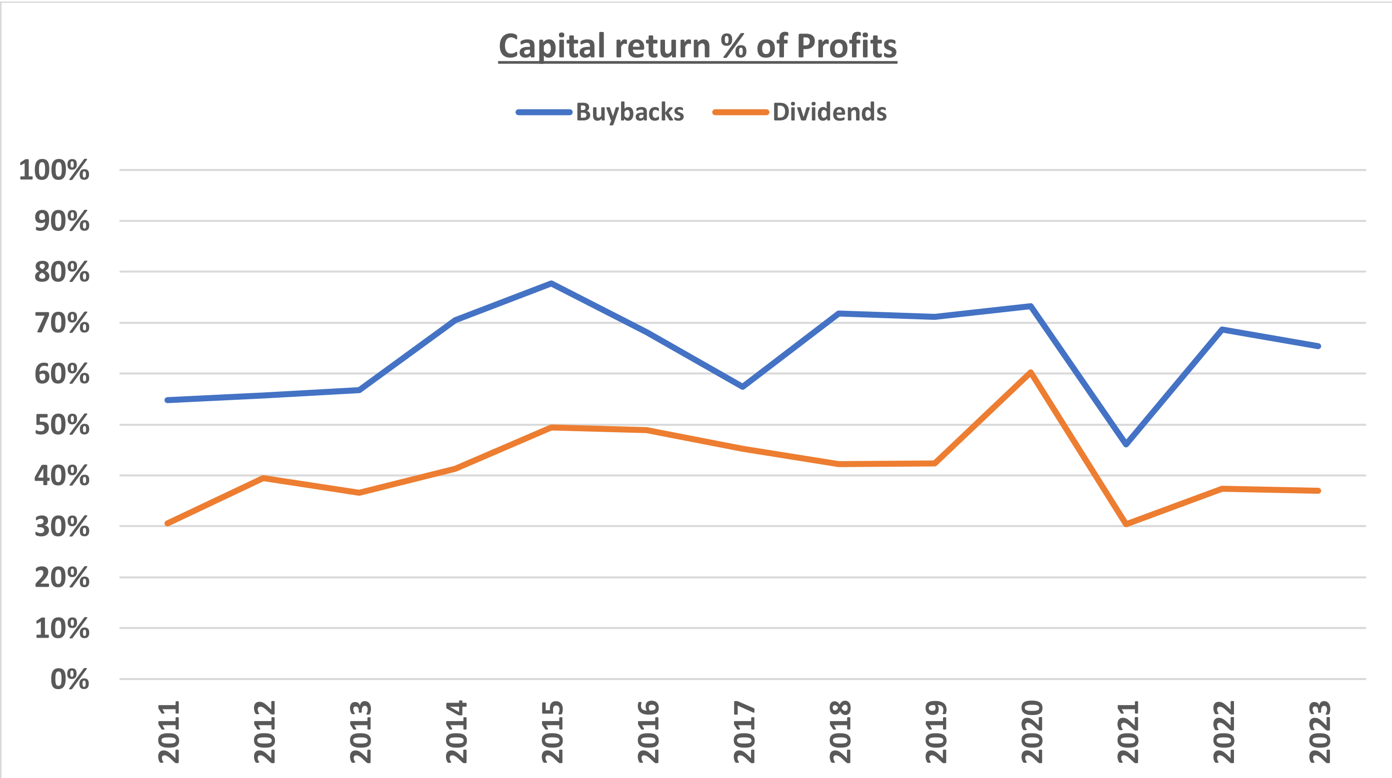
There was no shortage of things for investors to worry about entering 2023, but by the end of the year that wall of worry had been completely torn down. Investment returns are anything but linear, and we witnessed that in dramatic fashion to end the year. November and December 2023 will go down as some of the strongest back-to-back months for financial markets in history: The S&P 500's 13.9% gain was in the 99th percentile, good for 12th place since 1950.

The lesson for the year for any stock market investors, in our opinion, was to focus on the stocks not on the market.

An Important Consideration: Capital return story of American companies

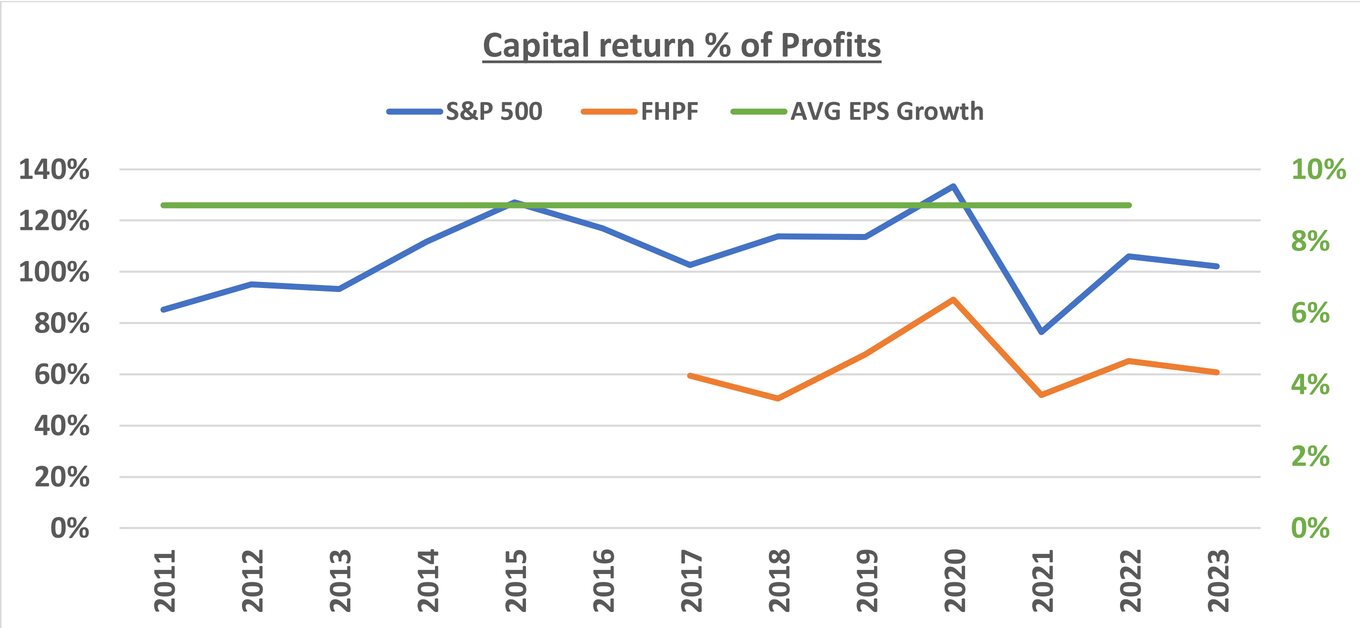
We are often asked why stocks have been so resilient in the last 5-10 years. The reasons could be several, but in our understanding there have been two stand outs:

1) Central banks' willingness to support the financial markets and 2) Companies' ability and willingness to return capital. We analysed and share below the changing nature of the stock market from a capital formation mechanism into a capital return machine, particularly in the US.
S&P 500 companies spent 2/3rd of their profits to buy back their stock and the rest on dividends.



We always knew that S&P 500 companies spent a lot of money on buybacks and dividends, but never truly realised they have been returning to shareholders all the money they've made yet still grew profits by 9% annually.

Much of this reflects the improving profit margins and leveraging of the corporate balance sheet afforded by the decade of cheap credit. However, returning capital has certainly been an incredible driver of wealth and likely a large part of the outperformance of the American stocks vs the rest of the world.



So possibly the answer to the question of why stocks of American companies have been so resilient - over half the stock market returns in the last ten years can be explained by the return of the profits to shareholders by those 500 companies.

Amounts in USD bn

S&P 500 companies	Buyback	Dividends	Total Capital return	Increase in Market Cap	Capital return / increase in Market Cap
5 year Total	4,346	2,702	7,048	19,900	35%
10 Year Total	7,621	4,851	12,472	24,685	51%

Fountainhead Partnerships Fund invests with a global mandate, generally maintaining an approximate 40-60% allocation to American markets. We think that by identifying companies globally that are emulating the value creating behaviours of their successful US counterparts – we can continue to generate higher returns, with lower correlations and therefore lower risks for investors.

Thank You.

Fountainhead Partnerships

Investment Objective
Long term capital appreciation.

Investment Strategy
Globally diversified equity portfolio based on a 3-10 year view with an active capital allocation strategy.

Investment Risk
Equity investments involve risk of manager's ability to buy and sell stocks at the right valuations. An error of judgement may cause investors some or significant loss on their investments.

FUND SNAPSHOT
(As of 12/31/2023)

Strategy Inception	01-2015
Fund Category	Equity Hedge
Risk of this Category	High
Returns (inception) p.a.	18.7%
Exp. Ratio Net (p.a.)	1.6%

Investment Manager:	
Vantage Point Asset Management (VPAM)	
Primary Manager-CIO:	Asif Ali
Portfolio Manager:	Paul Sherriff, CFA
Portfolio Manager:	Salman Ali, CFA
Group - CIO:	Nick Ferris
Risk Manager:	Don Ellet, CFA
Compliance Manager:	Lindi Ng

FUND DETAILS

Auditor	PWC
Administrator	Vistra International
Custodian and Broker	Julius Baer
Fund Manager Regulator	Monetary Authority Singapore (MAS)
Fund Registration	Cayman Monetary Authority

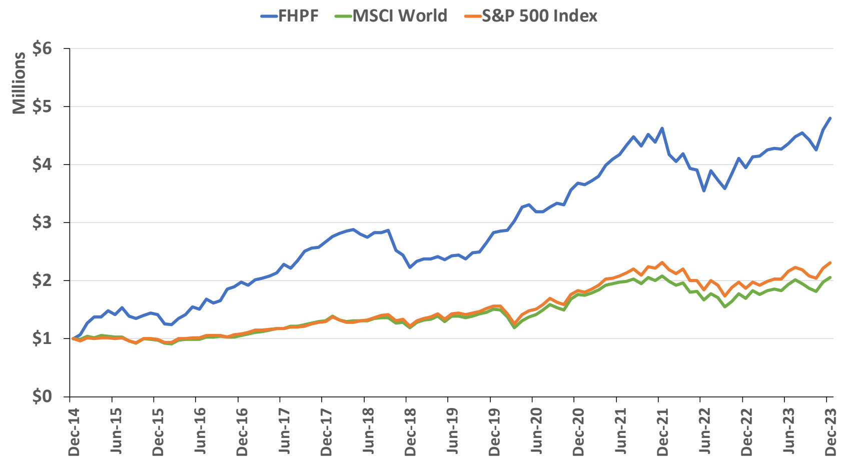
Fountainhead Partnerships Fund (FHPF)

December 2023

Fund's strategy is to invest in long term themes by comprehending and allocating capital in secular long term trends - both societal and macro such as aging polpulation, consumption habits and atuomation with a return oriented mindset.

Performance of a USD 1mn investment

01/31/2015 - 12/31/2023



The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance data quoted.

Investment Results

Average annual total returns (%)

(As of 12/31/2023)	2023	2022	2021	2020	2019	2018	2017	2016	Inception*
FHPF	22%	-15%	26%	30%	27%	-17%	35%	39%	19%
S&P 500 Index	24%	-19%	27%	16%	29%	-6%	19%	10%	9%
MSCI World (AC)	21%	-18%	18%	16%	27%	-9%	24%	8%	8%

Notes: i) Total return on FHPF net of TER vs Total return of IVV ishares Core S&P 500 ETF and ishares MSCI World AC ETF. ii) Inception* is CAGR

Key Holdings

(As of 12/31/2023)

Holding	Country
Novo Nordisk A/S ADR	USA
Berkshire Hathaway Inc	USA
Alphabet Inc	USA
Universal Music Group NV	EUR
Shell PLC	UK
Danaher Corp	USA
Diploma PLC	UK
SMS Co Ltd	JAPAN
Greggs PLC	UK
Icon Plc	USA

Key Statistics

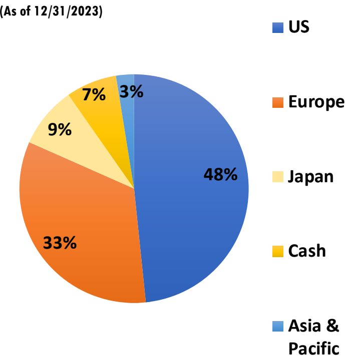
(As of 12/31/2023)

Ratio	Fund	S&P 500 Index	MSCI World
P/E	21.0	21.0	17.6
P/B	7.0	4.0	2.7
ROE	33%	19%	15%
Div Yield	2%	2%	2%
Sharpe ratio*	0.8	0.3	0.3

* Since inception Jan 2015

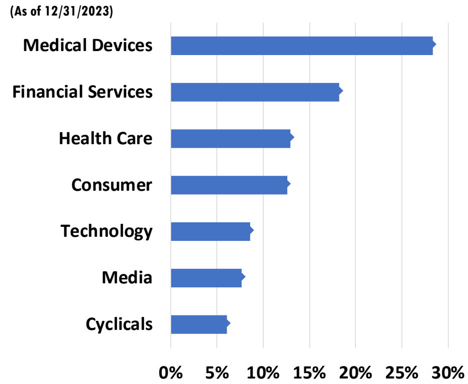
Geographic Exposure

(As of 12/31/2023)



Sector Exposure

(As of 12/31/2023)



http://thefountainhead.sg

Fountainhead Partnerships

Fountainhead Partnerships Fund (FHPF)

December 2023

Monthly Return

01/31/2015. - 31/12/2023

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	8%	18%	8%	0%	7%	-4%	8%	-10%	-3%	4%	3%	-1%
2016	-11%	-2%	9%	5%	9%	-2%	11%	-4%	2%	12%	2%	4%
2017	-3%	5%	1%	2%	3%	7%	-3%	6%	7%	2%	0%	4%
2018	3%	2%	1%	1%	-3%	-2%	3%	0%	1%	-12%	-3%	-9%
2019	5%	2%	0%	2%	-2%	3%	1%	-3%	4%	0%	6%	7%
2020	1%	0%	6%	8%	1%	-4%	0%	2%	2%	-1%	8%	3%
2021	-1%	2%	2%	5%	3%	2%	4%	3%	-4%	5%	-3%	5%
2022	-10%	-3%	3%	-6%	-1%	-9%	10%	-4%	-4%	7%	7%	-4%
2023	5%	0%	3%	1%	-1%	2%	3%	2%	-3%	-4%	8%	4%

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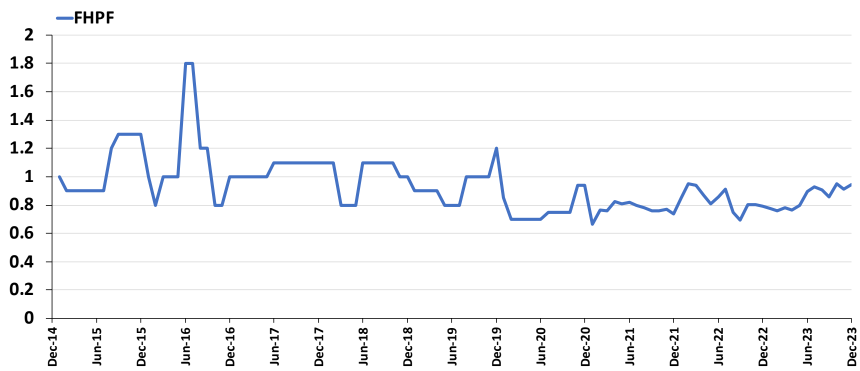
Cumulative Return

As of Dec, 31 2023	1 year	2 years	3 years	4 years	5 years	6 years	7 years	Inception
FHPF	22%	4%	30%	74%	88%	79%	142%	360%
S&P 500 Index	24%	0%	26%	45%	65%	81%	108%	122%
MSCI World	21%	-1%	17%	35%	54%	53%	91%	98%

Inception: 1st Jan 2015

Fund Gross



Sub 100% represents cash holdings – not downside hedging – undertaken from time to time. Similarly, levels above 100% is marketable asset value – not theoretical exposure via derivatives

MONTHLY RETURNS SUMMARY

01/31/2015. - 31/12/2023	FHPF	S&P500 IVV	MSCI
Annualized Volatility	17%	16%	15%
Annualized Return (CAGR)	19%	9%	8%
Correlation		0.60	0.60
Sharpe Ratio	0.84	0.34	0.26
Sortino Ratio	1.11	0.41	0.31
Upside Capture Ratio		96%	101%
Downside Capture Ratio		68%	64%
Total Capture Ratio		142%	159%
Max Drawdown	-23%	-25%	-26%
Worst Monthly Return	-12%	-13%	-13%
Best Monthly Return	18%	13%	12%

MSCI: MSCI World AC ETF

S&P500: IVV ishares Core S&P 500 ETF

FUND HOLDINGS SUMMARY

As of Dec, 31 2023	FHPF
Number of Holdings	31
Weight of Top 10 Holdings	47%
Weight of Largest Holding	9.1%
Weight of Smallest Holding	1.0%
Largest Market Cap (bn)	2759.0
Smallest Market Cap (bn)	1.5
Average Market Cap (bn)	235.8
Median Market Cap (bn)	36.0