

My Next Small Step

An Open Letter to the Investors of Target Asia Fund Limited from Teng Ngiek Lian, the CIO of Target Asset Management Pte Ltd

28 July 2010

Dear Investor,

Preamble

I celebrated my 60th birthday recently. How quickly time has passed. Suddenly, I realise that I am no longer young. 14 years have passed since I set up Target Asset Management and I have been working non-stop for 42 years, from a young man as a clerk to become a money manager now. Looking back the last 42 years of my working life, the setting up of Target Asset Management is the biggest challenge of my life and also my most satisfying experience. I was not so ambitious when I first set up Target. I was hoping to be able to manage a few hundred million dollars with some people I knew. To my surprise, Target's assets under management grew from US\$5.5 million at its inception to about US\$2 billion as at end June 2010. The client base also grew from a few friends to include government, well known university/college endowment funds, charitable foundations and wealthy families. A greater surprise is that despite the numerous financial turmoils that took place during this period such as the Asian crisis, dot com mania, September 11 crash and the sub-prime crisis, from its inception up to end June 2010, our Fund was able to produce a CAGR of approx 17.40% pa (in US\$ net of all costs and fees).

There are a few things that I have learnt during this time. Firstly, 'value investing' can withstand tough tests and outperform over a long period of time. Secondly, that the Asian economy, despite all its problems and imperfections, emerged stronger after each crisis. Thirdly, to be successful in investing, it has less to do with smartness, but more importantly it is about staying focused, being disciplined and hardworking.

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The Chinese have a saying "even a good party must come to an end". As much as I enjoy my work as a fund manager, I also realise that it is time for me to move on to do some other things in the next phase of my life. As age catches up, some of the things I want to do cannot be postponed anymore. Somebody reminded me that 'you only live once'.

I have thought of a succession plan for the business before, but somehow it never worked out in the way that I had in mind. This is perhaps my failure and biggest regret.

My plan now is to slowly wind down the business in a smooth manner over the next few months. After which, I plan to split my time between pursuing personal interests and doing some social work.

Having benefited so much from the society all these years, as I get older, there is an urge of paying back building up inside me even though I know my effort may be small. I have a strong desire to help those who are voiceless and suffer in silence - be it humans, the environment or animals. As such I have decided to go ahead to set up a modest family funded foundation called "The Silent Foundation", which will be seeking charity registration in Singapore, to fund those activities assisting the 'silent sufferers'.

My interest in investing has not diminished, but I would probably be engaging it in a less hectic manner. I will give some serious thought about it after taking a good break.

Many of you have invested in the Fund for many years through numerous boom/bust cycles. I am grateful for the trust, confidence and support that you have given me. Apart from business, many of you have also developed a strong friendship with me for which I will forever cherish. I am also grateful to many of my colleagues who have worked hard and shown loyalty in helping Target to become one of the most successful boutique firms in Singapore.

Although, I am officially leaving active fund management business, I will continue to occupy the existing office and hope to be able to maintain contact with friends and investors for many more years to come.

Yours Sincerely,


TENG Ngiek Lian