

Tencent



What it does

Tencent operates a vast online technology and entertainment platform in China. Its mission is 'to promote technology innovation and cultural vitality; helping industries to digitally upgrade and collaborate for the sustainable development of society'. The company is dedicated to China's common prosperity agenda by committing 100 billion RMB through investment and charitable donation.

Why we own it

- Owns an unparalleled asset in WeChat, which has delivered significant value with tools, traffic, and ability to 'own' the customer.
- WeChat Pay financial gateway for consumers and merchant.
- Mini programmes could become powerful for future monetisation growing from 500 million users today.
- Tencent can transition from consumer to business by providing services to millions of Small and Medium Enterprises.

How it could be worth many times more

- Tencent's ecosystem includes hardware and semiconductor companies alongside Software as a Service and cloud. These areas could create synergies for businesses, fueling growth over the next decades
- Beyond payments, WeChat is the gateway to every walk of life: healthcare, online advertising, entertainment and cloud computing. A 50% share of each would more than treble current revenues.

Where we might be wrong

- Advertising proves limited.
- Increasing government regulation caps returns.
- A better mouse trap arrives.

Short 10 questions

- Can sales double in the next five years? 1
Advertising, Finance, Commerce and Cloud. Enterprise and SaaS
- Ten years and beyond? 2
Enterprise solutions and supply chain tools drive business growth
- Competitive advantage? 3
The most all-embracing and practical platform anywhere both for consumers and enterprise.
- Is the business culture different? 4
Pony Ma is a fascinating founder, yet is patient and low-profile.
- Customers like you? Contribute to society? 5
Great product, dedicated to common prosperity
- Are returns worthwhile? 6
Yes, at the moment.
- Will they rise or fall? 7
Wax and wane with investment.
- How is capital allocated? 8
Patiently, from consumer to enterprise.
- Could it be worth 5x as much? 9
Finance, AI and Cloud.
- What doesn't the market understand? 10
Non-gaming business and investments long term growth driver.

Risk factors

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