



Commentary

September 2013

Written by Devan Linus Rajadurai, Chief Investment Officer

Objective

Malayan Traders Capital Founders Fund (“Malayan Traders”, “MTC” or the “Fund”) aims to achieve a net return of 10-15% p.a. over a 3-5 year period by investing in a portfolio of global listed equities. MTC invests predominantly in blue chip companies listed in the US and Emerging Asia and employs a value driven, bottom-up investment approach. MTC’s benchmark is the Kuala Lumpur Composite Index (“KLCI”), Singapore Straits Times Index (“STI”) and the Dow Jones Industrial Average Index (“DJI”). Performance is reported in USD.

Market Insights

Equity markets rallied at the beginning of September following the Fed’s decision to continue its asset purchasing program at its current pace. Towards the end of September, markets resumed its decline as market participants became concerned about the potential US government shutdown and default. In line with the markets, most of our stocks remained flat and/or declined. Tech stocks however were hovering around its highs, bar Apple. This month, we decided to exit our Facebook position as it approached unreasonably rich valuations. For a company that has revenue and profits less than 7x its main competitor Google, but is only trading at half of Google’s market capitalisation, we consider it to be overvalued. It is likely that Facebook will continue trading upwards on momentum, however we are reallocating this money to other holdings. Apple on the other hand disappointed analysts by releasing two high priced iPhones - the 5S and 5C, confirming that it will remain a premium smartphone supplier. MTC prefers this strategy as there is nothing wrong being a ‘BMW with a market share of less than 5%’. Apple again proved the analysts wrong with a record 9 million sales of its iPhone on just the weekend release alone. We are sticking to our portfolio and our Apple position.

Top Five Holdings

Company	Sector	Weight %
Apple	Technology	55.58
Capitaland	Property	34.02
Intel	Technology	7.60
Olam	Agriculture	2.80
Wilmar	Agriculture	

Geographic Breakdown

Geography	Weight %
Global	55.58
Asia	34.02
China	7.60
North America	2.80

NAV

Period	Unit Price
Current Month 30 Sep 2013	105.61
Beginning of Year 1 Jan 2013	96.04
Inception 24 Jul 2012	100.00

Performance

Period	Portfolio %	KLCI %
Sep-13	0.95	3.17
Year-to-Date	9.96	-1.76
Since Inception	5.61	5.65

Indices

Period	STI %	DJI %
Sep-13	6.18	2.16
Year-to-Date	-2.68	15.46
Since Inception	6.22	19.91

Sector Breakdown

Sector	Weight %
Technology	46.91
Agriculture	24.52
Financials	7.60
Others	20.97



Outlook

October will remain another choppy month with questions centered on the pending decision of the US debt ceiling. We are being patient with our holdings throughout this month.

Disclaimer

The views expressed in this report are those of Devan Linus Rajadurai, MTC's Founder & Chief Investment Officer. MTC's investment strategy is implemented by the Fund's Investment Manager, MTC Asset Management, with the support of its sister entity, MTC Asset Management (M) Sdn. Bhd. licensed by Securities Commission Malaysia (CMSL: eCMSL/A0333/2015), which provides research and operational support to MTC Asset Management. The Fund is a regulated mutual fund under the Mutual Funds Law of the Cayman Islands and is registered with the Cayman Islands Monetary Authority. This report is up-to-date as of 1 August 2016.