



Commentary

March 2014

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

For nearly two years Olam was one of our Top 5 holdings, and performed negatively during that period. This month its stock price finally rallied with Temasek making a takeover offer for the company, a company which we long considered to be undervalued despite the negative press. Although we still believe Olam to be undervalued, we have sold Olam and increased our stake in our other undervalued companies. When we started MTC we created an expectation that MTC will grow at a minimum of 10%. With a strategy similar to Warren Buffett and Kok Ah Too, MTC’s objective is to look for good companies that is out of favour, such as Olam, Apple, Wilmar and ICBC among others. If we do our work well like both our heroes did before us, we will be able to continue what we have achieved so far and generate 20% return per annum. Even if we don’t achieve a 20% per annum, by virtue of being a bargain hunter we are very confident that we will make 10% per annum.

Top Five Holdings

Company	Sector	Weight %
Apple	Technology	61.71
Corning	Technology	27.29
IBM	Technology	10.99
ICBC	Financials	
Wilmar	Agriculture	

Geographic Breakdown

Geography	Weight %
Global	61.71
Asia	27.29
China	10.99

NAV

Period	Unit Price
Current Month 31 Mar 2014	138.96
Beginning of Year 1 Jan 2014	126.49
Inception 24 Jul 2012	100.00

Performance

Period	Portfolio %	KLCI %
Mar-14	8.46	1.12
Year-to-Date	9.86	-0.61
Since Inception	38.96	10.30

Indices

Period	STI %	DJI %
Mar-14	3.34	0.83
Year-to-Date	1.11	-0.72
Since Inception	6.77	30.44

Sector Breakdown

Sector	Weight %
Technology	55.83
Agriculture	16.87
Financials	13.74
Others	13.55



Outlook

Despite our outperformance, we continue to be heavily invested in undervalued companies, and expect MTC to perform well for the year. We expect the performance of the broader market to remain choppy given the huge rally last year, where we are observing bubble like valuations for social tech companies. It should be noted that we are invested in consumer staples tech as opposed to social tech.

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.