



## Commentary

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### 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

The end of Sept marked the start of a market correction. As a result, the portfolio decreased by 3.76% in Sept after a 7-month run that has resulted in a +51.2% return since Feb this year. Reasons for the market correction include ISIS’s continued demonstrations of violence, the Ebola outbreak, the Hong Kong protest and Brazil falling into recession. Over the course of 2H2014, we have been tilting our portfolio into undervalued companies such as ICBC and Wilmar that are at their multi-year lows. This rebalancing exercise has led to over half the portfolio being invested in great blue-chip companies trading at very low valuations. These companies continue to generate good profits, and have quality assets which are expected to result in minimal downside should the market continue its correction. Contrastingly, Apple, at its all-time high continues to impress with the release of the iPhone 6, 6 Plus and the Apple Watch. We expect these new innovations to continue driving revenue and profit growth and more importantly, share price appreciation. We highlight that even at the current price, Apple is still trading with an earnings yield of more than 7.5% (PE of 15).

### Top Three Holdings

Company	Sector	Weight %
Apple	Technology	50.88
ICBC	Financials	38.17
Wilmar	Agriculture	9.37

### Geographic Breakdown

Geography	Weight %
Global	50.88
Asia	38.17
China	9.37
Others	1.58

### NAV

Period	Unit Price
Current Month 30 Sep 2014	162.44
Beginning of Year 1 Jan 2014	126.49
Inception 24 Jul 2012	100.00

### Performance

Period	Portfolio %	KLCI %
Sep-14	-3.76	-4.94
Year-to-Date	28.42	-1.25
Since Inception	62.44	9.59

### Indices

Period	STI %	DJI %
Sep-14	-3.61	-0.32
Year-to-Date	2.41	2.81
Since Inception	8.15	35.08

### Sector Breakdown

Sector	Weight %
Technology	49.03
Agriculture	22.89
Property	9.55
Others	18.53



## Outlook

We are potentially observing the beginning of a material market correction. Hence, we err on the side of caution and are rebalancing the portfolio into companies that are not expected to be impacted much should things consistently turn negative. Being defensively minded, we may even decide to sell some of our winners and rebalance to protect our downside, which could result in flat performance in the short term for us to generate 15-25% returns p.a. in the long term.

## 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.*