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MTC Asset Management
Meranti Fund

Commentary (Meranti Fund)

March 2025

Written by Devan Linus, Chief Investment Officer

Objective

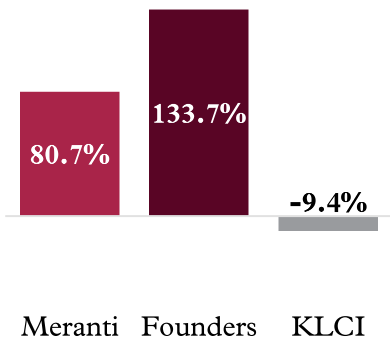
This commentary should be read in conjunction with the MTC Founders Fund Commentary. MTC Meranti Fund ("Meranti", "MTC" or the "Fund") aims to achieve a net return of 8-12% p.a. over a 3-5 year period by investing in a portfolio of global listed equities with an approximate 30% exposure to Malaysian listed equities. Its overseas exposure is close to an exact replica of our sister fund, MTC Founders Fund ("Founders"). Besides its continuous Malaysian exposure, Meranti's investment approach is the same as the Founders Fund. Performance is reported in MYR.

NAV

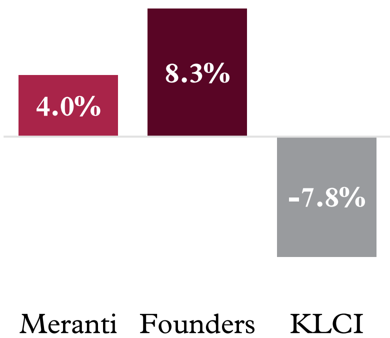
Class S: 180.69

Performance

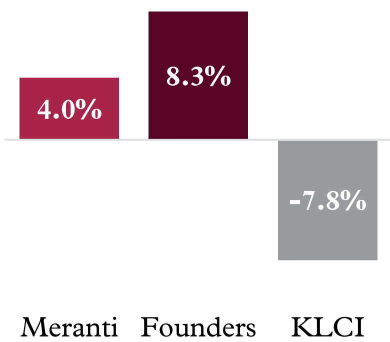
Since Inception (28 Jul 2016)



Year to Date (Mar 2025)



Quarter (Mar 2025)



Performance & Benchmark Comparison

Meranti, Founders & KLCI

Meranti has delivered a since-inception net return of 80.7% (7.0% p.a.), underperforming Founders but significantly outperforming the KLCI, which returned 133.7% (10.2% p.a.) and -9.4% (-1.1% p.a.), respectively, in MYR terms. For 2025 YTD, Meranti achieved a positive return of 4.0% (4.8% in USD terms), underperforming Founders, which returned 8.3% (9.1% in USD terms). Meanwhile, the KLCI depreciated by -7.8% for the quarter.

Portfolio

Meranti's underperformance relative to *Founders* was mainly due to our glove stocks declining nearly -40% from their peak in December 2024, along with the rest of our Malaysia portfolio falling in line with the KLCI, which performed poorly for the year. Fortunately, we made the right call in trimming our glove holdings during Q4 2024 when they peaked. Following that, our Malaysian allocation stood at just 13% of the portfolio in December 2024, compared to 87% in global holdings. As the KLCI continued to decline, we took the opportunity to invest in several high-quality blue-chip stocks in Malaysia, many of which now yield close to 5% in dividends. This led to an increase in our Malaysian allocation from 13% in December 2024 to 17% in March 2025. As a result of these adjustments, gloves now account for only 28% of the Malaysian portion, creating a more diversified domestic allocation across industries and over eight individual stocks. This reflects our long-term goal of reshaping the Malaysian allocation into an index-like basket of what we believe are the best long-term performers on Bursa, mainly blue-chip names with an expected annual return of 5–8%, driven primarily by dividends and modest capital gains. The deviation from that strategy came in 2022, when we made a significant allocation to gloves, viewing it as a

Portfolio (continued)

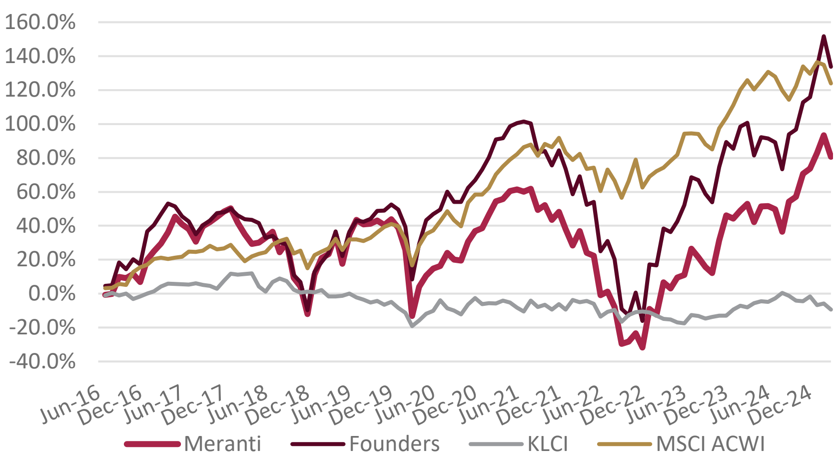
compelling deep value opportunity. For context, gloves accounted for 77%, 80%, and 43% of our Malaysian allocation in December 2022, 2023, and 2024 respectively. As of today, that figure has been reduced to 28%.

Market Insights & Outlook

Given that our Malaysian allocation now mirrors a high-performing index of Malaysia, with an expected conservative return of 5–8% p.a. versus our global allocation, which targets 8–12% p.a., it is unlikely that *Meranti* will outperform *Founders* as it did in 2024, when Meranti delivered 19% YTD compared to Founders' 13.9% YTD. That said, we expect Meranti to continue tracking Founders closely, as 83% of its portfolio remains invested in the same stocks. Our outlook for Malaysia remains cautious, especially in light of tariffs that affect multiple sectors across the board. However, we're comfortable with our diversified domestic allocation, which is concentrated in sectors less affected by tariffs such as financials, plantations, food & beverage, and gloves. In fact, glove companies may benefit as US buyers shift sourcing from China to Malaysia.

Performance

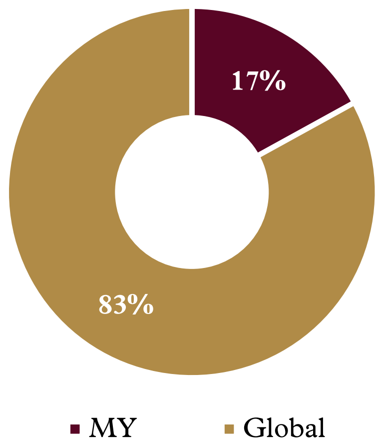
Since Inception (Jul 2016 – Mar 2025), net of fees, MYR



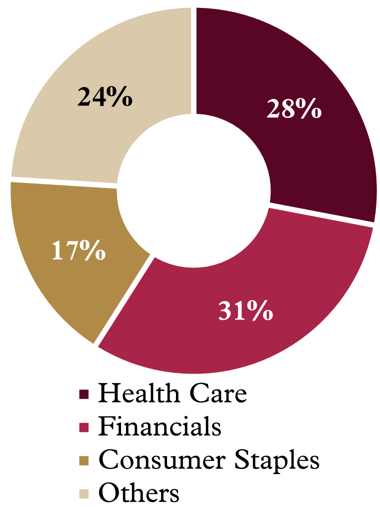
Disclaimer

The views expressed in this report are those of Devan Linus Rajadurai, MTC's Co-Founder, CEO & Chief Investment Officer. MTC's investment strategy is implemented by the Fund's Investment Manager, MTC Asset Management (M) Sdn. Bhd. licensed by Securities Commission Malaysia (CMSL: eCMSL/A0333/2015). The Fund is a regulated wholesale fund under the Capital Markets and Services Act 2007 (CMSA) of Malaysia.

Listing Breakdown



MY Sector Breakdown (GICS)



MY Value Breakdown