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MTC Asset Management
Meranti Fund

Commentary (Meranti Fund)

June 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.

Performance & Benchmark Comparison

Meranti, Founders & KLCI

Meranti has delivered a since-inception net return of 82.8% (6.9% p.a.), underperforming Founders but significantly outperforming the KLCI, which returned 136.3% (10.0% p.a.) and -8.3% (-1.0% p.a.), respectively, in MYR terms. For 2025 YTD, Meranti achieved a positive return of 5.2% (11.8% in USD terms), underperforming Founders, which returned 9.5% (16.3% in USD terms). Meanwhile, the KLCI depreciated by -6.7% YTD.

Insights

At this juncture, it's important to emphasise why diversifying overseas is essential. Despite the Ringgit's appreciation in 2025, Meranti, with 82% global allocation, still outperformed the KLCI by an alpha of 11.9%. While national and civic encouragement to invest in Malaysia is understandable especially with the Madani government's promotion, true wealth protection and growth are best achieved globally. Since its inception nine years ago, Meranti has appreciated 82.7%, while the KLCI declined –8.3%. On an annualised basis, Meranti returned 6.9%, outperforming the EPF average of 5.9% over the same period. While performance could have been stronger, part of Meranti's mandate requires investing in Malaysian-listed securities and this has occasionally dragged on returns, especially when compared to the purely global Founders. Some may argue that Malaysia is a "trading market," and returns come through tactical trading. Our response: then trade globally as the opportunities are often better. A case in point: following Trump's tariff announcement, Meta fell to around USD 500 and quickly rebounded to nearly USD 700, delivering a 40% return in just three months on what is widely regarded as a blue-chip name.

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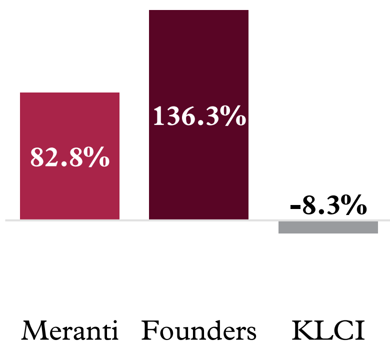
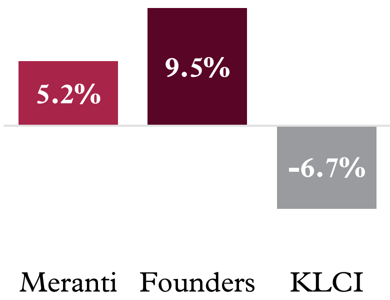
Class S: 182.79

Performance

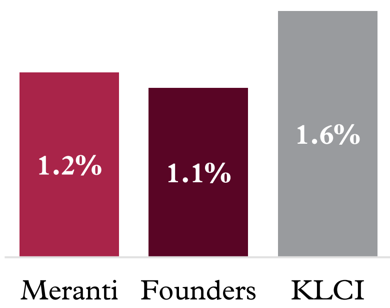
Since Inception (28 Jul 2016)



Year to Date (Jun 2025)



Quarter (Jun 2025)



Devan Linus, Chief Investment Officer

Portfolio

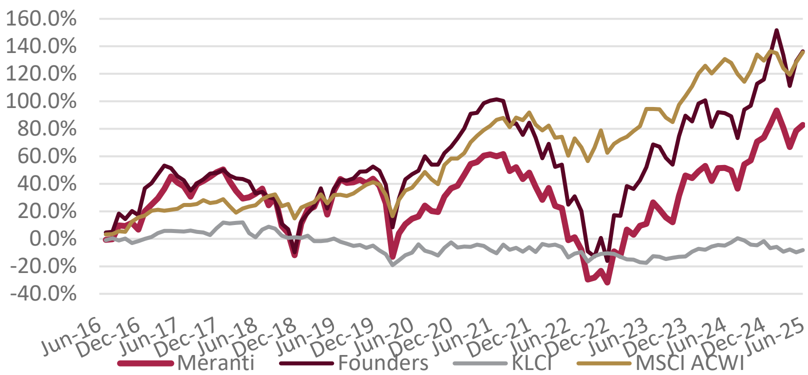
We underperformed the Founders, primarily due to our Malaysian portfolio, which declined most notably in the glove sector, which fell approximately 50% over the year. Fortunately, we had taken profit on a significant portion of that position in 2024. Gloves now represent just 17% of our Malaysian allocation and are expected to face further pressure under the new tariff regime. Strategically, our Malaysian portfolio is now more diversified across sectors, which we believe will help cushion the impact of external shocks better than a concentrated portfolio. To further enhance diversification, we initiated a position in the oil & gas sector during the April market lows. This addition, held within our "other" bucket, is intended to improve balance and provide a potential hedge against broader market volatility.

Market Insights & Outlook

We have always held a bearish view on the Malaysian stock market, and 2025 unfortunately validated that stance. The KLCI has delivered a –6.7% YTD return, disappointing many who expected last year's 12.9% gain to continue. The core issue lies in government policies that lack consistency and economic clarity. Shifting regulations have not created a supportive environment for business confidence. For example, the abrupt reversal of the e-invoicing rollout and the inconsistent application of the SST regime have made it difficult for businesses to plan or invest for long-term growth. This policy volatility is reflected in weaker earnings and suppressed share prices. In summary, Malaysia's market remains challenging. To protect and grow wealth over time, we believe it is essential to diversify savings and investments beyond local borders.

Performance

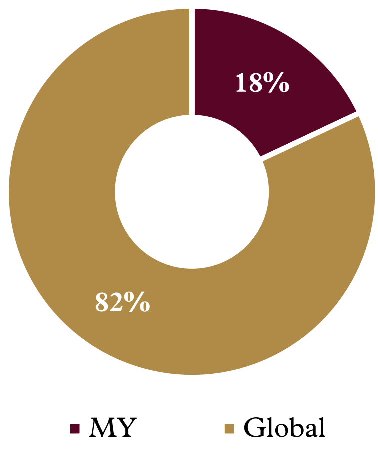
Since Inception (Jul 2016 – Jun 2025), net of fees, MYR



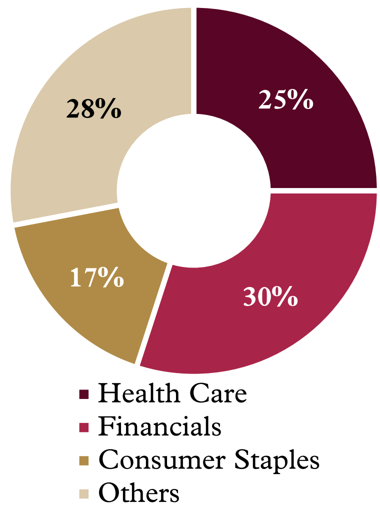
Disclaimer

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