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MTC Asset Management
Meranti Fund

Commentary (Meranti Fund)

September 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 119.0% (8.9% p.a.), underperforming Founders but significantly outperforming the KLCI, which returned 191.1% (12.2% p.a.) and –3.5% (–0.4% p.a.), respectively, in MYR terms. YTD in 2025, Meranti achieved a return of 26.1% (34.0% in USD terms), again underperforming Founders, which returned 34.9% (43.3% in USD terms). Meanwhile, the KLCI declined –1.9% YTD.

Portfolio

The main contributor to our outperformance this quarter and YTD, has been our overseas allocation, which we discussed in greater detail in the *Founders Commentary*. On the Malaysian side, performance was more muted. We primarily collected dividends from our 'MTC MY Index' basket of stocks and made no new additions or disposals, except in the glove sector. As a result, glove stocks grouped under our Healthcare sector now represents 26% of our Malaysian allocation. We doubled our holdings in selected glove companies after share prices declined by more than 50%. While Chinese glove manufacturers remain a competitive threat, we view this as a favourable risk-reward opportunity given the sector's current valuation. Furthermore, in the context of escalating U.S.–China trade tensions, we believe Malaysian glove makers can maintain their U.S. market share. Over the medium to long term, we also expect China's manufacturing focus to shift away from low-tech products like gloves toward higher-tech industries such as semiconductors and heavy machinery. This may leave Malaysia and Thailand as the dominant glove producers globally. Malaysian glove companies remain in a strong financial position with sizeable cash reserves and economies of scale.

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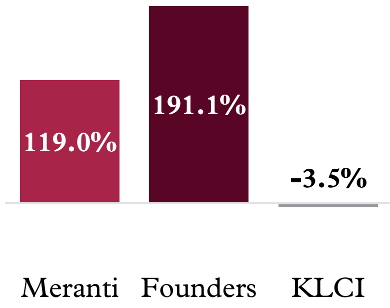
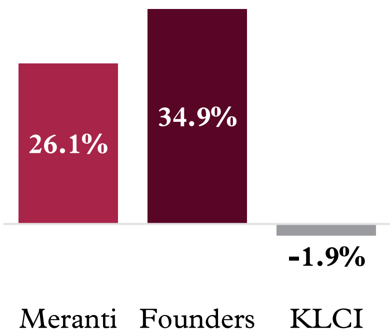
Performance

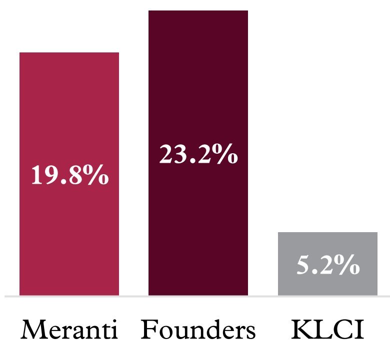
Since Inception (28 Jul 2016)



Year to Date (Sep 2025)



Quarter (Sep 2025)



Devan Linus, Chief Investment Officer

Portfolio (continued)

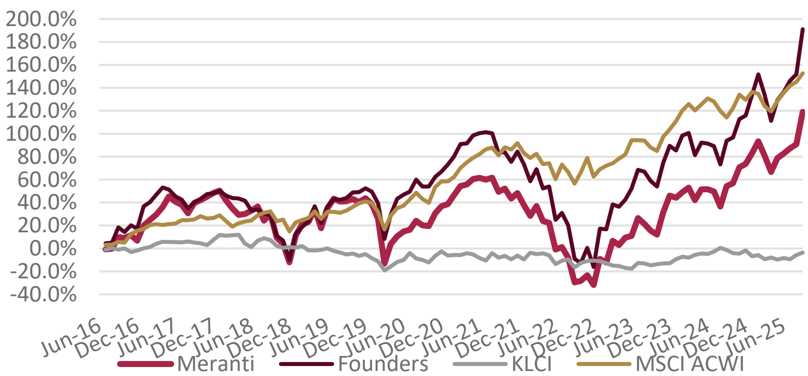
In our view, Malaysian glove companies are well positioned to withstand near-term headwinds and emerge stronger over time. At current price levels, the counters also remain vulnerable to speculative interest, much like in 2024 when glove stocks rallied by over 50% within the year. Looking at the broader Malaysian portfolio, we remain 94% invested in value and deep value stocks, with deep value now accounting for 36% of our domestic allocation.

Market Insights & Outlook

Our cautious stance on Malaysia during the Covid-19 period had a notable impact on Meranti's relative performance compared to Founders. We exited several Malaysian positions that suffered deeper drawdowns in 2020 and later shifted from a concentrated allocation approach to a more diversified index-style strategy focused on selected blue-chip names. As a result, we don't expect the Malaysian component of the portfolio to match the return potential of our global allocation. We are targeting approx. 5% p.a. from Malaysia, modest by global standards but still a meaningful outperformance versus the Bursa KLCI, which has delivered close to 0% p.a. over the same period. For those seeking stronger overall returns, Founders remains the preferred vehicle. However, for investors constrained to Ringgit-denominated assets, Meranti continues to be a superior option to other Malaysian alternatives. Now in its 9th year, Meranti has delivered a net return of 8.9% p.a. since inception, outperforming both EPF and ASB over the same period. We remain confident in our ability to continue outperforming these domestic benchmarks.

Performance

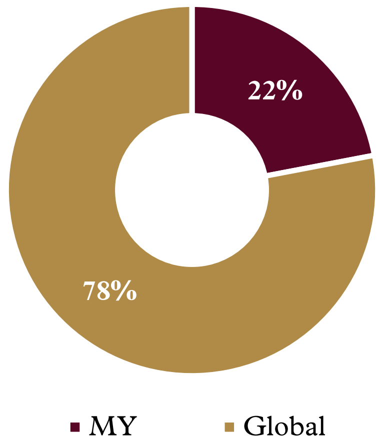
Since Inception (Jul 2016 – Sep 2025), net of fees, MYR



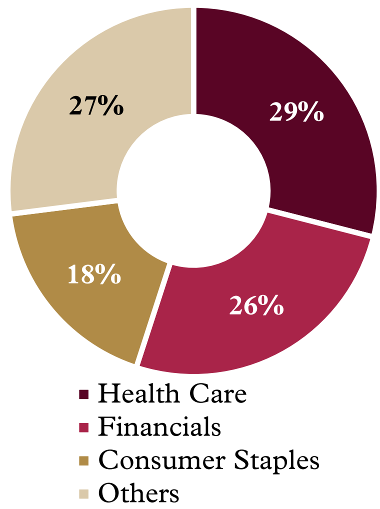
Disclaimer

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