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Commentary (Founders Fund)

December 2025

Written by Devan Linus, Chief Investment Officer

Objective

MTC Founders Fund ("Founders", "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. MTC invests predominantly in large cap companies listed in the US and other developed countries and employs a value driven, bottom-up investment approach. MTC's benchmark is the Straits Times Index ("STI") and the MSCI All Country World Index ("MSCI ACWI"). The STI was chosen as a benchmark as MTC's investors are predominantly from Southeast Asia and benchmark themselves to Singapore. MSCI ACWI is the second benchmark as it was designed to best represent broad global equity-market performance. Performance is reported in USD.

Performance

MTC delivered a since inception net return of 311.7% (11.1% p.a.), outperforming both the STI and MSCI ACWI, which returned 52.2% (3.2% p.a.) and 234.1% (9.4% p.a.) respectively.

Benchmark Comparison

Founders, STI & MSCI ACWI

We ended 2025 on a strong note, delivering a full-year return of 51.5%, significantly outperforming the MSCI ACWI and, for the first time, surpassing it on a since-inception basis. What makes this year's outperformance particularly compelling is that we began 2025 with only a 12% allocation to semiconductors and had fully exited the sector by early Q3, meaning we didn't participate in the sharp semiconductor rally that occurred in Q4.

Portfolio

How we outperformed in 2025

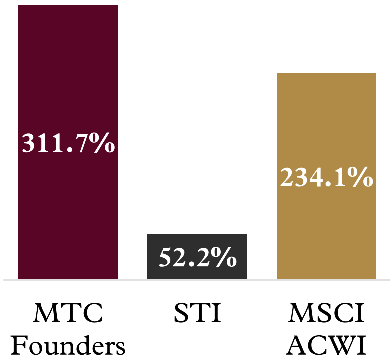
Our key drivers for the year included a timely entry into apparel retail during the April tariff-induced sell-off, and continued patience in long-standing themes like Studios & Streaming and China Blue Chips, first initiated in 2022. We also benefited from broad Big Tech strength through selective exposure to the "Magnificent Seven" and solid gains from other high-quality blue-chip holdings. Importantly, we achieved these returns while executing a strategic shift to end the year in a net cash position: holding 10% in cash as of December 2025, compared to 26% leverage at the start of the year.

NAV

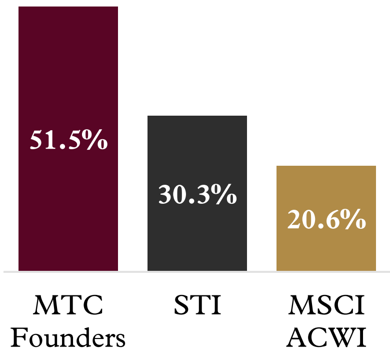
Class S:	411.73

Performance

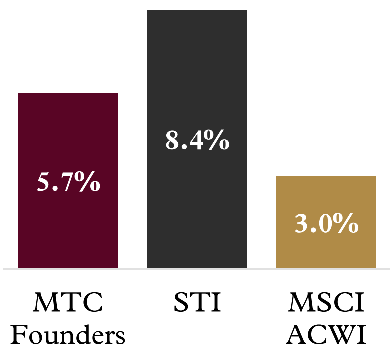
Since Inception (24 Jul 2012)



Year to Date (Dec 2025)



Quarter (Dec 2025)



Portfolio (continued)

How we outperformed in 2025 (continued)

Of course, had we not aimed to end the year with cash, our returns could have been even higher. But given the elevated risk backdrop, we chose prudence. The U.S. market, as measured by the DJIA, hit both all-time price and valuation highs, with the Shiller P/E surpassing ~40 in December 2025, a level last seen before the dot-com crash. Other indicators, like Warren Buffett's Market Cap-to-GDP ratio breaching 200% in October 2025, also signal caution. Historically, when the Shiller P/E exceeded 40 in 1999, markets subsequently corrected sharply. While we can't predict the timing of a downturn, we've positioned the portfolio accordingly: 10% in cash versus 26% leverage at the start of the year. If a correction does come, we are ready to deploy. If not, we remain almost fully invested in quality companies and sectors that are largely free from hype and inflated expectations.

Major Changes to the Portfolio

The last significant portfolio reallocation occurred in 2022, following a 19.8% decline in the MSCI ACWI. In response, we restructured around four core themes: (1) US Big Tech, (2) Studios & Streaming, (3) China Blue Chips, and (4) Semiconductors. While we trimmed positions as they appreciated, we largely remained patient over the past three years. That patience paid off in 2025, as Studios & Streaming, China Blue Chips, and Semiconductors finally delivered. From December 2022 to December 2025, this strategic positioning generated a cumulative return of 284% (42% p.a.). This followed a painful –57% drawdown in 2022, during which we were actively buying high-quality names at depressed valuations.

Measured from December 2021 to December 2025, including the drawdown, the portfolio still appreciated 65% (13% p.a.), a solid outcome.

Still, this experience underscores the importance of reducing the severity of drawdowns going forward. We are entering 2026 with a markedly stronger foundation: 10% in cash versus 31% leverage at the start of 2022, and only 18% of the portfolio marked at Fair Value today versus 34% then. We believe this prudent stance will better position us to weather any future dislocation. Should another crash materialise, our liquidity and access to leverage especially in a falling rate environment will allow us to act decisively. If markets correct, we aim to repeat a high-return recovery cycle, ideally with a smaller initial drawdown (e.g., –20% vs –57%). If there's no crash, the current portfolio is still built to deliver a high single-digit annual return over time.

Current Portfolio

As a result of trimming and fully exiting several positions tied to our 2022 investment themes, the portfolio today looks materially different from where it stood at the end of 2022. As of December 2025, only 44% of our holdings remain from the original names we held in 2022. The rest make up 46% of the portfolio, given our current 90% investment level and comprises of new additions, all of which fall under our deep value and value categories.

We believe this refreshed composition will serve as a catalyst for future performance, particularly as some of our 2022 holdouts begin to mature and slow in terms of appreciation. That said, we continue to hold onto several of these names. Not certainly out of inertia, but out of conviction. Where possible, we maintain our view that wonderful businesses should be held indefinitely. Microsoft is a prime example: it moved sideways for a decade (2000–2010), before compounding at over 20% p.a. from 2010 to 2025. In the same spirit, we remain patient with our long-term compounders, while allowing fresh deep value ideas to carry the next leg of performance.

Portfolio (continued)

Current Portfolio (continued)

The summary of our current portfolio is as below:

- US Big Tech – We remain confident that if there is indeed an AI bubble, the real downside risk lies with unprofitable companies. Our focus has always been on Big Tech firms that continue to generate strong free cash flow despite substantial capex. These remain our long-standing holdings from 2022, and we believe they are well-positioned regardless of how the AI cycle unfolds.
- China Blue Chips – While China still grapples with property sector overhang, its ability to produce globally competitive giants remains intact. BYD's recent overtaking of Tesla as the world's top EV seller is one such example. This bucket includes both original names from 2022, and new additions made from 2023-2025.
- Apparel Retail – Several of our positions in this space have more than doubled since the April tariff lows, prompting some trimming. However, we continue to hold others that have yet to re-rate meaningfully. Most of these names were initiated or added to in 2025 and continue to screen attractively on deep value metrics.
- Others – This includes a range of new positions mostly acquired in 2025 spanning sectors and regions, including deep value stocks in Australia. Unlike the past, we are not theming this group (as we did with semiconductors or studios previously), but rather treating it as a bucket of opportunistic, high-conviction picks.

Outlook

Throughout 2025, we frequently discussed the possibility of an "AI Bubble." Yet by Q4, it became increasingly clear that it isn't popping just yet. Hyperscalers, like Meta, Google, and Microsoft have doubled down on AI capex, and the impact is visible where semiconductor players such as Micron, Nvidia, and TSMC continue to report record revenues. That being said, there are signs of trouble. Nvidia, for example, is using its profits to enter so-called 'circular arrangements', investing in AI startups in exchange for securing long-term chip contracts and propping up revenue. This is also being explored by AMD, suggesting that the bubble could begin to pop if one company starts to show signs of weakness.

Thus, we remain cautious. The construction of datacentres and compute infrastructure is ongoing, and it remains to be seen whether demand will ultimately match this new supply. We're wary of an oversupply scenario but acknowledge we could be wrong. Fortunately, as demonstrated in 2025, one doesn't need to be in semiconductors to deliver strong performance. We exited the sector early yet still outperformed, thanks to our deep value positioning in other areas.

Looking ahead, our approach remains selective. While semiconductors may continue to perform, we find it increasingly difficult to expect multi-bagger returns from names like Nvidia now nearing a $5 trillion market cap. For it to triple, it would need to become a $15 trillion company, which stretches credulity. By contrast, turnarounds like Victoria's Secret where we entered at a $1.5B valuation in April and exited at $4.5B by year-end offer more plausible paths to 3x returns. At ~$1.5B, and potentially earning $300–400M, the valuation seems far more grounded.

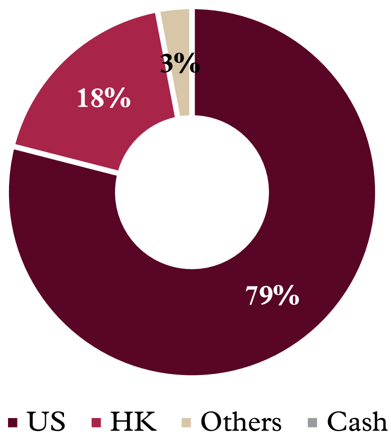
In short, bubble or not, we're prepared for both scenarios. We hold quality, value-oriented businesses with real upside without relying on hype to deliver results.

Devan Linus, Chief Investment Officer

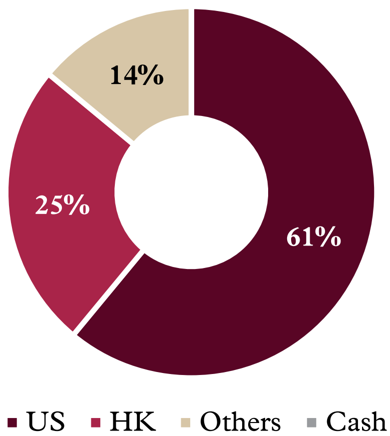
Charts 1: Company Listing and Sector Breakdown

Company Listing Breakdown

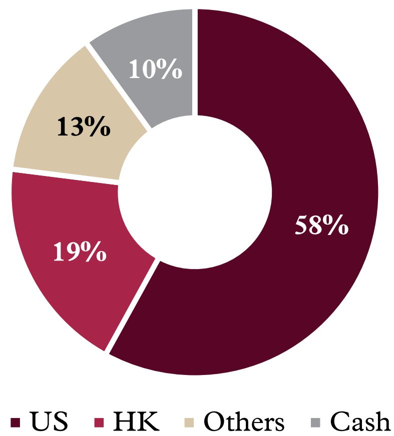
Prior Year (Dec 2024)



Prior Quarter (Sep 2025)



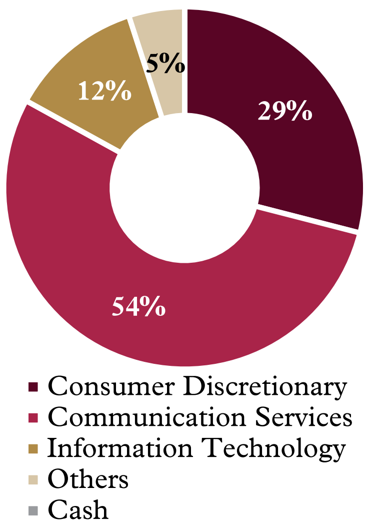
Current Quarter (Dec 2025)



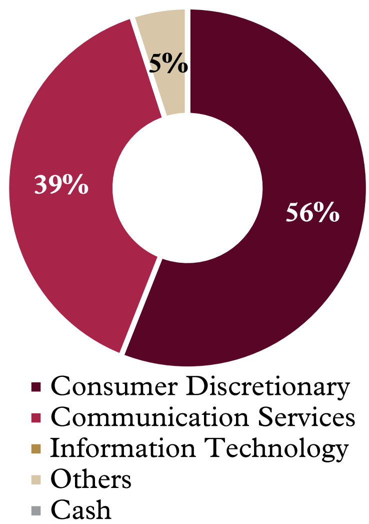
Further trimming has resulted in us ending Dec 2025 quarter with 10% cash whilst maintaining similar proportions of sectors as Sep 2025.

Sector Breakdown (GICS)

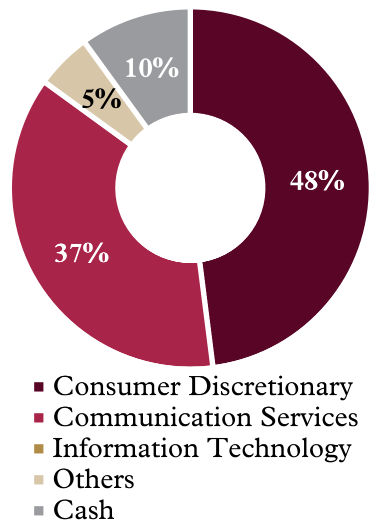
Prior Year (Dec 2024)



Prior Quarter (Sep 2025)



Current Quarter (Dec 2025)

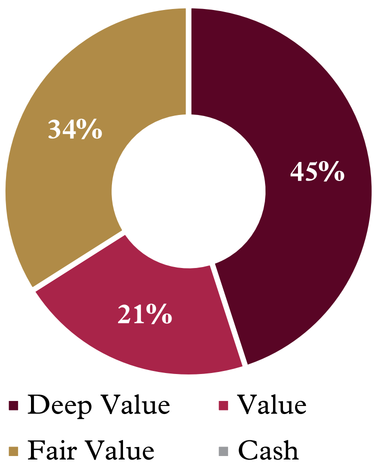


Our trimming was higher in the Consumer Discretionary space, as we fully sold of a position in Apparel Retail. Hence, we ended Dec 2025 with 48% in Consumer Discretionary versus 56%n in Q3. Our companies in Consumer Discretionary includes e-commerce in China.

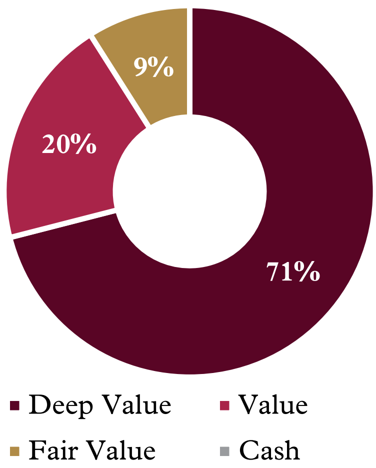
Charts 2: Value and Leverage Breakdown

Value Breakdown

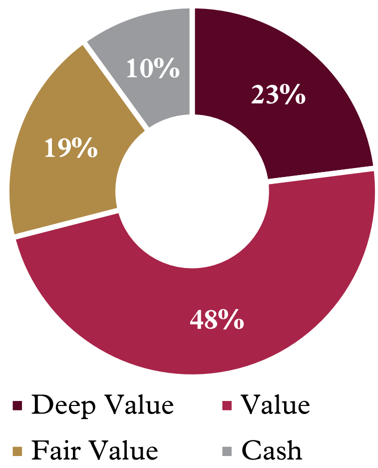
Prior Year (Dec 2024)



Prior Quarter (Sep 2025)



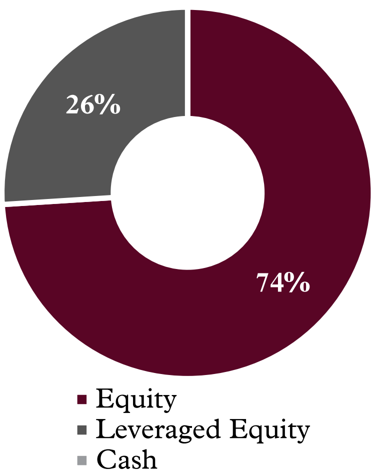
Current Quarter (Dec 2025)



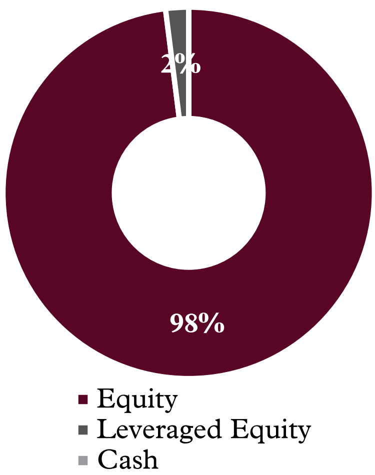
Many of our deep value companies had an appreciation in Q4 2025, which we either have fully sold off or trimmed. Hence, our value composition has changed significantly with the bulk 48% invested in value.

Portfolio Leverage Breakdown

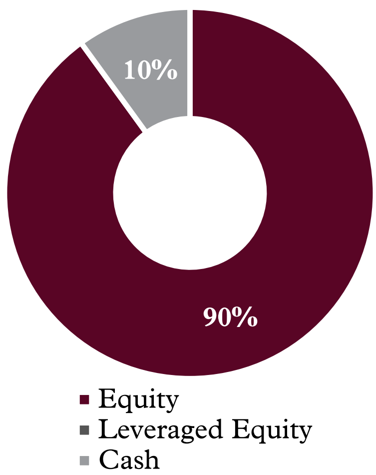
Prior Year (Dec 2024)



Prior Quarter (Sep 2025)



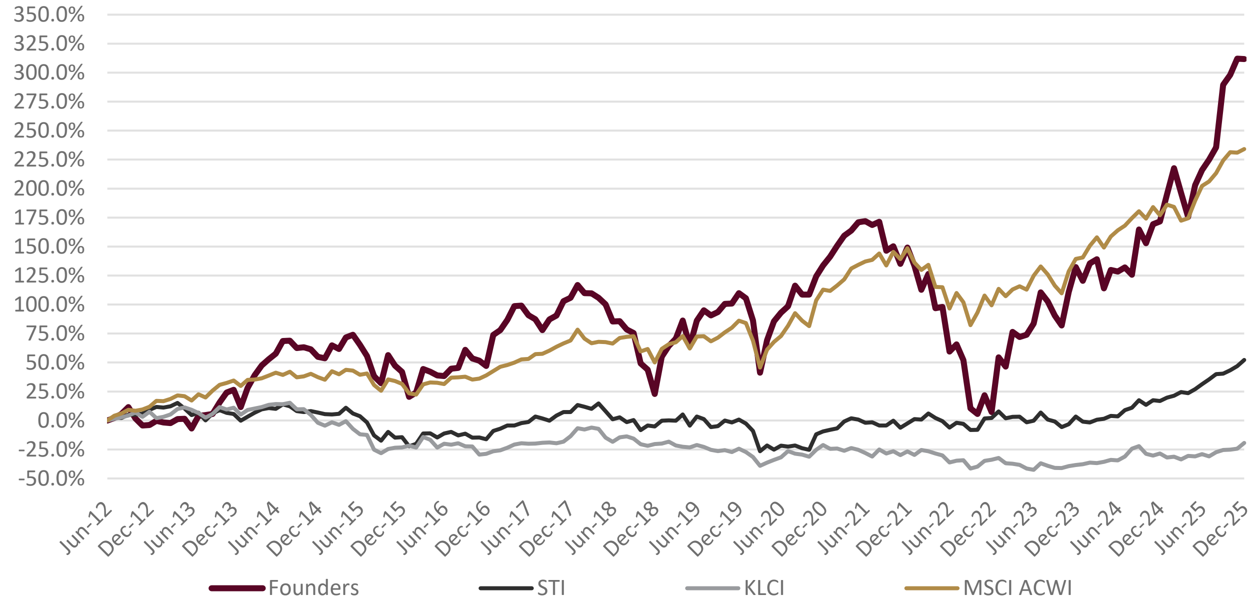
Current Quarter (Dec 2025)



Throughout 2025 that has been a coordinated effort to change from a levered position in 2024 to a cash position in 2025, ending Dec 2025 with 10% cash.

Charts 3: Performance

Since Inception (Jul 2012 – Dec 2025), net of fees, USD



Disclaimer

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