

Commentary (Founders Fund)

March 2026

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 263.5% (9.8% p.a.), outperforming both the STI and MSCI ACWI, which returned 59.9% (3.5% p.a.) and 223.4% (8.9% p.a.) respectively.

Benchmark Comparison

Founders, STI & MSCI ACWI

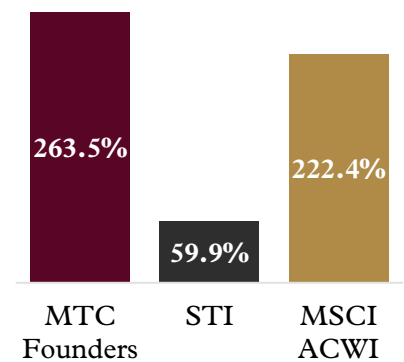
We began 2026 with a positive January but ended Q1 down 11.7%, primarily driven by the Iran war, which pushed oil prices sharply higher from approximately USD70 to above USD100 per barrel (Brent). Despite this, the MSCI ACWI and S&P 500 declined only 3.5% and 4.7% respectively, suggesting markets are pricing in a relatively swift resolution to the conflict. However, headline index performance masks the underlying volatility across sectors. The VIX rose from below 20 prior to February to a peak of 30 by end-March. Our portfolio was impacted by this divergence. While our holdings came under pressure, Oil & Gas and Semiconductor stocks continued to rally through the quarter. Notably SanDisk, Occidental Petroleum, Seagate, and Exxon delivered returns of 168%, 58%, 42%, and 41% respectively in Q1 2026. Our lack of exposure to these sectors contributed to our underperformance relative to the MSCI ACWI and S&P 500. In contrast, the STI delivered a positive return of 5.0%, supported by its banking-heavy composition, safe-haven positioning, and policy support from the Singapore government’s Equity Market Development Programme, which has allocated approximately SGD5 billion to fund managers investing in local equities

NAV

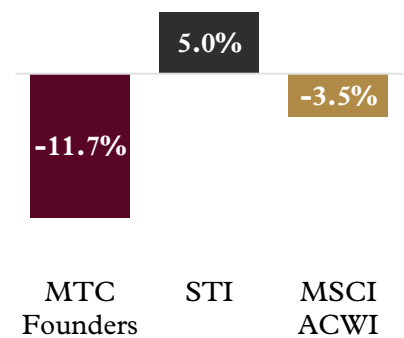
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Performance

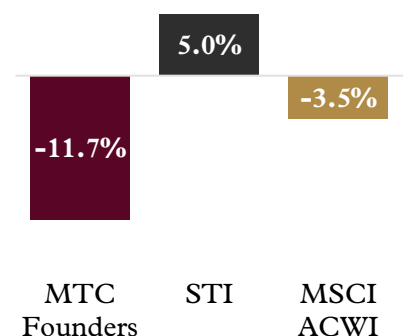
Since Inception (24 Jul 2012)

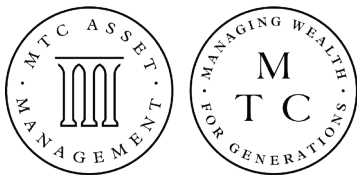


Year to Date (Mar 2026)



Quarter (Mar 2026)





Markets

High Oil Prices & Stock Market Crashes

We remain somewhat cautious on the Iran war, given the unpredictability of whether it turns into a prolonged conflict or resolves quickly, as well as the short to medium-term impact of any potential disruption to the Straits of Hormuz and how long oil prices may remain elevated before normalising. These are uncertainties that are difficult to predict and largely dependent on political developments. As such, our analysis has focused more on historical precedents and how financial markets reacted to past oil shocks. During the 1973/74 Arab Oil Embargo, the S&P 500 declined by more than 40% from January 1973 to mid-1974, although this was over 50 years ago. Subsequent events include the 1979/80 Iranian Revolution, the 1980–82 Iran-Iraq War, and the 1990 Gulf War when Iraq invaded Kuwait. In that instance, the S&P 500 declined only 19.9% between July and October 1990 (over a three-month period), just shy of the 20% bear market threshold. Despite this, the 1990s turned out to be a strong decade, with the S&P 500 appreciating approximately 430%, supported by factors such as the rise of the internet, declining interest rates, and the eventual dot-com boom. Another observation is that since the 2000s, major market downturns have largely been unrelated to oil shocks. The Asian Financial Crisis, the dot-com crash, and the Global Financial Crisis were driven by financial and structural imbalances rather than commodity disruptions. The COVID-19 sell-off, while sharp at around 30%, was relatively short-lived. In contrast, we view the 2022 inflation and rate-hike-driven correction, where the S&P 500 declined approximately 20% over the year, as more structurally significant. Our overall conclusion is that despite the uncertainty surrounding the Iran conflict and oil prices, it does not warrant a complete exit from equities. In fact, we continue to see greater risk in elevated valuations and the potential formation of an AI bubble, which we have highlighted in previous commentaries. That said, we remain cautious in our positioning.

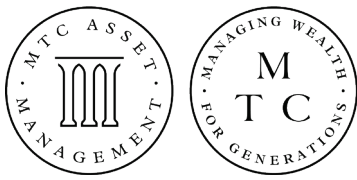
Portfolio

Changes, Portfolio Leverage & Value

Following our views on high oil prices and potential market swings, we took the opportunity to add to existing positions at lower prices and some new names to the portfolio. As a result, we have moved from a cash position back into a modest leveraged position of 10%, still below the 18% level prior to the tariff-driven volatility last year. We consider this level prudent, given that approximately 84% of the portfolio is now invested in deep value and value companies. We had largely exited our fair value positions in Q3 and Q4 2025, which explains our absence in semiconductor stocks. While this has resulted in us missing some of the strong returns from that sector in 2026, we view it as a speculative area that does not align with our investment discipline. The remaining fair value holdings are primarily large-cap technology companies, which have also corrected but continue to exhibit stronger business moats compared to semiconductor names, where valuations appear increasingly stretched. We believe our selected AI-related investments are well positioned to benefit from continued adoption, while also possessing the resilience to perform even in the event of an AI-driven correction.

Industry Breakdown

We have updated our classification methodology for portfolio composition. Previously, we grouped investments by Sector using the Global Industry Classification Standard (GICS). Going forward, we will adopt a more granular approach by classifying holdings at the Industry level (also based on GICS). This change allows for a more precise representation of our portfolio and ensures better alignment between our written commentary and the accompanying charts.



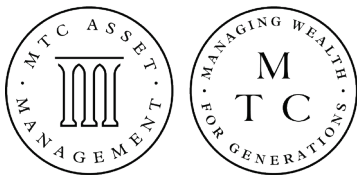
Portfolio (continued)

Industry Breakdown (continued)

- **Speciality Retail** – As mentioned, following the tariff-driven sell-off, retail companies experienced significant declines. Throughout Q2 to Q4, we actively deployed capital into these companies while also taking full profits on positions that delivered triple digit returns (e.g. Victoria Secret). More recently, and independent of the Iran war, several companies within Speciality Retail have declined further by double digits, with the drawdown exacerbated by geopolitical concerns. As a result, we have increased our exposure to Speciality Retail, which now represents 29% of the portfolio and is our largest allocation. As observed with Victoria Secret, we believe that the right brands, supported by strong balance sheets, have the ability to weather downturns and execute successful turnarounds. This can result in a meaningful recovery in earnings and, consequently, significant upside in share prices, particularly when acquired at depressed valuations rather than at peak multiples. Importantly, all our Speciality Retail holdings are profitable businesses; we are not investing in distressed companies. We believe the recent share price weakness is largely driven by modest or slightly negative revenue growth, rather than a deterioration in underlying fundamentals.
- **Interactive Media & Services** – This consists primarily of our long-term holdings, namely select Big Tech companies that we intend to hold over an extended period. These are businesses with strong competitive moats, resilient earnings profiles, and significant exposure to long-term structural growth trends such as AI and digital transformation. In the recent quarter, however, market attention has shifted more aggressively towards AI semiconductor stocks, which have driven a large portion of index performance. As a result, our selected Big Tech names delivered negative returns for the quarter, despite remaining key beneficiaries of AI over the longer term.
- **Broadline Retail** – This consists primarily of our e-commerce companies. These names delivered negative returns for the quarter, reflecting both broader market weakness and softer sentiment towards consumer-driven businesses. In the event of a recession, they are likely to face additional pressure given their exposure to discretionary spending.
- **Others** – A year ago, the “Others” category accounted for 39% of the portfolio, driven primarily by semiconductor exposure. Following our exit from the industry, “Others” has reduced to 26%. Importantly, all companies within this grouping are profitable, reinforcing our disciplined focus on quality businesses.

Outlook

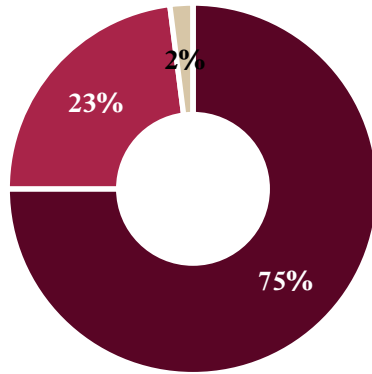
We do not believe anyone can accurately predict the market, and somewhat counterintuitively, markets have remained resilient. In fact, as of the second week of April while writing this commentary, the S&P 500 has recovered its losses, and semiconductor stocks have continued to rally, with names such as Intel appreciating close to 50% over a short period. We remain cautious. Despite the Iran war, we are more concerned about the potential formation of an AI bubble, particularly given the scale of investment required to build data centres, which are energy-intensive in an environment where oil prices are elevated. At the same time, a significant portion of AI usage today remains free or heavily subsidised through platforms such as Google’s Gemini and other providers like OpenAI and Anthropic, raising questions around long-term monetisation. In any case, we are not highly leveraged, maintain strong downside protection with approximately 84% of the portfolio invested in value and deep value companies. We also retain the flexibility to take profits should our special situation investments, mainly in Speciality Retail and “Others”, realise their turnaround sooner than expected. This allows us to redeploy capital if markets correct (where we have demonstrated the experience to collect good companies at the cheap and deliver strong double digits for a few years right after a downturn). If the markets does not correct, we are comfortable that our existing portfolio can continue to deliver high single-digit per-annum returns.



Charts 1: Company Listing and Sector Breakdown

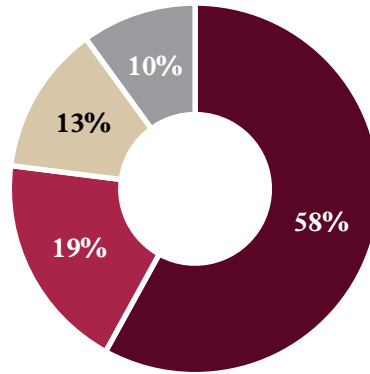
Company Listing Breakdown

Prior Year (Mar 2025)



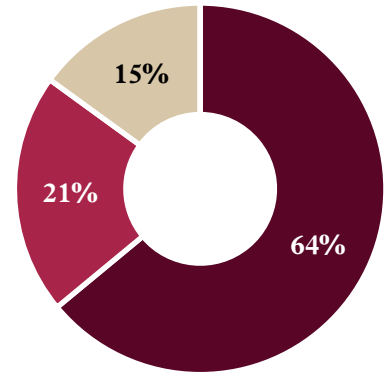
■ US ■ HK ■ Others ■ Cash

Prior Quarter (Dec 2025)



■ US ■ HK ■ Others ■ Cash

Current Quarter (Mar 2026)

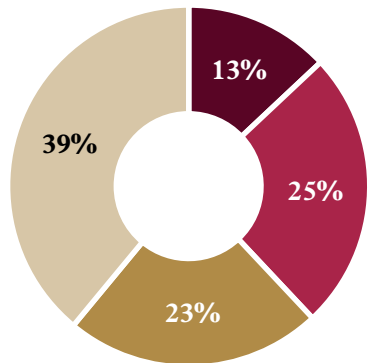


■ US ■ HK ■ Others ■ Cash

Our geographic proportions has remained relatively the same as Q4 2025, but without cash as we are now slightly levered.

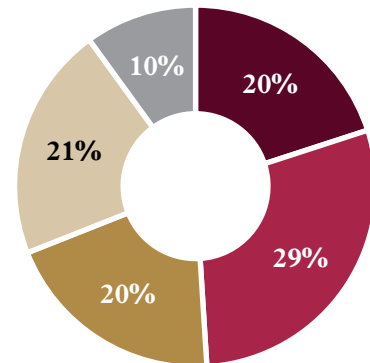
Industry Breakdown (GICS)

Prior Year (Mar 2025)



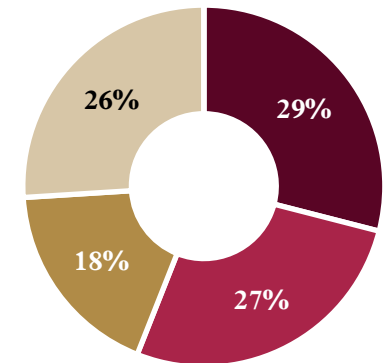
■ Specialty Retail
■ Interactive Media & Services
■ Broadline Retail
■ Others
■ Cash

Prior Quarter (Dec 2025)



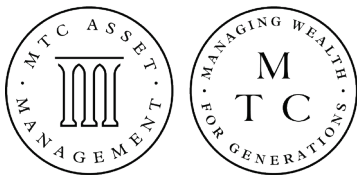
■ Specialty Retail
■ Interactive Media & Services
■ Broadline Retail
■ Others
■ Cash

Current Quarter (Mar 2026)



■ Specialty Retail
■ Interactive Media & Services
■ Broadline Retail
■ Others
■ Cash

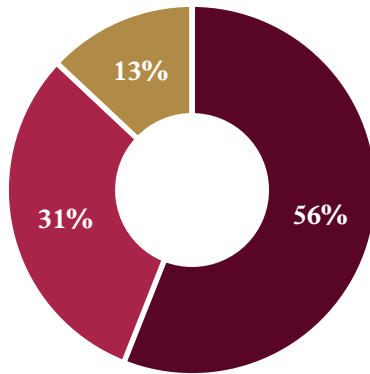
Our usage of cash and lever in the Q1 2026 quarter was to increase our allocation in Specialty Retail and Others.



Charts 2: Value and Leverage Breakdown

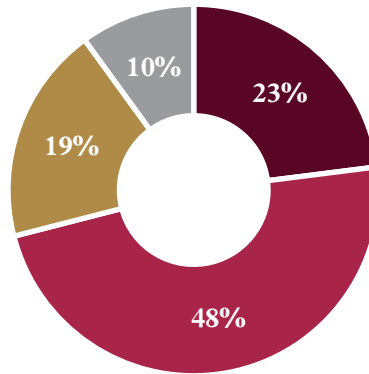
Value Breakdown

Prior Year (Mar 2025)



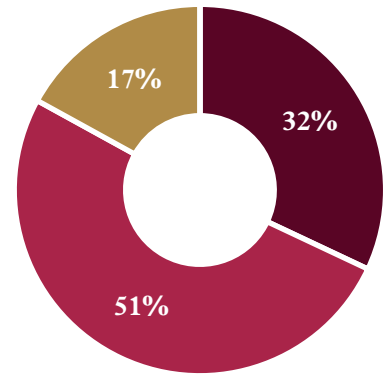
■ Deep Value ■ Value
■ Fair Value ■ Cash

Prior Quarter (Dec 2025)



■ Deep Value ■ Value
■ Fair Value ■ Cash

Current Quarter (Mar 2026)

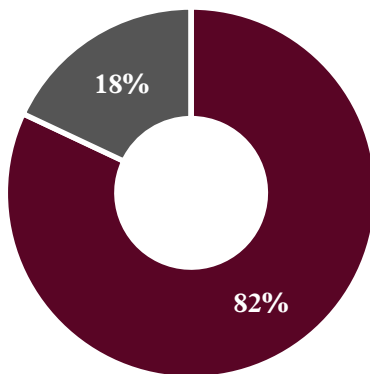


■ Deep Value ■ Value
■ Fair Value ■ Cash

Our utilisation of cash and lever in Q1 2026, resulted in our deep value allocation increasing from 23% to 32% for the quarter.

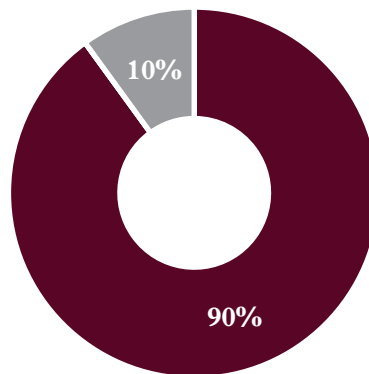
Portfolio Leverage Breakdown

Prior Year (Mar 2025)



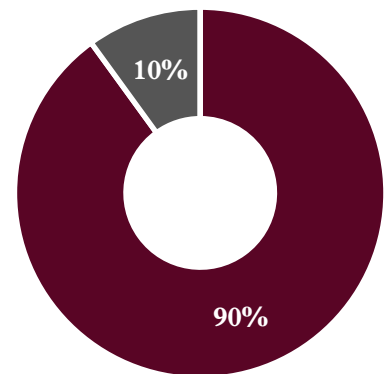
■ Equity
■ Leveraged Equity
■ Cash

Prior Quarter (Dec 2025)



■ Equity
■ Leveraged Equity
■ Cash

Current Quarter (Mar 2026)



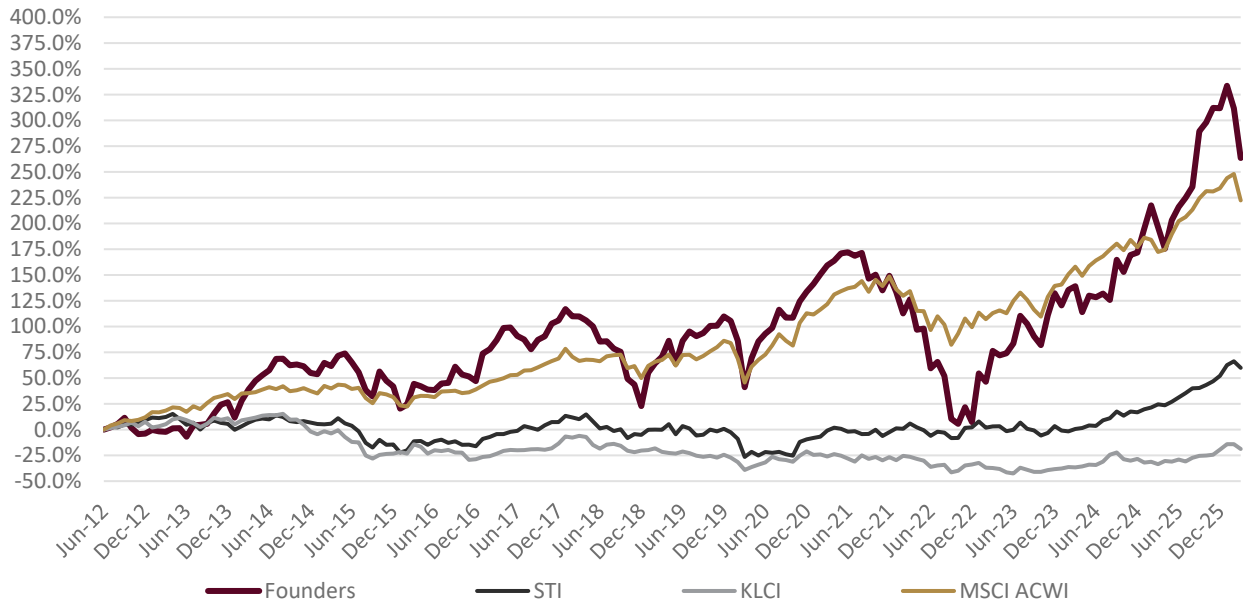
■ Equity
■ Leveraged Equity
■ Cash

We went back into lever in Q1 2026, given the declining share prices of our portfolio companies as a result of the Iran war.



Charts 3: Performance

Since Inception (Jul 2012 – Mar 2026), net of fees, USD



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 mutual fund under the Mutual Funds Law of the Cayman Islands and is registered with the Cayman Islands Monetary Authority.