



Meranti Asia Equity (USD)

30 May 2025

Our Strategy

For investors who believe in the Asia growth story but are worried about a potential United States (US) market crisis affecting it, the **Meranti Asia Fund (MAF)** offers a solution. MAF invests in a basket of Asia companies demonstrating strong potential to maximize returns for shareholders in the next five years, with a proven track record of resilience in past economic downturns and positioning to capture future trends in a drastically changing world. With a fixed budget to hedge against a potential US market crash, investors can be assured of capturing the opportunities of the next decade without worrying about the big “reset”.



Who is this suitable for

The strategy is suitable for clients looking for Asia Equity strategy with US market crash protection



Equity holding to maximize returns



Capital Appreciation compounded at 8% target return



Dynamic Risk Management (DRM)
Fixed budget
Keep investors calm

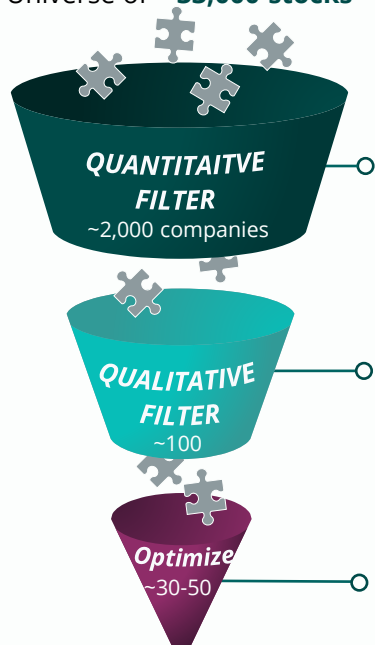
Asia: embracing volatility in a continent rich with opportunities

Asia offers investors access to a wealth of investment opportunities with its 33,000 listed companies. However, uncovering hidden gems takes more than just data. While data serves as an essential filter through which stocks are assessed, the manager's depth and breadth of understanding of Asia companies, alongside the experience of seeing the companies through different cycles, are essential skill to construct an effective portfolio.

Winning formula to uncover hidden gems in Asia

Illustration of how we select stocks within pockets of growth in Asia:

Universe of ~33,000 stocks



Quantitative filter: Apply a combination of fundamental metrics and rules to the universe of stocks and continuously assess and filter out interesting opportunities which form the foundation for our stock selection and analysis.

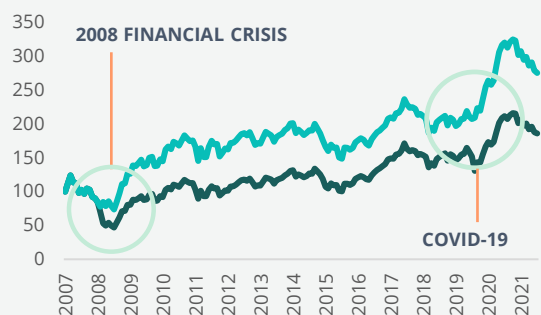
Qualitative filter: On the selected names, we assess the company's business strategy and financial data to identify companies that have strong economic moats to ward off competition and the ability to innovate to overcome challenges and drive growth.

Optimizer: We view the portfolio holdings as a whole, continuously optimized with names that are well positioned in respect of the current trends and the economic environment, to optimize the risk-adjusted return.

How does Dynamic Risk Mitigation (DRM) Help?

Black swan events are unexpected and potentially catastrophic for an investment portfolio i.e. 2008 Great Financial Crisis where the price of global equity markets declined sharply by -60%.

DRM addresses the urge of investors to exit the market in anticipation of market crashes so that investors can stay invested for the long-term. Through the use of a series of option positions, investors are shielded against such extreme market declines, enjoying lower drawdowns and faster portfolio recovery.



		Without DRM	With DRM
Largest Drawdown	2008 FC	-62.09%	-40.53%
	Covid-19	-20.71%	-5.34%
Months to Recover	2008 FC	63	7
	Covid-19	4	2
Total Return		85.97%	175.59%

For illustration purposes only for the period from August 2007 to February 2022. The reference benchmark is the MSCI AC Asia Ex Japan Index.

Calendar Return, %

Class	Jan	Feb	Mar	Apr	May ¹	YTD ¹	2024 ²	Since Strategy Launch ^{1,2}
USD A	-4.12	4.20	3.38	-1.92	2.72 ¹	4.05 ¹	12.67	17.24 ¹
USD B	-3.98	4.35	3.53	-1.77	2.87 ¹	4.81 ¹	14.56	20.08 ¹

¹ Manager's estimated return. Actual return will be updated in the following month. ² Strategy was launched in February 2024.

Signatory of:



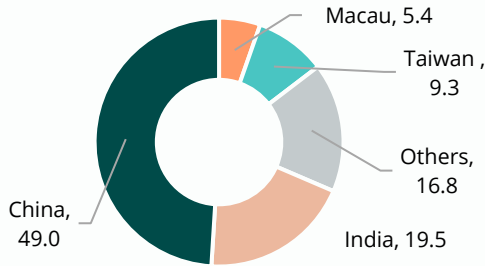
Principles for Responsible Investment



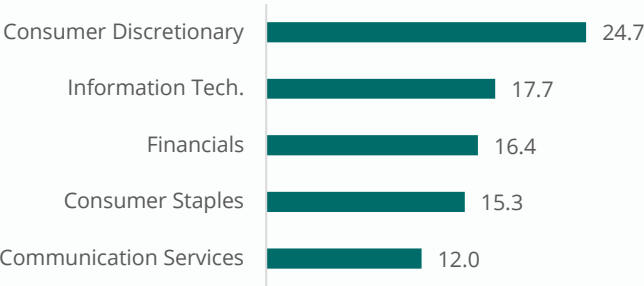
Finexis Asset Management

Strategy Characteristics

Geography Allocation, %



Top 5 Sector Allocation, %



Portfolio Statistics

	Portfolio	Benchmark
Free Cash Flow Yield	12.50	5.40
Sales Growth	5.58	5.56
Return on Equity	13.05	12.41
Operating Margin	14.08	12.79
Debt/EBITDA	1.96	2.60

Reference benchmark is the MSCI AC Asia Ex Japan Index. Holdings are subject to change. Fund holdings and allocations shown are subject to change and may not be representative of current or future investment. Holdings shown should not be deemed as a recommendation to buy to sell securities.

Position Highlights

China Resources Beer	A major player in the global beer industry and the maker of one of the world's bestselling beers by volume, Snow beer
Hundsun Technologies	Financial technology company offering integrated solution and services to the institutions and wealth management tools to individual investors
Tencent Holdings	World-leading internet and technology company offering high-quality digital content and services.
Alibaba Group	China's biggest e-commerce company for online and mobile marketplaces in retail and wholesale trade.
Ping An Insurance Group	One of China's largest insurance companies, specializing in life and health coverage and offers various other insurance products such as auto insurance.

Discerning The Signals From The Noise


A three-pronged research process to identify signals that point us to **sustainable trends** which are underappreciated by the market, which come with **good fundamentals** and **attractive valuation**, with a higher likelihood of outperforming over the long term.

**Fundamental**

Study financial and economic data (e.g. GDP, unemployment rate, and inflation rate etc.) that may drive market movement to find opportunities with **good fundamentals** that are underappreciated.

**Valuation**

Picking the right valuation metrics (e.g. price-to-earnings, price-to-book, EV/EBITDA etc.) to spot **undervalued opportunities** and avoid overpaying for any investment with only good stories.

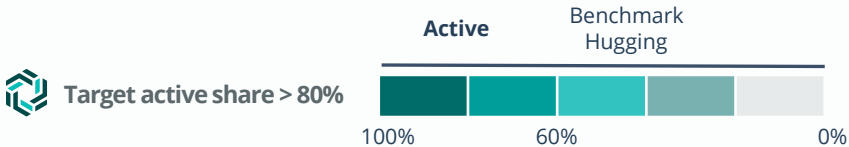
**Trend**

Seek inflection points in **sustainable trends** to capture overlooked opportunities and avoid less recognised risks (such as the end of a bond supercycle).

High Level of Active Management

Many actively managed funds underperform because they have a low active share. This happens when a portfolio's holdings are very similar to the referenced benchmark, a practice commonly referred to as 'benchmark hugging'. In contrast, **funds with a high level of active management may have greater potential for outperformance in the long run**, as there is no way any fund can outperform the market if they are investing like the market.

By investing in areas where we have the greatest conviction and applying it to our whole portfolio, we aim to provide better returns over risk through a full market cycle.



Market & Portfolio Developments

Commentary

Asian equities rebound on TACO

MAF is up over 4% for the year, while the popular S&P 500 is up 1%. This was on the heels of a temporary 90-day trade truce, easing fears of an escalating tariff war. Hence, equities rallied alongside investor confidence, as the ‘TACO’ (Trump Always Chickens Out) trade replaced the US exceptionalism trade.

While MAF benefitted from post-tariff tantrum rebounds in segments such as semiconductors in Taiwan, a few of the portfolio's large-cap names did not gain as much. May was atypical in that gains were driven by less profitable, smaller-cap stocks. Having said that, we expect this to normalize as the short-term momentum eases off.

Shift away from US exceptionalism is gaining traction

This shift has been a long process in the making, as Asian economies went from low-end manufacturing to high-tech industrial superpowers. Billionaire investor Ray Dalio even wrote a book, ‘The Changing World Order’ so other investors can benefit. However, the time horizon for this changing world order can be too long for many investors.

Having said that, we may be closer to that inflection point. Indeed, Ray Dalio is putting his money where his mouth is. Just this week, it was reported that he was one of few billionaires buying 8-figure properties in Singapore as a hedge, just as he sounded the alarm on the US economy. Few of us can buy that 8-figure property, but we can certainly hedge by investing in Asia.

Wait until it is more certain...or get a head start

Some investors may prefer to wait until there is more certainty, such as after Asian markets have a big move. This is natural as by then, the greed or FOMO factor would have kicked in.

What can trigger such big moves? They can happen when large institutions shift their allocations. This typically happens later as they need to go through internal processes to justify a meaningful long-term position (and they are starting to do so today). By then, Asian market gains will be a lot more established; imagine the institutions as large ships that have changed direction, and it will be difficult to switch back. The question is, do individual investors want to wait, then jump on the bandwagon after the big moves have happened?

Fund Details

Item	Class A	Class B
Currency	USD	
ISIN (USD Class)	SGXZ99381758	SGXZ76017904
Min. Subscription	USD 400,000	USD 40,000
Account Opening Fee ¹ (One-time)	-	USD 3,000
Min. Subsequent Subscription	USD 10,000	USD 10,000
Redemption Fees		
1st Year of Investment	-	3%
2nd Year of Investment	-	2%
3rd Year of Investment	-	1%
4th Year Onwards	-	0%
Management Fee	1.78%	0%
Performance Fee ²	0%	20%
Fund Name	Meranti Capital VCC Asia Fund	
Dealing Frequency	Monthly	
Strategy Change Date	1 February 2024	
Fund Domicile	Singapore	
Investment Manager	Finexis Asset Management	
Fund Administrator	ASCENT Fund Services (Singapore)	
Custodian	Standard Chartered Bank	
Auditor	PwC LLP	
Broker	Goldman Sachs (Asia) L.L.C.	
Legal Advisors	BTPLaw LLC	

¹Waiver of account opening fees for investors through the platforms. ²Charged on high water mark basis, with zero hurdle rate.

About FAM: Finexis Asset Management is a Capital Markets Services (CMS) licensed fund management company established in Singapore, focusing on bringing institutional capabilities to private clients. The boutique set-up ensures that we are flexible, responsive and proactive. We embrace the latest technology and constantly improve our processes to complement our investment solutions. Constant evolution to fulfil our investor's needs is ingrained in our beliefs.

For professional and accredited investors only. For fund and sales related enquires please reach out to your finexis financial advisor representative or email us at customer.service@finexisam.com

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