



Meranti Asia Equity (SGD)

30 Jun 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

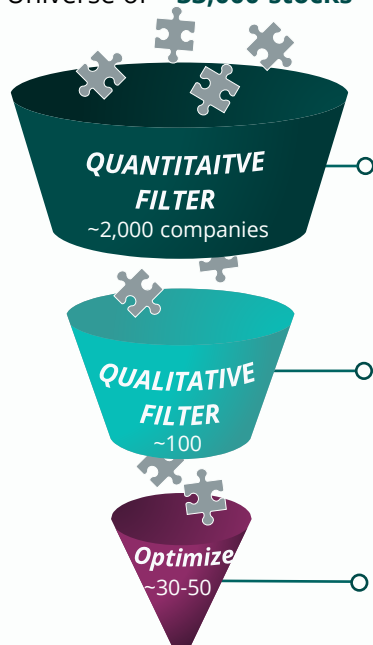
Asia: embracing volatility in a continent rich with opportunities

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.

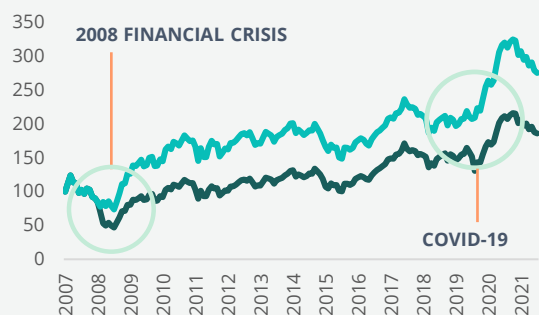
Qualitative filter: On the selected names, we assess the company's business strategy and financial data to identify companies that have strong economic moats to ward off competition and the ability to innovate to overcome challenges and drive growth.

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	Jun ¹	YTD ¹	2024 ²	Since Strategy Launch ^{1,2}
SGD A	-4.24	4.00	3.09	-1.96	2.51	5.67	9.03	10.41	20.38

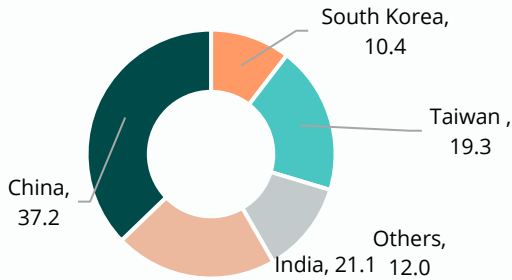
¹ Manager's estimated return. Actual return will be updated in the following month. ² Strategy was launched in February 2024.

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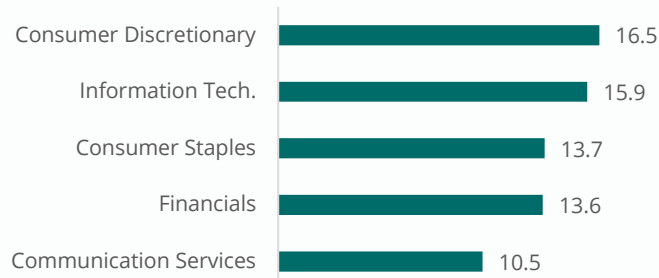


Strategy Characteristics

Geography Allocation, %



Top 5 Sector Allocation, %




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.

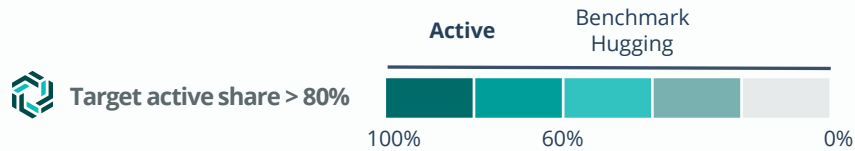
**Trend**

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

In recent months, growing U.S. policy unpredictability has weighed on investor confidence and raised questions around the sustainability of the ‘U.S. exceptionalism’ trade. Against this backdrop, Asia appears to be experiencing a resurgence. MAF has gained over 9% in the first half of the year, driven primarily by strong performance in our China positions. While India’s contributions were positive, they are more muted in comparison.

Getting the right *geography* was crucial this year

Despite Indian markets hitting new highs on strong FDI inflows and a thriving digital economy, they have delivered single-digit returns so far. This would have disappointed investors who were expecting India to do well coming into 2025, as they extrapolated prior performance. This reminds us that equity market investing is like a marathon. Moderating the pace is essential to go the distance. Having sprinted past China before 2024, India’s markets are taking a breather.

Conversely, China markets, which saw an exodus of investors in recent years, drove Asia equity returns. And despite China being one of the best-performing markets, it is still far from its previous highs.

Getting the right *market segment* was just as important

Having exposure to China over India was only part of the story - getting the right exposure within China proved equally crucial. It’s been a “tale of two markets” with Hong Kong-listed equities doing better than their mainland counterparts.

This year’s standout theme has been the resurgence of Chinese tech, where previously sidelined national champions became market darlings once again. The turning point was China’s “DeepSeek moment,” which helped reignite investor interest. MAF benefited meaningfully from its holdings in names like Alibaba and Tencent.

Looking ahead, investing in Asia will be about distinguishing between secular growers and value traps. And even for the secular winners, timing matters – chasing performance too late in the cycle (after an extended performance streak!) could prove costly.

Fund Details

Item	Class A
Currency	SGD
ISIN (SGD Class)	SGXZ64383987
Min. Subscription	SGD 500,000
Min. Subsequent Subscription	SGD 15,000
Management Fee	1.78%
Fund Name	Meranti Capital VCC Asia Fund
Dealing Frequency	Monthly
Strategy Change Date	1-Feb-24
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

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