



Meranti Asia Equity (SGD)

31 July 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

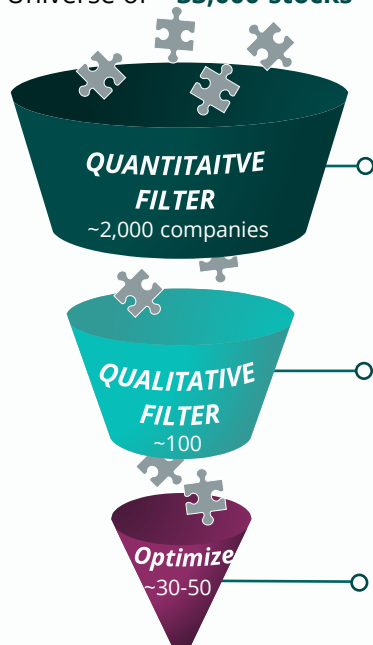
Asia: embracing volatility in a continent rich with opportunities

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.

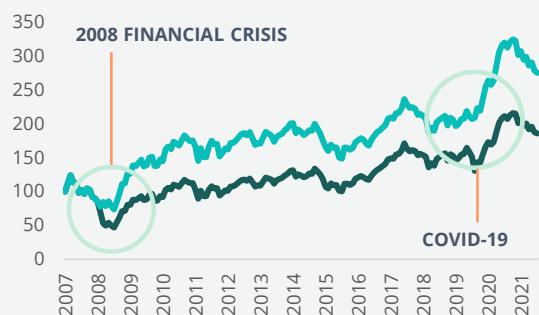
Qualitative filter: On the selected names, we assess the company's business strategy and financial data to identify companies that have strong economic moats to ward off competition and the ability to innovate to overcome challenges and drive growth.

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	Jul ¹	YTD ¹	2024 ²	Since Strategy Launch ^{1,2}
SGD A	-4.24	4.00	3.09	-1.96	2.51	5.24	3.07	11.92	10.41	23.57

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

Signatory of:



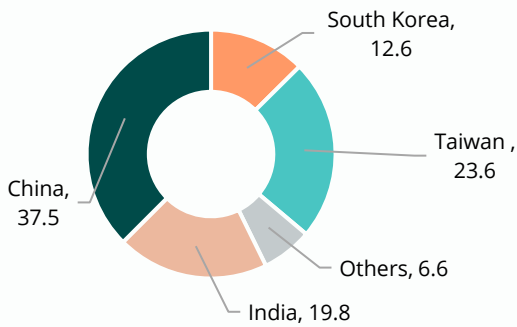
Principles for Responsible Investment



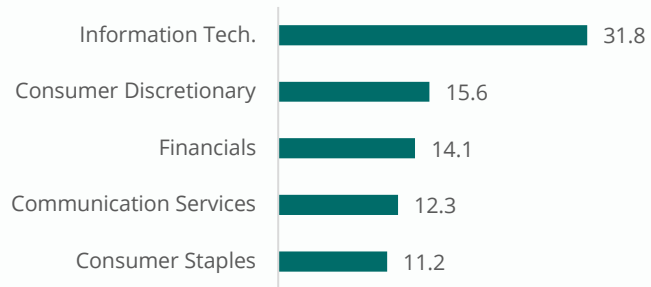
A member of AscendAsia

Strategy Characteristics

Geography Allocation, %



Top 5 Sector Allocation, %




Position Highlights

Alibaba Group	China's biggest e-commerce company for online and mobile marketplaces in retail and wholesale trade.
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.
TSMC	World's dominant pure-play semiconductor foundry, with an unrivaled competitive advantage in advanced chip manufacturing and unmatched scale, serving tech giants like Apple, Nvidia, and AMD.

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.



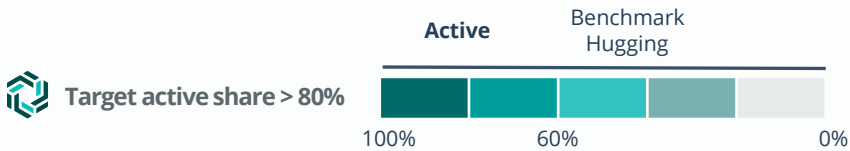
Trend

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

MAF returned 3.07% in July, for gains of 11.92% in the first seven months of the year. All in, one can surmise that this has been a period of many unexpected outcomes: MAF outperformed the popular S&P 500, while within Asia; China outperformed and India disappointed.

The fund started the year down 4%, while the S&P 500 was up almost 3%. For any investor holding out on the Asian story, it looked like another case of ‘cheap can stay cheaper’. It was natural for an Asian investor to cut and rotate to stronger markets like the US, especially when it was still early in the year to do something to get performance. What caught markets by surprise was China’s DeepSeek moment which led Asian markets to outperform in the months after.

Will Asian outperformance persist?

There have been too many ‘false starts’ over the years for one to bang the table with conviction. But could it be the real McCoy this time round? There are some arguments one might throw up such as China taking over as a global industrial superpower, and India’s emerging consumer base taking hold. Any argument, however, needs the market to listen to it. The chart below may provide some hints. Patently, it shows how Asia has underperformed the S&P for years.



Performance of Asia vs S&P 500 (Source: Bloomberg)

Another interpretation of the chart is that Asia’s underperformance is pretty much done, having retraced back to the worst of the 90s Asian Financial Crisis.

Could this time be real?

One can only really be sure when years from now, as they pull out the same chart and see that Q1 2025 marked the turning point for Asian equities that triggered a multi-year boom for investors who decided to grab the opportunity.

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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