December Closing Gains

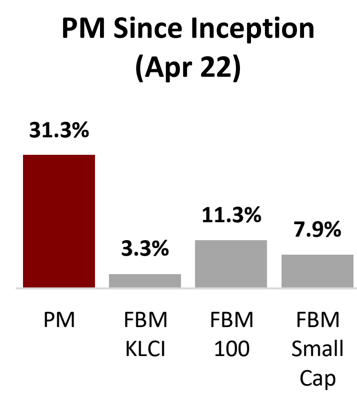
Commentaries: December 2024

Return (%)	December 2024	2024	Since Inception (TSF: Dec 22)	Since Inception (PM: Apr 22)
Tradeview Sustainability Fund (TSF)	3.0%	18.8%	28.4%	N/A
Discretionary Private Mandate (PM)	2.9%	14.0%	N/A	31.3%
FBM KLCI Index	3.0%	12.9%	11.2%	3.3%
FBM 100 Index	3.7%	17.0%	19.0%	11.3%
FBM Small Cap Index	3.9%	9.8%	18.0%	7.9%

Performance vs Benchmark

The local bourses experienced a good run in December, with the FBM KLCI, FBM100, and FBMSC posting gains of 3.0%, 3.7%, and 3.9%, respectively, thanks to the net buying from local institutions which offset the net selling pressure from foreign investors. For the year 2024, the KLCI, FBM100, and FBMSC grew by 12.9%, 17.0%, and 9.8%, respectively.

Interestingly, local retailers overtook foreign investors to become the largest net seller in 2024 while shifting their focus to consumer products & services and REIT sectors, likely due to these sectors' defensive nature and more relatively straightforward business models.

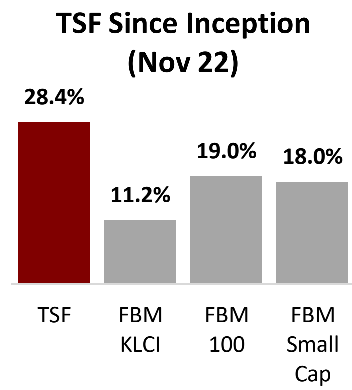


Most sectors delivered positive return except for finance which fell marginally by 0.1% after a strong year of rally. The top three outperforming sectors in this December were technology (+11.1%, a technical rebound after being dragged down by forex loss in Nov'24), healthcare (+10.5%, with glove makers set to benefit from the 50% import tariff imposed by the U.S. on Chinese glove makers starting Jan'25), and utilities (+8.6%, after TNB announced a higher tariff for Peninsular Malaysia starting Jul'25). In 2024, the largest outperforming sectors were construction (+60.7%), utilities (+38.3%), and property (+31.5%), while telco (secular downtrend due to competitive data price war) and consumer sectors (boycott movements impacting sentiment) were the worst performers, slid 4.4% and 0.8%, respectively.

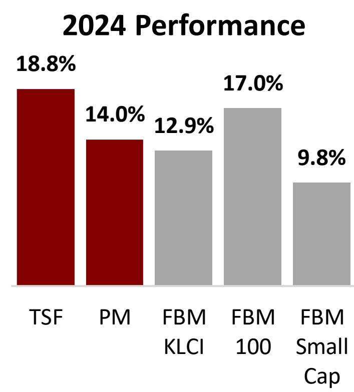
Our portfolios delivered positive returns in December, with TSF and Discretionary Private Mandate accounts reporting gains of 3.0% and 2.9%, respectively, playing catch up at the tail end. For the full year, TSF and Private Mandate accounts generated returns of 18.8% and 14.0%, respectively, with the latter reflecting a lower equity exposure resulting it some performance drag.

Portfolio Deep Dive

In December, we maintained our balance strategy a cash allocation of 15% to 20%, believing this would provide the financial flexibility to seize emerging opportunities. We increased our holdings in MAHB, considering the risk-reward profile had turned more favourable after the announcement of conditional voluntary takeover. Additionally, we added shares of TOPMIX (a beneficiary of property sector growth) and INARI (on stronger 5G and EV adoption with attractive valuation). On the selling side, we trimmed our position in certain stocks, such as 99SMART, HARTA, and CROPMATE to lock in some profit.



Performance-wise, KENERGY, RESINTEC, OSK, and PTT delivered strong returns, rewarding our patience. Meanwhile, CAB, FOCUS POINT, MFLOUR, and PA RESOURCES experienced some losses at the moment, and we will look for the appropriate time to either close the position or average down, depending on our assessment.



Forward P/E ratio for local indices have increased slightly compared to a year ago, now ranging from 11.3x to 14.7x, which we think are not overly expensive as the stock market's earnings yield (the inverse of the P/E ratio) are still above our government's 10-year bond yield (approximately 3.8% at the time of this commentary). In contrast, the U.S. equity market's earnings yield is only slightly higher than its 10-year Treasury yield, indicating that stock investors are taking an unbalanced risk-reward bet (Trump promised to cut corporate tax but timeline is unknown).

Hence, we think that the local market still offers upside potential, just need to be more selective. Foreign shareholdings in the Malaysian equity market stood at 19.7% as of Dec'24 (pretty much the same level in early 2024) which makes Malaysia's equity market appealing to foreign investors. Furthermore, we expect 2025 to be a pivotal year for the acceleration and realisation of the government's policies and projects, such as NETR, JS-SEZ, and NIMP that could attract more FDIs. All these would provide sufficient fuel for the country's GDP growth.

Global Markets Commentary

Globally, 2025 could be a year of more uncertainties, from foreign policy shifts to tariff adjustments, with Trump returning to the White House. His plan to increase 10% to 20% tariff on all import items, 60% on Chinese products (UBS cut China's 2025 GDP growth forecast), and 100% on Mexico goods would have widespread repercussions, including U.S. individuals and companies, provided he is able to secure sufficient support in congress (some Republicans are not so "tariff man" as Trump). Unfortunately, there are no quick solutions to the ongoing geopolitical risks at this time. On the monetary policy side, market expectations have become more realistic, anticipating the Fed to cut interest in Jun'25 with a smaller total rate cut for the whole year, in comparison to 100 basis point rate cut in 2024.

On China, market is expecting more stimulus measures from the government to boost confidence despite it has introduced some measures in 4Q24. Both the official PMI and CaiXin PMI both missed market expectations, declined to 50.1 (from 50.3 in Nov'24) and 50.5 (from 51.5 in Nov'24), respectively. Its property market issue remains challenging and consumer sentiment continues to be weak (due to diminishing wealth effect). On the positive side, we think there could be more "trade relocation" activities from China to Malaysia and other Southeast Asian countries as companies seek to mitigate risks arising from the US-China tensions.

Closing Remarks

Despite the significant volatility in 2024, we are fortunate to have delivered another year of commendable returns to our TSF and PM clients. This achievement would not have been possible without your strong support and trust in us, which allows us remained steadfast to long term ideas while waiting our investment thesis to materialise.

Our business has grown by leaps and bounds. Starting with only private mandate services, we expanded by launching a wholesale fund in late 2022, which paid a decent distribution of 6% (based on the initial offering price) to our client in Apr'24 (we are aiming for a higher payout this round, stay tuned).

We are also thrilled to announce that we have secured a license from Securities Commission Malaysia to offer investment advisory services for our clients in May 2024. This service is led by our independent research team, **Tradeview Research**, and clients do not need to worry about its objectivity as Tradeview Research's revenue is not driven by brokerage fee. Additionally, clients can subscribe to a portfolio review service where we provide regular evaluations of his/her investments for a minimal fee. This is separate from the fund management services currently offered by Tradeview Capital where the entry cost to be a client may be higher.

Lastly, we will be rolling out our digital platform, **TOMI**, accessible via both website and app in 2025. Inside TOMI, user has access to research reports on many underappreciated gems in the Malaysian stock market. Additionally, it has a wealth allocation tool to assist users who are new to the capital markets to start off the easy steps of compartmentalising their money. Stay tuned for more information ahead.

While it has not been an easy year in 2024, we are glad our performance were sufficient to weather the volatility. We believe 2025 has much more uncertainty ahead but we will do what we do best, which is to manage your wealth prudently and deliver consistent returns.

Sincerely,

Tradeview Capital