March Madness

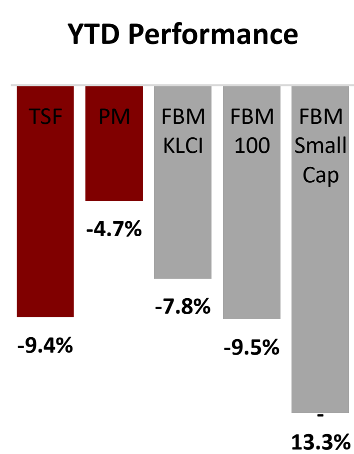
Commentaries: March 2025

Return (%)	Mar-25	Year-To-Date	Since Inception (TSF: Dec 22)	Since Inception (PM: Apr 22)
Tradeview Sustainability Fund (TSF)	-2.6%	-9.4%	16.4%	N/A
Discretionary Private Mandate (PM)	-1.6%	-4.7%	N/A	25.2%
FBM KLCI Index	-3.9%	-7.8%	2.5%	-4.8%
FBM 100 Index	-3.4%	-9.5%	7.7%	0.7%
FBM Small Cap Index	-2.1%	-13.3%	2.3%	-6.4%

Performance vs Benchmark

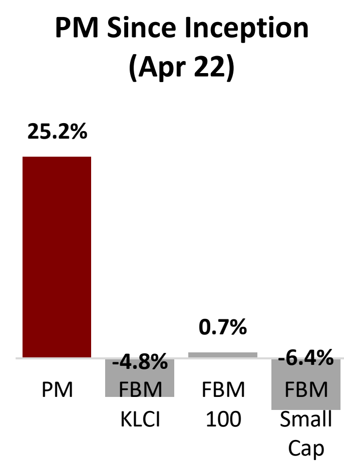
The market sell-off accelerated in March, with all three key indices – FBMKLCI (-3.9%), FBM100 (-3.4%), and FBMSC (-2.1%) – posting significant declines. Persistent foreign selling, now extending into its 23rd consecutive week, continued to pressure the market. Year-to-date outflows have reached nearly RM10 billion, surpassing the RM4.4 billion recorded for the entirety of 2024.

Sector-wise, relative outperformers during the month included Energy (+0.5%), supported by stable crude oil prices; Utilities (+0.2%), benefiting from its defensive characteristics; and Technology (-0.5%), which has already endured heavy losses over recent quarters. In contrast, despite its traditionally defensive status, Telecommunications (-6.4%) was the worst-performing sector, driven by company-specific headwinds at AXIATA. Financials (-4.9%) and Healthcare (-4.2%) followed, impacted respectively by sustained foreign fund outflows and weak guidance from HARTA.



We were not spared from the continued market downturn. Both the Tradeview Sustainability Fund (TSF) and our Discretionary Private Mandate accounts declined by -2.6% and -1.6% respectively last month. Nonetheless, this was a marginally better showing than the broader market, supported by our conservative investment stance. Our light exposure to the Technology and Energy sectors also helped cushion the downside.

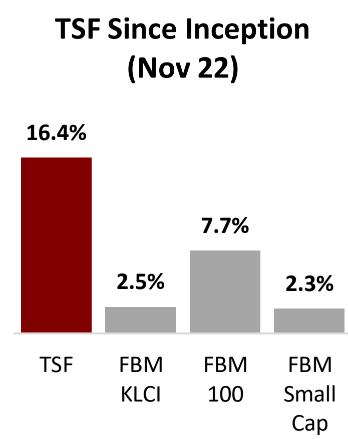
Portfolio Deep Dive



We took the opportunity presented by the sell-off to initiate positions in select large-cap names, including CIMB, PETDAG, and AEONCR. We also increased foreign exposure with the addition of Ping An and SBS Transit. At the same time, overall cash holdings rose, aided by client inflows and a rotation away from names where we see limited near-term upside.

Among portfolio holdings, CCK, KHB, and PA performed well in March. However, these gains were insufficient to offset broader declines, particularly from HARTA, RESINTC, and TOPMIX. In the near term, we are prioritizing large-cap stocks for new additions, as such opportunities are rarer than in the small-cap space. Overall, we favour domestic-focused or dividend-yielding stocks to mitigate risks from weakening global trade and economic conditions.

Global Markets Commentary



Global markets were mixed in March. Several Asian markets – India (+5.8%), Indonesia (+3.8%), the Philippines (+3.1%), and Singapore (+2.0%) – performed strongly on the back of improving economic data and bargain-hunting. Meanwhile, tech-heavy markets underperformed, with Taiwan (-10.2%), NASDAQ (-8.2%), and the S&P 500 (-5.8%) among the laggards. Uncertainty surrounding U.S. trade policy – including the proposed 25% automobile tariff and the risk of reciprocal tariffs – weighed on sentiment. Additionally, concerns about the earnings outlook for AI-related stocks and deteriorating U.S. macro data, particularly in consumption and employment, further dragged performance.

Chinese markets saw marginal gains, with the Hang Seng (+0.8%) and Shanghai Composite Index (+0.5%) both in positive territory. Encouragingly, February's manufacturing data beat expectations, the pace of property price declines moderated, and credit growth rebounded as government bond issuance accelerated. However, a sharp drop in both export and import growth during the first two months of 2025 suggests that front-loaded exports may be tapering off while domestic demand remains fragile. That said, Chinese equities still appear reasonably valued, and we see increasing likelihood of further policy support to achieve the official ~5% GDP growth target.

Closing Remarks

The first quarter of 2025 has been one of the most challenging periods for our firm since inception. April has begun on an even more volatile note, with panic-selling driving indiscriminate selling across the board. Yet, we believe the local market is approaching a bottom and presents one of the most compelling opportunities in recent years to build a long-term equity portfolio. We expect volatility to "go out like a lamb" – what's known is no longer a risk, and there remains room for negotiated outcomes on reciprocal tariffs. Even though the odds of a U.S. recession have risen, we see limited downside for the FBMKLCI, which is already trading near historical trough valuations.

We would like to take this opportunity to reassure our clients that our investment strategy remains grounded in fundamentals. With portfolio cash levels remaining significantly above 20%, we are well-positioned to take advantage of opportunities as they arise. For a deeper dive into our strategy and outlook, we invite you to review the presentation deck from our recently concluded annual client event on 15th March 2025.

Sincerely,

Neoh Jia Man,
Portfolio Manager
Tradeview Capital