



Tariff-Man and His Debts

Commentaries: April 2025

Return (%)	Apr-25	Year-To-Date	Since Inception (TSF: Dec 22)	Since Inception (PM: Apr 22)
Tradeview Sustainability Fund (TSF)	-0.4%	-9.7%	15.9%	N/A
Discretionary Private Mandate (PM)	-0.5%	-5.1%	N/A	24.6%
FBM KLCI Index	1.8%	-6.2%	4.3%	-3.1%
FBM 100 Index	0.7%	-8.8%	8.5%	1.5%
FBM Small Cap Index	-1.6%	-14.6%	0.7%	-7.9%

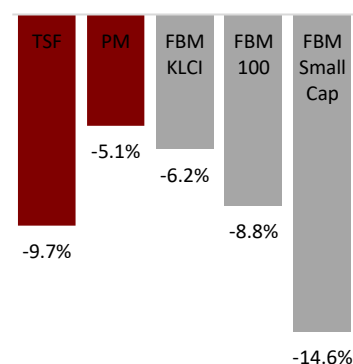
Performance vs Benchmark

It was a roller-coaster month in April 2025 with the entire global market selling off massively and aggressively in the early month and recovering gradually after Trump's decision to postpone his reciprocal tariff for 90 days until mid-July (except China). Our local major market indices recorded mixed results, with FBMKLCI and FBM100 rising 1.8% and 0.7%, respectively, while FBMSC fell 1.6%. Though foreign investors turned net-buyers lately, they remained a net-sellers with RM1.9 bln net outflow in April (YTD net outflow reached around RM11.2 bln).

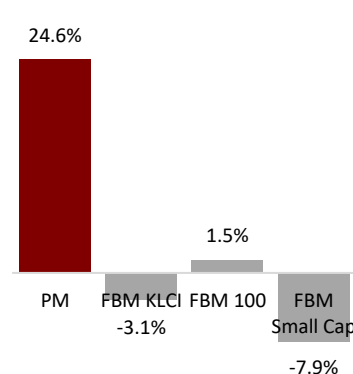
Some sectors outperformed during the month due to their defensive business nature (Telco +4.9%, Consumer +4.2%, and REIT +1.5%), potential to benefit from Trump's restrictions on glove imports (Healthcare +3.4%), and technical rebound after severe sell-down since early 2025 (Construction +0.8%). On the flip side, major underperforming sectors were Energy (-9.2%, due to weaker global trade and demand), Transportation (-5.3%, as port volume may be affected by tariffs), Technology (-4.7%, attributed to potential stricter control on chip shipment in the future), and Property (-3.2%, given that some large caps are closely related to the data center theme).

During this volatile period, our portfolio did experience some losses as PM and TSF both declined by 0.5% and 0.4%, respectively. Our little to nil exposure on Technology and Energy did help somewhat to cushion on the downside.

YTD Performance



PM Since Inception (Apr 22)





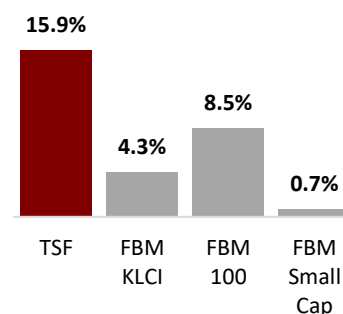
Portfolio Deep Dive

During this volatile month, we have increased our weightage on large cap stocks to mitigate the liquidity risk and to position better for the return of foreign fund flow once the market has stabilized. Some of the large cap names added were CIMB, Public Bank, and Alliance Bank. We closed positions on 99SMART, AEONCR, ALLIANZ, CAB, and DRB to lock in profit or cut losses, and redeployed the funds on other opportunities. Some of our earlier positions such as Farm Fresh, KOPI, and Wentel did deliver resilient returns in April; however, these weren't sufficient to cushion the broad-based market decline.

In the meantime, we also increased weightage on foreign names, for example ANTA Sports and TENCENT, as we think these companies are more focused on the domestic market, expanding business continuously, and generating strong cash flow (perhaps leading to better dividend payouts).

Overall, we favor domestic-focused or dividend-yielding stocks to mitigate risks from weakening global trade and economic conditions. In short, we decided to adopt a more defensive approach while maintaining healthy cash level.

**TSF Since Inception
(Nov 22)**



Global Markets Commentary

Most markets experienced a rally after Trump put a pause on his tariff plan in early April. However, we don't think that the market is out of the woods as market turbulence may heighten again nearing the 90 days negotiation deadline, which falls in mid-July.

Despite this period of rising uncertainties, we think that there are some things which are quite certain: the U.S. government has USD8.3 trillion and USD3.6 trillion of debts maturing in 2025 and 2026, respectively. Financing rates (or coupon rates) of these debt securities are highly affected by the Fed's target rate, which is currently between 4.25% and 4.50%. Trump's tariff plans are forcing American importers and consumers to stock up, which will cause its trade deficit to widen further and could lead to a weaker GDP performance in the near term (its advance estimate GDP declined 0.3% in 1Q25 on higher import amount and decline in federal spending).

Hence, Trump and his administration are in urgent need to generate more revenue (via his reciprocal tariff, though output remains questionable), cut federal spending (via DOGE, also questionable outcome), and issue new debt securities (and hoping not to breach its debt limit).

All these suggest a potential rate cut pathway in 2025 by the Fed; however, the timing, pace, and quantum remain unknown. Job market data and inflation rates are closely watched by the market, should the Fed decide to embark on a rate cut plan. This will weaken USD and force more funds flowing to emerging markets, such as Asian markets, that will benefit Malaysia and others. We are starting to see this in the first week of May.



On China, both Hang Seng (-4.3%) and Shanghai Composite Index (-5.2%) performed poorly in the month, as China's net export value is expected to drop due to higher tariffs imposed by the U.S., and will lead to weaker GDP growth. Having said that, the valuation of the Chinese equities is still reasonable and we think this rising trade war tension may benefit its consumer and property segments, supported by the increasing likelihood of further policy support to achieve the official ~5% GDP growth target.

Closing Remarks

In our previous month's newsletter, we reckoned that the local market was approaching a bottom and it was one of the most compelling opportunities to build a long-term equity portfolio. So far, the market seems to be turning towards what we anticipated earlier and we were lucky to have built some meaningful positions while maintaining a high cash level (around 20%).

Strategy-wise, we continue to stick with companies that have strong fundamentals and we will rebalance our portfolio continuously to ensure the risk-reward ratio is adequate.

Sincerely,

Ng Tzyy Loon,
Portfolio Manager
Tradeview Capital