



## Pangolin Asia Fund August 2022 NAV

As at the 31<sup>st</sup> of August 2022 the NAV of the Class A shares of the Pangolin Asia Fund was US\$588.17 net of all fees and expenses, up 2.30% from US\$574.94 in July.

As of today, the fund is about 99% invested, with the split being approximately as follows:

Singapore	8%
Malaysia	21%
Indonesia	71%

We don't disclose our names but some details are always available to investors (and those wishing to become investors) on request.

### Overview

To put things into some perspective, please see the tables below.

Return (in local currencies, except MSCI)									
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	MSCI Asia ex JP	MSCI-ASEAN	PAF
Aug-22	-4.06%	-4.24%	-4.64%	3.27%	1.33%	0.31%	-0.22%	1.29%	2.30%
YTD 2022	-13.29%	-17.02%	-24.47%	9.07%	-3.54%	3.14%	-18.80%	-9.17%	-1.72%

Return (in USD)									
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	MSCI Asia ex JP	MSCI-ASEAN	PAF
Aug-22	-4.06%	-4.24%	-4.64%	3.21%	0.77%	-0.88%	-0.22%	1.29%	2.30%
YTD 2022	-13.29%	-17.02%	-24.47%	4.81%	-10.20%	-0.41%	-18.80%	-9.17%	-1.72%

% Change in Currency Vs USD			
Month	MYR	SGD	IDR
Aug-22	-0.55%	-1.19%	-0.06%
YTD 2022	-6.90%	-3.44%	-3.91%

As usual there wasn't a lot of activity in the portfolio last month. Our companies have now reported their first half results and, with one exception, they've been fine. The exception was a pathology testing company in Indonesia which experienced a post-Covid lull and a rise in costs. It's the leader in terms of market share in what is still a nascent healthcare market. We're never complacent but understand that long-term growth is seldom a straight line.

Prior recessions and downturns have taught me to expect earnings downgrades. As yet, in our portfolio, we haven't seen them. The fund is almost exclusively exposed to the ASEAN consumer and the first half's results have been pleasantly surprising. We do own one company which exports to the US – a furniture manufacturer with operations in Malaysia & Vietnam. It's benefited from China being closed. Whether that'll outweigh the drop off in US housing markets we'll see – it's probably unlikely. However, it's cheap as chips, has lots of cash, and is well run by a management that has been through previous downturns. The share price is already pricing in a lot of bad news and it's only 3% or so of the fund.

### Malaysia

Former Prime Minister Najib Razak lost his final appeal and has been jailed for the first of his 1MDB-related charges. His wife Rosmah has also been found guilty and sentenced to jail, but remains free on appeal. There



is some speculation that Najib will be granted a Royal pardon. This would, in my opinion, not be popular. The electorate voted against Najib and large-scale corruption in the 2018 election. A royal pardon would give carte blanche to others to follow in Najib's footsteps. Malaysia would more resemble an African disaster than an Asian Tiger if that were to happen. Which is why it probably won't.

Some in Najib's party, UMNO, are calling for his release. Probably a lot of noise from a vocal minority. At a recent party summit calling for Najib's pardon, the list of non-attendees was more significant than those in attendance. The former camp included the Prime Minister, Ismail Sabri, and the highly capable Health Minister, Khairy Jamaluddin.

The battle is on between the PM and the pro-Najib camp within UMNO. The PM, for sure, has played a blinder, by doing nothing and allowing the courts to do their job. There are more cases to follow, including for Najib and others. Ismail Sabri is not necessarily the likeliest figure to clean up the country, but actually he's realised that a scandal-tainted UMNO is not electorally appealing. If he can succeed in stemming Malaysia's corruption-driven downward spiral, (following on from Muhyiddin Yassin), then he will go a long way to restoring domestic confidence. Economists tend to focus on foreign investment numbers, even more critical (if they are negative) are domestic flows.

The next challenge is the Littoral Combat Ships fiasco. If the government shows intent to get to the root of the missing billions here, no doubt a corner will have been turned. The end of the beginning perhaps. Is it still OK to paraphrase Churchill?

## Outlook

We remain investors in uncrowded markets. I was speaking to a US foundation recently and was quite optimistic that they'd invest with us sooner rather than later. Well, the response I had was they'd possibly start their due diligence on the fund in Q4 2023, but in reality, because of other priorities, it was more likely to be in 2024. That is not atypical. Every January I remind a bunch of big money that they promised it would be next year. At least they're consistent.

As long as there remains disinterest in the region, growth in passive investing and a dearth of analysts, then we should be able to continue to find cheap enough investments. My colleagues and I all love to find a bargain and current conditions remain in our favour. Very often the shares we buy don't do a lot for a number of years. We might love a company but for as long as it remains too small and illiquid for other investors, we can accumulate more. This explains why I, unlike many fund managers, don't mention our companies by name.

*But the real trick to this is ensuring the fund has the right investors.* We've been attracting a bit more interest recently, but please note that at least a five-year view is what you should be looking at. There's no point in buying a fund if you don't share the manager's outlook.

For example, we've owned Metrodata in Indonesia since 2014 – there you go, a name. You'll see from the chart below it really didn't do a lot for a quite a while and we managed to accumulate just under 6% of the company. For years there was no analyst coverage on Metrodata which enabled us to buy a bit more whenever we had some cash. Then of course, a bunch of them happened upon it at the same time. But, as I've explained above, without investors being able to share our stance, we wouldn't have been able to operate as we have done.



## Metrodata Electronics's 10-yr Daily Stock Price (LHS) & Volume '000 (RHS)

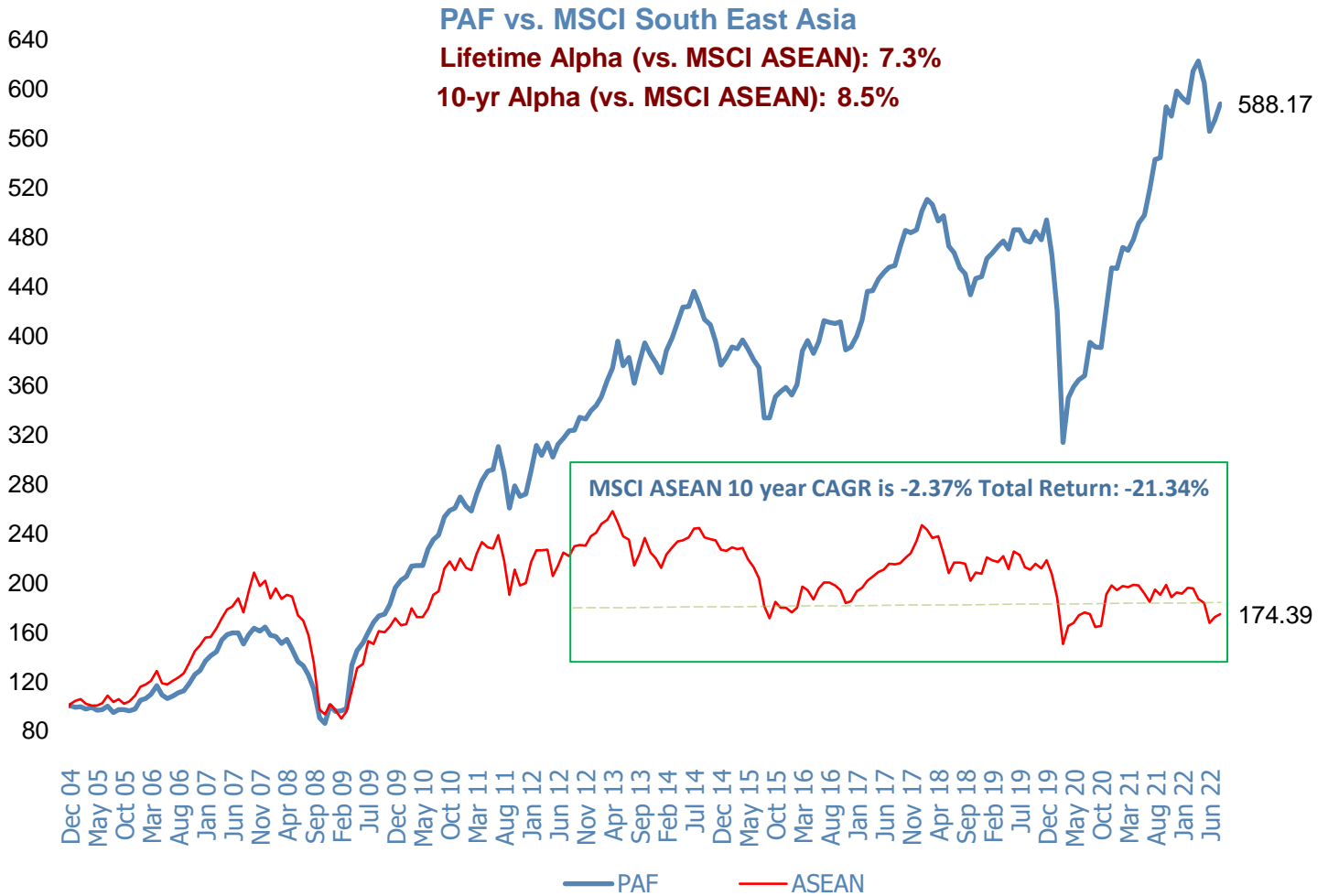


James

6<sup>th</sup> September 2022



Seventeen years track record and annualised return of 10.50%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2022</b>	NAV	593.29	588.82	614.73	622.83	605.35	565.54	574.94	588.17					-1.72%
	% chg	-0.86%	-0.75%	4.40%	1.32%	-2.81%	-6.58%	1.66%	2.30%					
<b>2021</b>	NAV	454.64	471.89	469.26	477.70	491.07	497.99	518.78	542.88	544.24	585.87	578.32	598.45	31.44%
	% chg	-0.15%	3.79%	-0.56%	1.80%	2.80%	1.41%	4.17%	4.65%	0.25%	7.65%	-1.29%	3.48%	
<b>2020</b>	NAV	465.73	420.43	313.82	349.63	358.55	364.26	367.99	394.82	391.21	390.47	422.87	455.32	-7.80%
	% chg	-5.69%	-9.73%	-25.36%	11.41%	2.55%	1.59%	1.02%	7.29%	-0.91%	-0.19%	8.30%	7.67%	
<b>2019</b>	NAV	462.51	467.10	472.67	477.00	470.36	485.78	486.12	477.67	475.87	484.37	477.85	493.85	10.21%
	% chg	3.21%	0.99%	1.19%	0.92%	-1.39%	3.28%	0.07%	-1.74%	-0.38%	1.79%	-1.35%	3.35%	
<b>2018</b>	NAV	501.11	510.62	506.32	493.22	497.19	472.82	467.29	455.31	450.29	433.40	446.46	448.11	-7.76%
	% chg	3.15%	1.90%	-0.84%	-2.59%	0.80%	-4.90%	-1.17%	-2.56%	-1.10%	-3.75%	3.01%	0.37%	
<b>2017</b>	NAV	400.08	412.81	435.93	436.54	446.18	451.43	455.76	457.12	472.10	485.61	483.86	485.79	24.18%
	% chg	2.27%	3.18%	5.60%	0.14%	2.21%	1.18%	0.96%	0.30%	3.28%	2.86%	-0.36%	0.40%	
<b>2016</b>	NAV	352.31	360.43	387.79	396.17	386.04	395.41	412.53	411.2	410.02	411.25	388.48	391.19	9.16%
	% chg	-1.69%	2.30%	7.59%	2.16%	-2.56%	2.43%	4.33%	-0.32%	-0.29%	0.30%	-5.54%	0.70%	
<b>2015</b>	NAV	382.31	391.18	389.48	396.82	389.67	380.77	374.61	333.73	333.52	350.84	355.19	358.38	-4.76%
	% chg	1.60%	2.32%	-0.43%	1.88%	-1.80%	-2.28%	-1.62%	-10.91%	-0.06%	5.19%	1.24%	0.90%	
<b>2014</b>	NAV	370.08	388.25	398.79	410.89	423.38	423.84	436.37	425.85	413.36	408.97	395.23	376.28	-0.52%
	% chg	-2.16%	4.91%	2.71%	3.03%	3.04%	0.11%	2.96%	-2.41%	-2.93%	-1.06%	-3.36%	-4.79%	
<b>2013</b>	NAV	343.47	350.86	364.04	374.14	395.94	375.98	382.69	361.54	378.56	394.53	384.87	378.24	11.48%
	% chg	1.23%	2.15%	3.76%	2.77%	5.83%	-5.04%	1.78%	-5.53%	4.71%	4.22%	-2.45%	-1.72%	
<b>2012</b>	NAV	290.78	311.15	303.35	313.01	301.88	312.18	316.87	323.01	323.75	334.08	332.63	339.29	24.85%
	% chg	7.00%	7.01%	-2.51%	3.18%	-3.56%	3.41%	1.50%	1.94%	0.23%	3.19%	-0.43%	2.00%	
<b>2011</b>	NAV	261.86	258.03	271.83	283.00	290.51	291.75	310.23	289.05	260.46	278.31	269.95	271.75	0.85%
	% chg	-2.82%	-1.46%	5.35%	4.11%	2.65%	0.43%	6.33%	-6.83%	-9.89%	6.85%	-3.00%	0.67%	
<b>2010</b>	NAV	201.91	205.09	213.68	227.44	213.93	227.45	234.62	238.78	253.28	258.37	260.53	269.47	37.58%
	% chg	3.08%	1.57%	4.19%	6.44%	-5.94%	6.32%	3.15%	1.77%	6.07%	2.01%	0.84%	3.43%	
<b>2009</b>	NAV	95.67	96.38	98.12	133.22	145.25	151.32	159.71	167.99	173.21	174.49	182.60	195.87	95.34%
	% chg	-4.59%	0.74%	1.81%	35.77%	9.03%	4.18%	5.54%	5.18%	3.11%	0.74%	4.65%	7.27%	
<b>2008</b>	NAV	157.49	156.55	150.63	154.03	146.18	136.23	132.58	125.09	113.55	90.36	85.98	100.27	-38.81%
	% chg	-3.89%	-0.60%	-3.78%	2.26%	-5.10%	-6.81%	-2.68%	-5.65%	-9.23%	-20.42%	-4.85%	16.62%	
<b>2007</b>	NAV	136.43	140.75	144.17	153.68	157.90	159.36	159.56	150.23	158.13	163.17	160.72	163.86	27.19%
	% chg	5.90%	3.17%	2.43%	6.60%	2.75%	0.92%	0.13%	-5.85%	5.26%	3.19%	-1.50%	1.95%	
<b>2006</b>	NAV	104.53	106.09	109.42	116.62	108.82	106.34	107.96	110.76	112.41	117.94	125.81	128.83	31.74%
	% chg	6.89%	1.49%	3.14%	6.58%	-6.69%	-2.28%	1.52%	2.59%	1.49%	4.92%	6.67%	2.40%	
<b>2005</b>	NAV	99.24	99.37	97.77	98.86	96.77	97.05	100.14	94.90	96.99	97.05	96.14	97.79	-2.57%
	% chg	-1.13%	0.13%	-1.61%	1.11%	-2.11%	0.29%	3.18%	-5.23%	2.20%	0.06%	-0.94%	1.72%	
<b>2004</b>	NAV	-	-	-	-	-	-	-	-	-	-	-	100.37	
	% chg	-	-	-	-	-	-	-	-	-	-	-	0.37%	

**Best monthly return** 35.77%  
**Worst monthly return** -25.36%  
**Maximum drawdown** -47.53%  
**% of positive months** 65.26%  
**Annualised return** 10.50%



## By Sector

