



Pangolin Asia Fund January 2020 NAV

As at the 31st of January 2020 the NAV of the Class A shares of the Pangolin Asia Fund was US\$465.73 net of all fees and expenses, down 5.69% from US\$493.85 in December.

Please see the table at the end of this letter for further detail.

As of today, the fund is about 89% invested, with the split being approximately as follows:

Singapore	21%
Malaysia	30%
Indonesia	39%
Thailand	10%

We don't disclose our names but some details are always available to investors on request.

Overview

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

Return (in local currencies, except MSCI Asia Ex-Japan)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Jan 2020	-0.99%	-0.16%	1.99%	-5.71%	-3.63%	-2.14%	-4.16%	-4.47%	-5.16%	-5.69%
12 months	13.03%	19.28%	25.67%	-9.08%	-9.06%	-1.14%	-7.77%	2.73%	-6.23%	0.70%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Jan 2020	-0.99%	-0.16%	1.99%	-4.25%	-3.80%	-3.50%	-8.80%	-4.47%	-5.16%	-5.69%
12 months	13.03%	19.28%	25.67%	-6.96%	-9.12%	-2.53%	-7.74%	2.73%	-6.23%	0.70%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Jan 2020	-0.17%	-1.38%	1.55%	-4.85%
12 months	-0.07%	-1.41%	2.33%	0.04%

A couple of weeks into the New Year the fund was, along with the regional currencies, up. It used to be "when America sneezes, the rest of the world catches a cold". Coronavirus is clearly affecting retail sentiment and the majority of our fund's investments are exposed to the local consumer.

Outlook

There's only one story in town. For the last 10 years or so the rule has been to ignore all the scares and to stay invested. But the previous scares (like the fiscal cliff or that bank in Portugal that went bust and we can't even remember what it was called) weren't having an economic effect; it was more conjecture.

Last week I was in Philadelphia and the UK. At the airports, all was as usual. Arriving back at KLIA in Malaysia to face masks and quite clearly fewer travellers, the impact was tangible. All arriving passengers are being screened for fever before immigration.



There is clearly an economic impact. It is not just the fall in arrivals from China (to virtually zero), but also in locals' behaviour. International conferences and roadshows are being cancelled. Maybank Kim Eng's annual Chinese New Year lunch was called off. My kids' school asked the residents of a gated community to keep their children at home following a suspected case. It turned out to be a false alarm.

Inter-school events are off. Malls and restaurants are quiet. People are changing their behaviour. The mighty Pangolin Cricket Club, which plays its cricket at a local school, had its pitch booking cancelled even though we play at weekends and don't go near a pupil. Malaysia is self-quarantining.

Like many, I'm in two minds about this. On average, the flu kills tens of thousands in the US most years. There are 14 cases in Malaysia out of a population of 30 million – and 12 of them are Chinese nationals. Are we overreacting? And then I read that one of Wuhan's doctors, who first alerted the authorities of the disease, has died and he was only 34, presumably with access to decent treatment, and I wonder.

The good news is that the virus doesn't survive so long above 30°C. And it's always hotter than that here. But not in cinemas, or malls. Or Singapore, the world's first air-conditioned country.

My guess is that the existing restrictions alongside immigration controls (and climate – we don't get much flu here either) will contain the disease in SE Asia. Governments here are free to target riskier populations without concerns about being labelled discriminatory. And health services, so long as they are not overwhelmed, will be able to cure most of those infected. In which case, daily activity will return to normal.

But for now, people's behaviour is different; and that is why the markets here fell. I know US markets are at yet another all-time high, but then again, they have not reflected valuations for years. Meanwhile, the fund's dividend yield excluding our asset plays has risen to 5.4% - a record high. The divergence continues.

James Hay.
9th February 2020

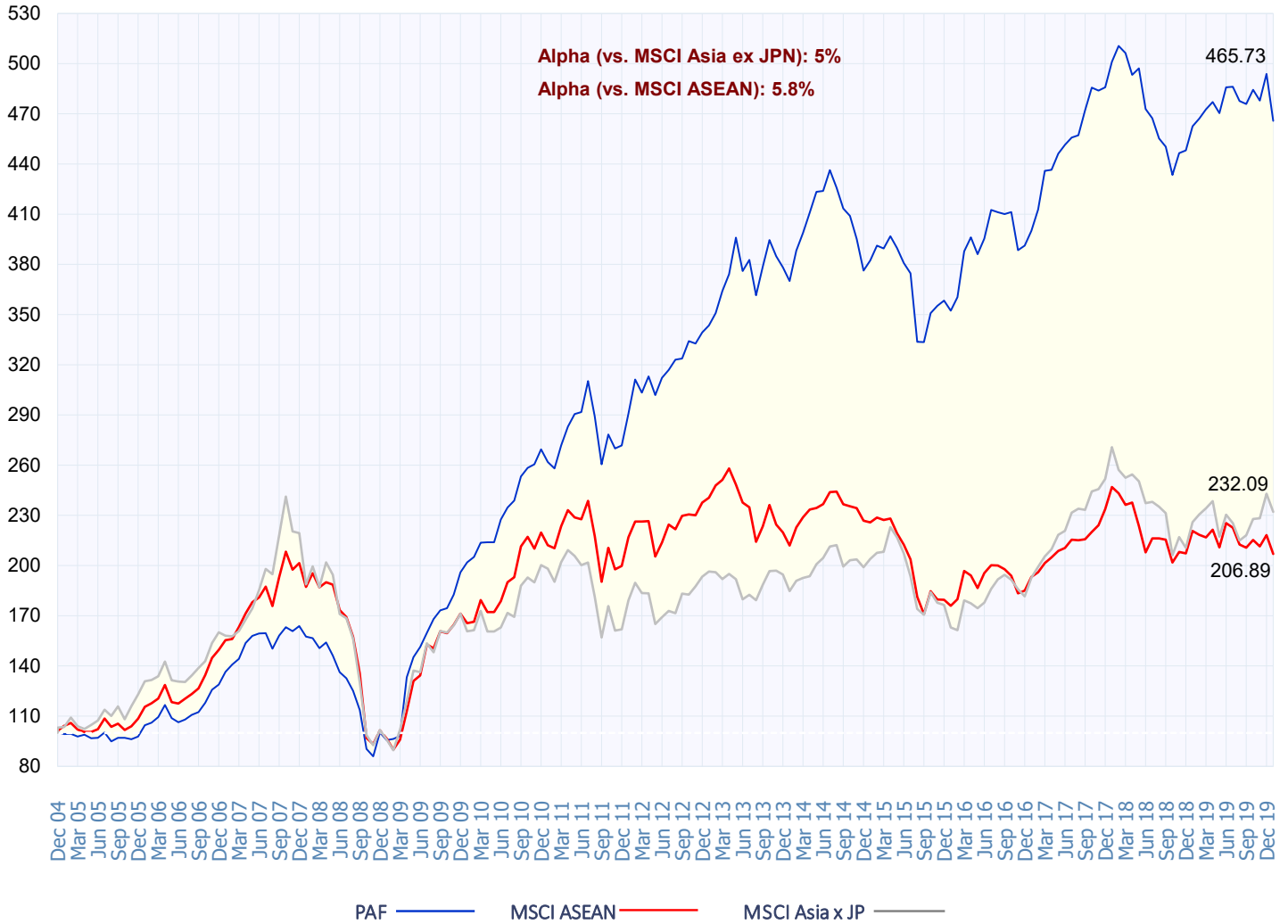
Ps. This is probably the best time to visit Venice, the Natural History Museum et Le Louvre.

We don't like to discuss our stocks publicly but I am always happy to talk to existing investors and those interested in investing. The Pangolin Asia Fund is most suitable for investors who are happiest when markets are falling.



Fourteen years track record and annualised return of 10.68%

PAF vs. MSCI South East Asia





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	NAV	465.73												-5.69%
	% chg	-5.69%												
2019	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%	
2018	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%	
2017	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%	
2016	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%	
2015	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%	
2014	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%	
2013	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%	
2012	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%	
2011	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%	
2010	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%	
2009	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%	
2008	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%	
2007	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%	
2006	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%	
2005	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%	
2004	NAV	-	-	-	-	-	-	-	-	-	-	-	100.37	
	% chg	-	-	-	-	-	-	-	-	-	-	-	0.37%	

Best monthly return 35.77%
Worst monthly return -20.42%
Maximum drawdown -47.53%
% of positive months 65.38%
Annualised return 10.68%



By Sector

