



## Pangolin Asia Fund October 2021 NAV

As at the 31<sup>st</sup> of October 2021 the NAV of the Class A shares of the Pangolin Asia Fund was US\$585.87 net of all fees and expenses, up 7.65% from US\$544.24 in September.

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

Singapore	9 %
Malaysia	20 %
Indonesia	70 %
Thailand	1 %

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 Asia Ex-Japan)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Oct-21	5.84%	6.91%	7.27%	4.84%	1.59%	3.61%	1.11%	1.32%	4.25%	7.65%
YTD 2021	17.03%	22.61%	20.25%	10.24%	-3.99%	12.46%	12.01%	-3.70%	0.31%	28.67%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Oct-21	5.84%	6.91%	7.27%	5.91%	2.72%	4.29%	2.38%	1.32%	4.25%	7.65%
YTD 2021	17.03%	22.61%	20.25%	9.32%	-6.77%	10.23%	0.83%	-3.70%	0.31%	28.67%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Oct-21	1.11%	0.66%	1.02%	1.26%
YTD 2021	-2.90%	-1.98%	-0.83%	-9.98%

Last month's gain was largely driven by our Indonesian holdings. This year, our largest positions have been our best performers. This is what is supposed to happen, but doesn't as often as we'd like.

### Outlook

The Jakarta Composite Index is at an all-time high, largely driven by commodities. When we launched the fund back in 2004, there wasn't that much more to Indonesia than coal, ores and palm oil. Since then, there has been a huge transformation as Multinationals (MNCs) seek to tap into the country's growing middle class. An investment in a manufacturing operation, with a view to export regionally, is much more attractive when one can be assured that the cost can be underwritten via local demand. A car plant in 2004 would have been 90% for export, with car ownership back then being a distant dream for most Indonesians. A combination of rising domestic consumption and an increase in the ease-of-doing-business has resulted in Indonesia becoming an attractive manufacturing destination.

We have been part owners of two vehicle finance companies for over a decade. When we started, their business was predominantly motorcycle financing. Now, as Indonesians have become richer, it's cars. We don't have much commodity exposure (it's not our thing) but remain optimistic that our investments in consumer-related companies will be worth far more in five years' time than they are now.



Malaysia's September exports were up 24% YOY, the 13<sup>th</sup> consecutive month of YOY expansion. Driven by electronics and that damned palm oil. 95% of Malaysia's adult population are fully vaccinated and the rollouts, both for kids' jabs and third booster shots, are well underway.

Not all is perfect here in sunny Malaysia but there are some things that the country is getting right.

Yet the market is down 6% in US dollar terms this year. And a quick read of this week's The Edge business paper shows that, alongside foreign indifference (at best), the country's pension fund (the EPF) is also selling. Covid hit a lot of Malaysians' pockets hard and the government has allowed EPF withdrawals to cover privation. This has led to the one institution that is always a net buyer of Malaysian stocks (monthly inflows from salary deductions) to become a forced seller. Malaysia's market remains unloved, under-owned and little researched. The above conditions have resulted in near-perfect conditions to be acquiring shares in good companies, trading well below what they're worth.

I've spent many hours over the last few weeks on conference calls to American & other institutions; organisations that are, outwardly, long-term, fundamental investors. Yet, after a decade when almost any decision to invest outside of the US has been a wrong one, there is almost a fear of being first. Anecdotally, I would estimate that endowments' ownership of this part of the world is at a twenty-year low i.e. at levels last seen a few years after the Asian financial crisis.

This is Asia's century, yet many ASEAN listed companies' market valuations are not reflective of their true potential. ASEAN's GDP was \$3.2tn in 2019. If it were a country, it would be the world's fifth largest economy behind only the US, China, Japan and Germany. Yes, ahead of India & the UK. The region's total 2019 GDP doubled in ten years (USD 1.6 trillion in 2008) and rose fivefold in value from 2000 (US\$0.6 trillion). **ASEAN's GDP is expected to surpass that of the EU by around 2030.** Yes, you read that correctly.

Investing is a long-term game. If the above forecast is approximately correct (and it was made when the UK was still in the EU), what proportion of one's funds should be in ASEAN?

James Hay  
5<sup>th</sup> November 2021

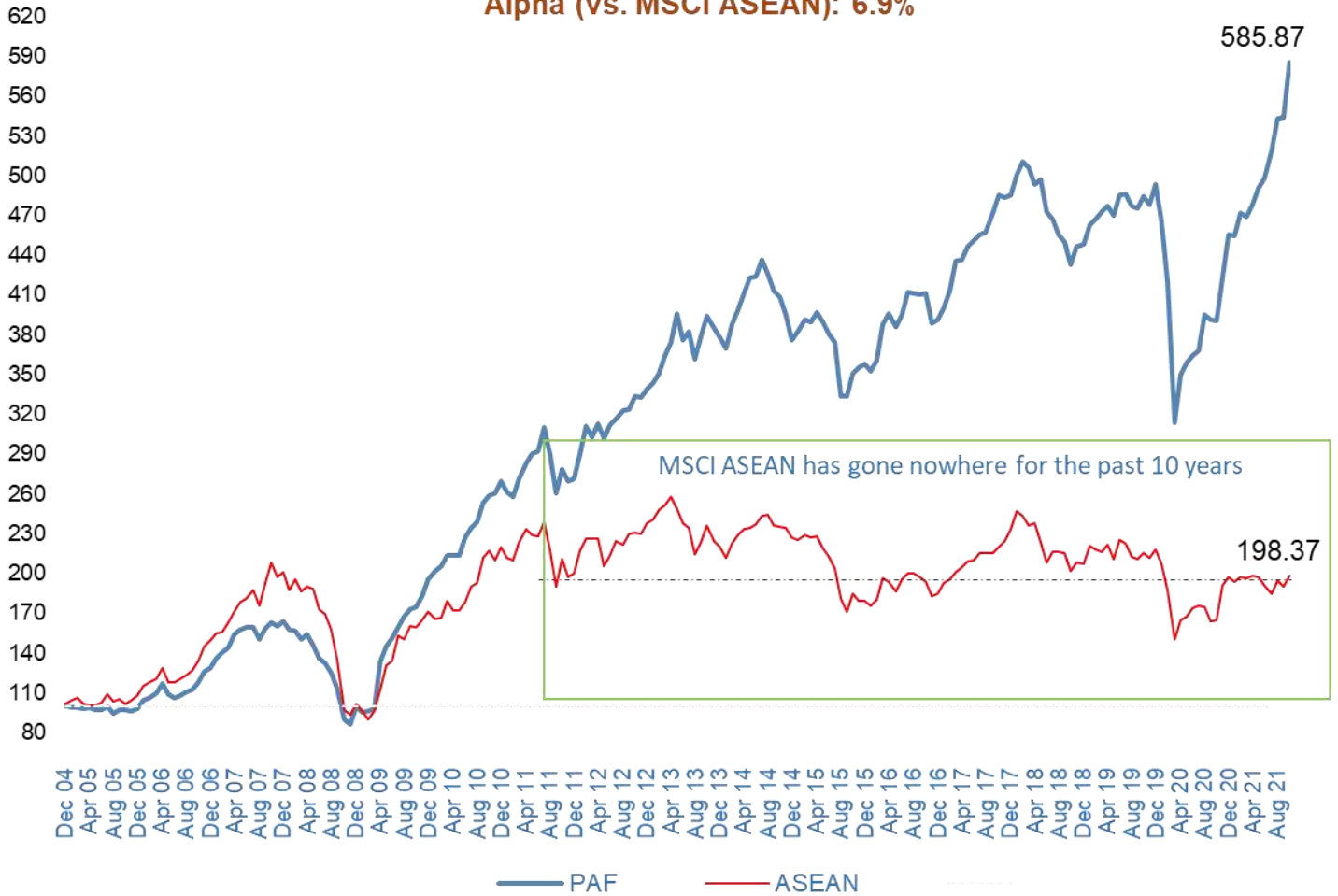
*I don't like to discuss our stocks publicly but I am always happy to talk to existing investors and those interested in investing. The Pangolin Asia Fund is most suitable for investors who are happy when markets are falling.*



Sixteen years track record and annualised return of 11.02%

PAF vs. MSCI South East Asia

**Alpha (vs. MSCI ASEAN): 6.9%**





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	NAV	454.64	471.89	469.26	477.70	491.07	497.99	518.78	542.88	544.24	585.87			28.67%
	% chg	-0.15%	3.79%	-0.56%	1.80%	2.80%	1.41%	4.17%	4.65%	0.25%	7.65%			
2020	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%	
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	0.37%
	% chg	-	-	-	-	-	-	-	-	-	-	-	-	

**Best monthly return**           **35.77%**  
**Worst monthly return**       **-25.36%**  
**Maximum drawdown**         **-47.53%**  
**% of positive months**       **66.01%**  
**Annualised return**           **11.02%**



By Sector

