



Pangolin Asia Fund December 2018 NAV

As at the 31st of December 2018 the NAV of the Class A shares of the Pangolin Asia Fund was US\$448.11 net of all fees and expenses, up 0.37% from US\$446.46 in November. For FY 2018 we were down 7.76%.

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

As of today, the fund is about 85% invested, with the split being approximately as follows:

Singapore	12%
Malaysia	38%
Indonesia	33%
Thailand	17%

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	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Dec 2018	-8.66%	-9.18%	1.43%	0.64%	-1.57%	-4.75%	-3.37%	-0.91%	0.37%
YTD 2018	-5.63%	-6.24%	-2.54%	-5.91%	-9.82%	-10.82%	-16.75%	-11.76%	-7.76%

Return (in USD)									
Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Dec 2018	-8.66%	-9.18%	0.81%	1.87%	-0.88%	-2.94%	-3.37%	-0.91%	0.37%
YTD 2018	-5.63%	-6.24%	-8.19%	-7.89%	-11.60%	-10.14%	-16.75%	-11.76%	-7.76%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Dec 2018	1.23%	0.70%	-0.61%	1.90%
YTD 2018	-2.10%	-1.97%	-5.80%	0.76%

As you are no doubt aware, there were some wild swings over Christmas. We managed to buy a bit more of what we already own when the markets gave the opportunity to do so cheaply.

2018 was a frustrating year in that our businesses generally did OK but their share prices didn't. Of the negative performance, 33% can be attributed to weak currencies (or, if you prefer, a strong US\$) and 67% to share prices.

Our largest decliner was off 39% caused largely by the company's investment into the organic coffee business. The market doesn't like it and nor do we, although it would be nice to be proven wrong. Meanwhile, the larger part of the business (fish snacks) continues to perform well, so we're likely to remain invested (we've owned it 8 years already). And we shall continue to harangue the management over the coffee issue.



Outlook

Despite all the horrible macro headlines, most companies in our part of the world are doing OK. Clearly a US, Chinese or global recession would change that, but until that day it's business as usual.

We expect the Asian consumption story to remain resilient this year. It is not boom time by any means, but the contrast with what's happening in the developed world is stark. A bad year in Asia might see a retailer scale back plans to add 50 stores and only open 30.

The change occurring in this part of the world is structural. Clearly things happen quicker in boom times but the times they are a changin' nevertheless. The following just arrived in my inbox:

Two global auto players are planning to set up factories in Indonesia after the incentive the auto regulation and tax previously introduced. According to the Ministry of Trade, the new investment will have 50% export orientation. The new players are Volkswagen, who are allegedly planning to invest c.EUR 40mn. The other player is Hyundai Motors, who is planning to move its production center from China to Indonesia, with a total investment of US\$880mn. (Bisnis Indonesia)

No predictions for 2019. My wish is, as always, for our businesses to perform well but their share prices to fare badly, so we can buy more shares for fewer \$\$, comfortable in the expectation that in the longer-term share prices reflect the underlying business.

There has to be a reasonable chance that this will happen in 2019.

My co-directors tell me that putting this down on paper is terrible marketing - but this is the Pangolin way.

And nor will they let me use the slogan - *Pangolin, lazily investing in the hardworking.*

Killjoys.

Happy New Year,

James Hay.
9th January 2018

We don't like to discuss 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.



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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 65.68%
Annualised return 11.11%

By Sector

