



Pangolin Asia Fund June 2020 NAV

As at the 30th of June 2020 the NAV of the Class A shares of the Pangolin Asia Fund was US\$364.26 net of all fees and expenses, up 1.59% from US\$358.55 in May.

As of today, the fund is about 83% invested, with the split being approximately as follows:

Singapore	15%
Malaysia	26%
Indonesia	49%
Thailand	10%

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
Jun 2020	1.69%	1.84%	5.99%	3.19%	1.88%	3.15%	-0.28%	7.87%	3.72%	1.59%
YTD 2020	-9.55%	-4.04%	12.11%	-22.13%	-5.53%	-19.64%	-15.24%	-5.73%	-20.38%	-26.24%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Jun 2020	1.69%	1.84%	5.99%	5.69%	3.31%	4.63%	2.62%	7.87%	3.72%	1.59%
YTD 2020	-9.55%	-4.04%	12.11%	-24.31%	-9.83%	-22.39%	-18.55%	-5.73%	-20.38%	-26.24%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Jun 2020	1.40%	1.43%	2.42%	2.91%
YTD 2020	-4.56%	-3.42%	-2.80%	-3.91%

Although we would appear to be 83% invested, actually the truer number is 74% as an additional 9% of the fund is in the shares of an Indonesian company which is in the midst of a takeover. We hope to receive payment this quarter and it should be an additional 5% higher than the current share price (in Rupiah). All is agreed and approved, so we should be OK, but our fingers remain crossed just in case. It's liquid and therefore can be quickly redeployed.

This is quite a lot of cash. It tells you my state of mind. Things are returning to normal here in KL but it's not 100% of normal. The banks are seeing a lot of struggling customers and once the moratoria are lifted, we'll see a truer picture. The markets are rallying on printed money, not future cashflows. Our focus remains on the latter.

Outlook

I still expect company profitability to be driven by the economic impact of coronavirus. Malaysia and Thailand have almost succeeded in the fight, but are both loath to reopen their borders. Malaysia reckons tourism will take at least four years to recover. That's the bad news. The good news is that there are some incredible deals for those of us locked in here.



Singapore has virtually restricted transmission to migrant workers. Indonesia remains the worry – cases are still rising and a CEO of one of our companies there reckons the true numbers are 3-5x higher.

How the West is viewed from here has taken a serious knocking. Independence aspirations were bolstered by seeing that the European powers were not invincible to the well organised Japanese army. Lee Kuan Yew had his eyes opened on his first trip to the UK when he saw, for the first time, white men digging holes in the road. And the concept of individual freedom being paramount, even when it is damaging to the whole, looks absurd to many sitting in countries with five daily cases and no deaths for two weeks.

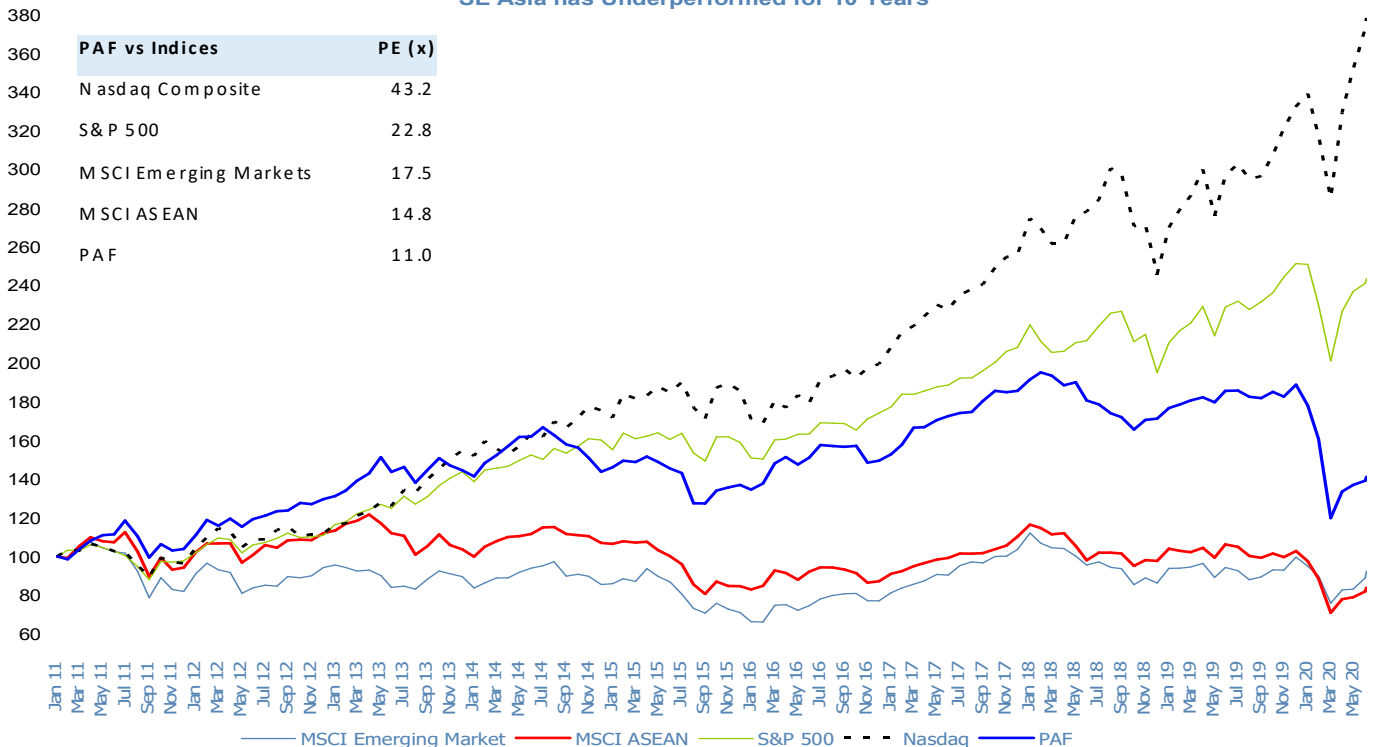
No-one liked being locked down. And we can argue about the need for it. But there is no doubt that, when implemented and *enforced* effectively, it has worked. Other than international travel, life is almost back to normal in Malaysia and Thailand. For sure this is Asia's century.

We've come to expect order and discipline from Korea, Japan and Singapore. What is perhaps unexpected is that we've seen it in Malaysia and Thailand too. It's perhaps being overly optimistic, but wouldn't it be great if there were some politicians getting excited about what their countries can achieve when they put their collective minds to something?

Yet, the region's relative underperformance continues. The fund is predominantly invested in companies with cash, which gives them the chance to take advantage of opportunities that they see. And our cash level puts us in a similar position.

We're on a historic PE of 11x. Price to book is 1.2x and ROIC is 21%. Generally, the companies we own that are on double-digit PEs are trading at significant discounts to their realistic asset backing.

SE Asia has Underperformed for 10 Years



James Hay
7th July 2020

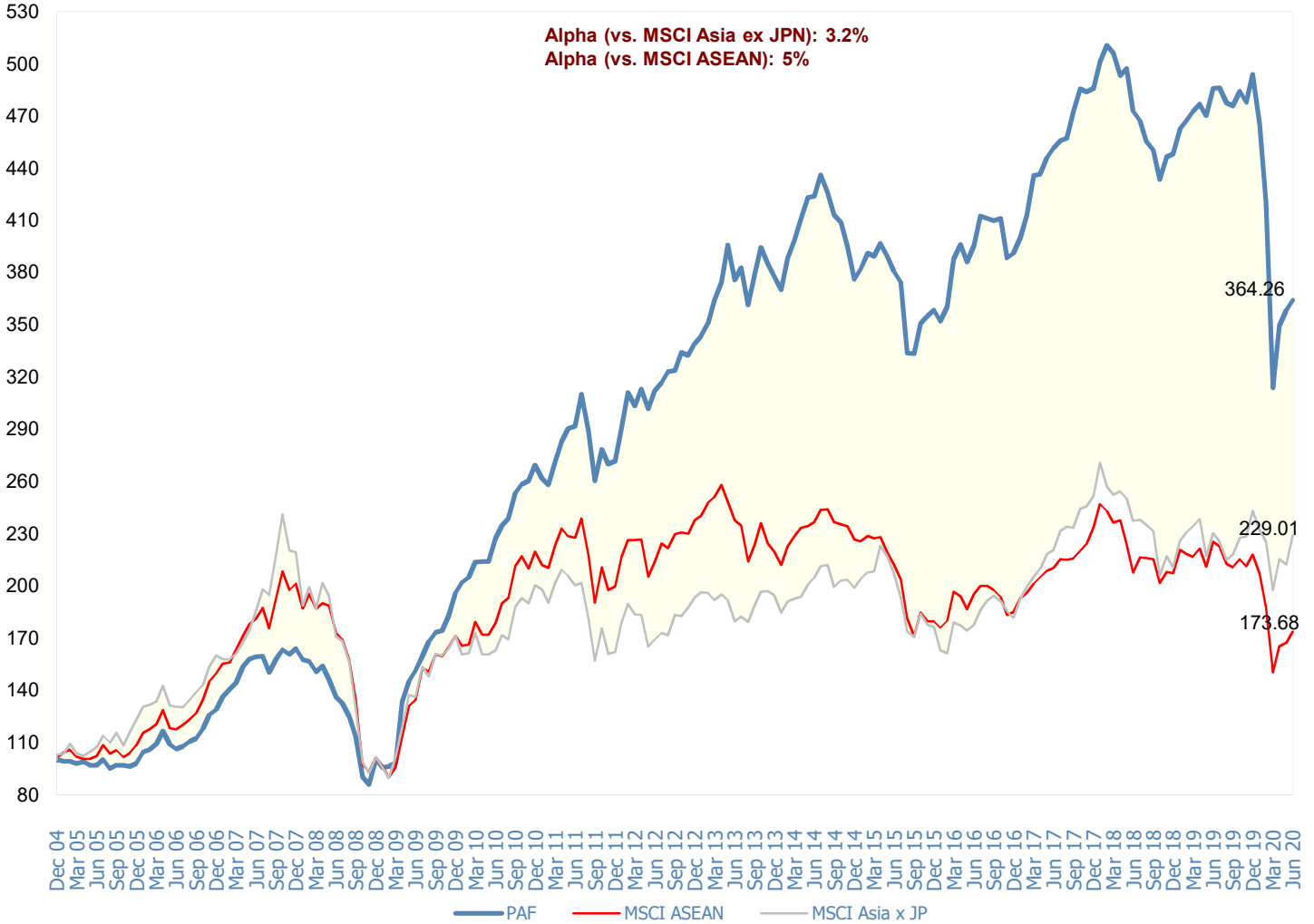
We don't like to discuss our stocks publicly but I am always happy to talk to existing investors and those interested in investing. The Pangolin Asia Fund is most suitable for investors who are happiest when markets are falling.



Fifteen years track record and annualised return of 8.65%

PAF vs. MSCI South East Asia

Alpha (vs. MSCI Asia ex JPN): 3.2%
Alpha (vs. MSCI ASEAN): 5%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	NAV	465.73	420.43	313.82	349.63	358.55	364.26							-26.24%
	% chg	-5.69%	-9.73%	-25.36%	11.41%	2.55%	1.59%							
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 -25.36%
Maximum drawdown -47.53%
% of positive months 65.24%
Annualised return 8.65%



By Sector

