



## Pangolin Asia Fund May 2016 NAV

As at the 31<sup>st</sup> May 2016 the NAV of the Class A shares of the Pangolin Asia Fund was US\$386.04 net of all fees and expenses, down 2.56% from US\$396.17 in April.

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

As of today, the fund is about 90% invested with the split being approximately as follows:

Singapore	15%
Malaysia	31%
Indonesia	32%
Thailand	22%

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

### Overview

To put the month 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	PAF
May 2016	0.1%	1.5%	-0.9%	-2.8%	-1.7%	1.4%	-1.6%	-2.6%
YTD 2016	2.1%	2.6%	4.4%	-3.9%	-3.2%	10.6%	-1.1%	7.7%

Return (in USD)								
Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
May 2016	0.1%	1.5%	-4.3%	-8.0%	-4.0%	-0.9%	-1.6%	-2.6%
YTD 2016	2.1%	2.6%	5.4%	-0.1%	-0.2%	11.4%	-1.1%	7.7%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
May 2016	-5.4%	-2.4%	-3.4%	-2.4%
YTD 2016	4.0%	3.0%	1.0%	0.7%

### Singapore

Income inequality is a much discussed topic in Singapore where blue-collar workers struggle to make ends meet. This is despite the Government's efforts to raise the real wages of these workers. Singapore has one of the highest Gini coefficients in the world (where 0 reflects complete equality and 1 indicates complete inequality) although there is some room for error given that different countries adopt different computations.

A family friend, Mr. Tan, is a taxi driver here.

Mr. Tan was born in the 1960s. His family was relatively wealthy and he had a more comfortable upbringing than many of his contemporaries. He has a diploma in Business and worked in a local bank from graduation until the 2008 financial crisis, when he was retrenched. Like many other PMETs (Professionals, Managers, Executives and Technicians), he was deemed economically unviable by employers as he was in his late 40s.

He is a sole breadwinner of a family of four, and could not find any form of employment in the banking sector. Disheartened but undaunted, he resorted to becoming a taxi driver.



He works 12 hours a day, with a couple of half-hour breaks for meals. Life has been pretty tough for him. Besides having to beat the fatigue everyday due to long working hours, he also feels the pressure of the rising cost of living in Singapore. He points out that middle-income families receive insufficient aid from the government. While the rich are self-sufficient and the poor receive assistance from non-profit organisations and the state, those on middle-incomes remain squeezed.

Parents like Mr. Tan face the problem of being unable to afford tuition programs for their kids while earning too much to qualify for the subsidy schemes meant for low-income households. Mr. Tan laments on how he is often worried about both the present needs and what the future holds for the next generation.

## Cost of living

As a fellow Singaporean, I face the same rising costs as Mr. Tan. My weekly supermarket trip seems to cost more every visit; it's not surprising to see the price of certain goods, be they perishables or household items, increasing by a few cents or more. And we Singaporeans also face rising costs at our much-loved hawker centres, which traditionally have provided a cheap alternative to eating at home.

The table below compares the cost of the basics in 5 cities:



Source: The Economist

## Cheaper alternatives

How do we escape the cost of Singapore? We drive across the Causeway to Johor Bahru (JB) even if this means queuing for hours in the terrible traffic jam, especially on weekends. Many Singaporeans are opting for cheaper groceries, apparel shopping, meals, petrol etc.

According to a 2014 estimate by the Johor-Singapore Community Care Association, about 5,000 Singaporean families have set up home across the Causeway. In Malaysia owning properties and cars is significantly more affordable than in Singapore. And over there one isn't forced to renew the car every 10 years and nor is one's property faced with demolition to make way for en-bloc redevelopment.

Malaysia's relative cheapness has resulted in the transfer of economic activity between the two countries. Singaporeans who take up the Malaysia My Second Home Programme are allowed to import one car into



Malaysia or buy a locally made car with duty and sales tax exemptions. For those who commute from JB the travelling time is the price to pay for a more affordable lifestyle.



Traffic jam along the Causeway – Singapore to Johor  
Source: The Straits Times



Money changer in Singapore  
Source: The New Paper

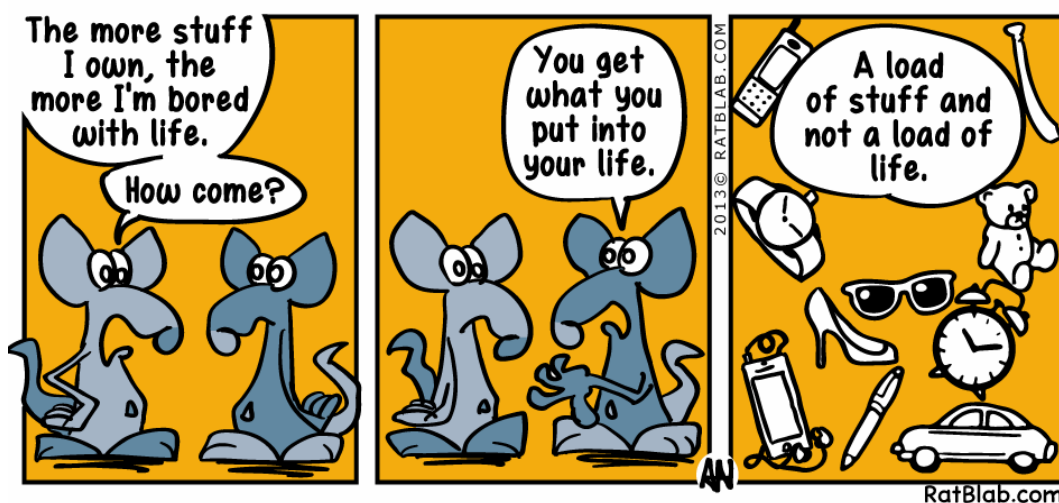




Crowd at Padini sale in Johor Bahru.

## My opinion

Whatever measures the government implements, inflation and the middle-income squeeze seem inevitable. However I reckon that as long as our incomes match with the pace of inflation, and our retirement funds can keep up, we Singaporeans shouldn't be too worried. Of course, there is always a correlation between the standard of living and cost of living. There is no doubt that Singapore's political stability, low crime rates, high standards of infrastructure and healthcare contribute to the high cost of living as well. Given the cosmopolitan lifestyle here, I would think that as long as Singaporeans (especially the youths) are less obsessed with material wealth, leading a decent life in Singapore by focusing on the needs and not the wants isn't that hard to achieve.



Jalene Ngiam

7<sup>th</sup> June 2016



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	NAV	352.31	360.43	387.79	396.17	386.04								7.72%
	% chg	-1.69%	2.30%	7.59%	2.16%	-2.56%								
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** 65.94%  
**Annualised return** 12.46%

### By Sector

