



Pangolin Asia Fund September 2025 NAV

As at the 30th of September 2025, the NAV of the Class A & C shares of the Pangolin Asia Fund was US\$521.17 net of all fees and expenses, down 1.85% from US\$530.99 in August.

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

Singapore	10%
Malaysia	31%
Indonesia	54%
Philippines	5%

Overview

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

Return (in local currencies, except MSCI)							
Period	S&P 500	PSE	JSE	KLSE	STI	MSCI-ASEAN	PAF
Sep-25	2.84%	-2.57%	3.74%	2.27%	0.01%	0.13%	-1.85%
YTD 2025	12.96%	-8.14%	14.74%	-1.91%	12.74%	9.10%	-7.70%

Return (in USD)							
Period	S&P 500	PSE	JSE	KLSE	STI	MSCI-ASEAN	PAF
Sep-25	2.84%	-4.23%	2.62%	2.51%	-0.46%	0.13%	-1.85%
YTD 2025	12.96%	-8.38%	10.97%	4.05%	19.35%	9.10%	-7.70%

% Change in Currency Vs USD				
Period	MYR	SGD	IDR	PHP
Sep-25	0.23%	-0.47%	-1.08%	-1.70%
YTD 2025	6.07%	5.87%	-3.29%	-0.26%

Last month Pangolin held its first ever investors' conference. We took existing investors in the fund to East Java, to visit portfolio companies in Surabaya and Gresik. After which, we convened at the Mandarin Oriental Hotel in Kuala Lumpur for two further days of company presentations. While we love seeing investors in our Singapore office, we felt it would be better if we could give them an excuse to visit parts of Asia which are not part of most Asian itineraries. There is more on this trip in a separate note, but I think all found the conference to be worthwhile, educational and enjoyable. If we ever do anything similar again, I recommend that you attend.

Opportunities to make a killing are rare, so don't miss out

I've written previously how I invested virtually every penny I had in Malaysian stocks in September 1998, at the depths of the Asian Financial Crisis. And, after uncovering Indonesian companies in 2002 that were trading on PE multiples of 2-3x, I was able to take advantage of the world's disinterest and invest there at crazily low valuations (two of these companies are in the fund).

One thing I haven't written about, until now, is how I made money arbitraging between *Malaysia's Public Bank Local & Foreign shares*. Back in those days, Public Bank had a foreign ownership limit of 30%, yet foreigners typically owned around 35% of the company. So, 30% of the shares had voting rights while the other 5% didn't, but were still entitled to dividends.



In 1986, I started my career as a booking clerk, which was halfway between the back-office and the dealing desk. Not glamorous, but it gave me an understanding of how settlements and share registration worked. In those days, it took up to six weeks to register shares in Malaysia, which meant that a fund manager couldn't sell them until the certificates were physically delivered to their custodians by a company's registrar. Many fund managers, without the benefit of a back-office schooling, were wont to sell their shares without checking whether they were back from the company registrar, which often meant they had no shares to deliver – resulting in the stock exchange instituting an expensive buying-in process to cover their shorts. In effect, by registering shares, fund managers were forced to own them for at least a month or more.

Over time, share registration time did improve, particularly as extra settlement and share registration capacity was put in place during the high stock market turnover days of the nineties.

By 2003, a foreigner owning Public Bank Local shares could put them into the "Queue" for conversion into Foreign shares. While your shares were in the Queue, you couldn't sell them, so most didn't. Meanwhile, as the only way the Queue could move would be if someone bought Foreign (trading at a 15% premium) and registered them as Local, the queue seldom moved. And most foreign owners of Public Bank Local didn't enter them into the Queue for conversion, because there was little chance of success.

However, this changed when in June 2003, Public Bank acquired its subsidiary Public Finance via the issuance of new Public Bank Local shares. As an owner of Public Finance, I then became the owner of Public Bank Local. I calculated that surely, with all these new Local shares being issued, the Queue would disappear.

I then tried to arrange a meeting with Public Bank's corporate secretary to confirm this. This was not an easy meeting to get as the particular lady didn't really see talking to investors as a part of her job. But finally we met and she confirmed that my calculations were correct.

Now, because by then share registration was more efficient and the registrars met monthly, I was able to sell Public Bank Foreign at the prevailing premium (+/- 15%) and buy up to 15% more Local shares each month. I would immediately place these Local shares into the queue to be registered as Foreign and, four weeks later, these would be converted to Foreign shares and I could repeat the process. Effectively, for a while, I was making 15% a month on this arbitrage. If the custodians of the Queue had met more frequently, I'd have made those returns more frequently!

This continued up until I launched the Pangolin Asia Fund on 1st December 2004 when I sold my Public Bank shares and put my money into the Pangolin Asia Fund. Prior to that, my personal shares were held by my brokerage firm. A quick phone call would ensure that my latest purchase of Public Bank Local was placed into the Queue the day I received the shares. We knew each other well and they understood what I wanted to do.

On launching the Pangolin Asia Fund, I tried having the conversation with the fund's then custodian, but for a large bank (not our current custodian) it was way too complicated and wasn't going to happen. But by then the Foreign premium was declining anyway as others had jumped onto this.

I was lucky. Or at least in the right place at the right time to take advantage of a clear arbitrage, caused by a technicality rather than anything fundamental. Which brings me on to Indonesia today.

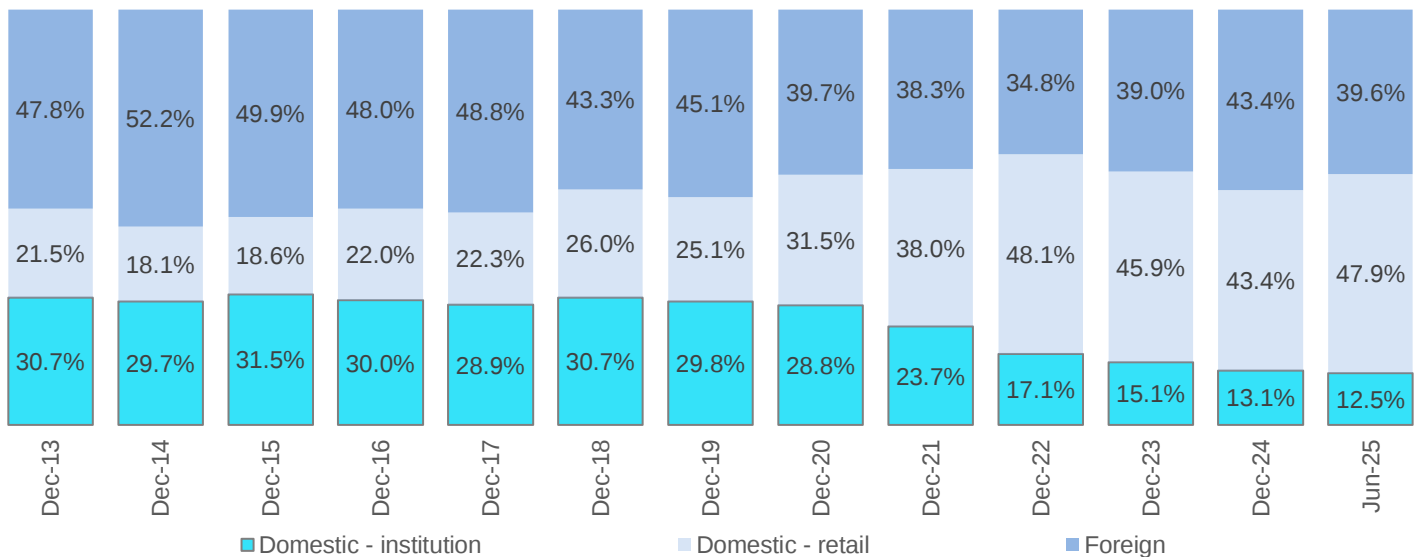
The Indonesian Opportunity

As we discussed in July's newsletter ([click here](#)), the key technical reason for the weakness of Indonesia's stock market is that many domestic institutions, as a result of regulatory numbskullness, have been deterred from owning equities and have switched into fixed income instead. Since 2018, domestic institutions' share of ownership of Indonesian stocks has fallen from 30% to 12%.



(To recap, investment managers employed by state owned institutions are effectively barred from selling shares at a loss. If they do so, they can face prosecution for causing a loss to the state. In fact, it's worse than that – even unrealised losses can fall into this category).

Equity Ownership in Indonesia's Stock Exchange



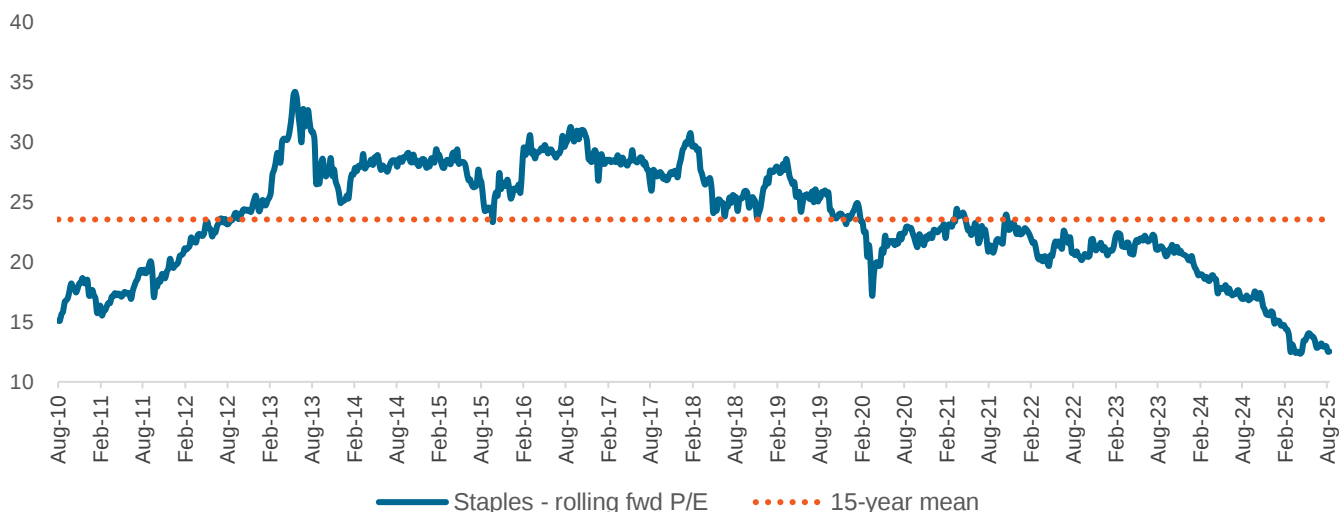
Note: Institution includes mutual fund, insurance, and pension fund

Source: BNI Research

Emerging markets have been out of favour for a while, but Indonesia has been hit particularly hard, largely as a result of the above. Indonesia, ASEAN's largest economy represents a mere 15% of the MSCI ASEAN Index. This index has fallen 21% since 2013, not helped by Indonesia's stock market.

Indonesian stocks are trading at valuations we've not seen for years - the Consumer Staples sector, for example, is now trading at nearly half of its fifteen year mean price-to-earnings ratio (P/E).

Consumer Staples Rolling Fwd P/E

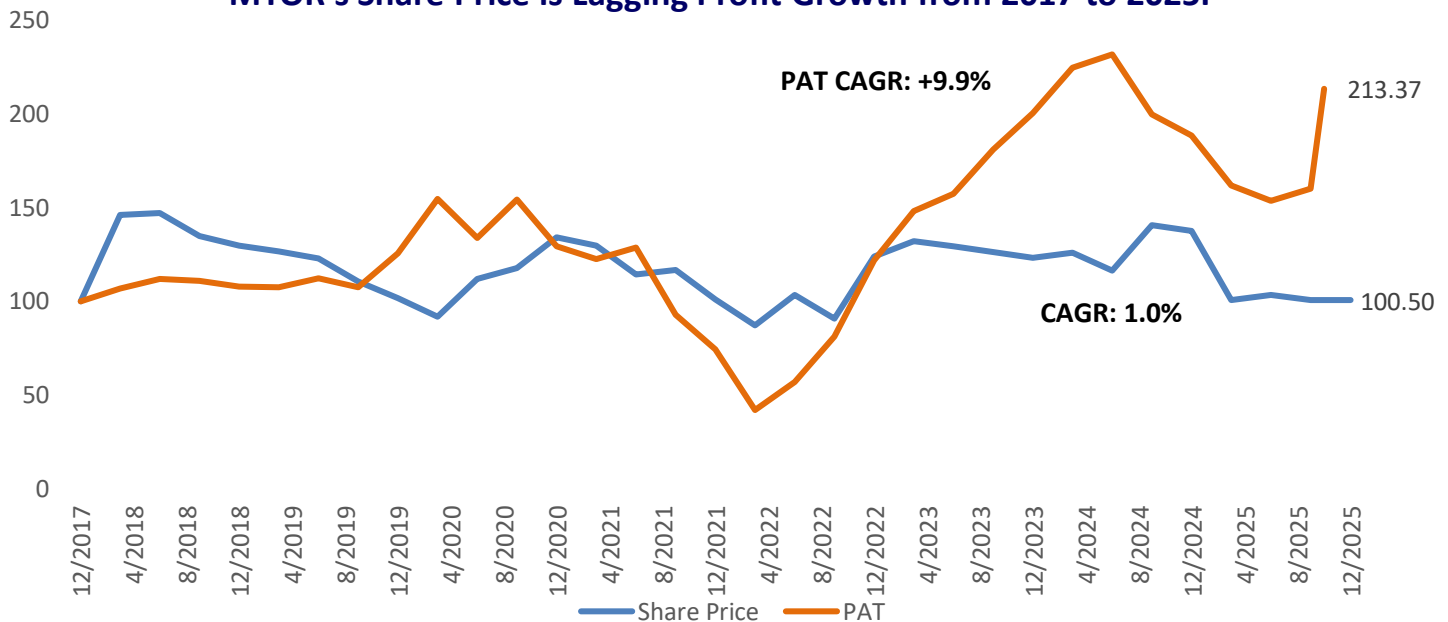


Source: Pangolin, BNI Research



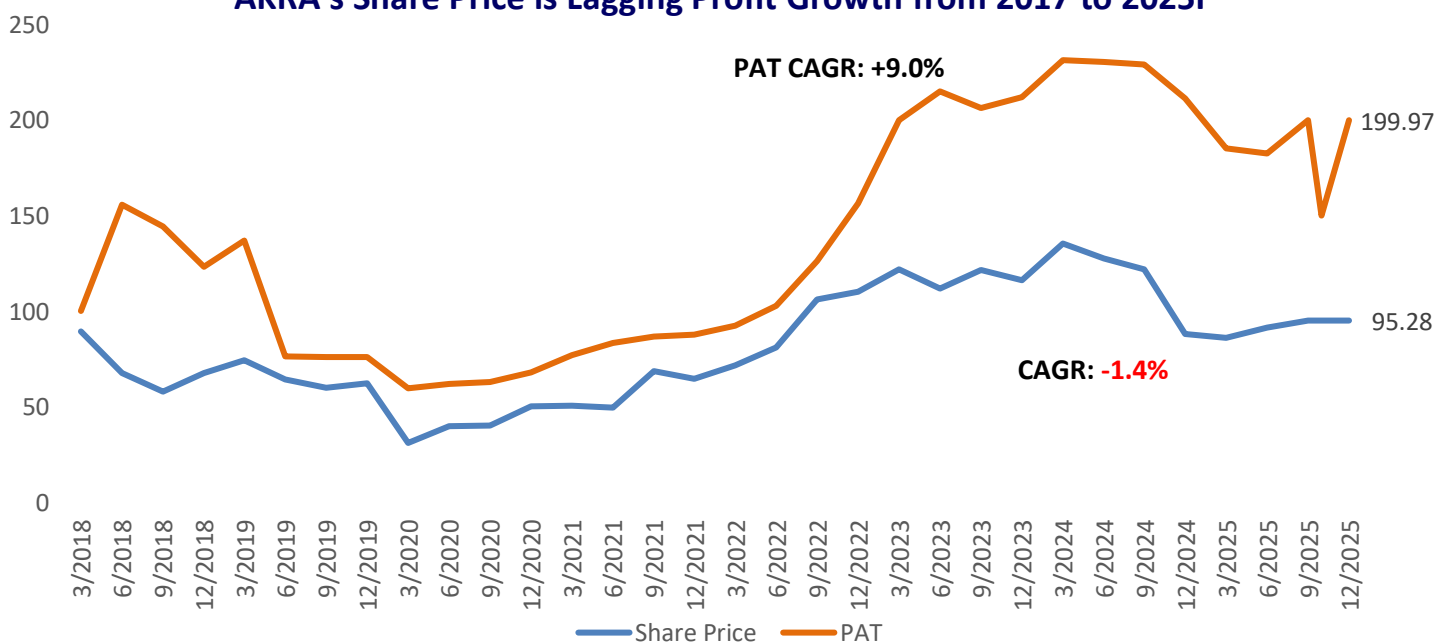
Diving deeper into the above chart, the disconnect between share prices and business performance becomes even more apparent. For example, leading snack manufacturer, Mayora Indah's 2025 net profit is projected to be double that of 2017 (CAGR 10%). Yet it's share price today (Rp2,030) is only 0.5% higher than 31st December 2017 (and down almost 27% YTD).

MYOR's Share Price is Lagging Profit Growth from 2017 to 2025F



We don't currently own Mayora, although it's an excellent company. There are many examples of lagging share prices within our portfolio. The fund owns AKR Corporindo (AKRA) which is one of the shares I alluded to above and I first owned it in 2002. AKRA is Indonesia's largest distributor of chemicals and non-subsidised petroleum, as well as the owner of an industrial estate in East Java. Like Mayora Indah, AKRA's 2025 net profit will also be twice that of 2017, yet AKRA's share price (Rp1,210) is 5% lower than it was on 31st December 2017 (Rp1,270).

AKRA's Share Price is Lagging Profit Growth from 2017 to 2025F





These examples are commonplace in Indonesia. In an active and followed market, a company's share price tends to follow the condition of the underlying business. In this less active market, a few sellers and an absence of local institutional buying is resulting in many such price-to-value distortions.

It is because of this weakness - not despite it - that we have continued buying Indonesian stocks. That our near 60% weighting has been maintained, in the face of market weakness, means that we have been able to buy more for less.

We have further capitalised on the opportunity this year, adding three of Indonesia's best compounders to our portfolio at prices we deem attractive, something that wasn't the case previously.

Fundamentally, the long-term Indonesia story remains highly compelling, despite current reservations held by some investors. As is the case elsewhere in the world, consumers are hurting and spending less, tariffs are an overhang, and there's uncertainty about the new government's direction. But these factors have already been over-discounted by the market's underperformance, as our focus on company fundamentals highlights. Even with tariffs, 2025 GDP is forecast to grow by 4.8%.

This dramatic market-wide derating has been masked by the performance of the index (JCI). As trading is now retail-dominated, Indonesia has a massively overrated *Magnificent 4*. Namely:

Name	Ticker	Market cap US\$ bil	P/E (x)	YTD return (%)	Business
Chandra Daya Investasi	CDIA	13	96	800	Power, renewable energy, water services, logistics, and infrastructure
Barito Pacific	BRPT	22	39	312	Indonesia's largest geothermal energy company
DCI Indonesia	DCII	40	599	565	Data center and related services provider
Dian Swastika Sentosa	DSSA	49	233	185	Coal mining, power generation, chemicals trading and renewables

Without these 4 stocks, the JCI would be up only 2.2%, not 11% this year.

As stated above, Indonesia is overly cheap because overzealous regulators got it wrong. They have, however, now realised the consequences of their actions and are changing the regulations i.e. local fund managers will, like the rest of us, be able to make mistakes without losing their jobs and being prosecuted. Perversely, this could even increase the opportunity to buy Indonesia cheaply as fund managers are now able to sell.

The *causing state loss regulations* only apply to state run funds, which we estimate at USD100bn in aggregate AUM. In 2017, the largest, JAMSOSTEK with USD50bn AUM, had a 27% equity allocation, which fell to 10% recently. They are now back buying and their equities now account for around 12-13% of their portfolio. JAMSOSTEK's current target is to be 20% invested in local equities, which will be an overall addition of USD5bn. Assuming their peers act similarly, we should see an additional USD5bn of buying over the next couple of years (USD10bn total).

But it will be more than that, because Indonesian privately managed money is also massively underweight the domestic market. The selling by the big state-owned funds, which has led to such market underperformance, has been replicated by the private fund management sector. Basically, Indonesia's fund management industry is massively overweight bonds and underweight equities.



How can we be so confident that this will happen? Firstly, it has already started. Secondly, the recently passed Omnibus Law covers this, but still requires Ministry of Finance interpretation. The good news from August's riots, is that Indonesia's new Minister of Finance, Purbaya Yudhi Sadewa, was the former President Director of Danareksa Sekuritas, a prominent Indonesian stockbroking company.

Outlook

I've described two examples of non-fundamental but technical opportunities. One occurred over 20 years ago and, by being in the right place at the right time, I was able to take advantage of it. The second is here, right now, deliciously warm and on a plate. That is why we're fully invested.

In the end, the Public Bank arbitrage stopped working. By June 2005 the Local and Foreign shares were at the same price. Most institutional money, which will only move when their benchmarks have been adjusted to reflect prices that have already risen, will miss this Indonesian arbitrage. But you don't have to.

James

6th October 2025

Pangolin Asia Fund weighted valuation (30th September 2025)

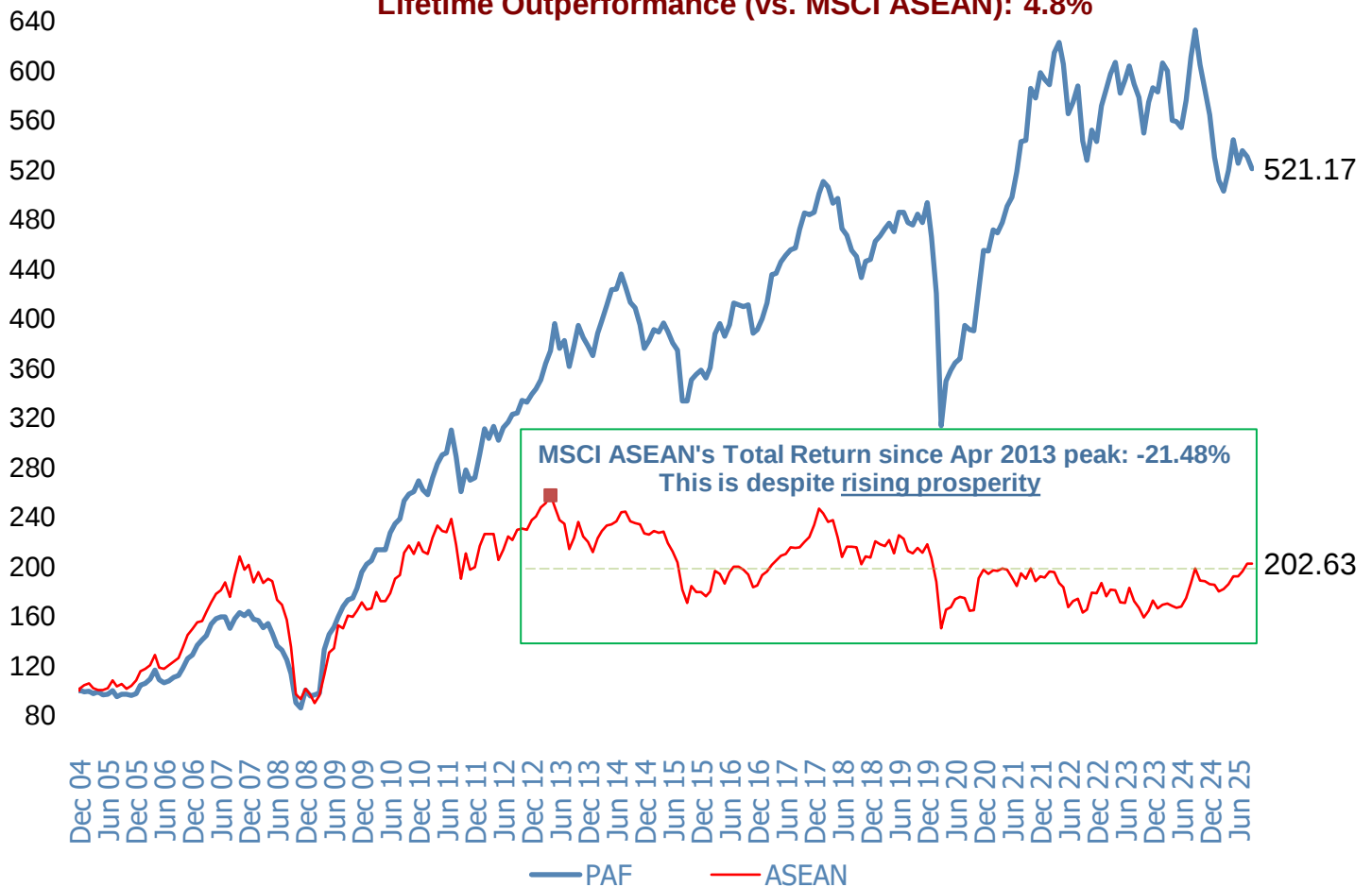
	2024A	2025F
P/E (x)	11.4	10.5
ROIC (%)	22	21
Div Yield (%)	5.7	5.7



Twenty years track record and annualised return of 8.25%

PAF vs. MSCI South East Asia

Lifetime Outperformance (vs. MSCI ASEAN): 4.8%



Source: Pangolin, Bloomberg



PANGOLIN INVESTMENT MANAGEMENT

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	NAV	530.12	511.93	503.21	519.66	544.68	525.62	535.73	530.99	521.17				-7.70%
	% chg	-6.12%	-3.43%	-1.70%	3.27%	4.81%	-3.50%	1.92%	-0.88%	-1.85%				
2024	NAV	583.20	606.55	599.94	560.25	558.96	554.34	576.15	611.53	633.08	605.10	584.97	564.67	-3.75%
	% chg	-0.59%	4.00%	-1.09%	-6.62%	-0.23%	-0.83%	3.93%	6.14%	3.52%	-4.42%	-3.33%	-3.47%	
2023	NAV	571.92	585.67	597.55	606.77	581.95	593.00	604.19	589.30	578.62	549.65	574.87	586.68	8.00%
	% chg	5.28%	2.40%	2.03%	1.54%	-4.09%	1.90%	1.89%	-2.46%	-1.81%	-5.01%	4.59%	2.05%	
2022	NAV	593.29	588.82	614.73	622.83	605.35	565.54	574.94	588.17	543.35	527.78	552.46	543.22	-9.23%
	% chg	-0.86%	-0.75%	4.40%	1.32%	-2.81%	-6.58%	1.66%	2.30%	-7.62%	-2.87%	4.68%	-1.67%	
2021	NAV	454.64	471.89	469.26	477.70	491.07	497.99	518.78	542.88	544.24	585.87	578.32	598.45	31.44%
	% chg	-0.15%	3.79%	-0.56%	1.80%	2.80%	1.41%	4.17%	4.65%	0.25%	7.65%	-1.29%	3.48%	
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%	

Best monthly return 35.77%
Worst monthly return -25.36%
Maximum drawdown -47.53%
% of positive months 62.00%
Annualised return 8.25%



By Sector

