



Pangolin Asia Fund October 2020 NAV

As at the 31st of October 2020 the NAV of the Class A shares of the Pangolin Asia Fund was US\$390.47 net of all fees and expenses, down 0.19% from US\$391.21 in September.

As of today, the fund is about 85% invested (net of known end-November subscriptions and redemptions), with the split being approximately as follows:

Singapore	14 %
Malaysia	26 %
Indonesia	57 %
Thailand	3 %

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-20	-4.61%	-2.77%	-2.29%	5.30%	-2.52%	-1.33%	-3.40%	2.76%	0.39%	-0.19%
YTD 2020	-7.14%	1.21%	21.61%	-18.59%	-7.67%	-24.48%	-24.36%	6.38%	-24.40%	-20.93%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Oct-20	-4.61%	-2.77%	-2.29%	7.14%	-2.50%	-1.40%	-2.05%	2.76%	0.39%	-0.19%
YTD 2020	-7.14%	1.21%	21.61%	-22.82%	-9.11%	-25.61%	-27.89%	6.38%	-24.40%	-20.93%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Oct-20	0.02%	-0.07%	1.74%	1.40%
YTD 2020	-1.56%	-1.50%	-5.19%	-4.67%

There's not a lot to say about a -0.19% move. We invested in an Indonesian power producer last month which is why the cash is down and the Indonesian weighting is up. As usual in crises, Indonesia's stock market has been hit harder than it deserves and there are many cheap companies there. Indonesia's Coronavirus is a problem in that it is widespread, but we all believe the world will recover, right?

GDP % change forecasts

	2020	2021	GDP as a % of 2019
ASEAN	-4.2	5.2	100.8
Indonesia	-1.3	5.4	104.0
Malaysia	-3.2	5.7	102.3
Singapore	-6	5.5	99.2
Thailand	-7.1	4.5	97.1



Of the four countries in which we invest, Malaysia's & Indonesia's economies, along with ASEAN's, are predicted to be larger by the end of 2021 than they were at the end of 2019. As long as the forecasts don't change, that is.

Outlook

Malaysia also looks attractive from the above table. The problem is the politics which are a mess (ditto, but even more so in Thailand). Generally, economists and investors focus on FDI which is all well and good as long as domestic confidence and investment is stable. Unfortunately, this is not the case in Malaysia and many parents who send their kids overseas for university are advising them to seek employment there too. This brain drain has waxed and waned over the years. However, currently many Malaysians believe the grass to be greener elsewhere for the next generation (not a sentiment solely applicable to Malaysia of course).

This part of the world is blessed with low taxes. With careful planning, a successful business owner gets to keep, reinvest & spend an awful lot of what he or she has made at the end of the year. One of a government's roles must be to ensure that their citizens keep and spend their money at home. The problem is that once confidence wanes, then restrictive measures (on, say, transferring money overseas) exacerbate the situation. And these then tend to be tightened when they should really be relaxed. Leaving a hole, which the PRC will gladly fill.

I'm currently on Day 4 of a 14-day hotel quarantine in KL. It's a nice hotel, the food is pretty good and I've got virtually everything I need. Malaysia has done pretty well with its Covid management but there has been another wave with daily new cases hitting the 1,000 mark recently. The country is in a semi-lockdown again but the authorities are confident they can control the outbreaks. Having spent time in the UK, Germany, Austria and Mallorca in the past three months, it is quite apparent that much of Asia's response is well ahead of Europe's, where a lack of collective action is leading to stricter lockdowns and economic harm. It is at times of dislocation when the relative positions of nations change the most; Asia is taking a big jump forward right now.

I posted a video on LinkedIn of the compulsory testing at Munich airport on return from Mallorca. I received my (negative) result within 18 hours. This is the way forward – Germans can travel and return to work. Singaporeans and Malaysians crossing between the borders for work purposes don't need to quarantine for two weeks as long as they test negative. Likewise, a travel bubble is opening between Hong Kong and Singapore. I've no idea of the situation in Hungary, but that country's foreign minister had all his meetings in Bangkok cancelled and was put on a plane home after testing positive on arrival.

Saudi Arabia, which is seriously missing out on Haj pilgrims, is going to allow Umrah (subject to testing protocols) next year. Approximately 2.5 million Muslims perform the Haj each year, but 7.5 million visit Mecca & Medina the rest of the year (Umrah). 10 million visitors not arriving is a big hole. Just ask the Thais.

With or without a vaccine, much of Asia is inching towards normal. Our base case remains that 2022 will look like 2019 and our portfolio looks fine if we're not too wrong. Markets will no doubt wobble periodically and with 15% cash we can take advantage of this. South East Asia is a good part of the world to be right now and that is not dependent on which old man is the next US president.

Furthermore, at some point, valuing investments on what they are worth will count again. This is despite a Financial Times article stating that value investing has not been this out of favour for 200 years - <https://www.ft.com/content/fc7ce313-92f8-4f51-902b-f883afc1e035>



For comparison

	2020	2021	GDP as a % of 2019
US	-4.0	3.8	99.6
EU	-7.8	5.4	97.2
UK	-10.0	5.8	95.2

James Hay.
5th November 2020

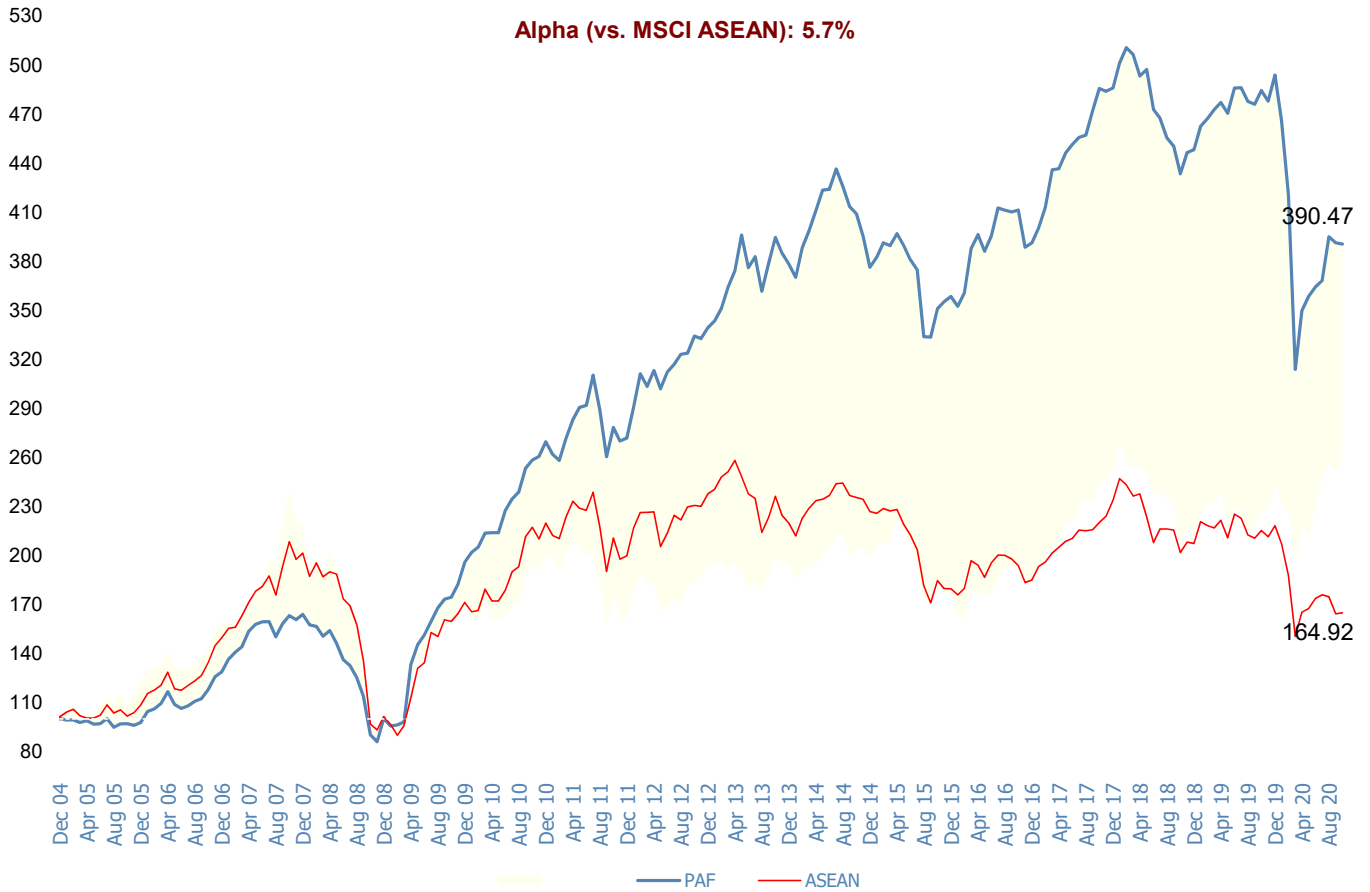
We don't like to discuss our stocks publicly but I am always happy to talk to existing investors and those interested in investing. The Pangolin Asia Fund is most suitable for investors who are happiest when markets are falling.



Fifteen years track record and annualised return of 8.9%

PAF vs. MSCI South East Asia

Alpha (vs. MSCI ASEAN): 5.7%





PANGOLIN INVESTMENT MANAGEMENT

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	367.99	394.82	391.21	390.47			-20.93%
	% chg	-5.69%	-9.73%	-25.36%	11.41%	2.55%	1.59%	1.02%	7.29%	-0.91%	-0.19%			
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 64.92%
Annualised return 8.94%



By Sector

