



Pangolin Asia Fund August 2023 NAV

As at the 31st of August 2023, the NAV of the Class A shares of the Pangolin Asia Fund was US\$589.30 net of all fees and expenses, down 2.46% from US\$604.19 in July. YTD we're up 8.48%.

As of today, the fund is about 98% invested, with the split being approximately as follows:

Singapore	6%
Malaysia	30%
Indonesia	64%

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)									
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	MSCI Asia ex JP	MSCI-ASEAN	PAF
Aug-23	-2.36%	-1.77%	-2.17%	0.32%	-0.51%	-4.17%	-6.61%	-5.73%	-2.46%
YTD 2023	4.75%	17.40%	34.09%	1.50%	-2.91%	-0.55%	0.50%	-3.35%	8.48%

Return (in USD)									
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	MSCI Asia ex JP	MSCI-ASEAN	PAF
Aug-23	-2.36%	-1.77%	-2.17%	-0.67%	-3.33%	-5.70%	-6.61%	-5.73%	-2.46%
YTD 2023	4.75%	17.40%	34.09%	3.78%	-7.81%	-1.42%	0.50%	-3.35%	8.48%

% Change in Currency Vs USD			
Period	MYR	SGD	IDR
Aug-23	-2.83%	-1.60%	-0.98%
YTD 2023	-5.04%	-0.87%	2.25%

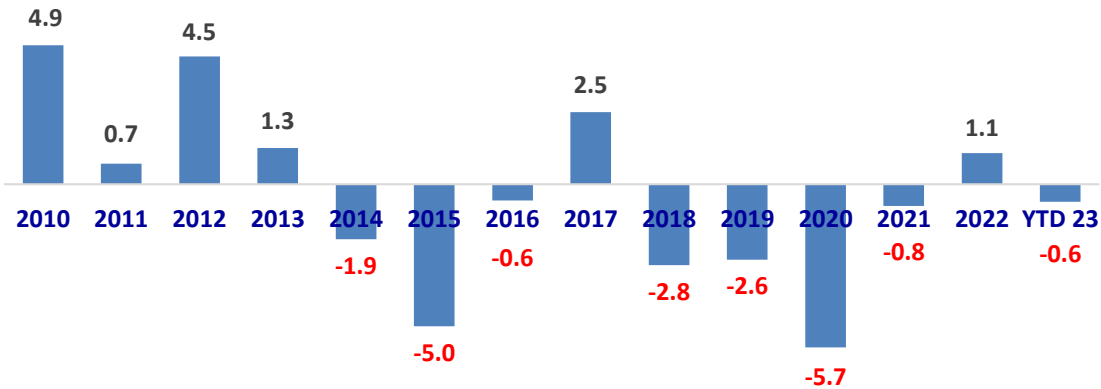
Our markets were down last month; in fact, the ASEAN index is only up 0.5% this year. Despite this, we are seeing more interest in the region from investors. For many, by the time they get around to Pangolin, it's purely a box ticking exercise (too small, the holdings aren't that liquid and, as for the manager...) but I do get the feeling that we are seeing genuine interest in a way that we haven't for some time. And it's not only about diversifying away from China, but also a recognition of ASEAN's prospects and undervaluation.

Even unloved Malaysia has attracted some foreign buying in the last two months. According to regional brokers, there is an appetite for buy ideas from foreign institutions, as we've discovered. We've tried to build a position in an Indonesian retailer over the summer, but the world discovered it and the price has run. With luck we'll get a chance to add again in time.

It's not all good news. Our Indonesian tiles manufacturer is having to compete with cheap product being dumped from China as a side effect of that country's housing market slump. We can expect to hear of other such deflationary exports in the coming months.



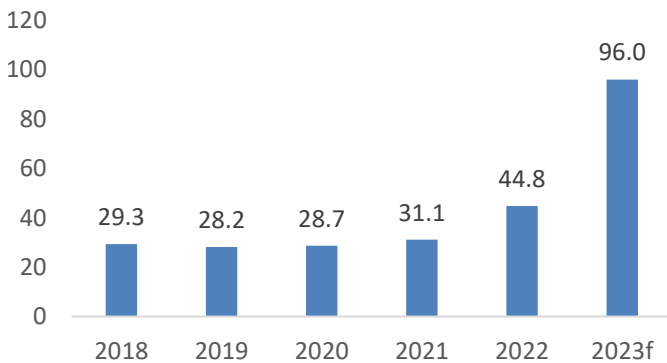
Foreign Net Buying/Selling of Malaysian Securities (USD billions)



Outlook

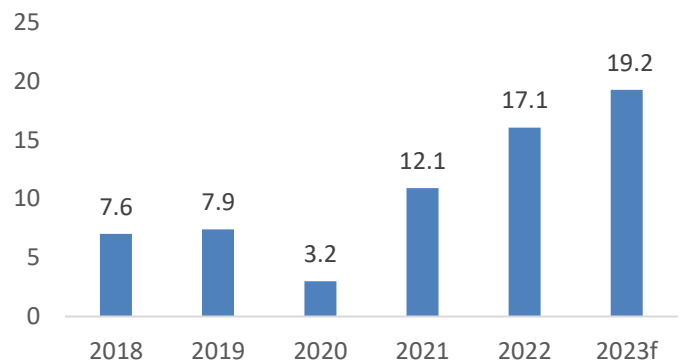
As for the real economy, things remain encouraging. Malls remain busy, although the post-Covid revenue spending has eased. More importantly, FDI flows into Malaysia and Indonesia remain strong.

Indonesia Investment Realisation (USD billions)



Source: Indonesia Investment Coordinating Board

FDI Inflows Malaysia (USD billions)



Source: ASEAN Stats

Yesterday afternoon I met the management of Kellington Bhd, Malaysia's second-largest supplier of industrial gases, founded by two entrepreneurs in 2000. The company's main product is CO₂, much of which is exported and used in the food industry.

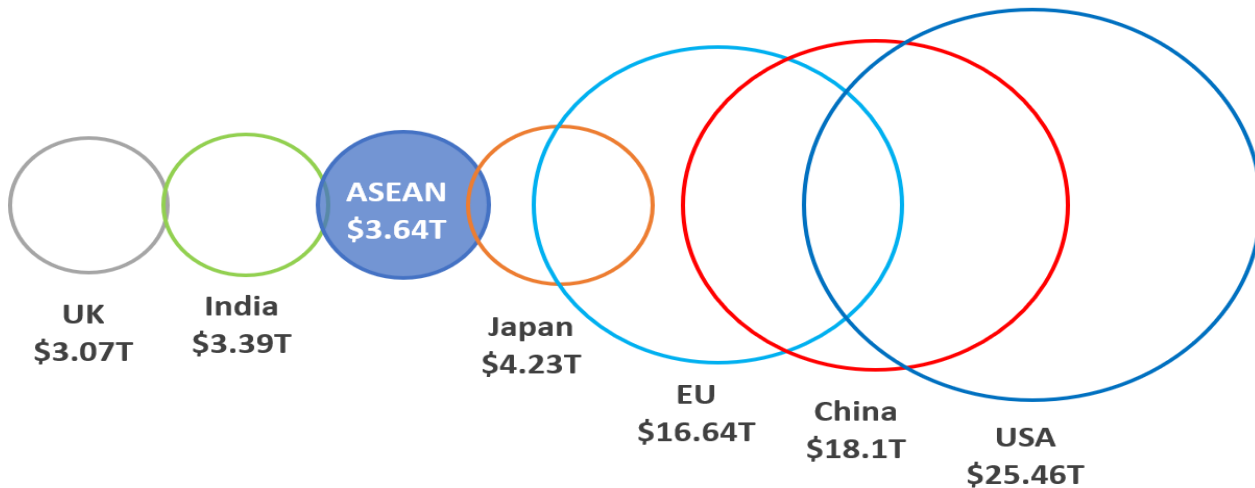
However, they also supply industrial gases (Xylene is imported from Inner Mongolia, I learnt) to industry, in particular the semiconductor business. Furthermore, they have a specialist engineering subsidiary that builds plants for the chip industry, with clients such as Intel and the like. Kellington's profits doubled in 2022 and they're optimistic of 25% sales growth this year. To summarise, their business is booming, despite the much-hyped slowdown in the industry. As new chips are needed (4G to 5G, AI etc.) new plants are required. You can't make new chips in an old plant, I'm told. And, once up and running, these new plants will likely become Kellington's gas customers in the future.

I always prefer my economics from the bottom-up. The good news is that what Kellington is saying concurs with the chart above. A lot of this is driven by chip manufacturers placing their new capacity outside of China, with Singapore and Malaysia being the prime beneficiaries. Malaysia's 2023 FDI will be 2½ x that of 2018 while Indonesia's will be over 3x.



Malaysia's GDP will grow by around 4.5% this year and Indonesia's by 5%. In fact, ASEAN's nominal GDP is larger than that of the market-darling, India. And by 2050, if Goldman Sachs are correct, the world's four largest economies, in order, will be. China, USA, India & Indonesia.

2022 Nominal GDP (T: Trillion USD)



Ranking	1980	2000	2022	2050	2075
1	United States	United States	United States	China	China
2	Japan	Japan	China	United States	India
3	Germany	Germany	Japan	India	United States
4	France	United Kingdom	Germany	Indonesia	Indonesia
5	United Kingdom	France	India	Germany	Nigeria
6	Italy	China	United Kingdom	Japan	Pakistan
7	China	Italy	France	United Kingdom	Egypt
8	Canada	Canada	Canada	Brazil	Brazil
9	Argentina	Mexico	Russia	France	Germany
10	Spain	Brazil	Italy	Russia	United Kingdom
11	Mexico	Spain	Brazil	Mexico	Mexico
12	Netherlands	Korea	Korea	Egypt	Japan
13	India	India	Australia	Saudi Arabia	Russia
14	Saudi Arabia	Netherlands	Mexico	Canada	Philippines
15	Australia	Australia	Spain	Nigeria	France

Source: Goldman Sachs Global Investment Research

Outside of Asia, where else can you find this growth? And if you don't want to overpay, come to sunny South East Asia.

For as long as ASEAN remains unloved, we can buy Prodia in Indonesia for 15x earnings instead of India's Dr Lal for 58x. And this despite Prodia having compounded its net profit by 22% over the past 9 years, compared to Dr Lal's mere 12.9%. They're more or less the same company (pathology laboratories) and both have great prospects, as healthcare spending surges with prosperity. But ask yourselves, where's the money to be made from here?



Comparison of Companies in Loved and Unloved Markets

Updated on 06 September 2023

Indonesia, ID

PRODIA WIDYAHUSA

Indonesia, ID

BUY

Rating: **8.5/10**

Recent FX at 15303

Last close on September 5, 2023

IDR 6300

% Return 1mo: 2.8 3 mo: 13.4 1 yr: 10.0

We own 3.00% of company; 10.71% of free float

Fwd PE 15.1

FYE	Sales	EBIT	Net Profit	Free Cashflow	Cash & equiv	+Cash or -Debt	# share outstdg	EPS	DPS	N.CPS	1yr profit growth	P/E Ratio	PB Ratio	N.Cash to MCap	N.Cash to Equity	Inst Cover	Divd Payout	Divd Yield	FCF Yield	EBIT Margin	Net Margin	ROE	ROIC*
Dec	IDR bln	IDR bln	IDR bln	IDR bln	IDR bln	IDR bln	min	IDR	IDR	IDR	%	x	x	x	x	x	%	%	%	%	%	%	%
2018	1,600	180	175	57	937	897	937.5	187	64	957	16.3	33.7	3.81	0.15	0.57	30.5	34.2	1.0	1.0	11.2	11.0	12.9	27.6
2019	1,744	216	210	263	1,012	993	937.5	224	112	1,059	19.8	28.1	3.59	0.17	0.60	65.1	50.0	1.8	4.4	12.4	12.1	13.5	31.6
2020	1,873	302	269	304	1,135	1,125	937.5	287	172	1,200	27.8	22.0	3.23	0.19	0.61	58.4	60.0	2.7	5.1	16.1	14.3	16.2	40.3
2021	2,652	759	623	599	1,508	1,502	937.5	665	398	1,602	131.9	9.5	2.58	0.25	0.65	214.8	59.9	6.3	10.1	28.6	23.5	33.8	86.5
2022	2,182	445	372	326	1,198	1,194	937.5	396	238	1,274	(40.4)	15.9	2.58	0.20	0.52	162.4	60.0	3.8	5.5	20.4	17.0	16.1	46.0
2023F	2,356	494	390	126	923	923	937.5	416	250	984	5.0	15.1	2.54	0.16	0.40	n.a.	60.0	4.0	2.1	21.0	16.6	16.9	35.0
2024F	2,592	547	432	373	1,059	1,059	937.5	461	276	1,130	10.6	13.7	2.34	0.18	0.42	n.a.	60.0	4.4	6.3	21.1	16.7	18.6	30.8

Updated on 06 September 2023

India, IN

DR LAL PATHLABS

Natl India, IN

SNAPSHOT

Rating: **-/10**

USDINR currency 83.118

Recent FX at 83.1175

Last close on September 5, 2023

INR 2205.8

% Return 1mo: (5.1) 3 mo: 10.5 1 yr: (6.9)

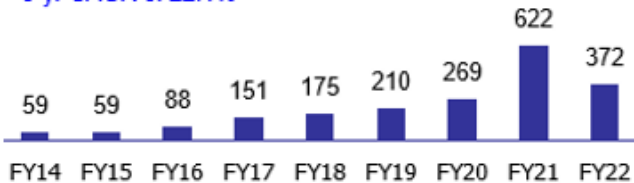
Fwd PE 58.0

FYE	Sales	EBIT	Net Profit	Free Cashflow	Cash & equiv	+Cash or -Debt	# share outstdg	EPS	DPS	N.CPS	1yr profit growth	P/E Ratio	PB Ratio	N.Cash to MCap	N.Cash to Equity	Inst Cover	Divd Payout	Divd Yield	FCF Yield	EBIT Margin	Net Margin	ROE	ROIC*
Mar	INR mln	INR mln	INR mln	INR mln	INR mln	INR mln	min	INR	INR	INR	%	x	x	x	x	x	%	%	%	%	%	%	%
2019	12,034	2,554	1,992	2,104	3,156	3,156	83.3	23.9	4.5	37.9	16.7	92.3	19.7	0.02	0.33	304	18.8	0.2	1.1	21.2	16.6	25.3	27.7
2020	13,304	2,708	2,259	2,775	3,626	3,626	83.3	27.1	6.0	43.5	13.4	81.4	18.0	0.02	0.35	18	22.1	0.3	1.5	20.4	17.0	23.9	35.9
2021	15,813	3,591	2,916	3,864	3,049	3,048	83.3	35.0	12.0	36.6	29.1	63.0	14.9	0.02	0.24	22	34.3	0.5	2.1	22.7	18.4	28.2	43.5
2022	20,874	4,526	3,448	3,718	6,831	3,374	82.8	41.7	20.0	40.8	18.2	52.9	12.3	0.02	0.22	15	48.0	0.9	2.0	21.7	16.5	27.7	36.7
2023	20,169	3,396	2,388	4,124	8,154	5,787	82.9	28.8	12.0	69.8	(30.7)	76.6	11.1	0.03	0.35	9	41.7	0.5	2.3	16.8	11.8	15.9	20.5
2024F	22,448	4,059	3,152	3,728	1,499	1,499	82.9	38.0	15.0	18.07	32.0	58.0	10.0	0.68	0.08	14	39.5	0.7	2.0	18.1	14.0	18.9	34.8
2025F	25,741	4,983	4,008	4,633	1,499	3,500	82.9	48.3	20.0	42.20	27.2	45.6	8.7	1.59	0.17	18	41.4	0.9	2.5	19.4	15.6	21.7	23.6

Prodia

Net Profit (IDR bln)

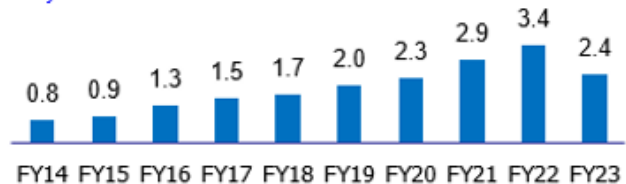
9-yr CAGR of 22.1%



Dr Lal

Net Profit (INR bln)

9-yr CAGR of 12.9%



Our fund's valuations are as below. Please bear in mind that our holdings are nearly all net cash businesses, yielding over 5% across the fund, with a return on invested capital of 36%.

Pangolin Asia Fund weighted valuations (31/8/2023)

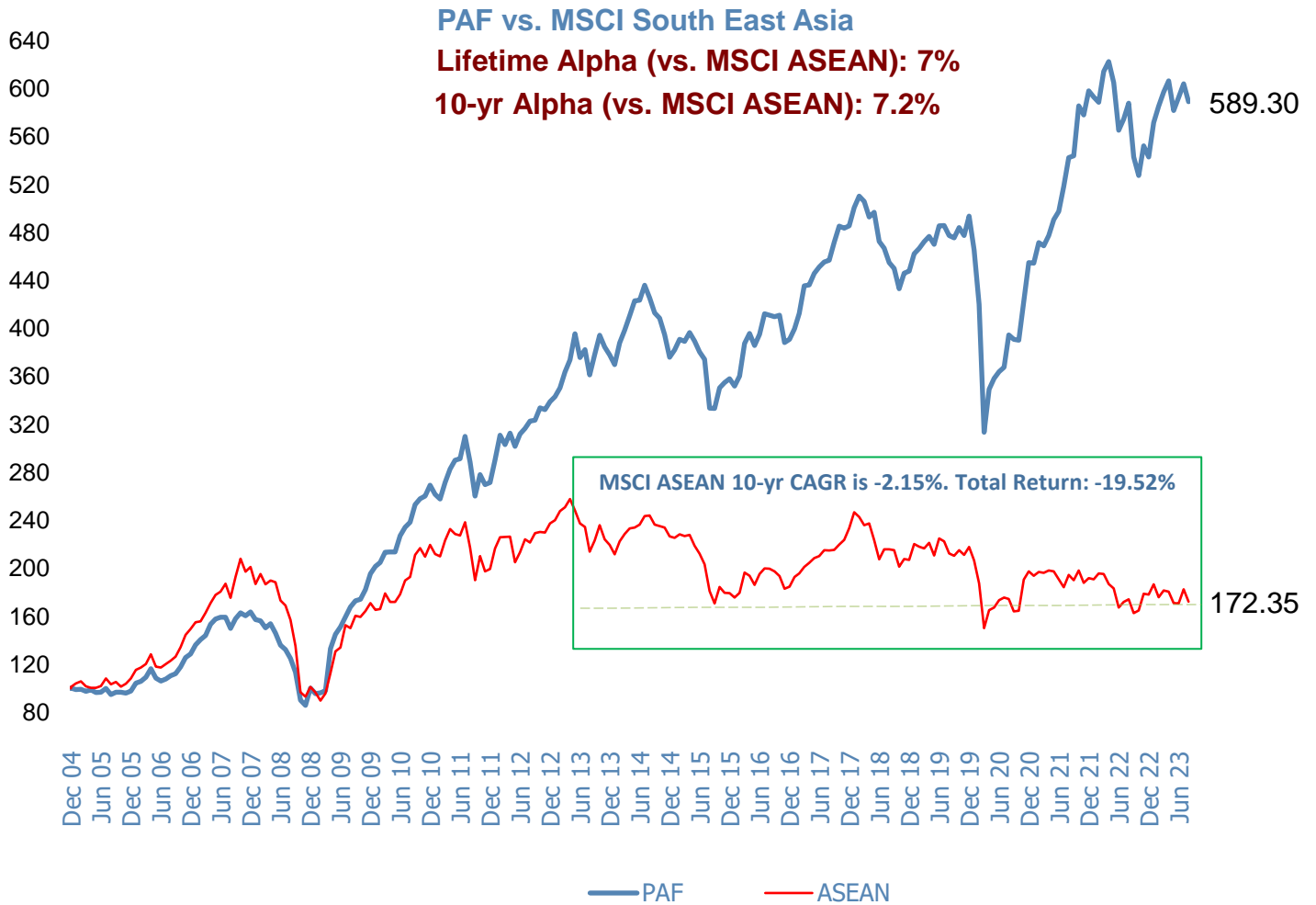
	2022A	2023F	2024F
P/E (x)	11.6	11.0	10.0
Profit Growth (%)	97	14	9
ROE (%)	19	20	19
ROIC (%)	26	36	24
Div Yield (%)	4.9	5.3	5.7

To summarise, we have a huge economy growing at a decent tick, yet average share prices have fallen by 20% over the past decade. If you're still not convinced of at least considering investing in ASEAN, you dumb.

James Hay
8th September 2023



Eighteen years track record and annualised return of 9.92%





PANGOLIN INVESTMENT MANAGEMENT

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	NAV	571.92	585.67	597.55	606.77	581.95	593.00	604.19	589.30					8.48%
	% chg	5.28%	2.40%	2.03%	1.54%	-4.09%	1.90%	1.89%	-2.46%					
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%	
2004	NAV	-	-	-	-	-	-	-	-	-	-	-	100.37	
	% chg	-	-	-	-	-	-	-	-	-	-	-	0.37%	

Best monthly return 35.77%
Worst monthly return -25.36%
Maximum drawdown -47.53%
% of positive months 64.89%
Annualised return 9.92%



By Sector

