



Pangolin Asia Fund July 2021 NAV

As at the 31st of July 2021 the NAV of the Class A shares of the Pangolin Asia Fund was US\$ 518.78 net of all fees and expenses, up 4.17% from US\$ 497.99 in June.

As of today, the fund is about 92% invested, with the split being approximately as follows:

Singapore	12 %
Malaysia	18 %
Indonesia	69 %
Thailand	1 %

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 ASIA ex JP	MSCI-ASEAN	PAF
Jul-21	1.25%	2.27%	1.16%	1.41%	-2.48%	1.17%	-4.15%	-7.76%	-3.42%	4.17%
YTD 2021	14.14%	17.02%	13.85%	1.52%	-8.15%	11.36%	5.01%	-2.65%	-6.69%	13.94%

Return (in USD)

Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ASIA ex JP	MSCI-ASEAN	PAF
Jul-21	1.25%	2.27%	1.16%	1.67%	-4.13%	0.49%	-6.68%	-7.76%	-3.42%	4.17%
YTD 2021	14.14%	17.02%	13.85%	-1.38%	-12.51%	8.71%	-4.38%	-2.65%	-6.69%	13.94%

% Change in Currency Vs USD

Month	MYR	SGD	IDR	THB
Jul-21	-1.69%	-0.66%	0.26%	-2.64%
YTD 2021	-4.74%	-2.38%	-2.86%	-8.94%

When we look at what has been going on around us, the fund's July performance is perhaps quite surprising. It largely came from three stocks which other investors lighted upon, rather than because of anything we did last month. We've owned one of them for 14 years, another for 7 and the third since 2020. We have another seventeen which haven't done much at all, but believe their time will come.

As I keep banging on, our markets' decade long underperformance means that there remain a large number of significantly undervalued listed companies out there. We Pangolins are nicely bipolar in character. When markets are high, we're like Eeyore, but currently (after the past decade) we're more Tigger. Most investors' attitudes towards our region remain the inverse of ours.

Owning a home in Singapore

Crammed homes, high property prices, and long waiting-time. A good friend of mine who moved to Hong Kong with her husband two years ago is still struggling to get a house of their own. Known as "nano" flats by the Hong Kong media, these homes are smaller than 200 square feet. There is practically no space for a sofa, chairs, or a dining table. The couple have their meals on the bed, bed frames are used as ironing board and dining table.



“Just be glad you are in Singapore, my dear friend.” she said, while I was fussing over how small my 1,000 square feet home is with toys strewn all over and an active toddler running around.

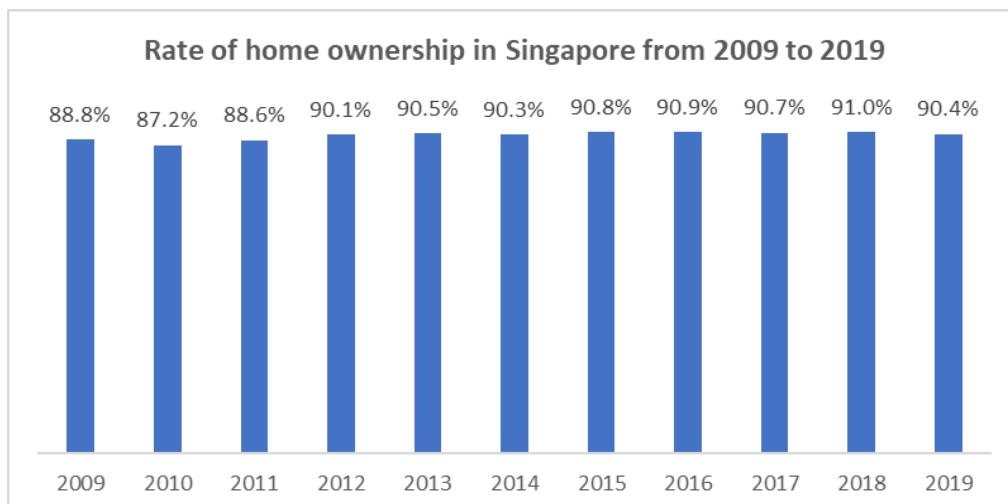
Hong Kong has large housing demand-supply gaps in both private and public housing. New private and public housing supply has fallen by half in the past decade. While there is pressure on public housing in Singapore, new supply of public housing units has increased since 2009, and public housing prices have come off.

The following table shows the housing affordability ratings by The Urban Reform Institute (urbanreforminstitute.org) and the Frontier Centre for Public Policy (fccp.org)¹. Median Multiple of 4.1-5.0 means: seriously unaffordable, while > 5.1 means severely unaffordable.

Nation	Affordable (3.0 & Under)	Moderately Unaffordable (3.1-4.0)	Seriously Unaffordable (4.1-5.0)	Severely Unaffordable (5.1 & Over)	Total	Median Market
Australia	0	0	0	5	5	7.7
Canada	0	1	1	4	6	5.4
China: Hong Kong only	0	0	0	1	1	20.7
Ireland	0	0	0	1	1	5.4
New Zealand	0	0	0	1	1	10.0
Singapore	0	0	1	0	1	4.7
United Kingdom	0	3	9	9	21	4.8
United States	4	20	17	15	56	4.2
TOTAL	4	24	28	36	92	4.6

Source: Demographia International Housing Affordability Survey 2021 Edition

Unlike Hong Kong, Singapore currently has one of the highest home ownership rates in the world. It was not always the case. In 1959, the newly self-governing city faced a major crisis. There were immigrants from Malaysia, India, China and other parts of Asia, and back then the government failed to keep up with the construction of public and private housing.



Source: Singapore Department of Statistics / Statista 2021

¹ Demographia International Housing Affordability Survey 2021 Edition rates middle-income housing affordability in 92 major housing markets (1,000,000 or more population) in 8 nations (Australia, Canada, Hong Kong, Ireland, New Zealand, Singapore, the United Kingdom and the United States).



The government's remedy to the acute housing shortage was to set up the Housing Development Board (HDB), tasked with rapidly increasing the supply of high-rise public housing for the masses. They begin offering subsidized flats for sale in 1964 that laid the foundation for Singapore's real-estate success.



Modern Singapore HDB flats

Having lived in Singapore for 32 years, I have witnessed what used to be huge empty plots of land where kids played football, are now being developed into high-rise housing flats. The government has also gone beyond ensuring its citizens to have a roof over their heads – they strive to provide quality living by upgrading the estates periodically with new elevators, facelifts and amenities.

I am currently staying just 2km away from a huge development which is still under construction – Tengah Plantation District. It is deemed to be the “Eco-Town of Singapore”. It is expected to house about 42,000 new homes across 5 residential districts, each designed according to its unique character. Very impressive.

Tengah Plantation District's introduction link: <https://www.youtube.com/watch?v=nzglQrHfOq0>

Below is my personal experience in buying a house in Singapore

Forget the ring, just get a BTO!

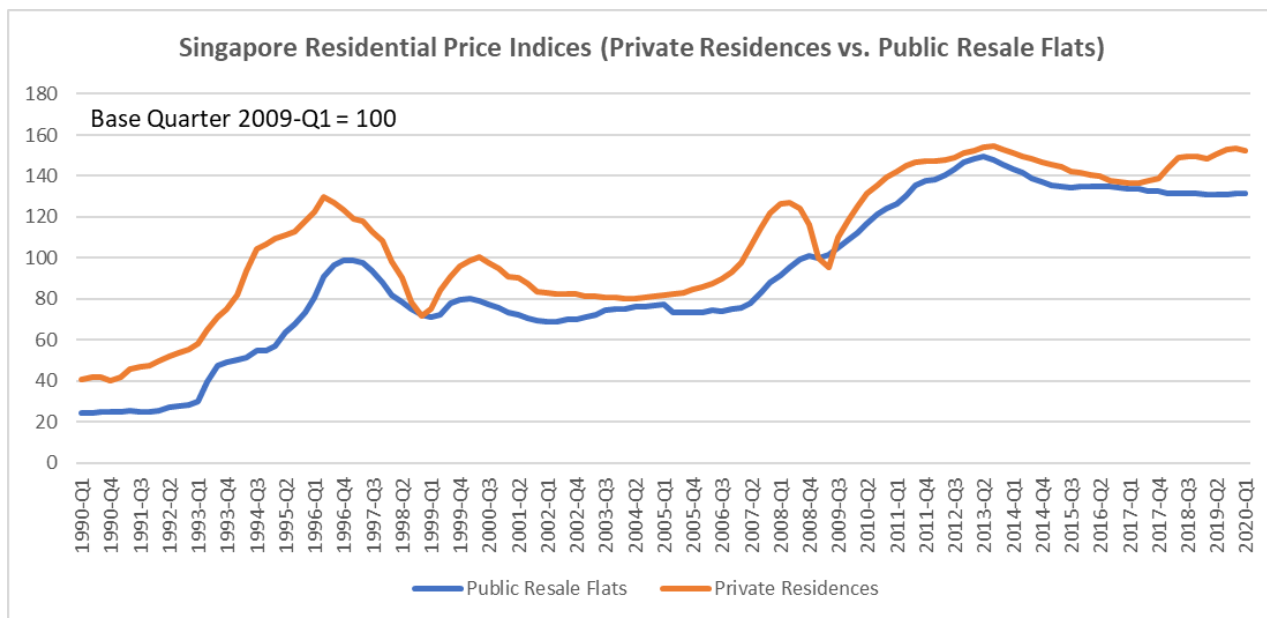
I was 21, a fresh graduate, and I just embarked on this journey called “adulthood” where I had realistic plans for the future – get a job, save up, get a house, get married, and start a family. One year on, my partner (now husband) took me on a dinner date to celebrate my first salary increment when he popped the question – “Do you want to apply for a BTO together?”

There goes the most unromantic ~~question~~ proposal of all time - typical of a pragmatic Singaporean guy! Not the official proposal with a one-carat ring I was looking for! This caught me off guard. I didn't know how to



respond but all I knew was that I barely had my first \$10,000 of savings and yet we were already thinking about getting our first marital home.

Singapore's public housing authority, The Housing & Development Board (HDB), first introduced the Built-To-Order (BTO) in 2001 as the mode of sale for its new flats at concessionary prices to eligible households. It was (and still is) the most affordable option for young millennial couples as resale flats could cost more than double, and private homes were beyond our means. The BTO market is meant to meet the housing needs of low- and middle-income households. The following chart shows the residential price indices since 1990. I believe BTO flats are about 30%-40% cheaper than the resale HDB flats.



Source: [Data.gov.sg](https://data.gov.sg)

Some eligibility criteria include Singapore Citizenship and a combined household income not exceeding a certain ceiling² – all of which we met. With an average wait of three to four years for the completion of a BTO flat, planning ahead seemed like the most practical thing to do. We considered location to be of utmost priority – staying near to my in-laws so that they could help to take care of our children in the near future. Then came other factors like its proximity to the nearest train station, amenities in the neighbourhood and of course, its resale value. In Singapore, the Government uses both demand-side and supply-side policies to keep new flats affordable. So far, the income ceiling has been an effective demand filtering mechanism to allow targeted households to receive public housing subsidies.

Every BTO sales exercise attracts a large volume of flat applications. To ensure that shortlisting of eligible buyers is impartially and efficiently done, there is a computerised balloting where the applicant's eligibility will be assessed. The Fiancé / Fiancée Scheme allowed us to purchase the BTO flat without having to be married at the point in time of your application. However, we would need to solemnise our marriage within three months of collecting the keys to our flat. As a first-time applicant, we also received the Additional CPF³ Housing Grant which makes buying a BTO far more affordable.

² The income ceiling of S\$8,000 was unchanged from 1994 to 2010, and revised to S\$10,000 in 2011, S\$12,000 in 2015, and S\$14,000 in 2019.

³ The acronym for 'The Central Provident Fund Board', which is a compulsory savings and pension plan for Singaporeans and permanent residents



My initial concern of “How am I going to own a house with less than ten grand in my bank account?!” was unfounded. We were pleasantly surprised to know we were not required to fork out a single cent from our bank account because the government allowed us to pay everything (down-payment and instalments on the remaining cost of our flat) with CPF money.

<u>Type of Loan</u>	<u>Downpayment</u>	<u>Additional Payment During Key Collection</u>
HDB Loan / Not taking any loan	10% of purchase price (Cash or CPF)	None
Bank Loan (Loan Ceiling of 75%)	20% (minimum 5% Cash , remaining can be Cash or OA)	5% (Cash or CPF)
Bank Loan (Loan Ceiling of 55%)	20% (minimum 10% Cash , remaining can be Cash or OA)	25% (Cash or CPF)

Source: <https://thefipharacist.com/>

Getting married and owning our first home all within a span of three months! Sounds like a real deal. We took the gamble and applied for a BTO flat at Senja (northwestern region of Singapore), about 5 km from where my in-laws live. We were hopeful, but our application was unsuccessful. Then the good news came a few months later that there would be a new launch at an empty site just 500 metres away from my in-law’s house. What a blessing in disguise.



Left: At the sales launch showroom at HDB Hub in 2012. This is the closest we can get to our future home.

Right: A picture of our flat during construction.

HDB also gives additional ballot chances following an unsuccessful BTO application. Indeed, we got a congratulatory letter from HDB saying that the application was successful this time round and we would be proud home owners by 3Q 2015! I think Singapore government’s active intervention in the dual housing market model (i.e., a large regulated public housing market and a small private housing market) has worked well to maintain a stable supply of affordable housing for Singaporeans like me.

This BTO scheme certainly benefited young millennials like myself. My husband and I concluded that it wasn’t the best idea to purchase a private property such as a condominium back then just for its amenities and prospect of capital gain. We may end up derailing our goal of reaching financial independence (we had no



financial help from either of our parents) since most of our hard-earned income will go straight into mortgage. We reckoned it was the best choice to get a HDB BTO back then and have peace of mind, especially when I just got my first job. So even if we were to encounter obstacles in the coming years, we would still be able to keep our house because we should have sufficient savings to pay off the loan.

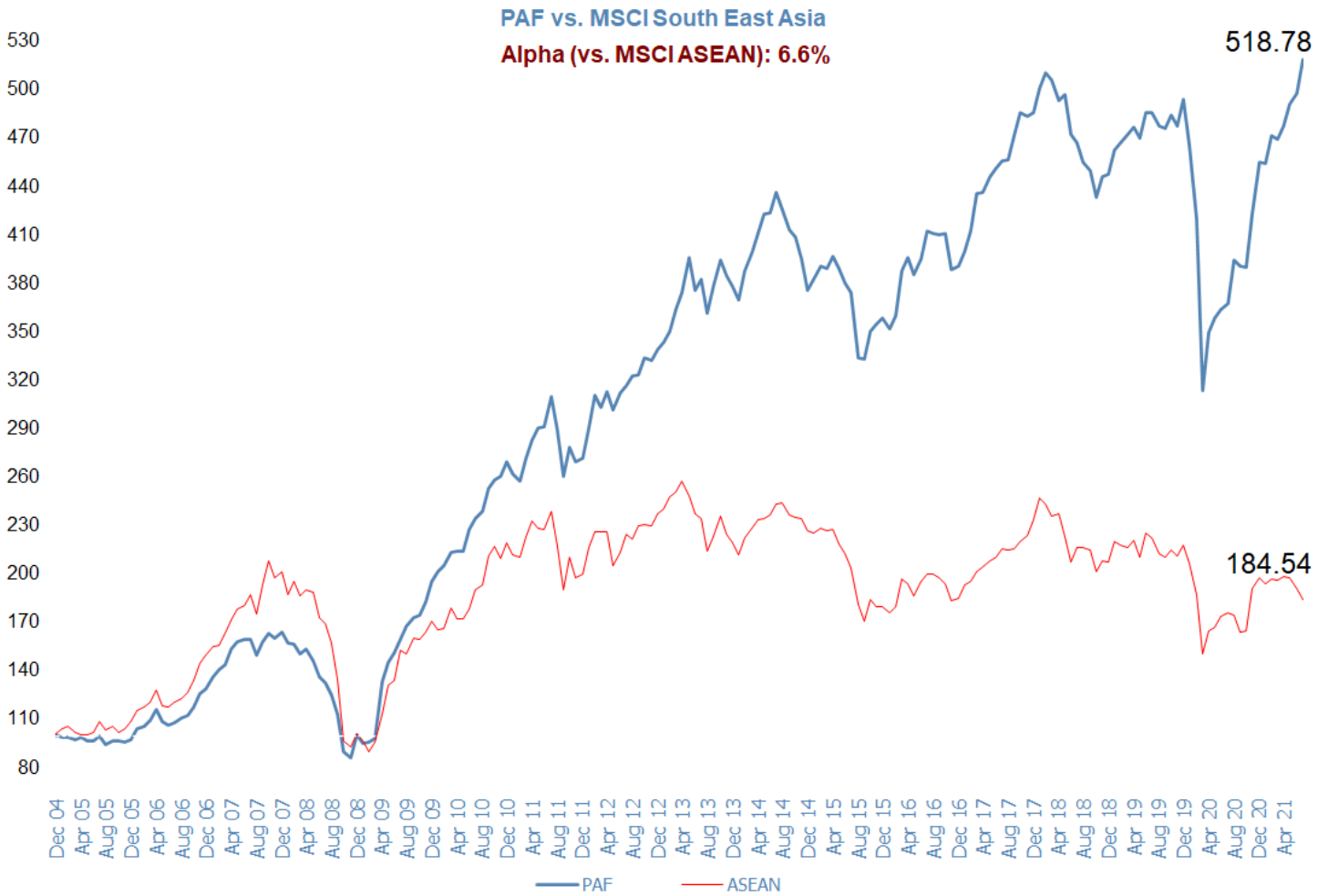
Six years on, here is my happy and blessed little family living in a small but cosy 1,000 square feet home of our own.



Jalene
5 August 2021



Sixteen years track record and annualised return of 10.38%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	NAV	454.64	471.89	469.26	477.70	491.07	497.99	518.78						13.94%
	% chg	-0.15%	3.79%	-0.56%	1.80%	2.80%	1.41%	4.17%						
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	0.37%
	% chg	-	-	-	-	-	-	-	-	-	-	-	-	

Best monthly return 35.77%
Worst monthly return -25.36%
Maximum drawdown -47.53%
% of positive months 65.50%
Annualised return 10.38%



By Sector

