



Pangolin Asia Fund April 2022 NAV

As at the 29th of April 2022 the NAV of the Class A shares of the Pangolin Asia Fund was US\$622.83 net of all fees and expenses, up 1.32% from US\$614.73 in March.

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

Singapore	8 %
Malaysia	21%
Indonesia	71%

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	SET	MSCI Asia ex JP	MSCI-ASEAN	PAF
Apr-22	-4.91%	-8.80%	-13.26%	2.23%	0.82%	-1.51%	-1.64%	-5.23%	-4.35%	1.32%
YTD 2022	-9.25%	-13.31%	-21.16%	9.84%	2.10%	7.47%	0.59%	-13.02%	-2.58%	4.07%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI Asia ex JP	MSCI-ASEAN	PAF
Apr-22	-4.91%	-8.80%	-13.26%	1.39%	-2.66%	-3.57%	-4.52%	-5.23%	-4.35%	1.32%
YTD 2022	-9.25%	-13.31%	-21.16%	8.18%	-2.31%	4.79%	-2.55%	-13.02%	-2.58%	4.07%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Apr-22	-3.46%	-2.09%	-0.82%	-2.93%
YTD 2022	-4.32%	-2.49%	-1.51%	-3.12%

A trip to Jakarta

I was down in Jakarta three weeks ago for a short break (after 2 long years!) and a few company visits. After endless zoom meetings over the past 2 years, I was able to have face-to-face conversations with companies once again.

The mood on the ground was buoyant; malls were packed and people were meeting each other for the first time after being holed up for months. To be fair, the number of Covid-19 cases in Indonesia has fallen markedly to below 1,000 per day. Covid test positivity rate is 0.5% (WHO guidance is <5%), which implies that there might be some truth in the numbers despite insufficient testing. Booster is a requirement before travellers are allowed to return to their hometown for Eid al-Fitr after a month of fasting.

On the first day, I attended the Indonesia International Motor Show 2022 which was held in North Jakarta. The most anticipated car during the event was the Hyundai *IONIC 5*, an all-electric SUV. In December last year, Hyundai opened its first car factory in Indonesia to produce battery-powered electric vehicles (EVs). Hyundai is also working with LG Energy Solutions to build a battery cell plant in Karawang, Indonesia, which is expected to be completed in the first half of 2023 and begin production in 2024. Indonesia has the world's largest nickel deposit, mainly concentrated in the Sulawesi chain of islands. As the world's largest producer of nickel, the government's goal is to create an EV ecosystem spanning from nickel ores to batteries and EVs.



Fig 1: Indonesia International Motor Show (IIMS) crowd



Fig 2: Adira Finance's stand at the IIMS

Electric cars will be popular eventually, but it will take time. Unless battery prices fall dramatically, there is a significant upfront cost of buying an electric car compared to a petrol alternative. According to one of the company executives we met recently, the hassle is that those owners of EV vehicles in Malaysia/Indonesia will have to teach their maids how to charge the batteries at night.

The motor show itself was thronged with general visitors and car enthusiasts. The event clocked USD 250 million worth of sales and almost 10,000 cars were sold over 10 days. Despite the gradual increase in car prices, March car sales in Indonesia were strong, growing 16% yoy. First-quarter car sales still grew 41% yoy and are on track to achieve a full-year target of 1 million cars. As a comparison, pre-pandemic car sales were 1.03 million units.

One of our companies Adira Finance is the official partner of the motor show. Adira is one of the largest finance companies in Indonesia and has been in the automotive financing business for 31 years. Gross non-performing loan is low at 2% and the company is a beneficiary of the ongoing recovery from the pandemic. It is looking to reduce costs by digitising some of the old processes and by enhancing their mobile app. Our recent conversation with the company revealed that Adira's consumer lending via digital channel is currently 7% of all new loans and is set to rise over time. After a strong rebound in new loans (+39% yoy) last year, it is expected to grow by 25% this year. The gearing is low, P/E is 6x and the current dividend yield is 8%.

What has changed after 2 years?

I was astounded by the speed of digitisation over the past 2 years. Most restaurants, shopping establishments and even taxis in major cities currently offer QR-based payment systems such as *Gopay* and *Ovo*. Unlike Singapore, only 6% of the population owns a credit card¹. Young Indonesian consumers will likely skip credit cards altogether and use cheap and easy-to-use QR codes in the future.

New brands in exciting, high-growth categories are sprouting up. For example, yogurt brand *Cimory* introduced pouch format yogurt "*Cimory Squeeze*", driving sales by 120% last year. Its innovative digital marketing strategy (through Instagram and TikTok) and endorsement by influencers appeal to Indonesia's tech-savvy youngsters. The ability to innovate and adapt to the times will be a key driver for survival and going forward.

¹ J.P. Morgan 2020 E-commerce Payments Trends Report

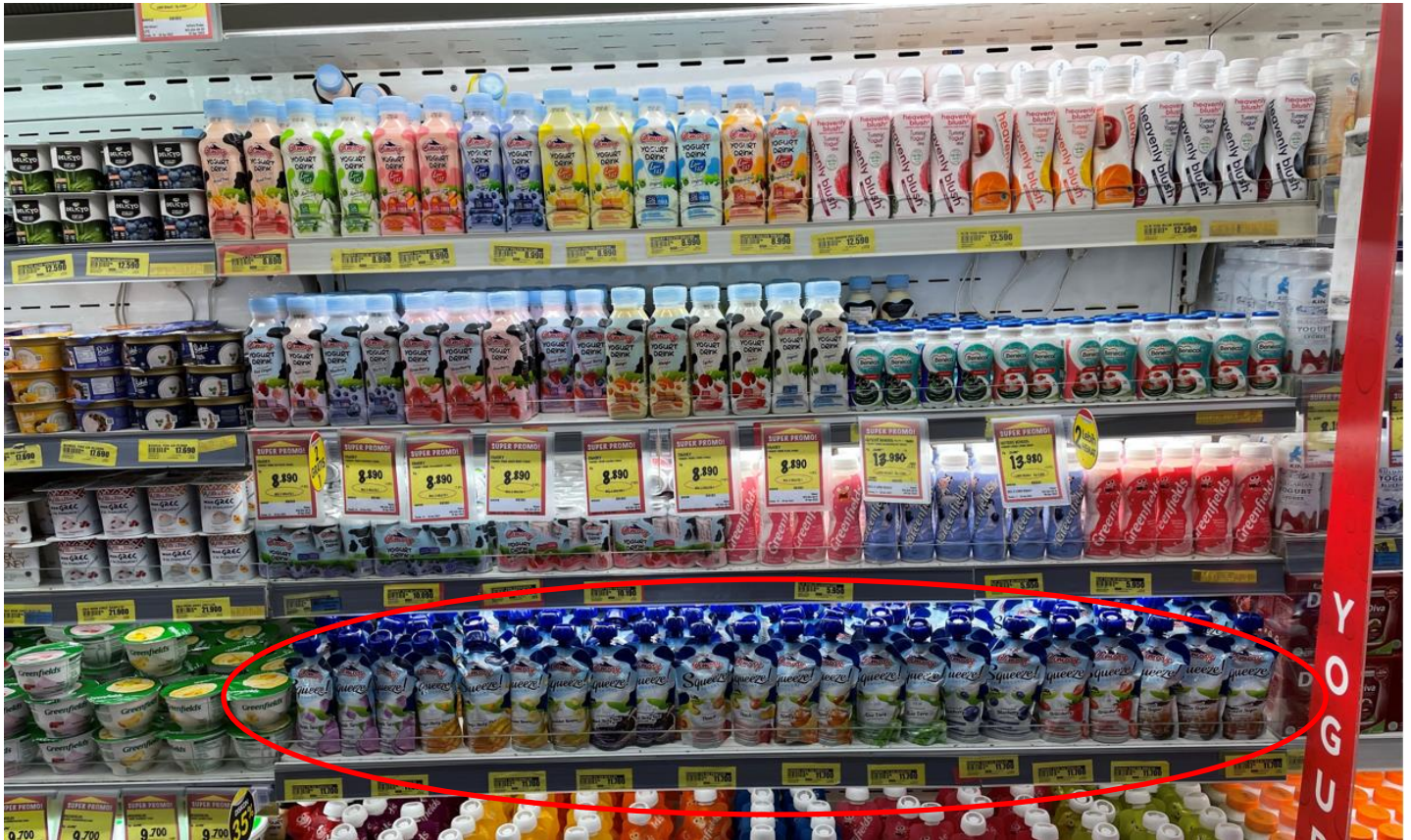


Fig 3: Exciting, new categories such as ready-to-drink yogurt.

Outlook

There are some changes to the competitive landscape after the pandemic and we need to keep an eye on it. The commodity boom is a double-edged sword; people on the outer islands outside Java will benefit, while the people in Java will have to live with higher inflation. Meanwhile, the trickle-down effect of the commodity boom is visible from the brisk sales of houses on the outer islands. Housing pre-sales by Ciputra (one of the prominent property companies) in Sumatra and Sulawesi rose by 67% and 223% respectively.

The unintentional side effect of the commodity boom is inflation, though the government is doing all they can to suppress it. To control the spiralling price of cooking oil, the Indonesian government recently announced a ban on the export of crude palm oil (CPO) starting 28 April 2022 until further notice. We think this is a temporary ban, akin to the coal export ban in January. Indonesia only consumes a third of its annual production and CPO exports contributed billions of dollars to the state coffers. Indonesia is now holding around 5 million tonnes of palm oil inventories, and the country's storage capacity of around 6-7 million tonnes would be full by the end of May. The aim of the ban is to cool down inflation by lowering the price of cooking oil in the domestic market, especially during Eid. Bear in mind that customers will eventually adjust as palm oil is interchangeable with other edible oils such as sunflower, soybean or canola oil.

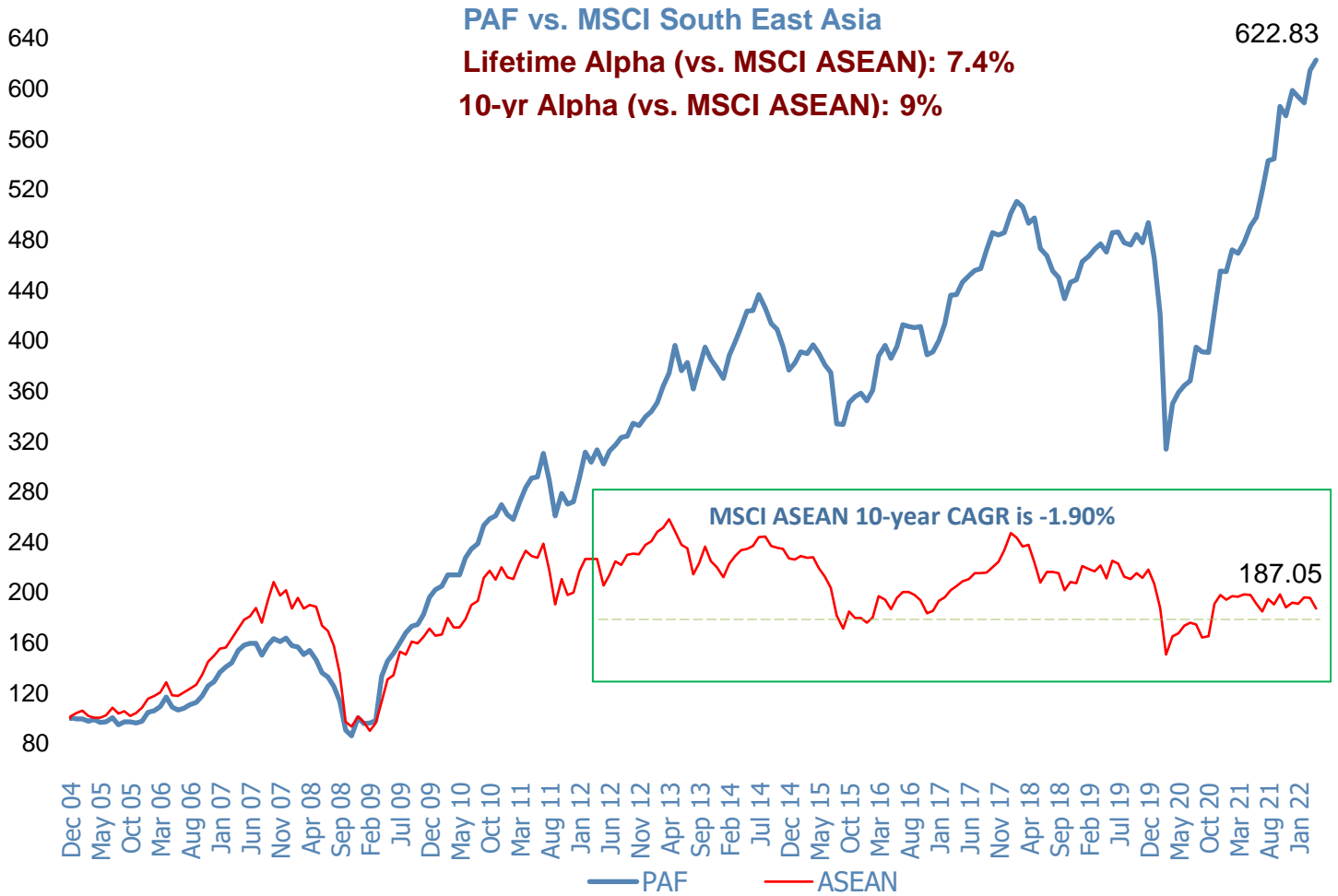
Overall, the outlook is still positive and there is still pent-up demand after the pandemic. Our companies are well-positioned to capture the growth of an increasingly affluent population.

Sincerely,

Irvan Mondro
9th May 2022



Seventeen years track record and annualised return of 11.07%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	NAV	593.29	588.82	614.73	622.83									4.07%
	% chg	-0.86%	-0.75%	4.40%	1.32%									
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 65.55%
Annualised return 11.07%



By Sector

