



## Pangolin Asia Fund Oct 2019 NAV

As at the 31<sup>st</sup> of October 2019 the NAV of the Class A shares of the Pangolin Asia Fund was US\$484.37 net of all fees and expenses, up 1.79% from US\$475.87 in September.

Please see the table at the end of this letter for further detail.

As of today, the fund is about 87% invested, with the split being approximately as follows:

Singapore	22%
Malaysia	27%
Indonesia	38%
Thailand	13%

We don't disclose our names but some details are always available to 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 2019	0.48%	2.04%	3.66%	0.96%	0.89%	3.52%	-2.18%	4.49%	2.20%	1.79%
YTD 2019	15.94%	21.17%	24.97%	0.55%	-5.48%	5.25%	2.40%	8.20%	3.86%	8.09%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Oct 2019	0.48%	2.04%	3.66%	2.05%	1.12%	5.11%	-0.77%	4.49%	2.20%	1.79%
YTD 2019	15.94%	21.17%	24.97%	3.03%	-6.49%	5.40%	9.74%	8.20%	3.86%	8.09%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Oct 2019	0.23%	1.59%	1.08%	1.43%
YTD 2019	-1.07%	0.19%	2.47%	7.14%

### Outlook

Last week Malaysia hosted the MotoGP. The attendance was 150,000. I remember when it used to be about 15,000. I'd just drive to the circuit, park and buy a ticket.

By far the most popular racer in these parts is Valentino Rossi. Despite him being 40 and not having won a race for 2 years, the *Valentino Rossi Tribute Stand*, where I was sitting, was packed. Judging by the numbers sitting in the aisles, I reckon they sold more tickets for it than there were seats.

I'd also estimate that at least 60% of those in the stand were Indonesians. MotoGP is huge in Indonesia where "The Doctor" is not only admired for his riding skills, but is considered a heartthrob by many of the women. In rural parts, it's common to see villagers crowding round sets when the races are on. My Indonesian maid watches religiously, but will turn off the telly if Rossi crashes.



The Adira group, which owns Indonesia's largest motorbike finance company, always sends a large contingent to the Malaysian MotoGP. This was the queue to get in.

He used to ride for Honda but switched to Yamaha in 2013. With a population of 250 million, most of whom can only dream of owning a car, Indonesia is an important motorcycle market. Although his power is waning (his teammate won in Malaysia while Rossi was a distant 4<sup>th</sup>), Valentino is a huge boost to sales and often features in TV adverts for the brand. See <https://www.youtube.com/watch?v=YYxxUgvoEVQ>

*Semakin di depan* translates as *getting in front*



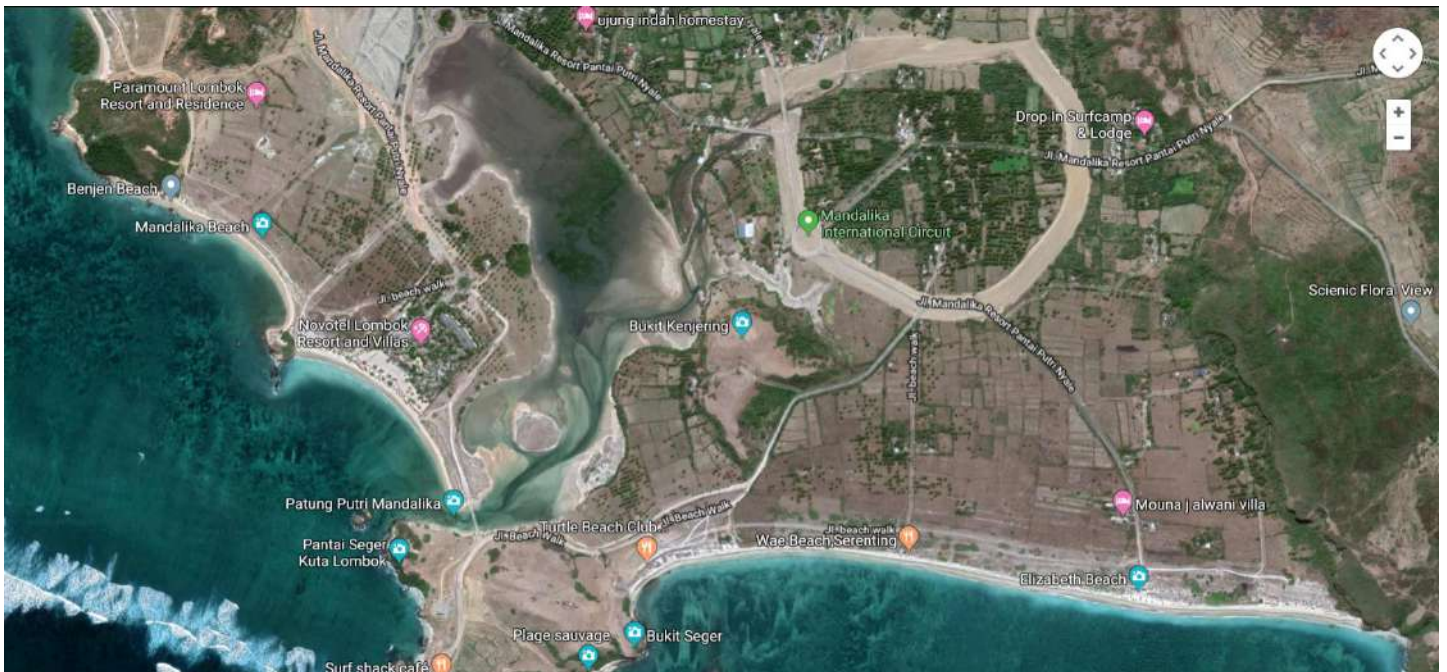
Rossi & then teammate Jorge Lorenzo with President Jokowi.



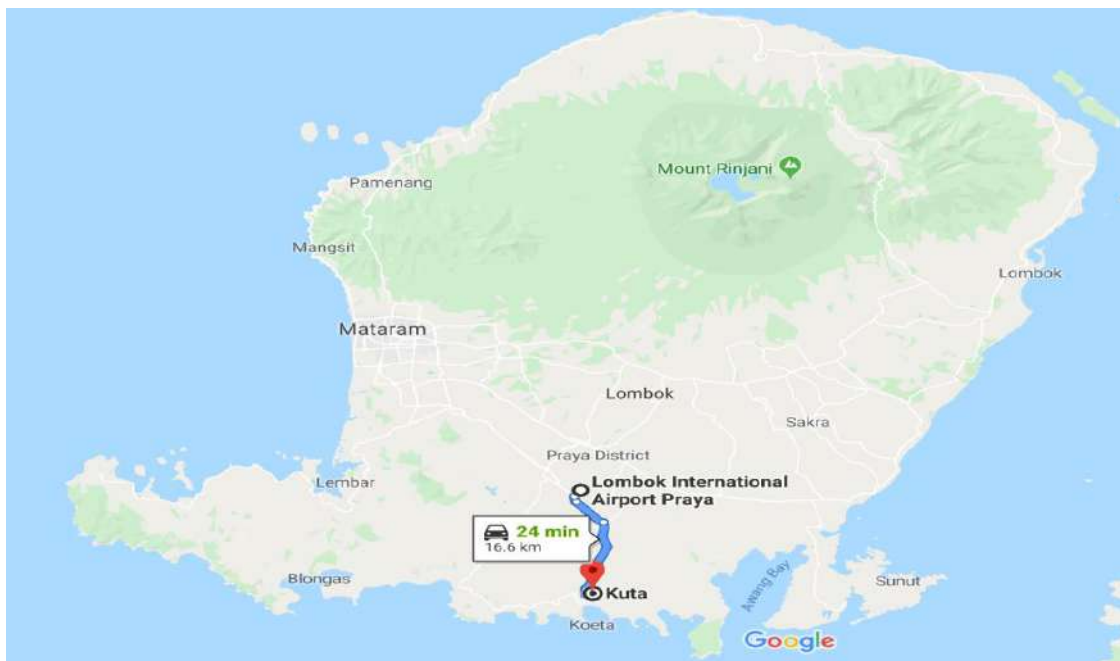
# PANGOLIN INVESTMENT MANAGEMENT

In 2021 the tens of thousands who travel to Malaysia can stay at home. Indonesia is building its own circuit on Lombok, near sleepy Kuta beach. Valentino has said he will postpone his retirement until after the Indonesian MotoGP (when he'll be 42).

I first visited Lombok in 1992 and travelled extensively on the island in 1999. That Lombok would one day host a MotoGP was unimaginable. In fact, I've still no idea where everyone will stay. Lombok's Kuta, unlike its Bali namesake, was, until recently, a sleepy, unspoilt paradise. Lombok is a religiously conservative island and that has possibly helped it retain its charm. Quite what some will make of the grid girls we shall see, but modernity meeting tradition is a feature of developing nations' life.



The circuit is in the south of Lombok. I'm pretty sure the Novotel cannot accommodate 150,000 people, let alone the Ujung Indah Homestay.



Kuta is only 24 minutes from the new airport, which was relocated from the North a few years ago in order to open up the island. Bali has been talking about something similar for a long time too.



Lifestyles are changing quickly in Asia. Motor racing with all its glamour is a million miles away from Lombok's subsistence padi farming of 20 years ago. Here, income growth lifts people from being poor farmers to basic consumers, and then on to becoming middle class discretionary spenders.



Padi fields in Lombok with Gunung Rinjani in the background.

This is why we're investing here. It's not just about a GDP growth, but the massive change in people's lifestyles that accompanies it.

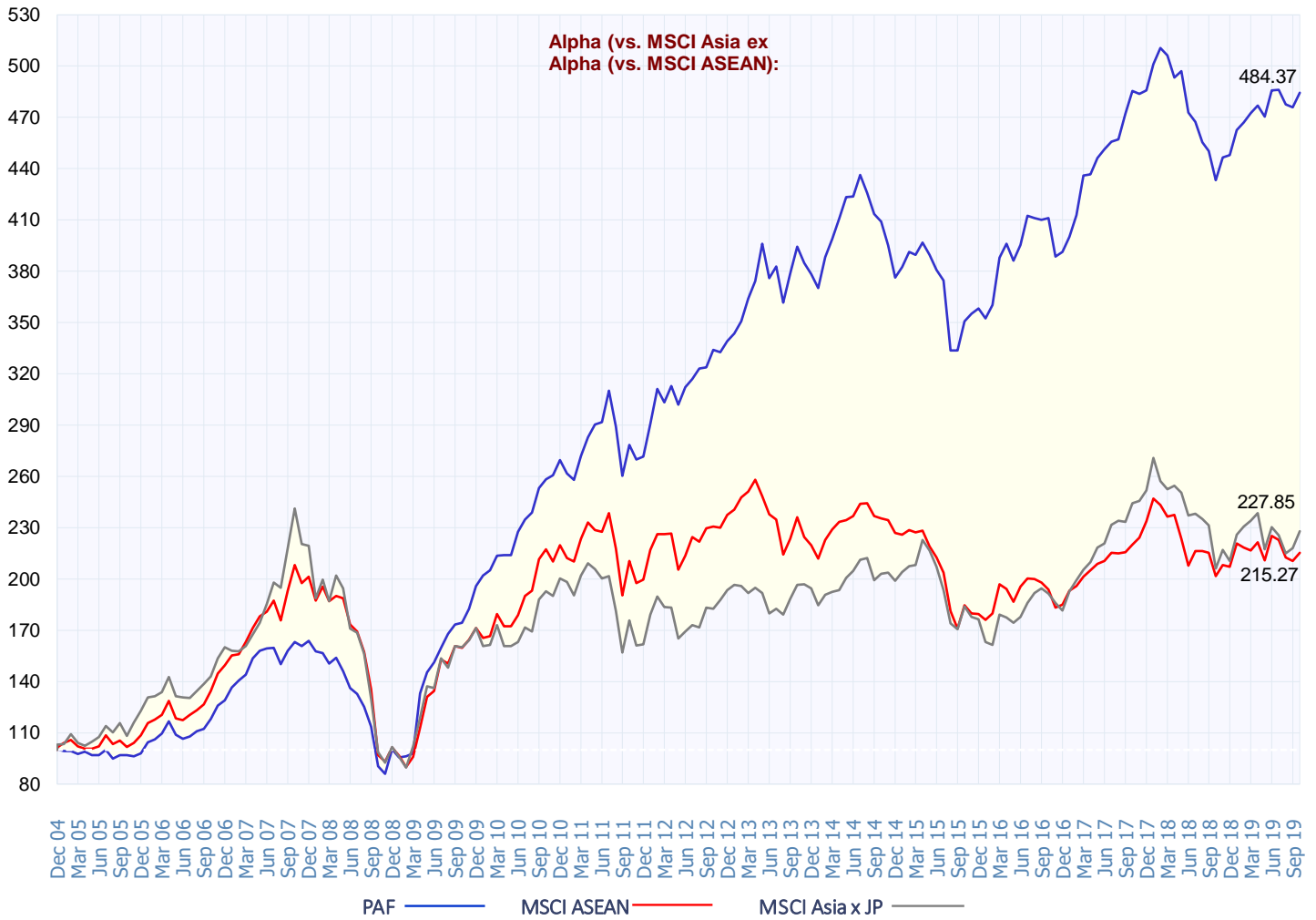
James Hay.  
8<sup>th</sup> November 2019

*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.*



## Fourteen years track record and annualised return of 11.16%

PAF vs. MSCI South East Asia





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	NAV	462.51	467.10	472.67	477.00	470.36	485.78	486.12	477.67	475.87	484.37			8.09%
	% chg	3.21%	0.99%	1.19%	0.92%	-1.39%	3.28%	0.07%	-1.74%	-0.38%	1.79%			
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** -20.42%  
**Maximum drawdown** -47.53%  
**% of positive months** 65.92%  
**Annualised return** 11.16%



## By Sector

