



Pangolin Asia Fund July 2023 NAV

As at the 31st of July 2023, the NAV of the Class A shares of the Pangolin Asia Fund was US\$604.19 net of all fees and expenses, up 1.89% from US\$593.00 in Jun. YTD we're up 11.22%.

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

Singapore	5%
Malaysia	28%
Indonesia	67%

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
Jul-23	3.35%	3.11%	4.05%	4.05%	6.01%	5.24%	5.68%	6.92%	1.89%
YTD 2023	7.28%	19.52%	37.07%	1.18%	-2.41%	3.77%	7.62%	2.52%	11.22%

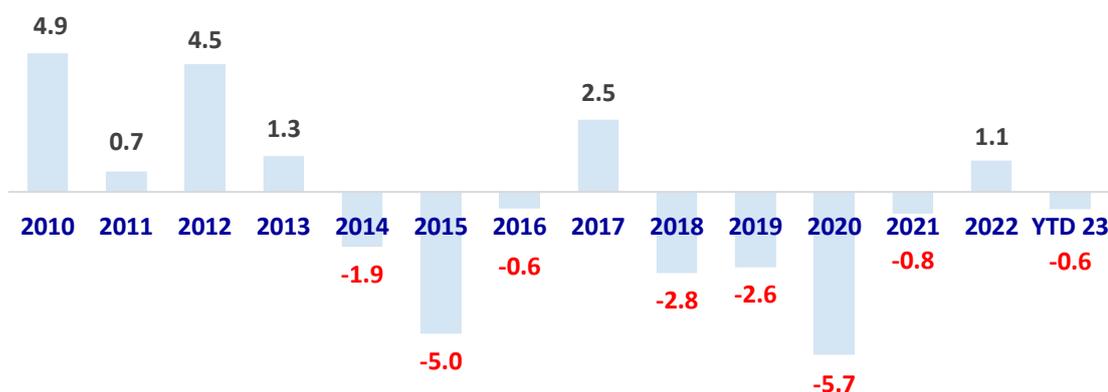
Return (in USD)									
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	MSCI Asia ex JP	MSCI-ASEAN	PAF
Jul-23	3.35%	3.11%	4.05%	3.95%	9.76%	7.05%	5.68%	6.92%	1.89%
YTD 2023	7.28%	19.52%	37.07%	4.49%	-4.63%	4.55%	7.62%	2.52%	11.22%

% Change in Currency Vs USD			
Period	MYR	SGD	IDR
Jul-23	3.54%	1.71%	-0.09%
YTD 2023	-2.27%	0.74%	3.27%

Malaysia's stock market was up 9% last month in US Dollars. This is notable as it's been long ignored. Malaysia posted the highest net inflow from foreign investors (USD 140 million) in the last week of July, outranking Indonesia, Vietnam, and the Philippines. July was also the only month of the year with net inflow, reversing the trend in the first half of the year and explaining a +6% rise in KLCI Index.

We've seen more interest in ASEAN this year. If even Malaysia (which has many excellent and cheap companies) can attract attention, then this is undoubtedly a good sign.

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



Month	USD mln
Jan-23	-81.7
Feb-23	-40.2
Mar-23	-301.0
Apr-23	-56.1
May-23	-159.2
Jun-23	-291.1
Jul-23	313.2



Metrodata Electronics

Metrodata Electronics is a classic Pangolin stock and the second largest position in the fund. We own 5.99% of the company. It is Indonesia’s largest information communication technology (ICT) distributor with a comprehensive portfolio of best-in-class brands of hardware, software, and cloud services. A 48-year-old company with a listing history as far back as 1990, Metrodata commands a 30% market share in the distribution of PCs and notebooks. It has built strategic partnerships with world-class ICT heavyweights the likes of Adobe, Google, Amazon Web Services, Dell, Fuji Xerox, Fujitsu, Apple, Cisco Systems, Lenovo, Logitech, Microsoft, Panasonic, and Samsung. It is also a leading solution provider that enable companies to achieve digital transformation, working with local as well as MNCs across all sectors including e-commerce giants such as Tokopedia and Shopee. With a world-class modern logistic centre, the company can serve 29 locations in Indonesia, covering over 330 cities and 6,200 channel partners—an economic moat that is difficult to replicate.

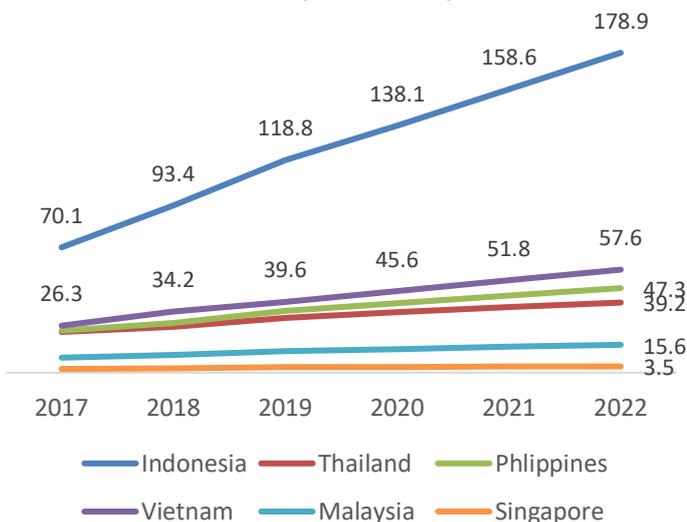
The company has the attractiveness of long-term growth (i.e., low IT penetration in a favourable demographic). Indonesia is one of the countries with the largest internet population in the world, boasting over 200 million internet users, the growth potential in digital transformation space surely must be enormous.

Backed by a reputable major shareholder, the company has managed to deliver +20% compounded profit growth rate over the past decade, mirroring CAGR return we have earned, with dividends reinvested. A conservatively run company, it has been in net cash position for a long time, a rare attribute for a distribution business. We just couldn’t find any peer in the region with similar fundamental strength. Everything else is highly geared and trading at hefty premium, missing Pangolin’s screening radar most of the time. Currently, there is only one analyst covering it, with the initiation report released just about a week ago. The broker cited an overlooked leading digital player that will continue to ride on digitalisation megatrend.

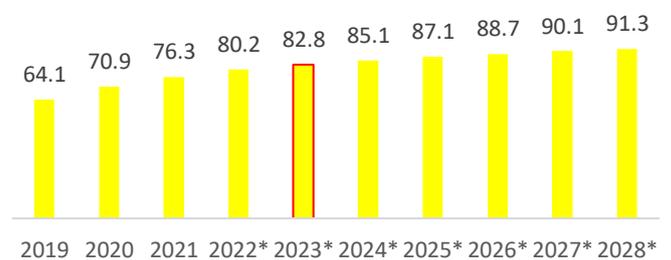
As cloud adoption continues to accelerate and companies expand their digital presence, cyber risk landscape is also widening as exemplified by recent cyber-attacks on Indonesia's financial sector. This presents a greater opportunity for businesses to work with Metrodata, creating a structural demand for IT security solution.

The statistics below illustrate why our long-term investment makes a compelling case.

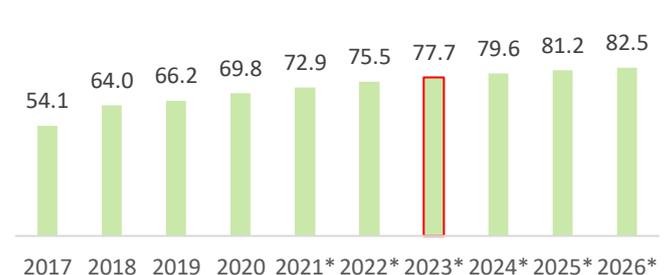
Total no of E-commerce users of selected Southeast Asian countries from 2017 to 2022 (in millions)



Smartphone penetration rate in Indonesia (%)

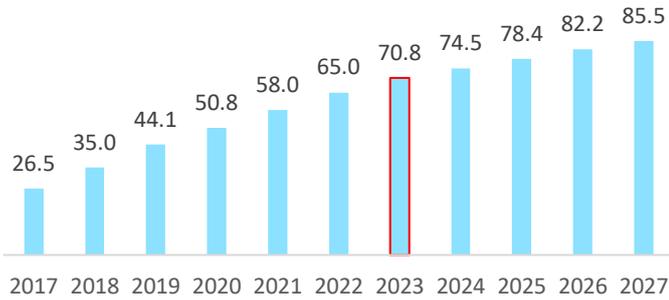


Internet penetration rate in Indonesia (%)

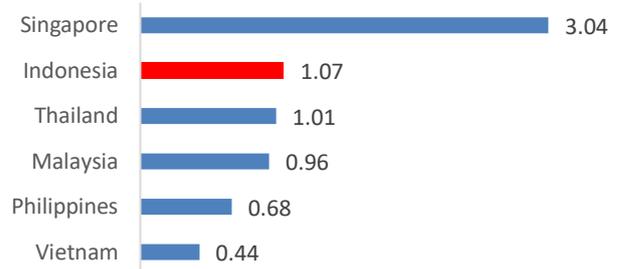




E-commerce penetration rate in Indonesia (in %)

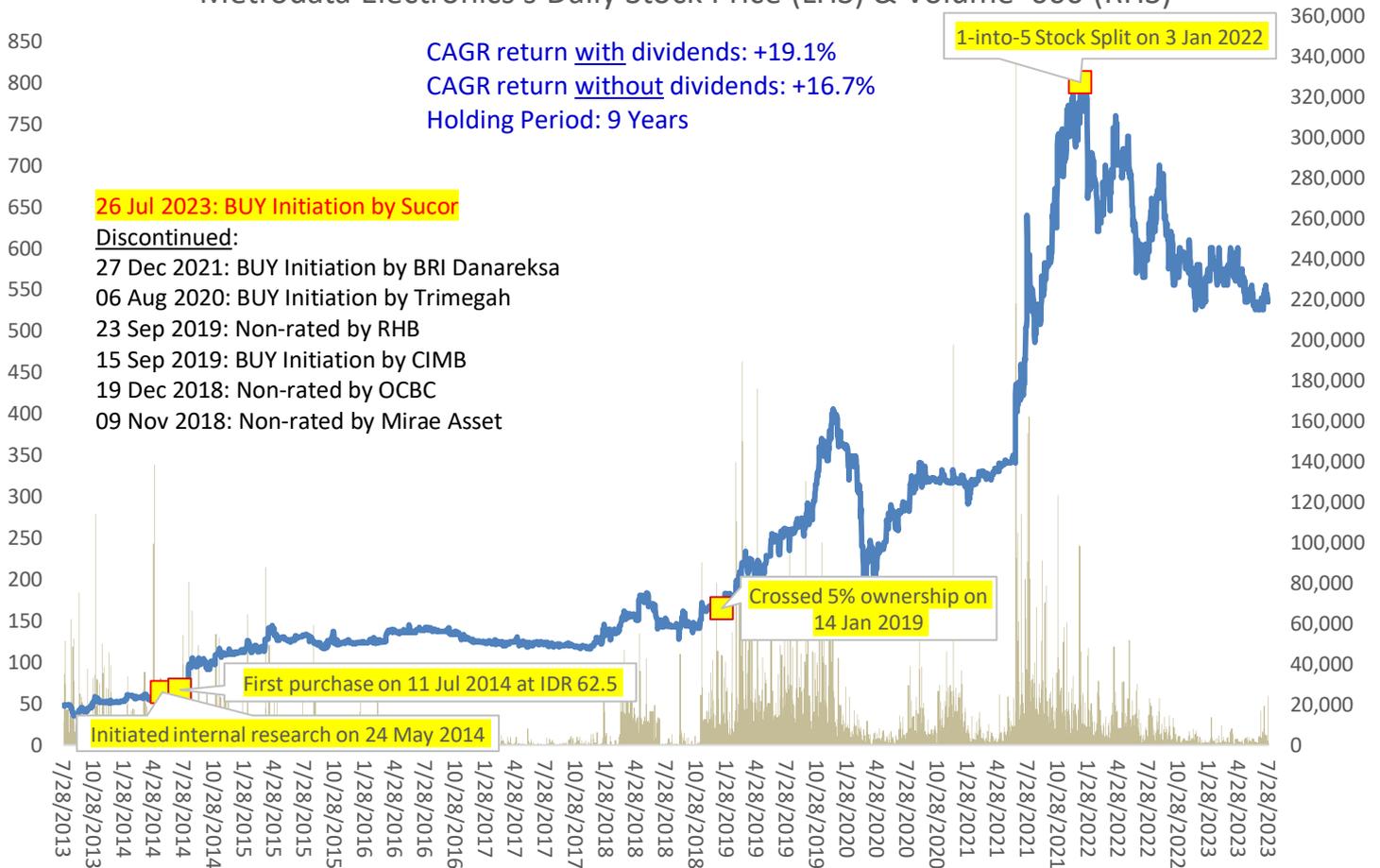


Cloud Computing Revenue in ASEAN in 2022 (USD bln)



Source: Statista Digital Market Insights

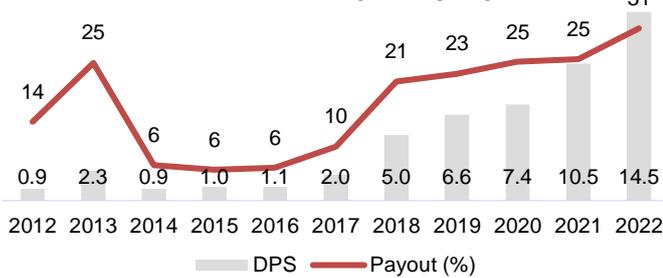
Metrodata Electronics's Daily Stock Price (LHS) & Volume '000 (RHS)



Our continuing friendly activism with the management has borne fruit as the company discontinued their stock dividend (which they paid three times since our initial investment) in favour of slowly increasing their cash dividends over time, effectively aligning the interest of shareholders.



Dividend History: DPS (IDR)



Capital Change History

Decl Date	Ex Date	Record Date	Pay Date	Event	Ratio
11-May-2015	30-Jun-2015	02-Jul-2015	22-Jul-2015	Stock Div	1-for-35
10-May-2016	11-Jul-2016	13-Jul-2016	22-Jul-2016	Stock Div	1-for-35
13-Jun-2017	10-Jul-2017	12-Jul-2017	20-Jul-2017	Stock Div	1-for-30
28-Dec-2021	03-Jan-2022	04-Jan-2022	05-Jan-2022	Stock Split	1-into-5

Net Profit (IDR trillion)

14-yr CAGR of 23.6%



We first spotted Metrodata in 2014 when it was trading at a PE of 6x and the market capitalisation was only USD 68 million. Multiple visits and interactions with the management resulted in a high conviction call that allowed us to build up position over time, until we crossed 5% ownership in January 2019. Our doing so and subsequent disclosure might have alerted the brokerage community, as it was around then that the share price took off and we began to see research reports. At the time, the company was still trading at the same multiple of 6x.

We don't often write about our companies. And we're not doing so in the hope that the share price will shoot up so we can sell it. It is more an illustration of how we at Pangolin operate. That we are prepared to build up a position in an illiquid company (it's free float was only 40% of USD 68m) makes us different, but also unpalatable to many investors, who require more liquidity. With such low turnover, it took us a long time to accumulate a meaningful position. The good news is that the share price did nothing for years, while the company's profits grew.

We're seeing more investor interest this year, but those new to Pangolin should be aware that we are happy to commit a large proportion of the fund's assets to less liquid positions. Our focus is owning only what is significantly undervalued and being patient; and for that we can only accept patient capital.

Outlook

Our fund's investments remain significantly undervalued as we continue our quest to find the best-run companies with a focus on underlying performance and not to overpay for these businesses.

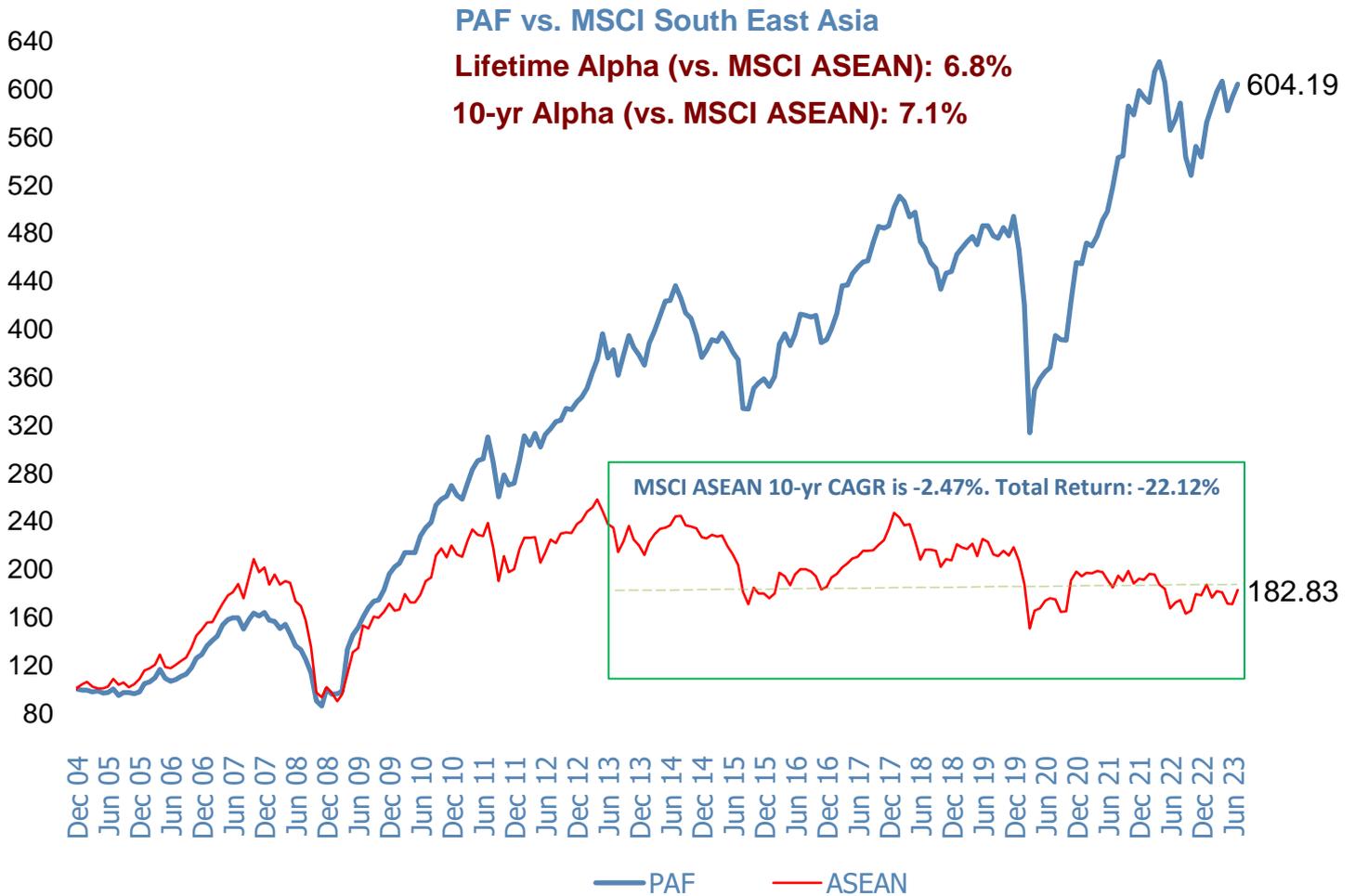
Pangolin Asia Fund weighted valuations (31/7/2023)

	2022A	2023F	2024F
P/E (x)	11.6	11.2	10.2
Profit Growth (%)	99	12	9
ROE (%)	20	20	19
ROIC (%)	26	36	26
Div Yield (%)	4.8	5.4	5.6

Vinchel Budihardjo
4th August 2023



Eighteen years track record and annualised return of 10.12%





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						11.22%
	% chg	5.28%	2.40%	2.03%	1.54%	-4.09%	1.90%	1.89%						
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 65.18%
Annualised return 10.12%



By Sector

