Pangolin Asia Fund June 2025 NAV

As at the 30th of June 2025, the NAV of the Class A & C shares of the Pangolin Asia Fund was US$525.62 net of all fees and expenses, down 3.50% from US$544.68 in May.

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

Singapore	8%
Malaysia	29%
Indonesia	56%
Philippines	5%

Overview

To put things into some perspective, please see the tables below:

Return (in local currencies, except MSCI)							
Period	**S&P 500**	**PSE**	**JSE**	**KLSE**	**STI**	**MSCI-ASEAN**	**PAF**
Jun-25	4.96%	0.37%	-3.46%	1.63%	1.79%	-0.04%	-3.50%
YTD 2025	5.50%	-2.51%	-2.15%	-6.66%	4.66%	3.37%	-6.92%

Return (in USD)							
Period	**S&P 500**	**PSE**	**JSE**	**KLSE**	**STI**	**MSCI-ASEAN**	**PAF**
Jun-25	4.96%	-0.65%	-2.93%	2.77%	3.34%	-0.04%	-3.50%
YTD 2025	5.50%	0.34%	-2.79%	-0.84%	12.41%	3.37%	-6.92%

% Change in Currency Vs USD				
Period	**MYR**	**SGD**	**IDR**	**PHP**
Jun-25	1.12%	1.53%	0.55%	-1.02%
YTD 2025	6.23%	7.40%	-0.65%	2.92%

Our performance continues to frustrate and has been affected by our overweight position in Indonesian consumer companies and the decline in the share price of Bermaz Auto in Malaysia. Bermaz's share price is responsible for the fund's NAV being around 4% lower year-to-date than would otherwise be the case.

A mistake or a matter of timing

Bermaz Auto has the franchises for Mazda, Kia and Xpeng - the latter being a Chinese car manufacturer. Following on from Bermaz's success with Mazda, we were expecting great things when the company secured the Kia franchise a couple of years ago. Unfortunately, PRC manufacturers are dumping vehicles everywhere, including Malaysia. The company has a very good and longstanding association with Mazda but the relationship with Kia is facing some teething problems, with disagreements about pricing etc.

So, whereas owning Bermaz twelve months ago looked like an inspired bit of investing, it doesn't look so clever now. And to make matters worse, because I included it in some of my investor presentations, many of you know we own it and keep reminding me!

So, why do we still own it? I hear you ask. Why not cut it and move on?

The good thing about Bermaz is that it throws off cash, paying four dividends a year. Even in difficult times, such as now, it remains a net cash business, on a single digit PE and with a dividend yield of around 8.6%. So, while I might wish I'd sold at the top of the cycle, and it is important to remember that selling cars is a cyclical industry, Bermaz is likely to generate substantial profits in future years with little capital outlay. The dividend payout ratio is expected to remain at a minimum of 70%, generating substantial cash for the fund.

Bermaz's management have proven that they are among the best car distributors in Malaysia. One can expect that the car market will settle down at some point, that the differences with Kia will be resolved and that Bermaz will pick up additional brands. If we hold Bermaz for another ten years, the company is likely to have generated substantial profits for the fund (and cash). Of course, over the next decade, at times it might well look clever or dumb to still own the company, but today it looks to me like an 8.6% bond with more upside than downside. Our faith is in Bermaz's management.

There are different ways of calculating the value of an investment.

1) The simplest is to look at the absolute cost and the current market value. Our absolute cost was RM2.14/share versus a market price of RM0.77 (RM87.6m vs RM31.6m, a loss of RM56m).

2) Our initial purchase was in December 2021 and since then, we've received RM22m in dividends, so our cash loss is RM34m, which looks better. It's a 25% dividend return on our investment cost.

3) Or, thinking like an owner, rather than a share trader, our attributable share of profits since we first bought the shares is RM25m, so our loss would be RM31m.

4) And finally, our share of Bermaz's net assets (NTA) is currently worth RM23m and we've received RM22m in cash dividends, giving us a value of RM45m, or a diminution of RM43m. This method doesn't account for any future earnings.

Stock	Date of First Purchase	Average Price (RM)	Total Cost (RM)	Current Share Price (RM)	Current Value (RM)	Loss On Paper (RM)
BAUTO	17-Dec-21	2.14	87,640,259	0.77	31,584,861	56,055,398

(RM) FYE April	Shares Owned by Pangolin	Pangolin Ownership of Bermaz (%)	Dividend Received from Bermaz	Bermaz Net Profit	Share of Net Profit Attributable to Pangolin	Bermaz Net Tangible Assets (NTA)	Share of NTA Attributable to Pangolin
30-Apr-22	2,700,000	0.23%	60,750	155,721,000	361,768	633,700,000	1,472,199
30-Apr-23	28,266,300	2.42%	1,897,983	303,742,000	7,363,978	764,900,000	18,544,380
30-Apr-24	41,019,300	3.51%	8,916,293	345,583,000	12,128,313	815,800,000	28,630,685
30-Apr-25	41,019,300	3.53%	11,075,211	155,905,000	5,507,332	644,400,000	**22,763,380**
Total			**21,950,238**		**25,361,392**		

Chiew Sia's forecast (more bearish than the company's) has Bermaz on a PE 8x current year's earnings with a dividend yield of 8.6%. As a long-term owner, that gives us an earnings yield of 12.5%. If we assume the company's future will be worse, then we should look to sell. Bermaz themselves think that they are at the nadir. Recently, both the company and the major shareholders have been buying back shares.

As stated above, Bermaz's share price decline has impacted the fund's NAV by around 4% this year. But we believe the current share price doesn't fully reflect Bermaz's future earnings power and future industry economics. What I've tried to do here is to explain the difference in thinking between those with a longer-term ownership mindset and share trading. Over time, I believe Bermaz's contribution to the fund's economics will remain sound.

There is, nearly always, a divergence between a company's underlying business and its share price performance. In the case of Bermaz, the company's recent performance has disappointed, and the share price has reacted unfavourably. I believe that Bermaz will contribute to the value of the fund. It is the nature of the business that the earnings don't come in a succession of smoothly increasing amounts, but in uneven lumps. As long as they come, we can live with that.

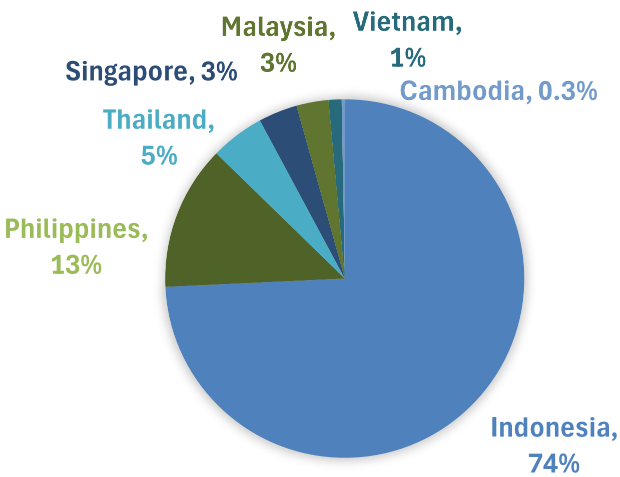
With strong cashflows, high dividends and long-term earnings power, and although the market has punished the stock, we continue to see Bermaz as undervalued, resilient and well managed.

The Opportunity

On the whole, the underlying businesses in the fund are performing well, although we're not seeing that reflected in their share prices. Our focus is on the consumer and, particularly at the lower end, consumption is weak as a result of post-Covid inflationary pressure eating into disposable incomes.

An example of a share price going in the opposite direction to the underlying business is Indonesia's **MAP Active** (MAPA), which we've owned for over two years. MAPA sells sporting style leisurewear (athleisure wear) across ASEAN and is particularly strong in Indonesia and the Philippines.

MAPA Sales Breakdown 2024

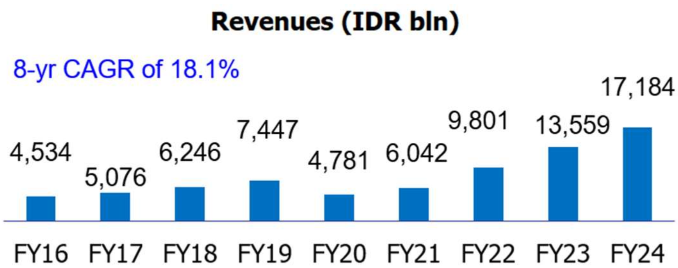


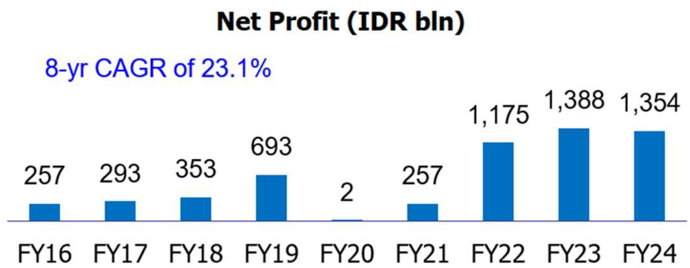
Some of MAPA's Brands

**Non-Exclusive Brands*

Rapid expansion, including opening in six countries over the last few years, led to a 2.5% drop in profits in 2024, despite a 27% increase in sales. The costs of rapid expansion eating into margins is no surprise, but we expect the company to lever on this expansion in the future. Year to date, MAPA's share price has declined by 39%, yet we're expecting 15% profit growth in 2025. MAPA gives us exposure to the tastes of ASEAN's expanding young population and their increasing spending power.

As is the case for most of our portfolio companies, MAPA has a net cash balance sheet. It generates a return on capital employed in excess of 35%, yet it trades on a current year PE of just 11x.





The table below shows us how MAPA's share price is not keeping pace with its earnings.

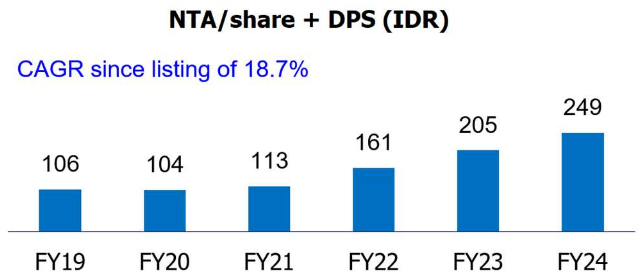
30 Jun 2025

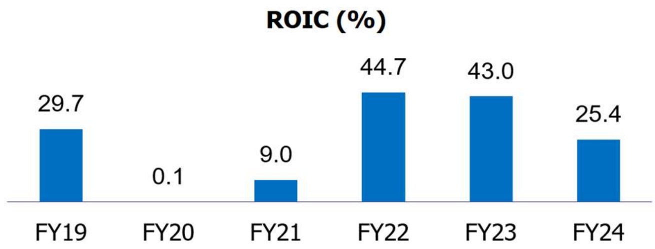
Map Aktif Adiperkasa Pt

	Date	Share Price IDR	Share Price Change (%)	Revenue IDR bln	Revenue Change (%)	Net profit IDR bln	Net Profit Change %
	31/12/2016			4,534		257	-60%
	31/12/2017			5,076	12%	293	14%
IPO 5/7/2018	31/12/2018	370		6,246	23%	353	21%
	31/12/2019	530	43%	7,473	20%	687	94%
	31/12/2020	243	-54%	4,781	-36%	2	-100%
	31/12/2021	254	5%	6,042	26%	251	11,967%
	31/12/2022	385	52%	9,801	62%	1,175	369%
	31/12/2023	820	113%	13,559	38%	1,388	18%
	31/12/2024	1,070	30%	17,184	27%	1,354	-2%

Current Share Price	655				
CAGR from IPO	**11.0%**		**18.4%**	**25.1%**	

Another measure we like to look at is the longer-term value creation, in this case a company's growth in net assets plus dividends received. In MAPA's case, these have compounded at 19% since listing, versus the share price's 11% (dividends included). This underperformance is repeated across the portfolio, as share prices cheapen in the face of rising profits and economies. If the recent investor interest we're seeing in the fund and the region is sustained, we should expect a sharp convergence as share prices rerate to better reflect the reality.





The current situation, in which share prices are going in the opposite direction to profit growth, exists because most allocators are top-down investors. Their focus is less on specific companies, but more on headlines and following strategists and economists. Maybe it's because they're running too much money to focus on individual investments. Peter Lynch, who was famously not a top-down investor, wrote *"If you spend more than 13 minutes analysing economic and market forecasts, you've wasted 10."*

Those reading the economic headlines from Indonesia would be correct in assuming that consumption is relatively sluggish this year. But by selling all consumer stocks, they are missing out on those, like MAPA, that are bucking the trend. This is to the advantage of those who can focus on individual businesses.

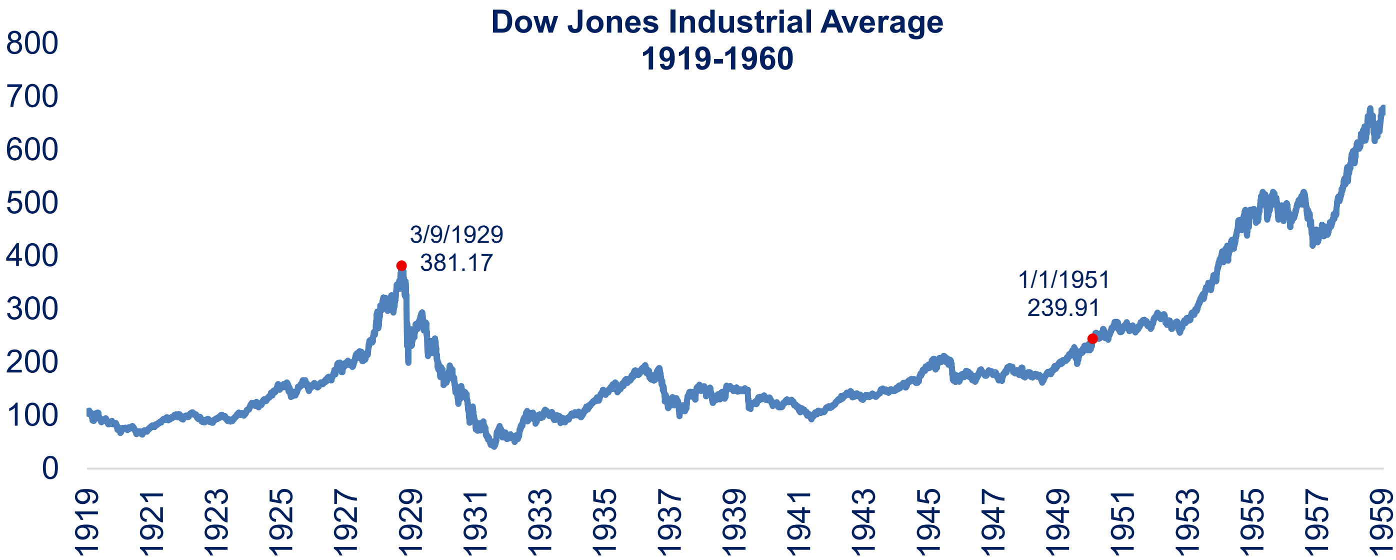
Two Seconds of Economics

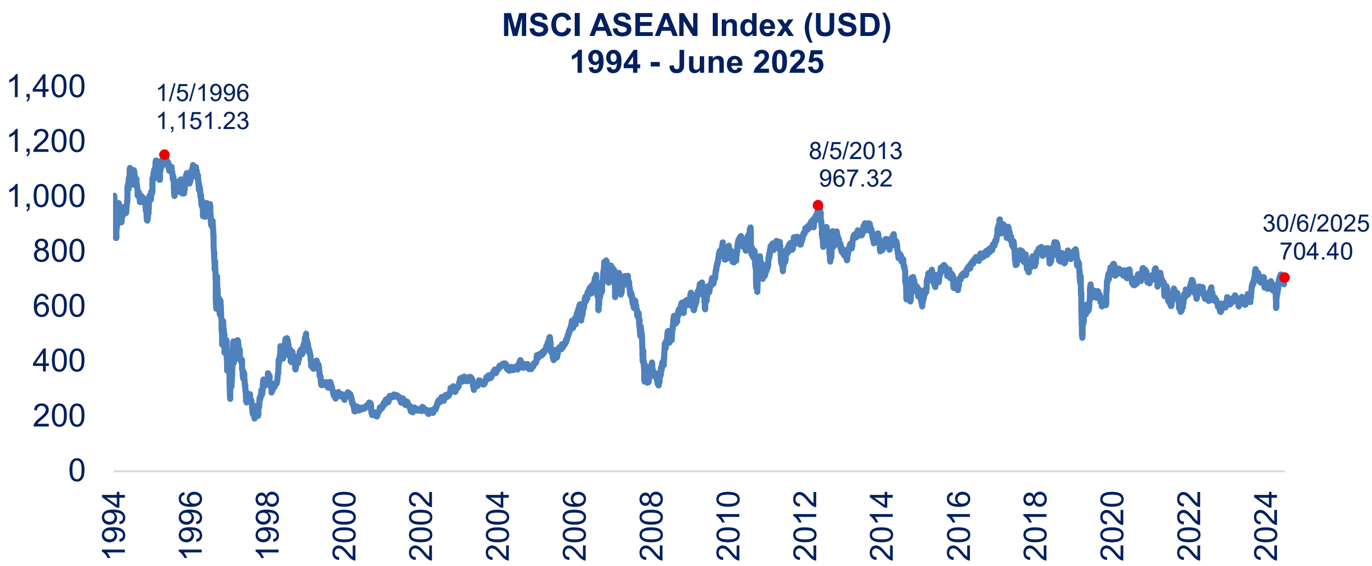
Malaysia's Department of Statistics has just announced that Foreign Direct Investment into the country grew by 33.4% in 2024.

Outlook

Lee Child has selfishly retired from writing his Jack Reacher novels, leaving me with a lot of time and little choice but to reread some of my investment library. In the 1999 Berkshire Hathaway shareholders' meeting, Warren Buffett lamented that he and Charlie Munger now had more money than ideas. Comparing 1999 to 1951, he said *"in 1951 you could find all kinds of things (investments) that leapt off the page."*

Please see the historical Dow Jones chart below. I reckon ASEAN, in Dow Years, is in 1951. The Dow was still below its 1929 high and the ASEAN index is still 27% below its 2013 peak (and 39% below its 1996 all-time high). The result is that we at Pangolin have more ideas than money.





Earlier in the month I attended a conference in Hong Kong at which 15 other investors each presented their best idea. Our fund's weighted-average return on invested capital (ROIC) is 21% (dragged down by our asset plays). What was notable across all the presentations is that, outside of our region, investors get excited by ROICs of 12%. A company's ability to internally compound at higher rates of return is what will drive its long-term growth, profitability and, ultimately, its share price. ASEAN's economies are growing, its companies are growing, and above 20% internal rates of return are available on single digit PEs.

Pangolin Asia Fund weighted valuation (30th June 2025)

	2024A	2025F
P/E (x)	10.9	9.9
ROIC (%)	21	21
Div Yield (%)	5.9	6.1

Is there a catalyst? Ultimately, prices are driven by underlying fundamentals. The US has been out of whack with the rest of the world for many years now, but perhaps some cracks, on the back of a weakening dollar, are appearing. A US foundation manager told me that his fund's benchmark has a 1.2% weighting for Southeast Asia. Consequently, like most endowment money, they have zero exposure to our part of the world. Should US managers feel less confident about their currency and stock-market, we can expect this to change.

A bit more on Bermaz – a precedent

We had a similar paper loss in value after buying IGB Berhad in 2017. IGB is a Malaysian property developer and operator that specialises in malls, offices and hotels. This is a good example of an out of favour, dog investment which has come good, thanks to the market latterly focusing on its fundamentals, driven by value-unlocking corporate exercises. Despite this, in our view, IGB's shares continue to trade at a massive discount, especially when relative to the true value of its assets.

We first bought IGB shares in November 2017 at a price of RM1.90. By September 2021, the stock had fallen to RM1.25. The shares ended June at RM2.92.

IGB is still hidden from the investment radar as investors like to focus on the more liquid IGB REIT (53% owned) rather than where the real money is made, which is at the parent level. In IGB's case, the money is made from developing the properties and, once matured, selling them to its REITs, as has just been announced for their crown jewel asset, Southkey Megamall in Johor Bahru, Malaysia.

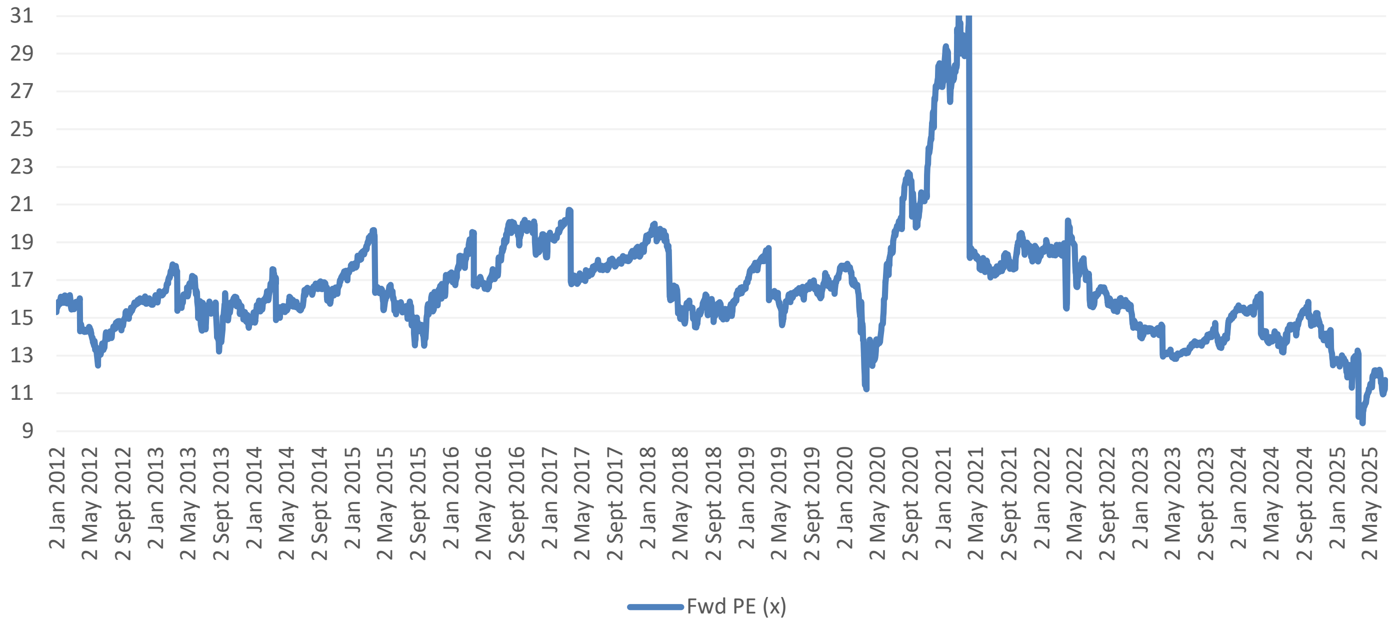
We think IGB is worth at least USD3 billion vs. the current market capitalisation of USD900 million, partly due to no broker coverage and little investor relations.

Patient investing pays off.

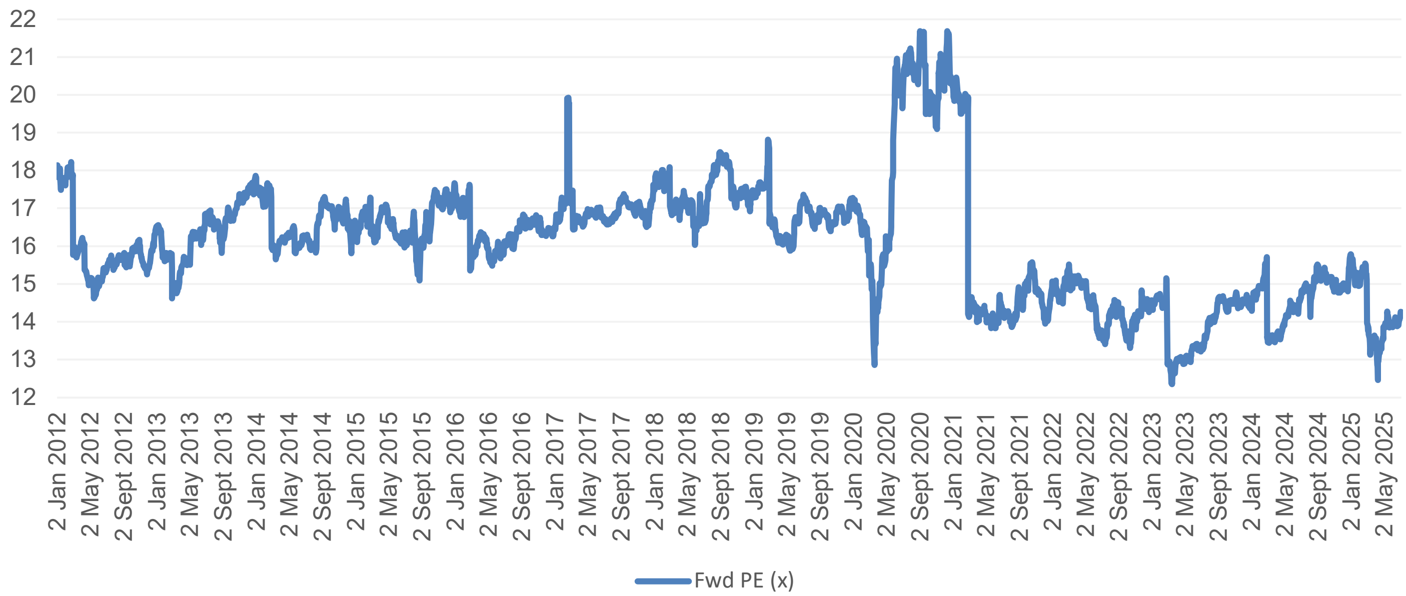
James, Bill & Vinchel
4th July 2025

PS. Bermaz, IGB and MAPA will be presenting at our Investor Conference in Surabaya and Kuala Lumpur (8th-12th September). Spaces are limited but please let us know if you'd like to be invited.

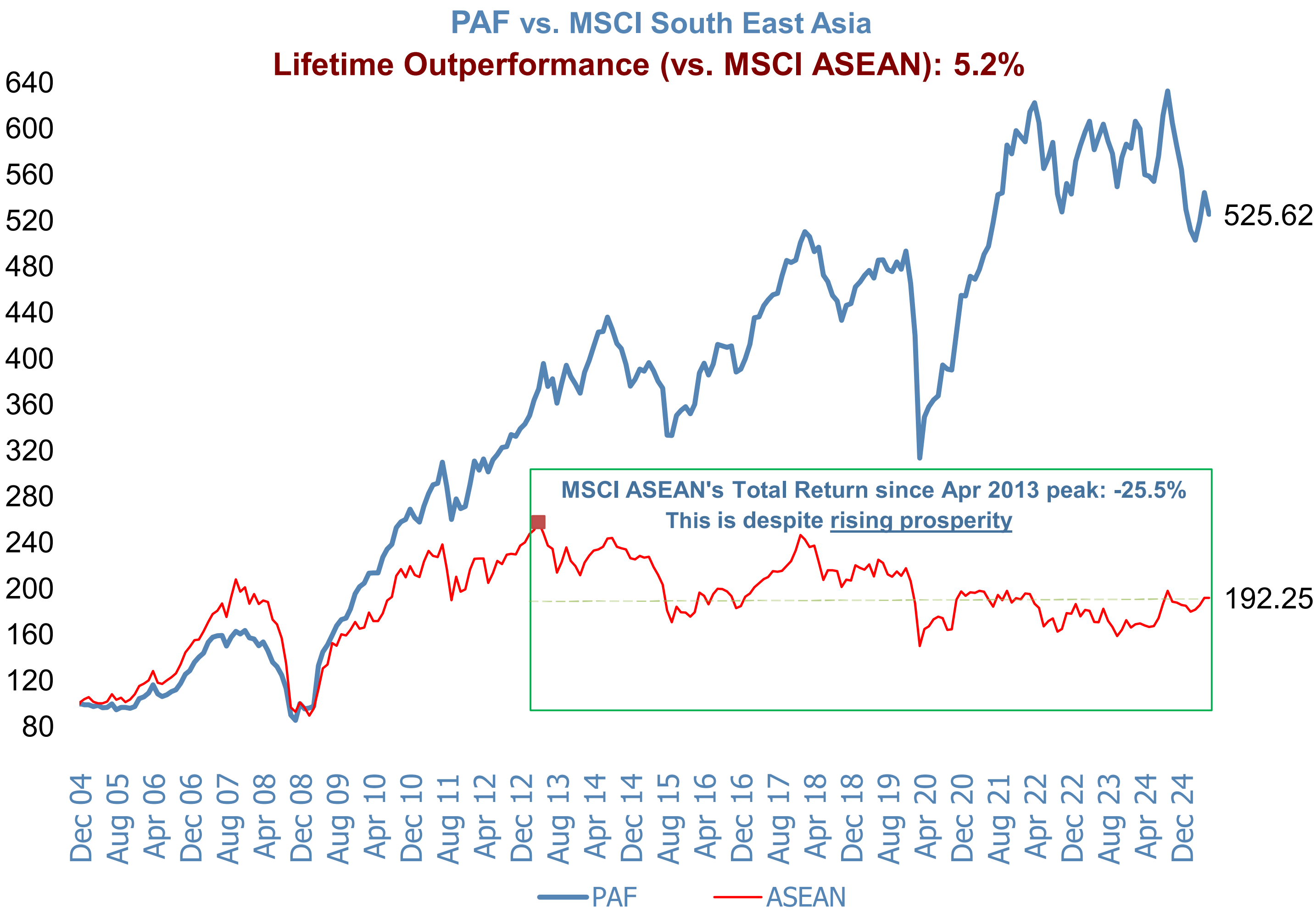
Forward P/E (x) of Jakarta Stock Exchange Composite Index since Jan 2012



Forward P/E (x) of FTSE Bursa Malaysia KLCI Index since Jan 2012



Twenty years track record and annualised return of 8.40%

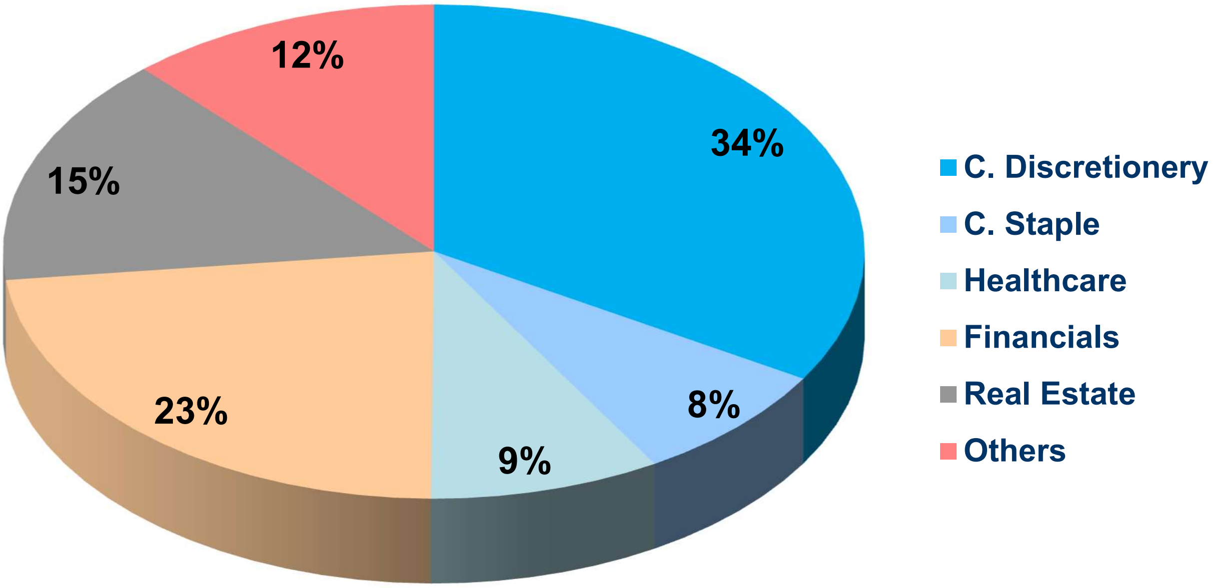


PANGOLIN INVESTMENT MANAGEMENT

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	*NAV*	530.12	511.93	503.21	519.66	544.68	525.62							-6.92%
	% chg	-6.12%	-3.43%	-1.70%	3.27%	4.81%	-3.50%							
2024	*NAV*	583.20	606.55	599.94	560.25	558.96	554.34	576.15	611.53	633.08	605.10	584.97	564.67	-3.75%
	% chg	-0.59%	4.00%	-1.09%	-6.62%	-0.23%	-0.83%	3.93%	6.14%	3.52%	-4.42%	-3.33%	-3.47%	
2023	*NAV*	571.92	585.67	597.55	606.77	581.95	593.00	604.19	589.30	578.62	549.65	574.87	586.68	8.00%
	% chg	5.28%	2.40%	2.03%	1.54%	-4.09%	1.90%	1.89%	-2.46%	-1.81%	-5.01%	4.59%	2.05%	
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%	

Best monthly return	**35.77%**
Worst monthly return	**-25.36%**
Maximum drawdown	**-47.53%**
% of positive months	**62.35%**
Annualised return	**8.40%**

By Sector


12%
34%
15%
23%
8%
9%
C. Discretionery
C. Staple
Healthcare
Financials
Real Estate
Others