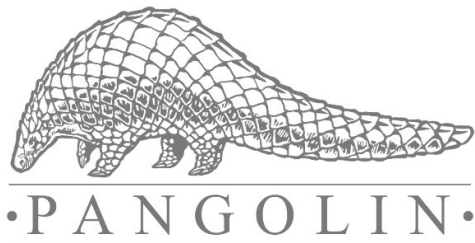


The Cockpit View



Risk-on mode underpins share \$\$ recovery

1-7 February | Week 5

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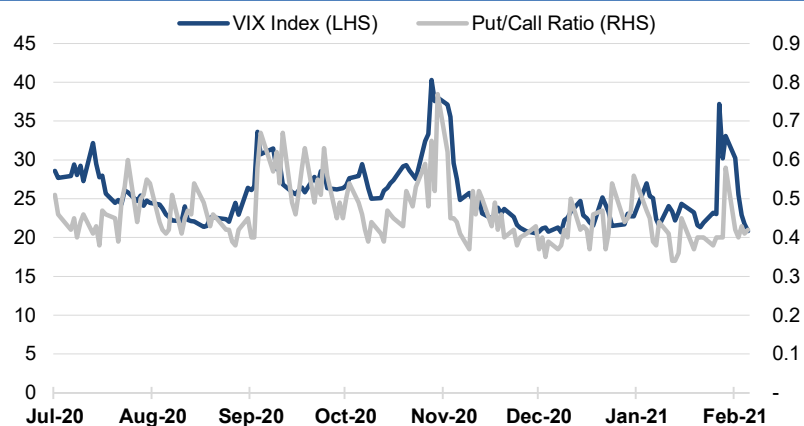
- Strong rebound (high single digit) from previous week's decline
- VIX Index and Equity Put/Call ratio eased, signalling risk-on mode for volatile stocks (of which aviation is one of them)
- Asia Pacific benefited most, OTA and terminal retail did well

Volatility swings like the mood of a wild hippo

The past three weeks have been a real rollercoaster. The war between the belligerent retail army investors versus Wall Street hedge funds has spooked many. The VIX Index and Equity Put/Call Ratio spiked at the end of January affirming the bearish sentiment of the market. This has sparked a fierce equity market selloff globally, and aviation related companies were particularly hard hit. When elephants fight, it is the grass that suffers.

Fortunately, the mood has improved in the first week of February. Both VIX and Put/Call Ratio has come off, and this has led to the recovery in aviation companies share prices. VIX Index is inversely correlated with all the aviation related benchmarks, ranging at -0.76 to -0.82.

CBOE Volatility Index, VIX and Equity Put/Call Ratio



Source: CBOE

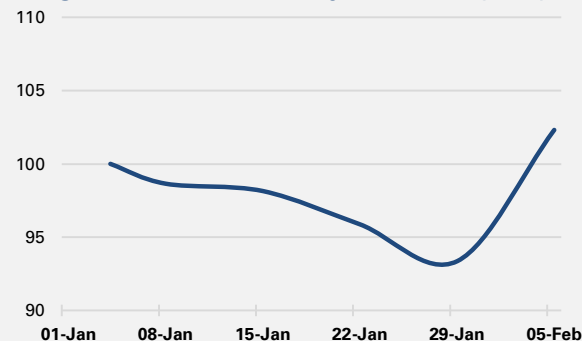
It's coming together, Asia leads the way

Year-to-date (YTD), aviation companies based in Asia are seeing the highest share price gains, with four of the top-5 countries hailing from Asia. Some Asian countries such as China and Taiwan are trailing, but they are coming on strongly in the past week. Conversely, European countries, especially those in the Scandinavian region are the underperformers.

The online travel agency (OTA) and retailers have performed strongly in the past week. These two sectors were the hardest hit in January and have sparked the interest of value seeking investors. The terminal services sector and airports are trailing behind, as passenger numbers remain weak due to the surging number of Covid-19 new cases and governments implementing stricter lockdowns and travel restrictions.

Week in Numbers

Pangolin Aviation Recovery Fund NAV (USD)



* 5 Feb 2021 NAV is preliminary figure

Performance relative to other benchmarks

Price change	1-week	1-month	YTD
Pangolin Aviation Recovery Fund	9.6%	2.1%	2.4%
Bloomberg World Airline Index	7.0%	2.5%	0.8%
US Global JETS (ETF)	7.8%	3.1%	3.0%
VIX Index	-36.9%	-3.2%	-8.3%
Singapore Jet Kerosene	6.4%	10.8%	13.3%

Aviation UNIVERSE** performance

Price change	1-week	1-month	YTD
Aviation UNIVERSE**	6.8%	-0.1%	-0.1%
Sub-sectors			
Airlines	7.2%	2.9%	1.5%
Airports	-0.4%	-6.0%	-6.3%
Cargo & logistics	5.6%	4.7%	2.9%
Terminal services	0.0%	-7.7%	-10.3%
Terminal retail	9.3%	-2.7%	-1.4%
Online travel agents	8.2%	-2.7%	-2.4%
Aircraft lessors	7.0%	-1.1%	-1.4%
Manufacturers	6.9%	-1.7%	-2.0%

** consists of 165 aviation related companies across the world

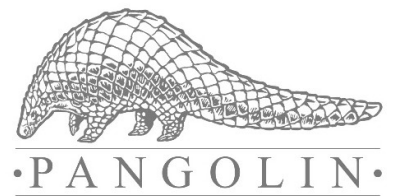
Share price movement	1-week	1-month	YTD
Up	144	74	67
Down	18	90	98
Unchanged	4	1	0

Pangolin Aviation Recovery Fund is a Cayman-Island open-ended fund with a mandate to invest in aviation related companies. The fund can invest globally and does so via listed equities.

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The Cockpit View

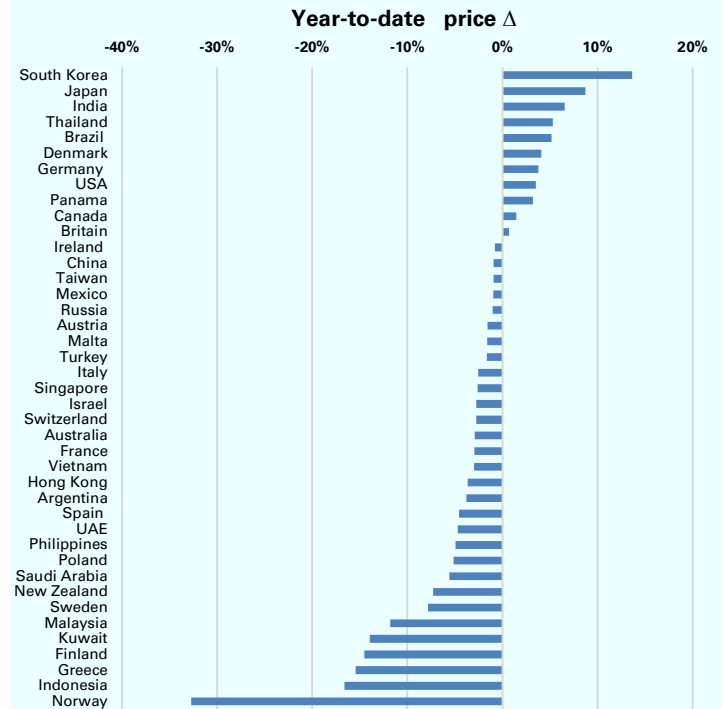
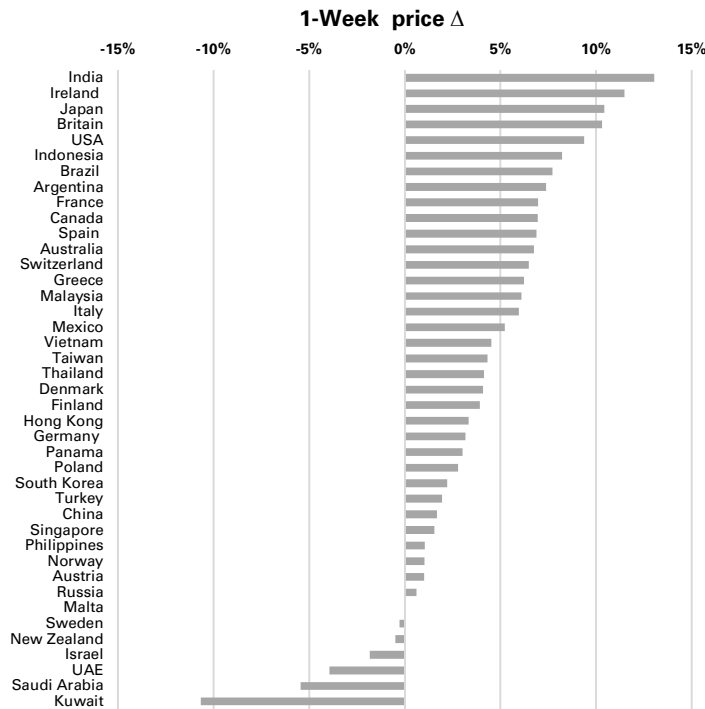


Aviation Universe share price performance

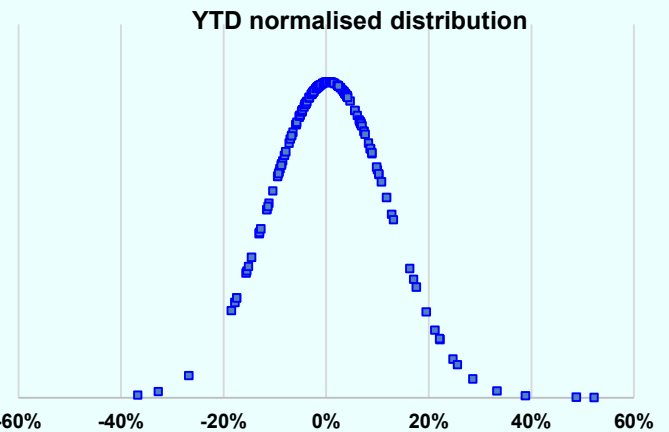
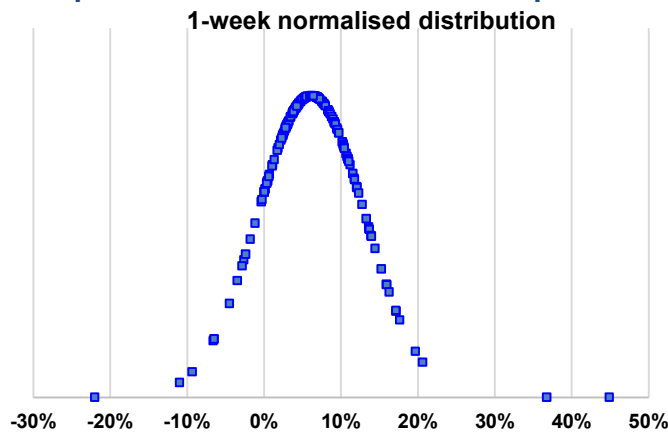
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Average share price movement by country



Share price movement of aviation companies



Bottom 5

- Shanghai Airport
- Hainan Airlines
- Guangzhou Airport
- FACC
- Jazeera Airways

Top 5

- Tuniu
- Yatra
- Saga
- Japan Airlines
- China Tourism Group

Bottom 5

- Caissa Tosun
- Shanghai Airport
- Norwegian Air Shuttle
- Garuda
- Voyageurs du Monde

Top 5

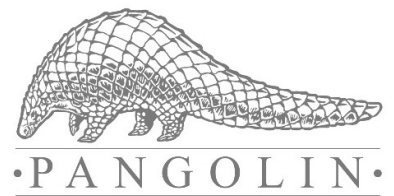
- Tuniu
- Korean Airlines
- Yatra
- Bombardier
- HIS Tour

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The Cockpit View



Sell-side analyst recommendations

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Sell-side analysts are positive on the aviation sector. 70% of the companies in the Pangolin Aviation UNIVERSE have a target-price that is higher than the current market share price by an average of 6.4%. Sell-side analysts are particularly bullish with aircraft lessors and followed by air cargo.

The graph below shows the list of aviation companies' current market share price, clustered by their respective sub-sector, and mapped against the average target price gap by the sell-side analysts.

How to read this chart?

First step, relax. The intention of this chart is to give you an idea what are the share price gain/decline potential based on sell-side analyst recommendations. For example, there are 61 public listed airlines globally, each black box in the graph below represents each airline. Some airline share price has upside potential, and others have downside potential, so says the analyst. We do not reveal the company names, as the graph would be unreadable.

