Pangolin Asia Fund January 2025 NAV

As at the 31st of January 2025, the NAV of the Class A & C shares of the Pangolin Asia Fund was US$530.12 net of all fees and expenses, down 6.12% from US$564.67 in December.

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

Singapore	8%
Malaysia	31%
Indonesia	59%
Philippines	2%

We don't like to 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 x JP**	**MSCI-ASEAN**	**PAF**
Jan-25	5.50%	3.22%	1.92%	-0.09%	-5.39%	1.84%	0.72%	-0.21%	-6.12%
FY 2024	12.88%	23.31%	28.64%	-2.65%	12.90%	16.89%	9.75%	7.67%	-3.75%

Return (in USD)									
Period	**DOW**	**S&P 500**	**NASDAQ**	**JSE**	**KLSE**	**STI**	**MSCI Asia x JP**	**MSCI-ASEAN**	**PAF**
Jan-25	5.50%	3.22%	1.92%	-0.85%	-4.02%	2.78%	0.72%	-0.21%	-6.12%
FY 2024	12.88%	23.31%	28.64%	-7.08%	15.99%	13.01%	9.75%	7.67%	-3.75%

% Change in Currency Vs USD			
Period	**MYR**	**SGD**	**IDR**
Jan-25	1.45%	0.92%	-0.76%
FY 2024	2.73%	-3.32%	-4.54%

January saw increased outflows from our markets with foreign net selling of USD229 million in Indonesia and USD701 million in Malaysia. Our part of the world has yet to be hit by tariffs, but it may well only be a matter of time before the globe in Donald Trump's office stops spinning, and Southeast Asia comes into his view. Potentially, there's huge upside from China and others increasing production in our countries, but, as far as tariffs are concerned, the markets are assuming the worst and that any loopholes will be closed.

Foreigner ownership of the Malaysian stock market is now at 19.4%, only fractionally above the all-time low. US emerging markets funds are facing redemption pressures, having not matched the returns of other flying markets, mainly the S&P.

Our portfolio of stocks is almost exclusively exposed to the ASEAN consumer. At the lower end, the Indonesian consumer is still struggling to overcome the effects of inflation. Over the past twenty years of running the fund, with all that has happened in the world and in our markets, rising disposable incomes have driven consumption expenditure and lifestyle changes. This is continuing, with millions moving into the middle classes each year, and is unlikely to be curtailed by global trade policies. It may be slowed, but the momentum within the region remains, driven by both growing domestic and regional demand. Our companies' profits are rising while their share prices are falling, but I suspect they'll more than catch up at some stage.

Last year we saw a huge amount of interest when the US Dollar weakened in the third quarter. This has largely fizzled out with a strengthening dollar and the noise from Washington. Nevertheless, it's encouraging how quickly (non-US) investors were to jump on planes to come to the region. Some homework has been done and we're not totally out of mind; just somewhere near the bottom of the in-tray.

The below table shows net foreign investment flows in the region. Unsurprisingly, this selling means that there are so many bargains to be had, especially when you put markets' performance in the context of 5% annual GDP growth.

Foreign Fund Flows in ASEAN (in million USD)					
Period	**Malaysia**	**Indonesia**	**Philippines**	**Thailand**	**Vietnam**
1Q 2024	-186	1,685	162	-1,933	-401
2Q 2024	14	-2,112	-690	-1,297	-1,275
3Q 2024	978	3,676	549	650	-548
4Q 2024	-1,748	-2,094	-430	-1,551	-952
FY 2024	-941	1,154	-408	-4,132	-3,177
Jan 2025	-701	-229	-114	-330	-254

Painful as market gyrations might seem, the underlying picture remains encouraging. Note that when a factory gets built, the owners are thinking in terms of decades. And all over the region, foreign and local investment is finding its way into factory construction and job creation. Please see Bill's note below on our recent visit to Surabaya and JIIPE.

Java Integrated Industrial & Port Estate (JIIPE)

This month James, Irvan and I travelled to Surabaya, East Java, where several of our portfolio companies have operations. One of these is AKR Corporindo (AKRA), whose core business is the distribution of petroleum and basic chemicals. The purpose of our visit, however, was a different element of AKRA's business, the Java Integrated Industrial and Port Estate (JIIPE). A 1,800 Hectare Industrial Estate located in Gresik, just north of Surabaya, Indonesia's second largest city.

AKRA owns 60% of this Industrial Estate and 40% of the adjoining seaport, with the remainder of both being owned by state-owned port operator Pelindo. JIIPE was granted Special Economic Zone (SEZ) status in 2021 and is strategically located at the centre of Indonesia, with highway and railway connections to Surabaya and the rest of Java. Sheltered by surrounding islands, the port has calm and, importantly, deep water. Although only a fraction of the port's full potential is currently operational, it is already bustling with activity, proving an attractive alternative to the government port of Tanjung Perak further along the coast.

Dotted outline indicates what is currently operational.

Currently, 45% of the JIIPE industrial estate land is still to be sold. AKRA must clear the land and level it out with limestone in preparation for it to be sold to industrial tenants from around the world. It is these land sales from JIIPE that are currently contributing handsomely to AKRA's profits and will continue to do so for the next decade, until the estate is fully sold. After this, AKRA will continue to generate recurring income from JIIPE by supplying tenants (many of whom are involved in power-intensive industries) with energy from their power plants located on the estate. Meanwhile, the core chemicals and petroleum distribution business will continue to grow.

Undeveloped land in JIIPE.

Land ready for sale.

Tenants up and running.

Company visits like this are always rather comforting. By stepping away from share prices and market movements, one is reminded of ASEAN's unrelenting growth. Just over ten years ago, when AKRA first acquired the land, JIIPE was swampland, inhabited by fishermen and farmers. AKRA's CEO, Haryanto Adikoesoemo, had a vision of what JIIPE could be, a vision that many at the time did not share. Now the vision is clear and JIIPE is taking impressive shape. JIIPE alone is projected to attract USD16.3 billion of Foreign Direct Investment (FDI) and create 200,000 jobs. Quite a feat considering what the land was just over a decade ago.

Today, there are nineteen world class clients operating at JIIPE. To attract investors, the Indonesian government offers various incentives, both fiscal and non-fiscal. One of the anchor tenants is the American mining company, Freeport. As a result of Indonesia's down-streaming policy, miners such as Freeport have been required to set up refining facilities within Indonesia. Freeport's slick operation in JIIPE demonstrates the estate's attractiveness as an investment destination. Here, Freeport has the largest single-line copper smelter in the world, producing 600,000 tonnes of copper cathode annually, as well as 50 tonnes of gold and 150 tonnes of silver. A conveyor belt then runs from the smelter to Freeport's private jetty at the JIIPE port.

Freeport Smelter at JIIPE.

Freeport Conveyor Belt.

JIIPE is just one, centralised location evidencing huge investment. Away from JIIPE, Surabaya, Gresik and the surrounding areas have seen similar infrastructure developments. Surabaya's airport is perfectly painless, while toll roads link the region seamlessly. This infrastructure has no doubt contributed to the booming of industry here. There is an abundance of manufacturing facilities in East Java, and new ones are constantly cropping up. This industrial investment is the backbone of the economic growth in Indonesia.

A new factory being constructed behind Spiderman fixing the cable.
Gresik, East Java.

Outlook:

We've highlighted above how the owners of businesses make long term investment decisions. At Pangolin, we like to align ourselves with the proven best entrepreneurs, those that have shown themselves, over a decent period of time, to be able to consistently generate superior returns for their businesses. We generally don't invest in newly listed companies, due to the lack of an easily analysable track record.

A decade or more's history is helpful as it shows how a company's management deals with whatever life throws at it. If the business is consistently able to generate exceptional returns over many years, it's probably not accidental. Meeting the management and further research is essential to confirm whether this is the case.

For us, management honesty and competence are almost everything. When we buy a company's shares, we intend to hold them for a long time. Therefore, in a way, the company's management become our fund managers, making the best decisions with the cash generated, most of the time (occasional mistakes in the line of business, as opposed to diversification, can be tolerated).

Over time, managements will be tested by adverse events such as:

Rising raw material costs

Labour disputes

Adverse currency movements

Increased competition

Production problems

Unfavourable government policy

Technological advances

Recessions

And - we can add to the list – tariffs

What differentiates the best from the rest? It's an ability to cope with whatever life throws at them. In fast-growing economies, better companies will continue to thrive. The trick is to underpay for their shares when markets present the opportunity.

I've just been marketing in The Cayman Islands and Miami. The most-asked question was, *what will change the outlook for ASEAN shares and their valuations?* It's a hard one, but the answer is in the inevitable unwinding of the NASDAQ bubble, which is currently distracting investors away from value everywhere. The next question is, *what will lead to this unwinding?*

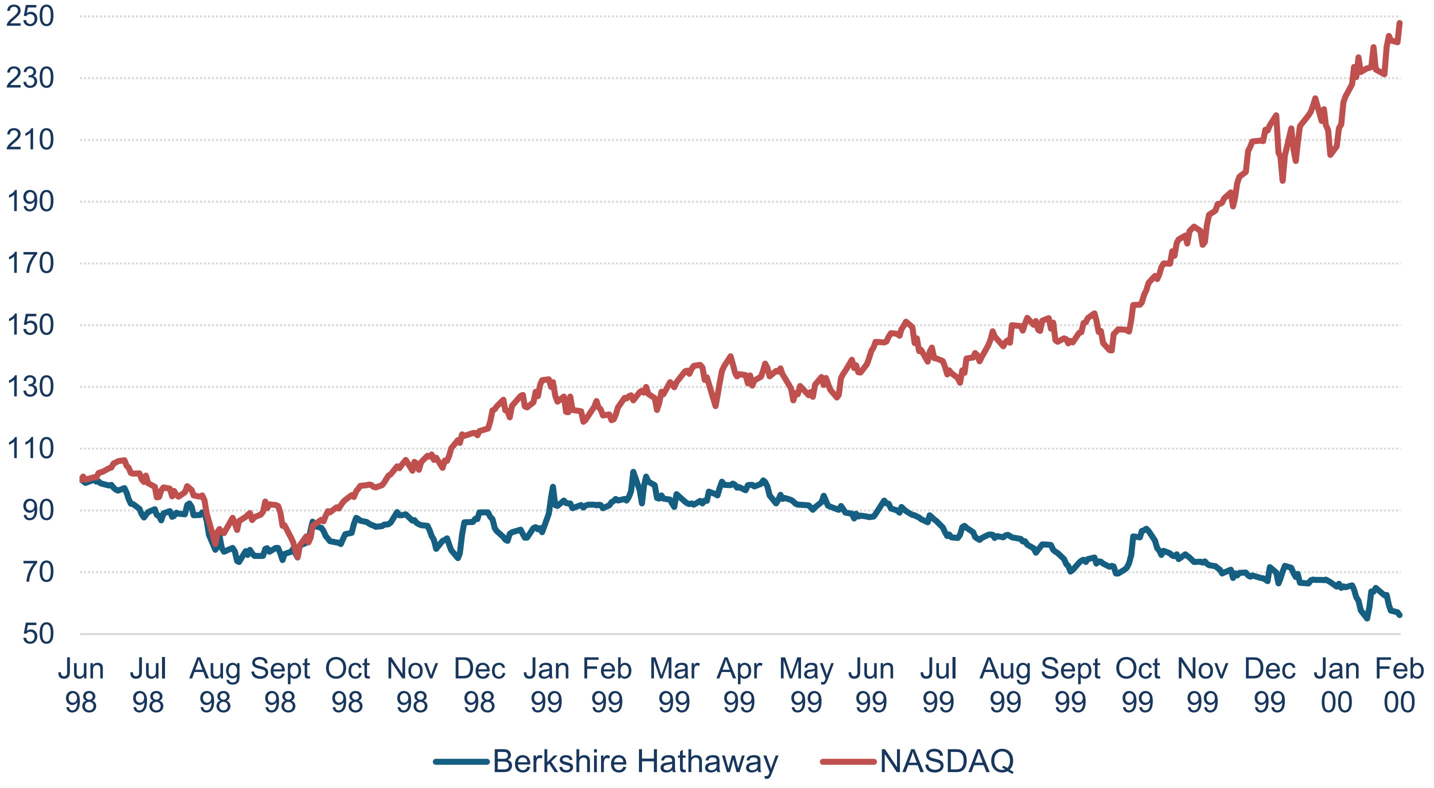
History tells us that bubbles eventually burst. The Asian bubble burst in 1997, when the markets simultaneously decided that the currencies were overvalued. A week before, this wasn't an issue. In 2000, what suddenly turned dotcom bulls into dotcom bears, resulting in NASDAQ falling 75%? A realisation that the internet darlings were overvalued. Ditto with housing stocks and banks in 2008. Yet, shortly before that, many investors were happy riding the bull.

It's apparent to many that much of the best performing sectors of the US market are overvalued. Currently many investors aren't bothered. History tells us that will change.

Those of us old enough to remember the dotcom boom will recall how Berkshire Hathaway struggled. Who wants value when there's a bubble to play?

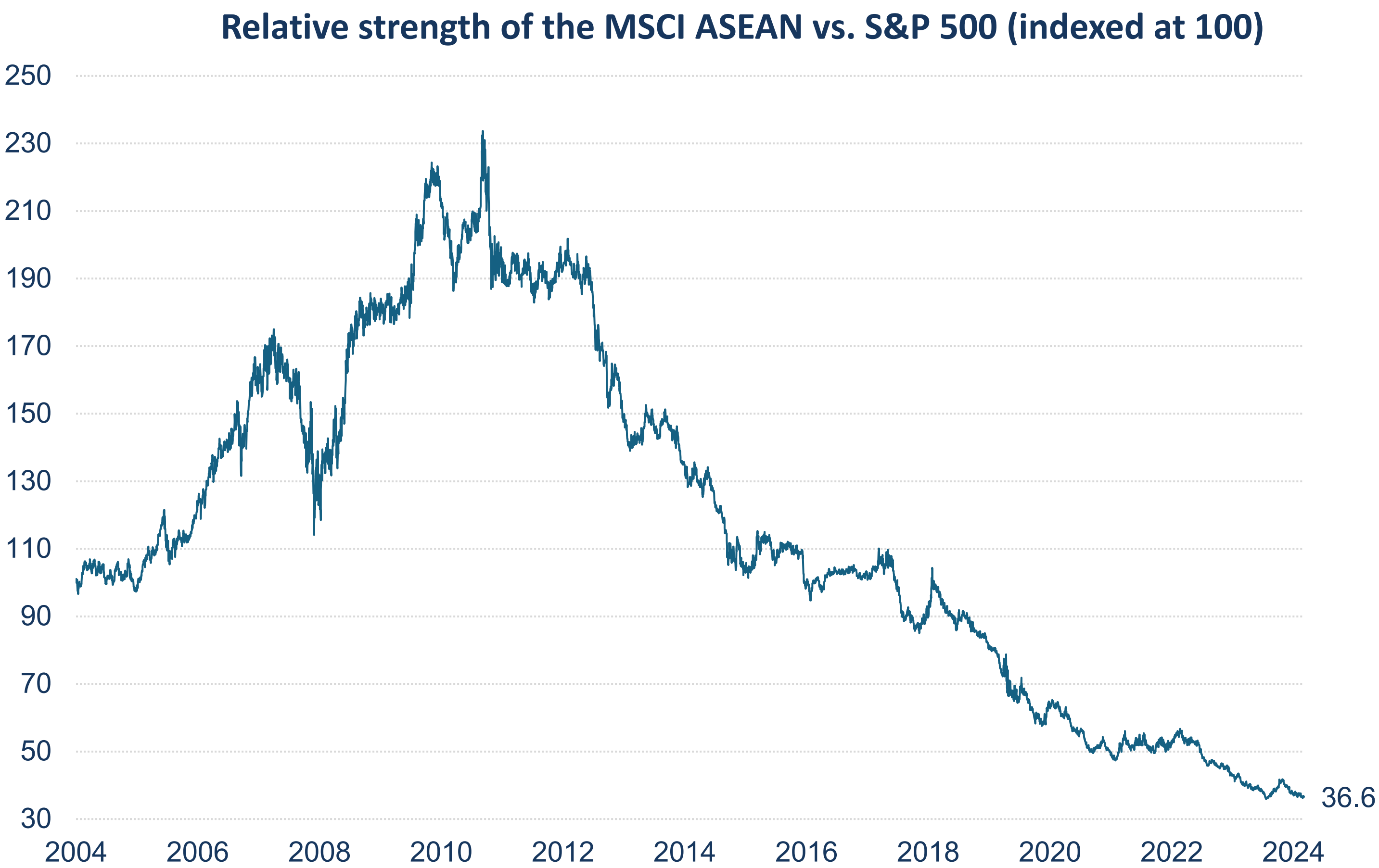
The below graph plots the time period from 30/6/1998 to 29/2/2000 for the Nasdaq, where many dotcom and technology stocks traded, and the price of Berkshire Hathaway:

Berkshire Hathaway vs. NASDAQ (indexed at 100)
30 Jun 1998 to 29 Feb 2000



Nasdaq was up 145%, while Berkshire was down 44% — a 189% streak of underperformance. Back then, the falling share prices of companies with tangible worth were an opportunity for Berkshire Hathaway. As are falling prices in ASEAN for us.

The chart below shows how, relative to the S&P, the ASEAN index has massively underperformed. The result is that since 2008/9, our region has never been cheaper. This is an outlier and a chance to own the best companies in this dynamic region at bargain basement prices. For now, we cannot expect US mainstream money managers to be brave enough to be investing here, but this only increases the opportunity for the rest of us. And I'm surprised that the sovereign wealth funds aren't sniffing around.



Pangolin Asia Fund weighted valuation (31st January 2025)

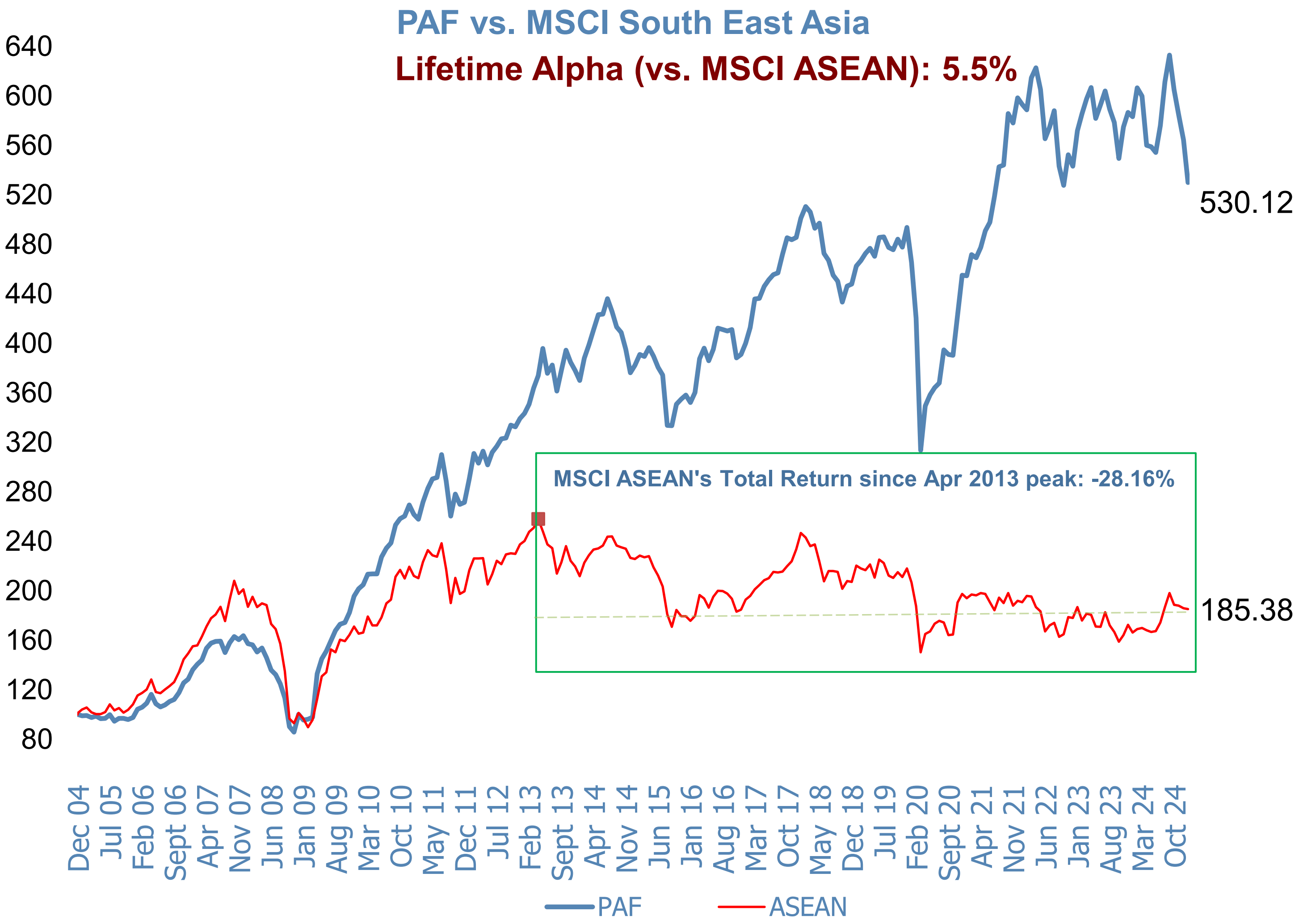
	2024F	2025F
P/E (x)	9.9	8.8
ROE (%)	16	17
ROIC (%)	20	21
Div Yield (%)	6.1	6.1

GDP Forecasts (%)	2024F	2025F
Malaysia	5.2	5.3
Singapore	2.6	3.2
Indonesia	5.2	5.3
Philippines	6.0	6.5

James & Bill.

6th February 2025

Twenty years track record and annualised return of 8.62%

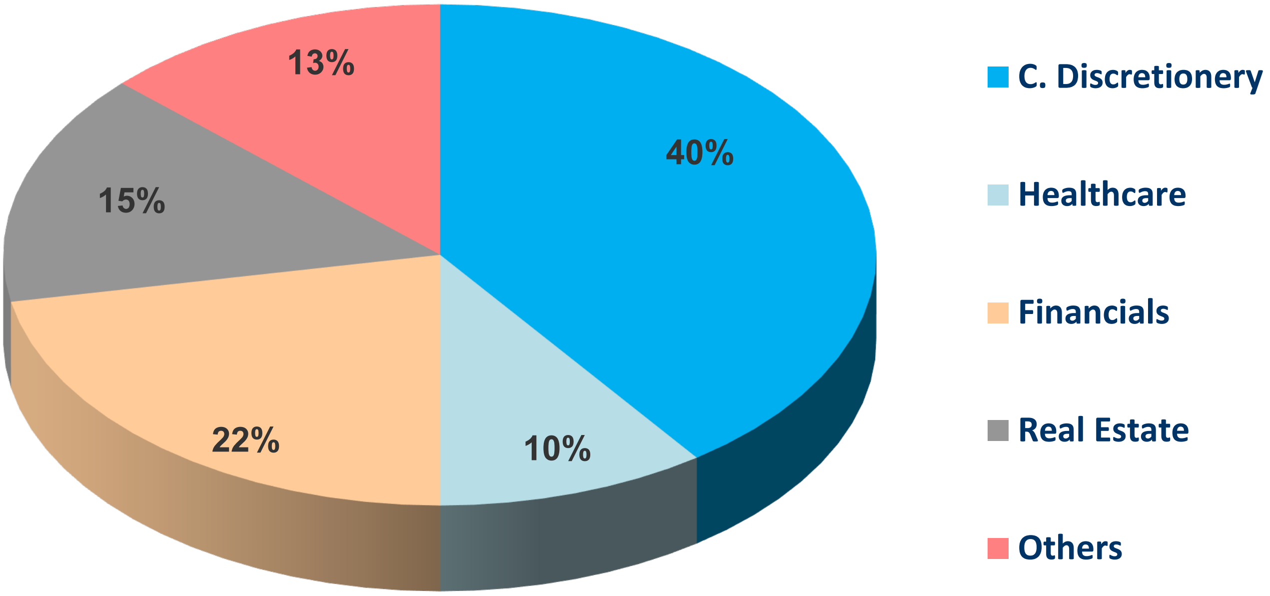


PANGOLIN INVESTMENT MANAGEMENT

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	*NAV*	530.12												-6.12%
	% chg	-6.12%												
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	**62.81%**
Annualised return	**8.62%**

By Sector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40%
15%
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Healthcare
Financials
Real Estate
Others