Pangolin Asia Fund February 2025 NAV

As at the 28th February 2025, the NAV of the Class A & C shares of the Pangolin Asia Fund was US$511.93 net of all fees and expenses, down 3.43% from US$530.12 in January.

As of today, the fund is about 97% invested, with the split being approximately as follows:

Singapore 9%
Malaysia 31%
Indonesia 58%
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
Feb-25	-1.58%	-1.42%	-3.97%	-11.80%	1.14%	1.03%	0.96%	-2.84%	-3.43%
YTD 2025	3.05%	1.24%	-2.40%	-11.43%	-4.12%	2.85%	1.58%	-3.16%	-9.34%

Return (in USD)									
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YTD 2025	3.05%	1.24%	-2.40%	-13.91%	-3.92%	3.94%	1.58%	-3.16%	-9.34%

% Change in Currency Vs USD			
Period	MYR	SGD	IDR
Feb-25	-0.11%	0.40%	-1.75%
YTD 2025	0.21%	1.06%	-2.80%

Owning Indonesian companies, which have been responsible for so much of the fund's returns in the past, is doing us no favours in 2025. There's a realisation that President Prabowo is not a continuation of the popular Jokowi and is perhaps more of a throwback to the Suharto days. As with all politicians, there's room for improvement, but bear in mind that Indonesia's economy also grew very strongly under Suharto.

One of the first things Prabowo has done is to establish Danantara, a sovereign wealth fund (SWF), to manage many of the country's state-owned enterprises (SOEs). Danantara's launch hasn't been taken well by investors, giving them another reason to be dumping their Indonesian investments. There's a history of poorly executed state-driven initiatives in Indonesia, with the consensus being that this will be another failure.

But that might not be the case. Malaysia did something similar around 20 years ago, setting up Khazanah as its SWF to oversee its larger SOEs. While we would prefer that the state wasn't involved in business at all and sold its stakes, as this clearly isn't going to happen, sensible management and oversight is something to be welcomed. Nazir Razak, who ran CIMB (one of Malaysia's top banks), wrote recently how the bank could not have expanded internationally without Khazanah's support. His take was that Khazanah was there not only to provide the funding, but also to take care of the politics, thus letting CIMB's management take care of the business. His view is that Danantara will similarly support Indonesian SOEs' expansion plans.

The environment for fund managers has become a lot harder since the Pangolin Asia Fund was launched in 2004. Fortunately, we hired Jalene (as COO from Day One) in 2013. She describes her role below.

Compliance:

It feels like only yesterday when I nervously entered the Pangolin office, about to be interviewed by James and Vinchel for the role of compliance officer. At the time (2013), I was seeking a new opportunity after my two-year stint at Citibank, where I worked as a bank reconciliation analyst at the back-end operations department. Fast forward to 2025, it's my 12th year at Pangolin and I am grateful to be part of such an incredible team. Fun fact – I have been with my same old colleagues for the past 12 years and that says a lot about the excellent working culture in Pangolin.

Although much has remained the same during my time at Pangolin, the regulatory complexities have unfortunately not. The table below is a summary of the changes to the Regulatory Framework we have had to keep up with:

Aspect	2013	2024
Regulatory Complexity	• Simpler regulatory framework • Light touch approach • Focus mainly on licensing requirements	• More complex and comprehensive regulatory regime • Strict oversight and requirements • Focus on licensing, conduct, risk management, Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT) framework, business continuity management
Cost of Compliance	Lower costs	Significantly higher costs
Personnel Requirements	Smaller compliance teams	Larger compliance teams required: • Increased demand for compliance officers • Need for specialised skills in AML and CFT, risk management, and data analytics
Compliance Updates	Occasional updates to monitor	Frequent updates and new regulations to monitor: • Regular circulars and guidelines issued by Monetary Authority of Singapore (MAS) • Increased focus on ESG, cybersecurity, and digital assets
Regulatory Scrutiny	Less intense scrutiny	Heightened scrutiny: • More frequent inspections and audits • Increased focus on AML/CFT practices • Strict enforcement actions and penalties
Operational Resilience	Less emphasis	Placed greater emphasis on firms' ability to maintain critical operations during disruptions like cyberattacks or pandemic. Firms must demonstrate that they have robust contingency plans in place, with boards playing a more active role in overseeing resilience strategies.

We are a fund management company in Singapore managing a Cayman fund, but that doesn't mean the compliance radar stops here. It is necessary to keep abreast of the latest updates across jurisdictions. In 2015, the fund was required to appoint a Swiss Representative in Switzerland to ensure that the fund's distribution activities comply with the Swiss Law. Also, I am sure most of you will have received many emails from me on Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) every year. In 2017, the Internal Revenue Service (IRS) in the US and G20 have called on jurisdictions to obtain information from their financial institutions to combat tax evasion and to improve cross-border tax compliance. Honestly, I dread the FATCA and CRS reporting period the most - imagine having to email each and every one of our investors! I have seen an increased communication with investors over the years too. We liaise with our tax experts in Austria, Germany, UK, US every year to provide tax reports as required by some of you.

While I understand the crucial role a compliance officer plays in each business, the responsibility we bear, and the impact our work can have on the reputation of the business, it didn't come easy for me. I had no prior experience in compliance, so I was really learning on the job. James's first advice was to instruct me to be tactful when approaching lawyers, avoiding whenever possible the unnecessary additional charges which are added to the bill for each minor amendment. It is in the interest of the fund that we manage to keep the expense ratio as low as possible. I've learnt to be clear and concise in communication and never have an unnecessary minute with them.

Lawyers and regulators, however, still play an important role in this industry. Over the years, regulatory compliance has become increasingly complex and demanding. The regulators have stepped up their scrutiny of asset management practices as we have seen an increase in money laundering and terrorism financing cases across the world. Fund management practitioners face mounting pressure to ensure adherence to new guidelines on disclosure/transparency, data protection, Know Your Client (KYC), source of funds, anti-money laundering (AML), suitability, reporting, and privacy/cyber-security. We recently upgraded our data storage system after one of our portfolio company, BFI Finance, experienced a malware attack. Learning from this misfortune, you really can't afford to scrimp on data and information protection.

Know-Your-Customer (KYC) acts as a safety net – to keep the bad guys out and the good guys safe. While I'm sure you dread receiving emails from our fund administrator or myself with a subject heading "KYC review", we are actually doing you a favour in ensuring the monies in the fund are far from the dirty hands of money launderers.

Pangolin has upgraded its Registered Fund Management Company licence (RFMC) to the Capital Markets licence (CMS) in 2022. RFMCs are subjected to fewer compliance requirements and supervision as they have an AUM cap of SGD 250 million, while CMS has no restriction on AUM. That said, CMS licensed fund managers are now also faced with stricter regulatory standards with increased supervision from the Monetary Authority of Singapore (MAS). We are also restricted to serving only accredited investors, primarily high-net-worth individuals and institutional investors.

In 2024, MAS repealed the RFMC regime to streamline fund management regulations. Given the growth of Singapore's fund management industry, the proposed harmonisation and simplification of the fund management regulatory framework is a welcomed change as it brings clarity and promotes adherence to the fund management industry's compliance requirements. All RFMCs were left with no choice but to apply for the CMS licence if they want to carry on fund management activities. I have heard some RFMCs are struggling to make ends meet with the rising compliance costs, especially those with smaller AUMs.

	RFMC	CMS
Risk-based capital	Not required	Financial resources at least 120% of total risk requirement
Reporting frequency for financial returns	Annual	Quarterly
MAS Annual fee	SGD 1,000	SGD 4,000
Internal Audit	SGD 6,000/+- per audit	SGD 8,500 per audit for a wider scope of audit
Third party compliance consultant for ongoing compliance support	Not necessary as the reporting requirements were fairly simple	SGD 2,500/month
Training for employees	Exempted as Pangolin only serves accredited investors, institutional investors	SGD 1,000/year Pangolin has made two topics mandatory for all employees • Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) in Singapore • Strengthening Cyber Resilience

I am relieved Pangolin has obtained its CMS licence before the repeal. We are managing the costs well, keeping it affordable as much as possible while meeting the requirements set by the authorities. With all the new regulations and never-ending compliance requirements, it's inevitable that compliance costs are only going to increase over time.

Overall, my job is an interesting one, although at times, having to read a lengthy document when a new regulation is implemented can be trying. But the sense of fulfilment comes when I give my utmost effort to uphold Pangolin's position under the close eye of the authorities, especially with the increasing scrutiny on this industry. I believe in striking a balance between compliance and business goals, addressing rising compliance costs while maintaining business objectives.

My job is one that requires one hundred percent attention to detail. There isn't much that can be put off for another day. In 2024 I took two-month's sabbatical, during which James promised he'd only contact me if absolutely necessary. Unfortunately, in my role, a lot is absolutely necessary! I keep sane by focusing on my family and my beloved (but currently hopeless) Manchester United.

And here's my desk on a typical workday. It's only piling up!

Source: Pinterest

Outlook:

We've invited the fund's investors to Surabaya and nearby Gresik in September to see what is happening on the ground. We'll be touring factories, industrial estates and malls. There is a huge momentum of change in Indonesia, as the country moves from being an agriculture-based economy to a manufacturing one. This is accompanied by a commensurate rise in incomes. When you move from being a poor padi farmer to an urban employee, you earn more, you spend more, and you spend differently. As lifestyles converge, we see higher end supermarkets in Indonesia closely resembling their Western counterparts, although with more rice, noodles and chillies. These lifestyle changes tend to be irreversible.

As some stocks in Indonesia approach their COVID lows, we, of course, are buying more. As part of Pangolin's daily mantra chant, we repeat:

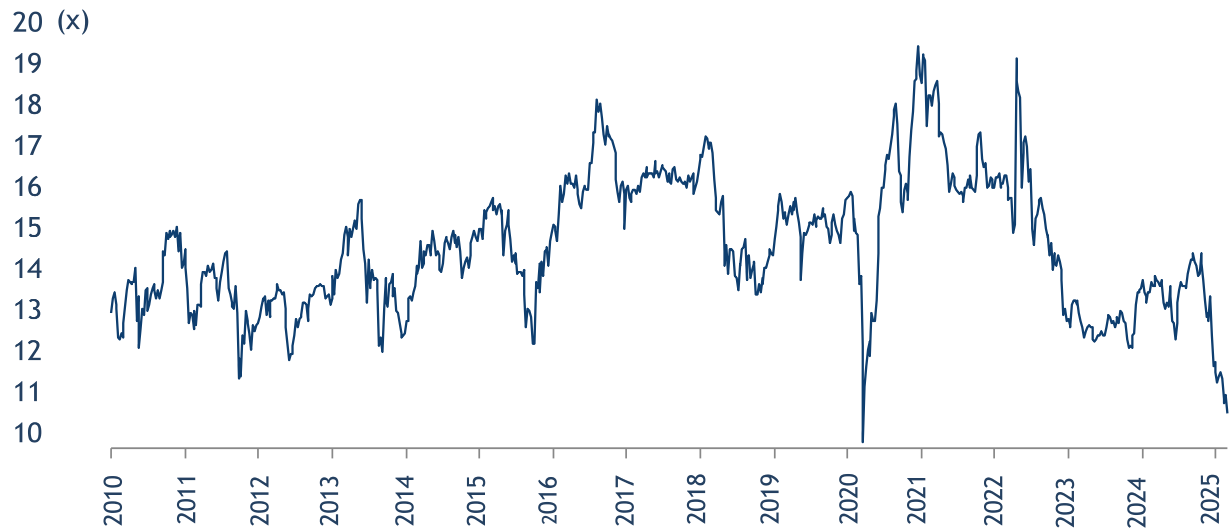
i) Don't confuse politics with investing

ii) Don't confuse economics with investing

iii) Don't confuse markets with investing

Most investors don't practise these three golden rules and, right now, they're definitely not doing so.

Jakarta Composite 12-month forward PE



Source: Bloomberg

Malaysia's politics would appear to be stabilising and the economy is booming. Listening to the business radio yesterday, I learnt that in February alone there were 8 new listings on the Kuala Lumpur Stock Exchange. In 2024, 55 companies listed in Malaysia (compared to only 1 in Singapore) and the exchange expects 60 new listings in 2025. Yesterday, it was announced that Saliran's initial public offering was oversubscribed 76x. Saliran is a supplier and distributor of pipes for the oil and gas industry. It's hardly cutting-edge AI technology, yet retail punters can't get enough.

Many of the businesses listing in Malaysia are Small & Medium Entreprises (SMEs). That Malaysia has such a conducive environment for the establishment of small businesses is a testament to the politics. It's not often I'll praise politicians, but despite all sorts of horribly skewed policies favouring one ethnic group over another, those at the top realise that a business-friendly environment is in the interests of all.

There are very few impediments to setting up a business in Malaysia, where much of the economy is driven by SMEs. Similarly, across ASEAN, fast economic growth is accompanied by small business formation. Tax rates are low, meaning that successful companies and owners can retain a greater share of profits for reinvestment. Governments are business-friendly and success is both admired and often flaunted.

ASEAN's growth rates are unsurprising, considering the ease of doing business, a young, diligent and aspirational population combined with reasonable taxation.

The renewed interest in the stock market is encouraging many SME owners to list, often on the smaller ACE Market. This is reversing a trend in which we saw the number of listed companies in Malaysia falling.

I'm often asked what will reinvigorate interest in these markets. Well, a starting point would be domestic investor enthusiasm. And that looks like it's back, in Malaysia at least. Let's hope it spreads.

Pangolin's Investor Conference

As alluded to above and to celebrate the fund's 20th birthday, in the week of 7th September, we've invited existing investors in the fund to visit Surabaya and Kuala Lumpur with us. We'll possibly have some capacity for some others and will let you know if that is the case.

Pangolin Asia Fund weighted valuation (28th February 2025)

	2024F	2025F
P/E (x)	9.9	8.7
ROE (%)	16	16
ROIC (%)	19	20
Div Yield (%)	6.2	6.6

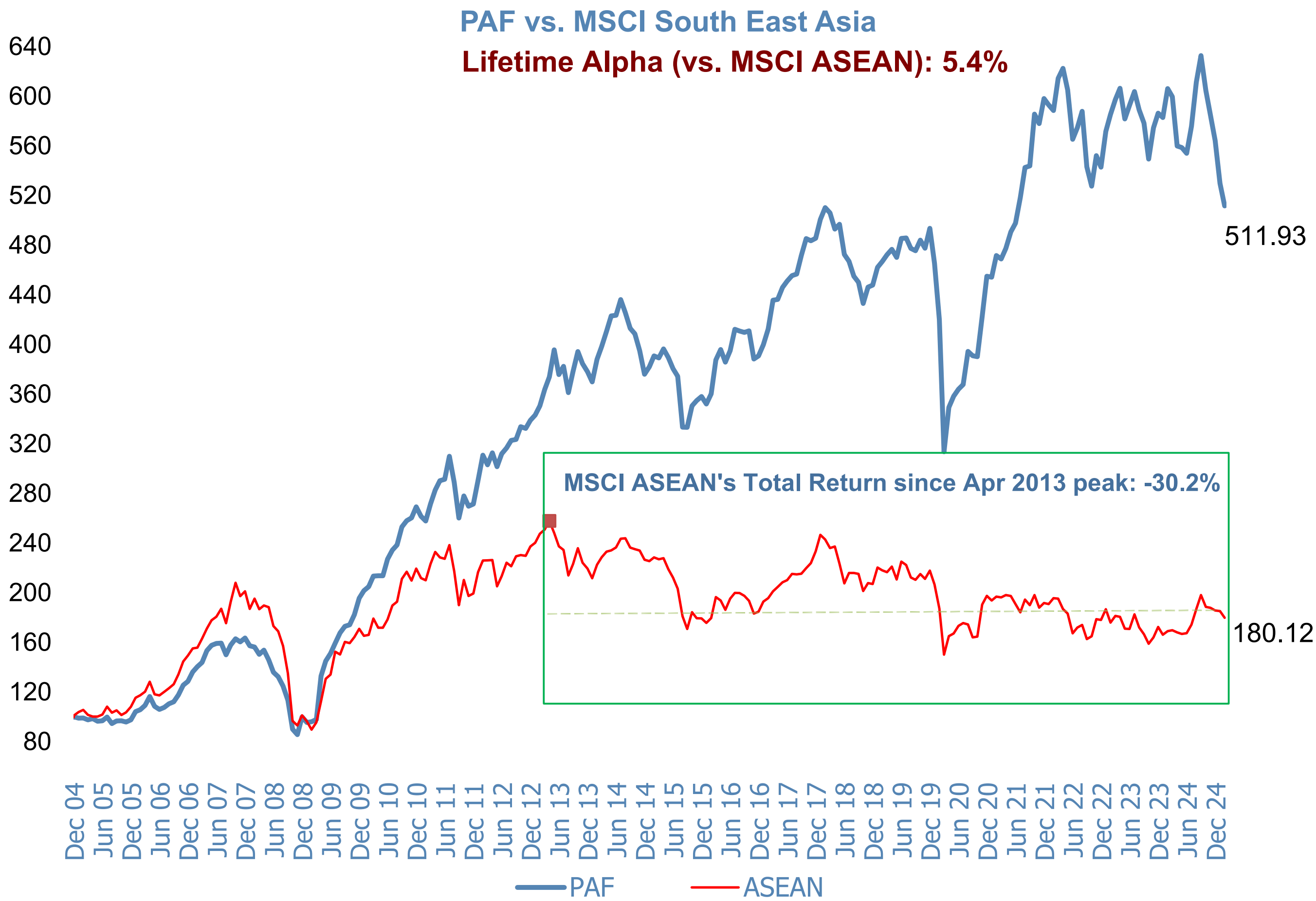
GDP Forecasts (%)	2024A	2025F
Malaysia	5.1	5.3
Singapore	4.4	3.2
Indonesia	5.0	5.3
Philippines	5.6	6.5

Wishing all of my Muslim friends a safe fasting month,

James & Jalene

7th March 2025

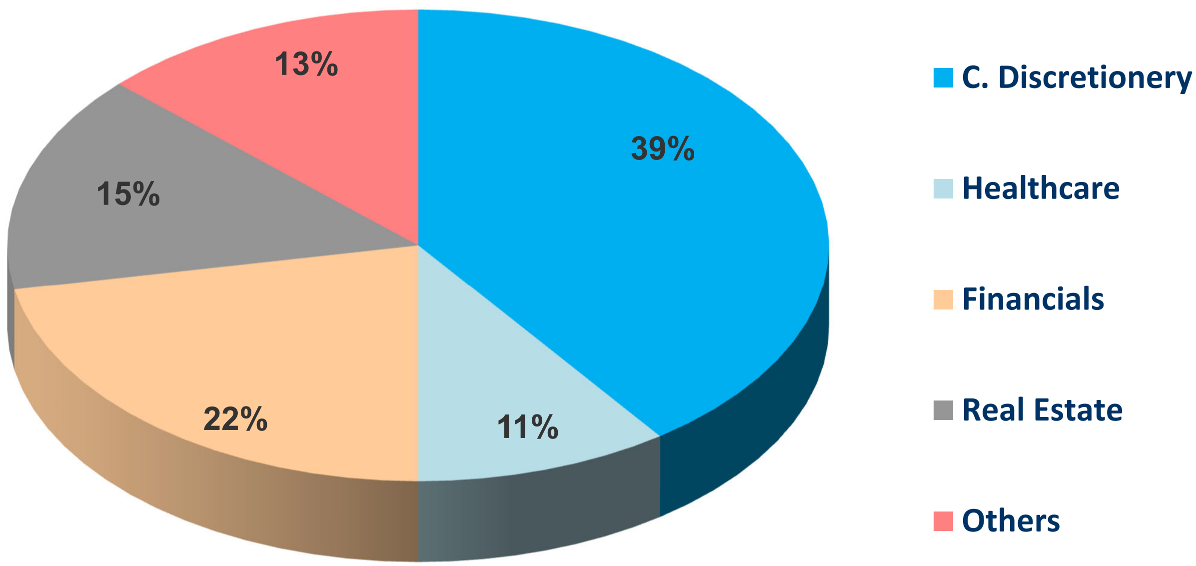
Twenty years track record and annualised return of 8.40%



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	*NAV*	530.12	511.93											-9.34%
	% chg	-6.12%	-3.43%											
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	**62.55%**
Annualised return	**8.40%**

By Sector


13%
39%
15%
22%
11%
C. Discretionery
Healthcare
Financials
Real Estate
Others