



Pangolin Asia Fund March 2023 NAV

As at the 31st of March 2023, the NAV of the Class A shares of the Pangolin Asia Fund was US\$597.55 net of all fees and expenses, up 2.03% from US\$585.67 in February. YTD we're up 10%.

As of today, the fund is about 99% invested, with the split being approximately as follows:

Singapore	5%
Malaysia	30%
Indonesia	65%

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
Mar-23	1.89%	3.51%	6.69%	-0.55%	-2.17%	-0.11%	3.29%	3.10%	2.03%
YTD 2023	0.38%	7.03%	16.77%	-0.66%	-4.87%	0.23%	4.09%	1.88%	10.00%

Return (in USD)									
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	MSCI Asia ex JP	MSCI-ASEAN	PAF
Mar-23	1.89%	3.51%	6.69%	1.20%	-0.58%	1.20%	3.29%	3.10%	2.03%
YTD 2023	0.38%	7.03%	16.77%	3.16%	-5.11%	0.88%	4.09%	1.88%	10.00%

% Change in Currency Vs USD			
Period	MYR	SGD	IDR
Mar-23	1.63%	1.31%	1.77%
YTD 2023	-0.24%	0.65%	3.85%

As usual, our activity was rather limited last month. Really just a matter of reinvesting dividends and small fund inflows. Unusually, our currencies continued to strengthen relative to the USD.

We're holding very little cash, largely because there is so much that is so cheap in our markets and also, just in case the real doomsters are correct and the banking system is on the verge of collapse.

Outlook

The frustrating fact that our markets remain so out of favour is largely why we've been able to make some money this year. Given that we're now trailing NASDAQ again, this may continue for a while. The beauty, for us, is that there is very little competition from other investors. We have the luxury of time when assessing a company, unlike in a bull market when stock prices run away; although, to be honest, I'm struggling to remember when that was last the case in our (limited) region.

In the last couple of weeks I've been emailing US foundations to see if I can drum up any interest, a Zoom call at least. From 50 letters, I've received 5 replies, basically all saying NO! But wrapped up nicely in America-speak, a typical response is copied below.



Thanks for reaching out again! Unfortunately, we are not actively looking to invest in South East Asia at the moment and wanting to be mindful of your and our time, would like to pass on that our current bandwidth and pipeline which would prevent us from digging in further.

How much longer can the investing community ignore the region? ASEAN GDP grows at +/-5% most years. The ASEAN index has fallen 27% over the past decade while the economies and corporate profits have grown.

According to Goldman Sachs, Indonesia will have the world's 4th largest economy by 2050.

Our Projections Imply that China, the United States, India, Indonesia, and Germany Will be the World's Five Largest Economies in 2050

World's largest economies (measured in USD)

Ranking	1980	2000	2022	2050	2075
1	United States	United States	United States	China	China
2	Japan	Japan	China	United States	India
3	Germany	Germany	Japan	India	United States
4	France	United Kingdom	Germany	Indonesia	Indonesia
5	United Kingdom	France	India	Germany	Nigeria
6	Italy	China	United Kingdom	Japan	Pakistan
7	China	Italy	France	United Kingdom	Egypt
8	Canada	Canada	Canada	Brazil	Brazil
9	Argentina	Mexico	Russia	France	Germany
10	Spain	Brazil	Italy	Russia	United Kingdom
11	Mexico	Spain	Brazil	Mexico	Mexico
12	Netherlands	Korea	Korea	Egypt	Japan
13	India	India	Australia	Saudi Arabia	Russia
14	Saudi Arabia	Netherlands	Mexico	Canada	Philippines
15	Australia	Australia	Spain	Nigeria	France

Source: Goldman Sachs Global Investment Research

Our fund is 65% invested in Indonesia, yet our valuations remain absurdly cheap.

Pangolin Asia Fund Fundamentals (31 Mar 2023)

	2021A	2022A	2023F
P/E	24.2x	12.1x	10.7x
Profit Growth (%)	24	88	17
ROE	18	19	20
ROIC	31	28	48
Dividend Yield (%)	3.9	4.8	5.2

This is a net cash portfolio i.e., our companies have net cash on their balance sheets.



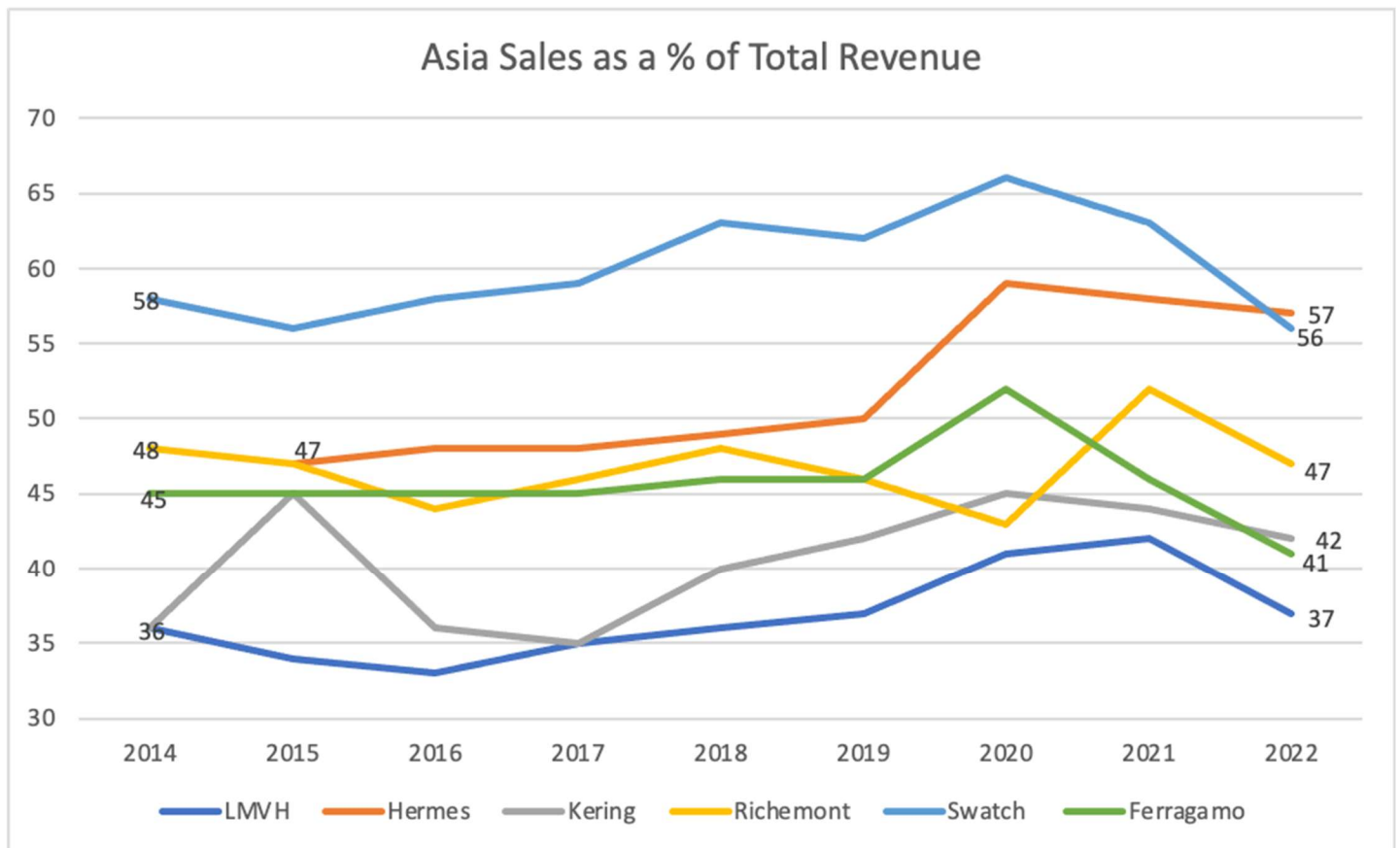
Not included in the above reply, but is in others, is that there just isn't enough liquidity in our markets. The vast majority of the investing world, as far as I can see, equates liquidity with value. My experience is that the opposite is the case.

If our share prices were to double and the fund were to be on 20x earnings, I suspect we'd then have a "liquid" portfolio.

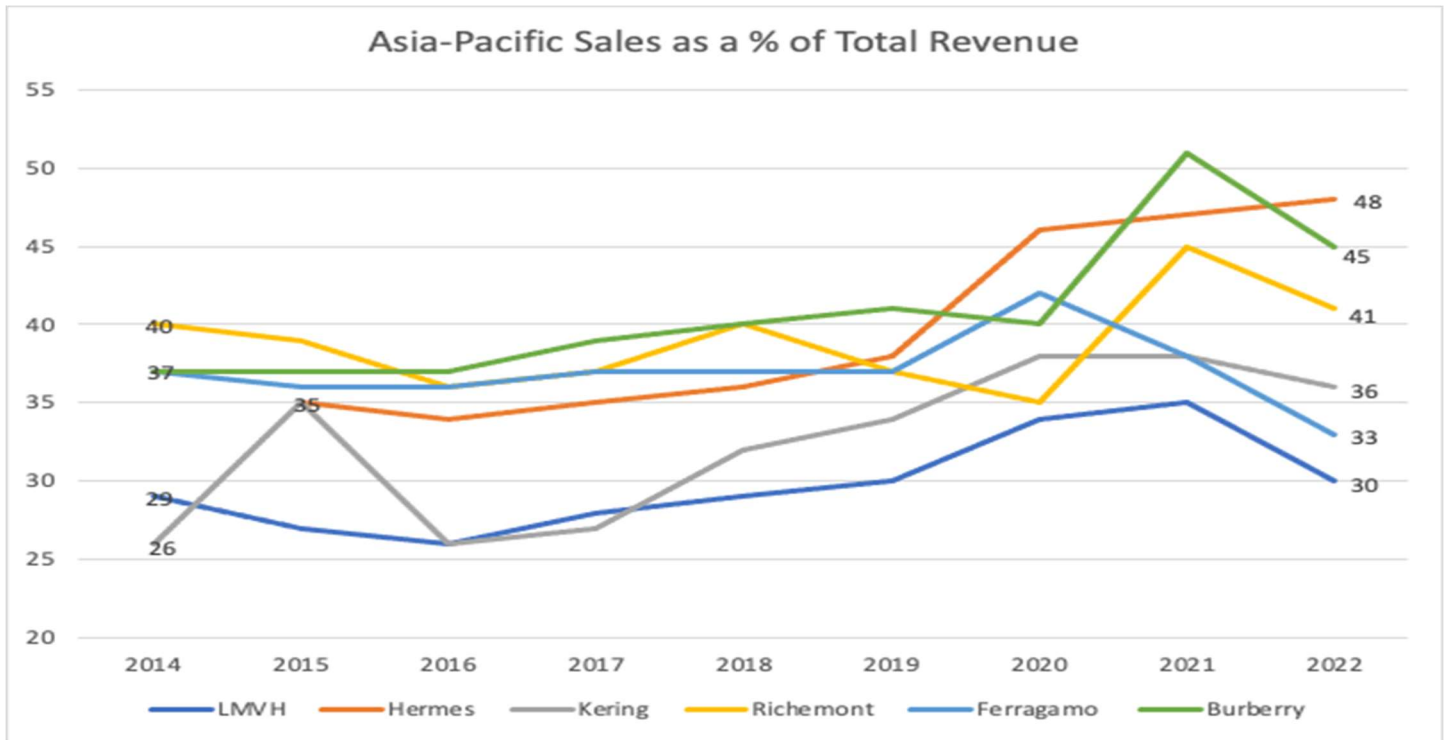
The Asian Consumer from Another Angle

We own companies exposed to the ASEAN consumer. As you can see from the valuation table above, this exposure isn't expensive. You can pay more and get exposure via global brands. We recently set Bill, our overworked and underpaid intern, the task of having a look at Asian consumption of fancy handbags etc. This is what he found.

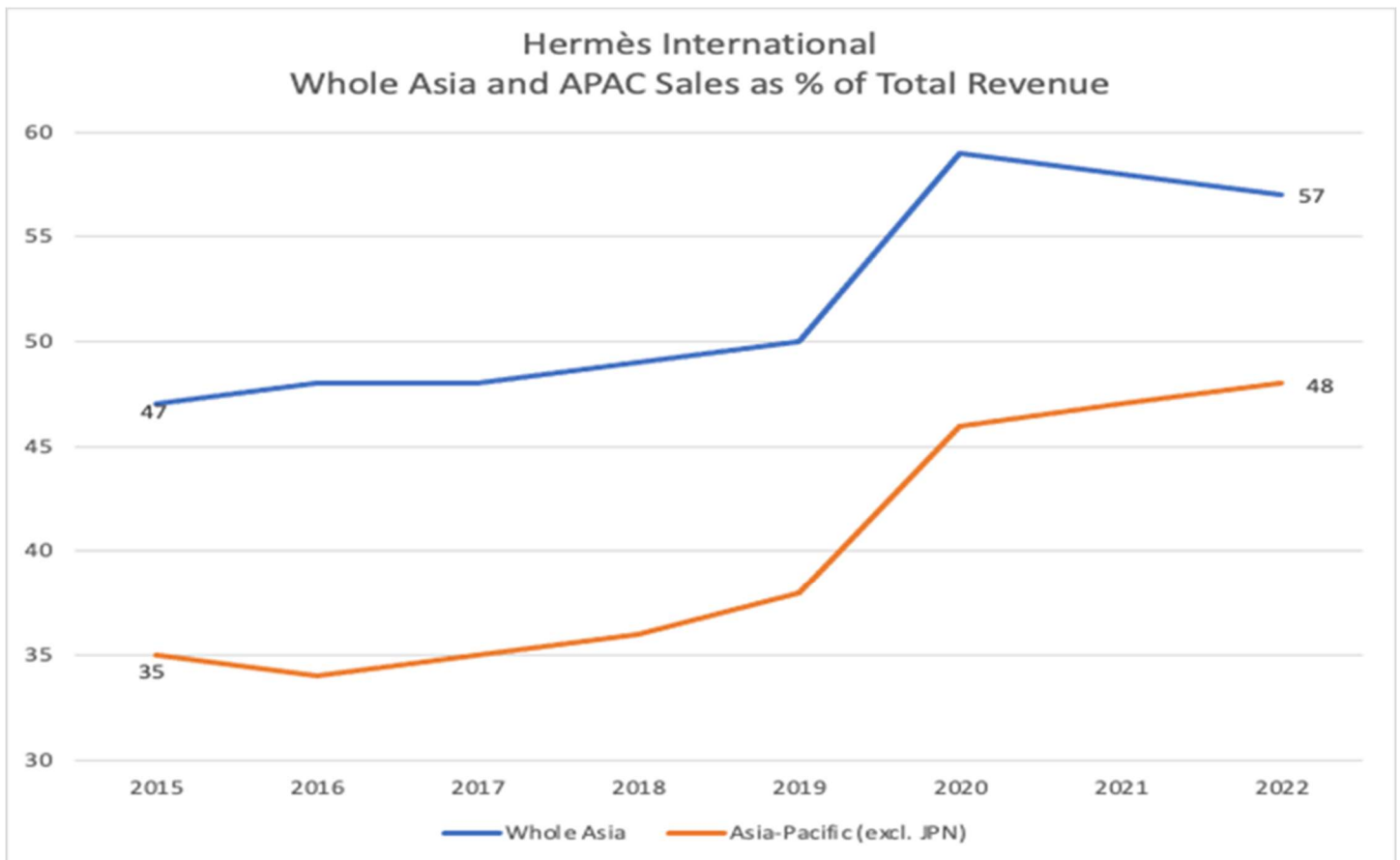
The graph below shows 6 luxury goods companies and the % of their total revenue which is from Asia. Although we don't quite see the pattern I expected, it does show what a high % of luxury goods sales are from Asia.



However, when you segment Asia further to just Asia-Pacific (stripping out Japan as a lot of these companies do), you start to see a more noticeable pattern of growth. Here, all but one of the companies increases their APAC sales as a % of total revenue. On average, these 6 companies increased their APAC sales as a % of total revenue by 5% since 2014.



Evidence of this recent shift towards luxury spending among Asian consumers is best shown by the sales of Hermès, one of the biggest luxury goods companies and, according to Vinchel, a 320 Bagger since IPO. Since 2015, Hermès APAC sales as % of total revenue have increased by 13%, and the whole of Asia by 10%.





There is definitely a desire to advertise one's wealth in this part of the world. And fair enough. Generally, it's self-made and well deserved. My local friends turn up for dinner with bottles of exceptional French wines, dressed beautifully having been driven in their fancy German motors.

It's all a function different stages of wealth. Their parents might have been indebted farmers, borrowing money for seed and fertilizer every year. The trend is obvious and likely to continue for a while.

Happy Easter, Passover and Selamat Hari Raya Id'l Fitr (did I miss anyone?),

James
6th April 2023

Ps. Just for balance, my Western friends arrive for dinner with the third cheapest bottle of Cab Sav in our local store. My teenage daughter takes these to her parties.

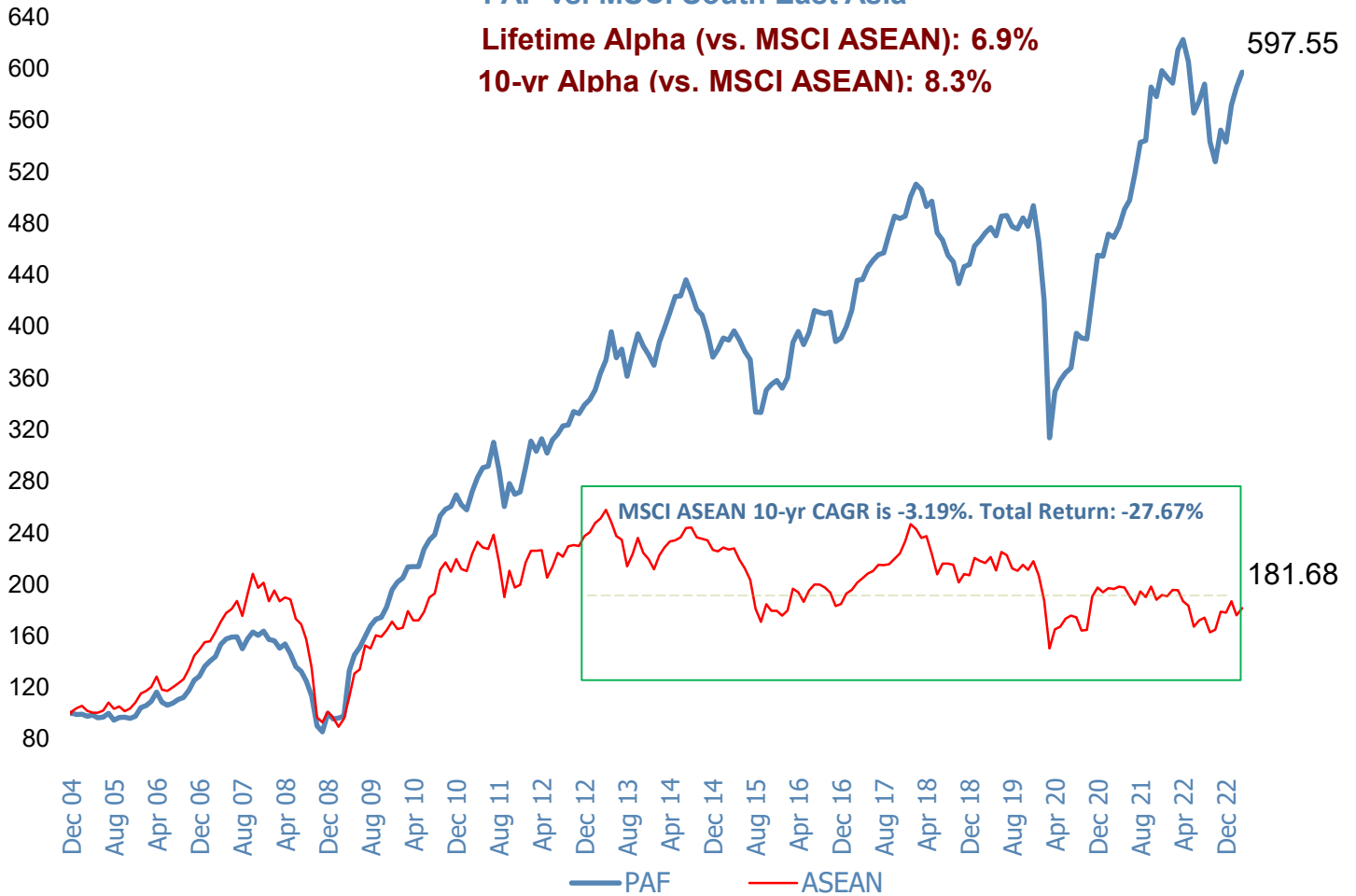


Eighteen years track record and annualised return of 10.24%

PAF vs. MSCI South East Asia

Lifetime Alpha (vs. MSCI ASEAN): 6.9%

10-yr Alpha (vs. MSCI ASEAN): 8.3%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	NAV	571.92	585.67	597.55										10.00%
	% chg	5.28%	2.40%	2.03%										
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 65.00%
Annualised return 10.24%



By Sector

