



Pangolin Asia Fund February 2019 NAV

As at the 28th of February 2019 the NAV of the Class A shares of the Pangolin Asia Fund was US\$467.10 net of all fees and expenses, up 0.99% from US\$462.51 in January.

Please see the table at the end of this letter for further detail.

As of today, the fund is about 86% invested, with the split being approximately as follows:

| | |
|-----------|-----|
| Singapore | 14% |
| Malaysia | 37% |
| Indonesia | 34% |
| Thailand | 15% |

We don't disclose our names but some details are always available to investors on request.

Overview

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

| Return (in local currencies, except MSCI Asia Ex-Japan) | | | | | | | | | |
|---|--------|---------|--------|-------|-------|-------|------------|------------|-------|
| Period | DOW | S&P 500 | JSE | KLSE | STI | SET | MSCI ex JP | MSCI-ASEAN | PAF |
| Feb 2019 | 3.67% | 2.97% | -1.37% | 1.44% | 0.71% | 0.72% | 2.05% | -1.05% | 0.99% |
| YTD 2019 | 11.10% | 11.08% | 4.02% | 1.01% | 4.69% | 5.73% | 9.48% | 5.32% | 4.24% |

| Return (in USD) | | | | | | | | | |
|-----------------|--------|---------|--------|-------|-------|--------|------------|------------|-------|
| Period | DOW | S&P 500 | JSE | KLSE | STI | SET | MSCI ex JP | MSCI-ASEAN | PAF |
| Feb 2019 | 3.67% | 2.97% | -2.04% | 2.17% | 0.22% | -0.41% | 2.05% | -1.05% | 0.99% |
| YTD 2019 | 11.10% | 11.08% | 6.39% | 2.70% | 5.53% | 8.23% | 9.48% | 5.32% | 4.24% |

| % Change in Currency Vs USD | | | | |
|-----------------------------|-------|--------|--------|--------|
| Month | MYR | SGD | IDR | THB |
| Feb 2019 | 0.73% | -0.48% | -0.68% | -1.11% |
| YTD 2019 | 1.67% | 0.80% | 2.28% | 2.36% |

Politics

Thailand goes to the polls on March 24th. This is a rigged election and the Thaksin-supporting Thai Raksa Chart Party has been banned for nominating a princess as its candidate for PM. Effectively the army is only allowing the choice of opposition. Long term, this isn't good.

In West Papua, the insurgency against Indonesian (Javanese) rule continues and the bloodshed would appear to be escalating. See www.theguardian.com/world/2019/mar/08/west-papua-independence-deaths-battle-indonesia for a bit more. How this will play out in the long run is also fascinating; will the precedence of East Timorese independence hold sway or will Indonesia hold on and continue to flood the province with non-Papuan in order to get a majority? Bear in mind that the largest gold mine and the second largest copper mine in the world (the Grasberg mine) is situated in West Papua, so it's not just about what the people want.



If you want a more thorough grounding on ASEAN politics, I recommend Blood & Silk by Michael Vatikiotis. It's a thorough textbook on the region, if a bit stodgy at times. I made it bearable by reading an Andy McNab and a Lee Child every 100 pages or so.

Outlook

Asia remains good value compared to the West. Asian economic growth is faster and company valuations are lower. Yet investing here remains a hard sell given the outperformance of the US markets & US\$ over the past few years – but when you can get the same (or better) for less, that gap must surely close.

Asian Valuations are at Historical Lows

MSCI AC Asia ex Japan Price-to-Earnings



MSCI AC Asia ex Japan Price-to-Book





It's not just stocks that are cheap. I'm writing this from my room at the Tanjong Jara Resort on Malaysia's east coast. This place is beautiful and so is the pricing. As a Malaysian resident I get it for RM599 including all meals. That's US\$146 or £110.

If you have to write a newsletter from somewhere, this is the place <http://www.tanjongjararesort.com>

On April 10th (random date) you can get the Mandarin Oriental Kuala Lumpur for US\$163 on www.booking.com. Malaysia remains outstanding value both as a place to live and as a place to invest. I can eat breakfast for less than US\$1 and own a large, liquid property company at a 70% discount to RNAV. As a dedicated follower of fashion, I can buy 3 t-shirts from my favourite retailer for US\$12 - and I can invest in that same company at 50% of the price I'd have to pay were it listed in Indonesia, Thailand or the Philippines.

Malaysia now has a semi-sensible government but prices of equities and hotels still reflect the old days. Probably not for ever.

James Hay.
8th March 2019

We don't like to discuss stocks publicly but I am always happy to talk to existing investors and those interested in investing. The Pangolin Asia Fund is most suitable for investors who are happiest when markets are falling.

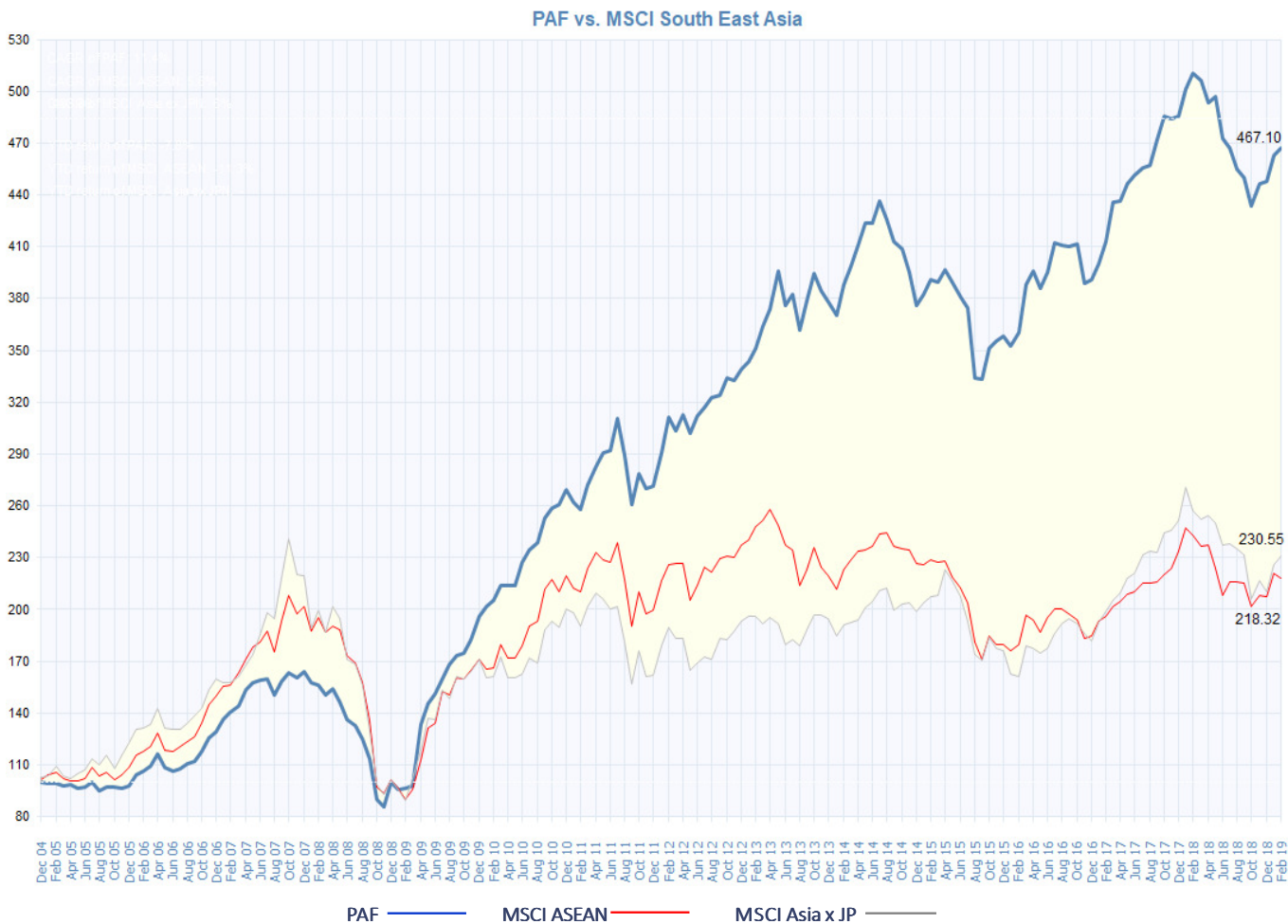


| Year | Details | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|---------|--------|--------|--------|--------|--------|--------|--------|---------|--------|---------|--------|--------|---------|
| 2019 | NAV | 462.51 | 467.10 | | | | | | | | | | | 4.24% |
| | % chg | 3.21% | 0.99% | | | | | | | | | | | |
| 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 -20.42%
Maximum drawdown -47.53%
% of positive months 66.08%
Annualised return 11.42%



Fourteen years track record and annualised return of 11.42%





By Sector

