



## Pangolin Asia Fund March 2021 NAV

As at the 31<sup>st</sup> of March 2021 the NAV of the Class A shares of the Pangolin Asia Fund was US\$469.26 net of all fees and expenses, down 0.56% from US\$471.89 in February.

As of today, the fund is about 94% invested, with the split being approximately as follows:

Singapore	14 %
Malaysia	22 %
Indonesia	63 %
Thailand	1 %

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 Asia Ex-Japan)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Mar-21	6.62%	4.24%	0.41%	-4.11%	-0.27%	7.33%	6.04%	-2.66%	-0.33%	-0.56%
YTD 2021	7.76%	5.77%	2.78%	0.11%	-3.30%	11.31%	9.51%	2.45%	-0.64%	3.06%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Mar-21	6.62%	4.24%	0.41%	-6.02%	-2.56%	6.36%	3.31%	-2.66%	-0.33%	-0.56%
YTD 2021	7.76%	5.77%	2.78%	-3.17%	-6.21%	9.43%	5.01%	2.45%	-0.64%	3.06%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Mar-21	-2.30%	-0.91%	-2.00%	-2.58%
YTD 2021	-3.01%	-1.69%	-3.27%	-4.11%

### Stock picking in the face of declining currencies

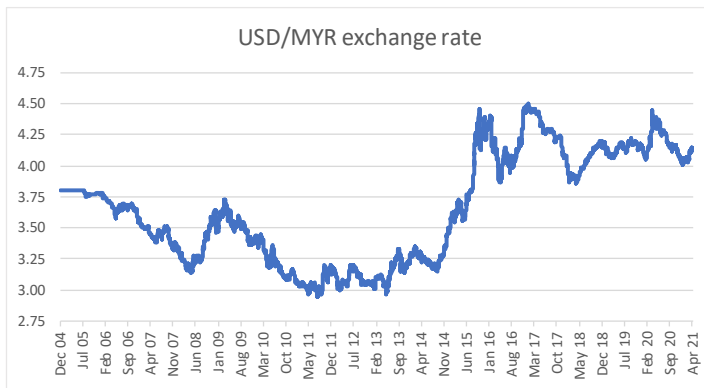
Our stock gains were offset by the renewed strength in the dollar. Since we started the fund in 2004, we've seen a steady decline in the value of the Rupiah and Ringgit while the Singapore dollar and Baht have strengthened. Overall, the currency declines have outweighed the gains. And yet, over the past 16 years, we have made more money in Indonesia and Malaysia than elsewhere.

At inception (1<sup>st</sup> December 2004) the Ringgit was pegged at 3.80 to the USD. The peg, initiated in 1997 to stem capital flight, was lifted in July 2005 and the Ringgit strengthened to around 3.00. The drop from 3 to 4 happened rapidly once 1MDB's problems became known and, as of today, the rate stands at around 4.14. As I've stated many times, the key issue is domestic confidence, exacerbated by a lack of foreign interest. An improving political situation would help, but so would the lifting of capital restrictions on domestic bank accounts, which render transferring money overseas (and locally) troublesome. This just keeps money overseas.

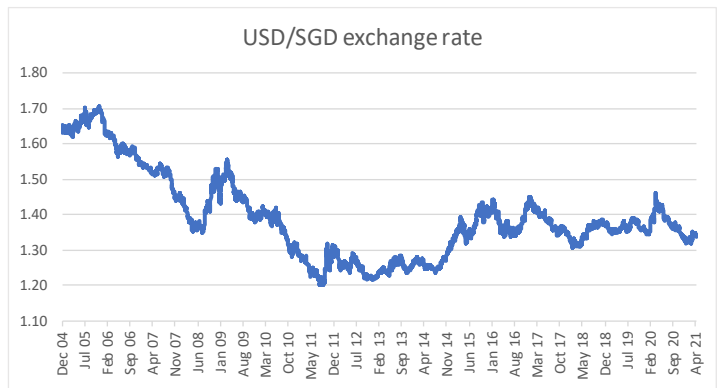


A few years ago, Malaysia’s central bank, in order to shore up the Ringgit, mandated that exporters could no longer keep their proceeds in foreign currencies, but must immediately repatriate 75% back into Malaysian currency. Even I, who slept through the few economics lectures I ever attended, could see that this would make Malaysia a less attractive investment destination. And we’re now seeing the effects of this as foreign investors increasingly bypass Malaysia (for Indonesia and elsewhere) – and recent headlines seem to be more about plant closures than openings.

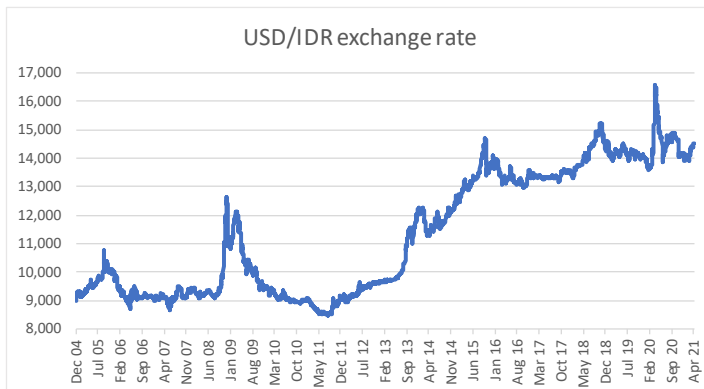
The good news is that last week Bank Negara announced the renouncement of these measures, although exporters will still have to convert their FX within 6 months. Why? Vietnam has no such measures.



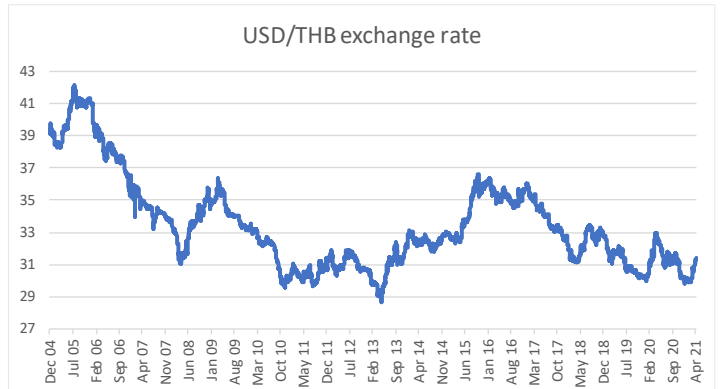
The Malaysian Ringgit depreciated 8.2% since the Fund’s inception (1 Dec 2004)



The Singapore Dollar appreciated 21.2% since inception



The Indonesian Rupiah depreciated 38.0% since inception



The Thai Baht appreciated 25.6% since inception

## Najib

Back in July 2020, Malaysia’s former PM, Najib Razak was sentenced to 12 years’ jail and fined RM210 million (USD50 million) after being found guilty on seven charges of criminal breach of trust (CBT), money laundering and abuse of position, involving RM42 million of SRC funds. His sentence was stayed on appeal and his hearing before the Court of Appeal started on Monday, April 5<sup>th</sup>. If he is unsuccessful, he has one more appeal to the Federal Court, and is likely to remain at liberty until that is heard. The current hearing is scheduled to run until April 22<sup>nd</sup>.

Najib faces four other future trials, all related to 1MDB, and his wife is also facing corruption charges. This is a big deal; Najib, the son of the second Prime Minister, was the most powerful man in the country and his wife was referred to as the First Lady which, constitutionally, she wasn’t. The result of his appeal will give a clear indication of which way Malaysia’s politics are headed.



## Malaysia – further reading

Two books to read by the pool this summer – assuming we’re allowed to fly – for those who want to dig deeper into Malaysia.

The first is **The Disappearing Act, The Impossible Case of MH 370**, by Florence De Changy. This is about the disappearance and alleged deliberate obfuscation of the facts by the authorities. Not just about Malaysia and a must-read. I hate conspiracy theories but this is convincing stuff.

Secondly, **Justice in the Wilderness**, by Malaysia’s former Attorney General, Tommy Thomas. This is a fascinating account of the 1MDB investigations and much more. In a country in which criticism tends to be muted, Thomas pulls no punches and there were calls for the book to be banned. It taught me a lot about Malaysia. And I’ve lived here for 28 years.

## Outlook

If you judge your investment results over ten years, or are just planning on living for another decade, you should not bet against ASEAN outperforming. Its aspirational population works harder and for less than elsewhere. The politics are horrible (hardly unique) but remain, on the whole, business-friendly and, as we’ve seen from the region’s handling of Covid, effective. Meanwhile, valuations remain compelling.

James Hay

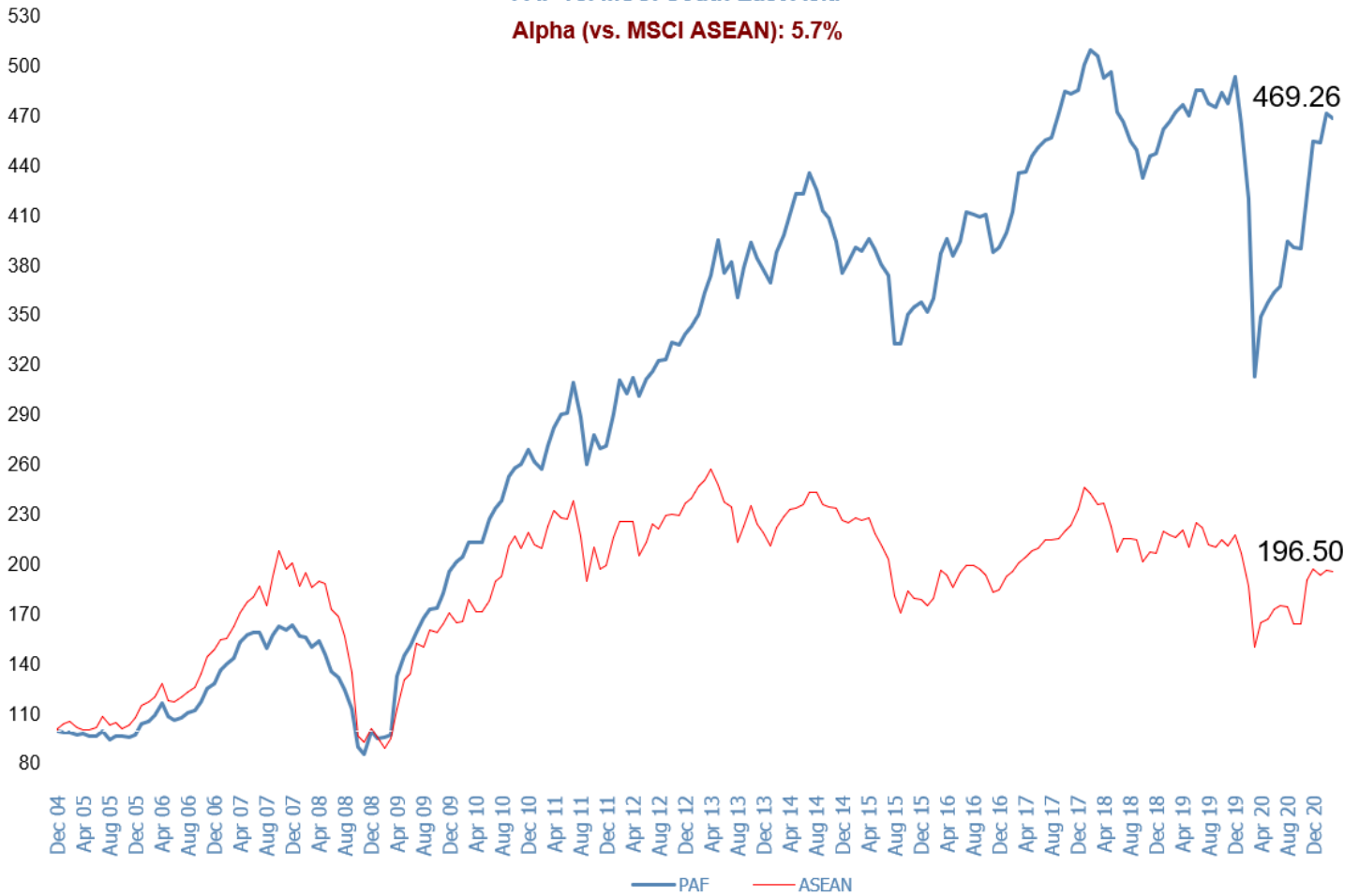
7<sup>th</sup> April 2021



Sixteen years track record and annualised return of 9.93%

PAF vs. MSCI South East Asia

Alpha (vs. MSCI ASEAN): 5.7%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2021</b>	NAV	454.64	471.89	469.26										3.06%
	% chg	-0.15%	3.79%	-0.56%										
<b>2020</b>	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%	
<b>2019</b>	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%	
<b>2018</b>	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%	
<b>2017</b>	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%	
<b>2016</b>	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%	
<b>2015</b>	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%	
<b>2014</b>	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%	
<b>2013</b>	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%	
<b>2012</b>	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%	
<b>2011</b>	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%	
<b>2010</b>	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%	
<b>2009</b>	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%	
<b>2008</b>	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%	
<b>2007</b>	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%	
<b>2006</b>	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%	
<b>2005</b>	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%	
<b>2004</b>	NAV	-	-	-	-	-	-	-	-	-	-	-	100.37	
	% chg	-	-	-	-	-	-	-	-	-	-	-	0.37%	

**Best monthly return**            35.77%  
**Worst monthly return**        -25.36%  
**Maximum drawdown**           -47.53%  
**% of positive months**        64.80%  
**Annualised return**             9.93%



## By Sector

