



## Pangolin Asia Fund April 2018 NAV

As at the 30<sup>th</sup> of April 2018 the NAV of the Class A shares of the Pangolin Asia Fund was US\$493.22 net of all fees and expenses, down 2.59% from US\$506.32 in March.

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

As of today, the fund is about 92% invested, with the split being approximately as follows:

Singapore	12%
Malaysia	37%
Indonesia	33%
Thailand	18%

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
Apr 2018	0.25%	0.27%	-3.14%	0.76%	5.42%	0.75%	0.77%	0.55%	-2.59%
YTD 2018	-2.25%	-0.96%	-5.68%	4.09%	6.20%	1.51%	1.04%	1.66%	1.53%

Return (in USD)									
Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Apr 2018	0.25%	0.27%	-4.16%	-0.64%	4.25%	-0.19%	0.77%	0.55%	-2.59%
YTD 2018	-2.25%	-0.96%	-8.11%	7.36%	7.01%	4.80%	1.04%	1.66%	1.53%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Apr 2018	-1.38%	-1.12%	-1.06%	-0.93%
YTD 2018	3.13%	0.76%	-2.57%	3.25%

Markets are wobbling and the USD is strengthening. Additionally, small-caps (which we like) continue to be weaker than index heavyweights.

### The Malaysian Election

Next Wednesday Malaysians will vote in the country's 14<sup>th</sup> general election. The ruling coalition (BN), dominated by UMNO, has ruled continuously since independence in 1957. A few years ago, BN lost its 2/3 majority. Although BN is widely expected to win, the result is by no means assured as the unpopularity of the Prime Minister Najib Razak and the entry of former PM Dr Mahathir into the opposition could conceivably cause an upset.



In the last election, Malaysia's ethnic Chinese deserted the government. The opposition are banking on a Malay Tsunami this time round. The government certainly seems rattled and changes to electoral rolls, boundaries and all sorts of other hastily introduced new rules are, according to the opposition, unfair measures to skew the result in BN's favour.

Anecdotally, the idea of a Malay Tsunami doesn't seem so far-fetched. Talking to ordinary Malays gives the impression that many of those one would assume to be die-hard UMNO supporters are willing to vote for the opposition Pakatan Harapan alliance this time. Whether this will really happen or not remains to be seen.

## **Market impact of a change of government**

Any change would be a shock. The question then is whether BN would accept the result (the armed forces, police and other government institutions are very much aligned) and go quietly. In the past, when the opposition has won individual states, newly elected state reps have been enticed to switch side to the government, as happened in Perak in 2008 and Sabah in 1994.

For more, see: [https://en.wikipedia.org/wiki/2009\\_Perak\\_constitutional\\_crisis](https://en.wikipedia.org/wiki/2009_Perak_constitutional_crisis)

Whether federal parliamentary MPs could be persuaded to cross over to BN or not is a matter for conjecture. Other fears include the use of emergency laws in order to stay in power.

The likelihood is, that in the unlikely event of an opposition victory, BN would have to accept the result. However, even that would have ramifications. It is widely speculated that after over 60 years' of uninterrupted power, there are many skeletons in many closets. The opposition have accused PM Najib Razak of being a crook and are threatening to jail him.

If there is a change, then there is a strong probability of a market meltdown.

Malaysia has been my home for 25 years. Malaysians are moderate, tolerant people. In my view, any market disruption is unlikely to be indicative of what is happening in the broader economy. For that reason, should the unexpected happen, and the market significantly weakens as a result, we would be looking to invest much more into Malaysia.

PG Wodehouse's funniest character was Psmith (not Jeeves). His favourite saying was "never confuse the impossible with the unlikely".

If the unlikely happens and consequently the Malaysian companies we like best become exceedingly cheap, existing investors may well receive a call from me.

James Hay.  
3<sup>rd</sup> May 2018

*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
2018	NAV	501.11	510.62	506.32	493.22									1.53%
	% chg	3.15%	1.90%	-0.84%	-2.59%									
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** 67.08%  
**Annualised return** 12.63%

### By Sector

