



Pangolin Asia Fund January 2018 NAV

As at the 31st of January 2018 the NAV of the Class A shares of the Pangolin Asia Fund was US\$501.11 net of all fees and expenses, up 3.15% from US\$485.79 in December.

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

As of today, the fund is about 96% invested, with the split being approximately as follows:

Singapore	11%
Malaysia	41%
Indonesia	30%
Thailand	18%

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

Overview

It would have been hard not to have been up last month.

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
Jan 2018	5.79%	5.62%	3.93%	3.99%	3.85%	4.17%	7.54%	5.65%	3.15%
12 Months	31.64%	23.91%	24.77%	11.79%	15.99%	15.82%	40.47%	27.85%	25.25%

Return (in USD)									
Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Jan 2018	5.79%	5.62%	5.25%	7.94%	5.74%	8.29%	7.54%	5.65%	3.15%
12 Months	31.64%	23.91%	24.61%	26.99%	24.63%	29.73%	40.47%	27.85%	25.25%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Jan 2018	3.80%	1.82%	1.26%	3.95%
12 Months	13.59%	7.45%	-0.13%	12.01%

Outlook

Malaysia is overweight as we have invested 14% of the portfolio into a Malaysian property group which is undergoing a restructuring. Once the reorganisation is complete we will get some cash back, resulting in a reduction of the position to 10%. At which point we may either buy some more or reinvest it elsewhere in the portfolio.

I don't have a problem with being overweight something I really like. In this case, I think we've found a bargain; and we keep rechecking our calculations to make sure we haven't got a decimal point in the wrong place. After 9 years of a bull market (which ended today?) we are no longer finding undiscovered small-caps on 5-6x earnings but instead are coming across value in the mid-cap space, particularly in overlooked Malaysia.



For me a normal weight is 10%. In theory we'd only ever own 10 stocks, but the practicalities of investing in small caps means that is not the case. However, my view has always been that if I'm going to add a new name to the fund, I have to be prepared to overweight it; otherwise, I should just buy more of something we already own.

This, I am often told, is not normal portfolio construction. The Pangolin Asia Fund more closely resembles a personal portfolio than most unit trusts. Over the years the ~~big-bets~~ high-conviction ideas have generally done well for us, although the hit rate is, of course, below 100%. Bear in mind that we have only ever owned around 60 stocks over the 13-year life of the fund (we are in the low 20s now). Having written that, I'm not sure what we can infer from it: that our losers are as well-researched as our winners?

Once a month I sit down and try to find another way of saying: **buy-low, sell-high or not-at-all**. It looks like buy-low might be coming back into play. By most measures much of Asia looks better value than pretty much anywhere else in the world. GDP growth, PE Ratios, Mkt cap/GDP. Take your pick.

As a long-only, long-term investor the fund tends to move in the same direction as the markets, although over any longer time period we hope to be able to make money. And I remain optimistic that our fund is well positioned to capitalise on ASEAN's growth story, particularly the middle-class-driven consumption theme.

James

6th February 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.



PANGOLIN INVESTMENT MANAGEMENT

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	NAV	501.11												3.15%
	% chg	3.15%												
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 67.72%
Annualised return 13.02%

By Sector

