



PANGOLIN AVIATION RECOVERY FUND

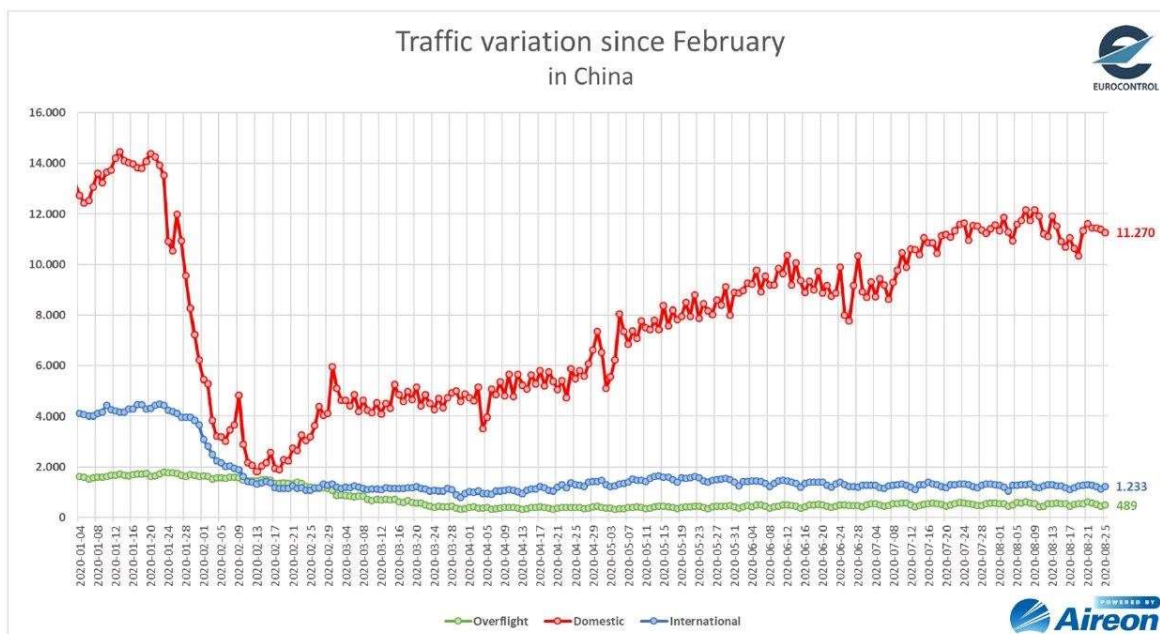
Dear Investors,

Pangolin Investment Management is delighted to announce the recruitment of Mohshin Aziz, who has spent the past decade as transport analyst with Maybank-Kim Eng in Kuala Lumpur. Before that, he spent six years as head of Investor Relations at Air Asia. Mohshin will be joining our team in Singapore next month.

After 16 years, Pangolin is going to launch its second fund – The **Pangolin Aviation Recovery Fund**. We believe there is a unique opportunity to invest in the aviation sector, in what should be a high beta play on the World's return to post-Covid normality. Mohshin will take the lead on this.

I've never owned an airline stock but have followed Mohshin's research for many years. His calls have nearly always been right and I've discussed an airlines fund with him in the past. His knowledge of the industry is encyclopaedic and I am more than hopeful that the timing is right as the world regains its footing.

Much of the industry is on its back, despite unprecedented levels of government support. Amidst the carnage, there will be survivors and big winners. Some markets will recover ahead of others. Chinese domestic travel is already at 80% of pre-Covid levels.



The fund will be global in its reach. Areas of interest will include airlines, airports, aircraft manufacturers, service companies and anything else basically related to air transportation. This is a cyclical industry and timing is rather of the essence. If we can get everything sorted, we should be able to launch the fund on 1st December, which means all else being finished in October.



The fund will invest in listed securities. Unlike the Pangolin Asia Fund, we should be able to offer weekly liquidity to our investors. It is most likely to be a Caymans entity and, because performance is more important than size, there will be both a management and performance fee. We may offer a share class with a hurdle against the sector – I'd be happy to receive feedback on this.

The fund will be able to short, but for starters the focus will be on the industry's recovery.

Mohshin is our first hire for seven years. We Pangolins don't rush into things. It is crucial that the new fund doesn't distract from the Asia Fund and I'm satisfied that it won't. Of course, I'm happy to talk to any who have concerns over this. I know I've said in the past that we'd never open another fund or hire anyone else, but I'm convinced that this opportunity is too good to pass.

Living in Malaysia, with its low incidence of Covid, has convinced me that the world will return to normal, not a "new-normal". As we all did following 9-11, we'll learn to live with airport inconveniences in order to fly again.

More details will follow soon, followed by Zoom calls with Mohshin once we have the pitch book and Prospectus ready.

Have a good weekend,

James Hay.
25th September 2020

Ps. I wanted to call it the Lazarus Airlines Fund but have been vetoed by my peers. The Pangolin Aviation Recovery Fund it is.