



Pangolin Asia Fund December 2020 NAV

As at the 31st of December 2020 the NAV of the Class A shares of the Pangolin Asia Fund was US\$455.32 net of all fees and expenses, up 7.67% from US\$422.87 in November.

As of today, the fund is about 91% invested, with the split being approximately as follows:

Singapore	12 %
Malaysia	25 %
Indonesia	62 %
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
Dec-20	3.27%	3.71%	5.65%	6.53%	4.13%	1.35%	2.91%	6.62%	3.66%	7.67%
YTD 2020	7.25%	16.26%	43.64%	-5.09%	2.42%	-11.76%	-8.26%	22.47%	-9.34%	-7.80%

Return (in USD)										
Period	DOW	S&P 500	NASDAQ	JSE	KLSE	STI	SET	MSCI ex JP	MSCI-ASEAN	PAF
Dec-20	3.27%	3.71%	5.65%	7.06%	5.51%	2.84%	4.03%	6.62%	3.66%	7.67%
YTD 2020	7.25%	16.26%	43.64%	-6.33%	4.22%	-10.17%	-9.04%	22.47%	-9.34%	-7.80%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Dec-20	1.33%	1.47%	0.50%	1.09%
YTD 2020	1.76%	1.80%	-1.31%	-0.85%

Last month saw dollar weakness which has prompted many to start enthusing about the prospects for Emerging Markets. In recent years we've experienced the "end of the dollar" a few times. Anyway, there is some correlation between EM strength and a weak USD, but whether that makes a case for investing is debatable. With so much passive-investment money sloshing around (and therefore a 50:50 chance that the trend can reverse) investing in what looks really cheap is surely always the safest.

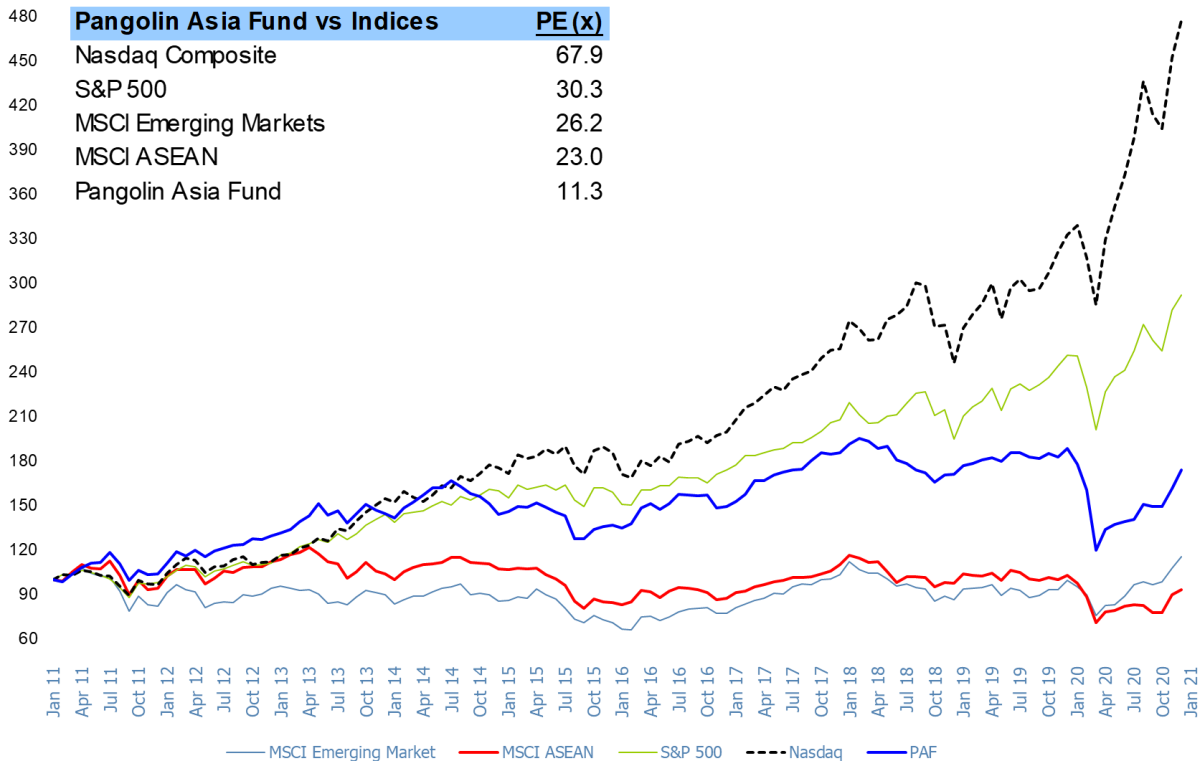


Some inverse correlation of EM Vs USD



Nevertheless, some sustained investor interest in our companies and markets would make a pleasant change. Often, after a conference call discussing what we own and going through the investment cases, there's an occasional feeling of frustration in the lack of interest. The ASEAN index has pretty much flatlined for a decade (see the chart below) despite decent growth and prospects whereas NASDAQ was up 43% in 2020 alone.

SE Asia has Underperformed for 10 Years

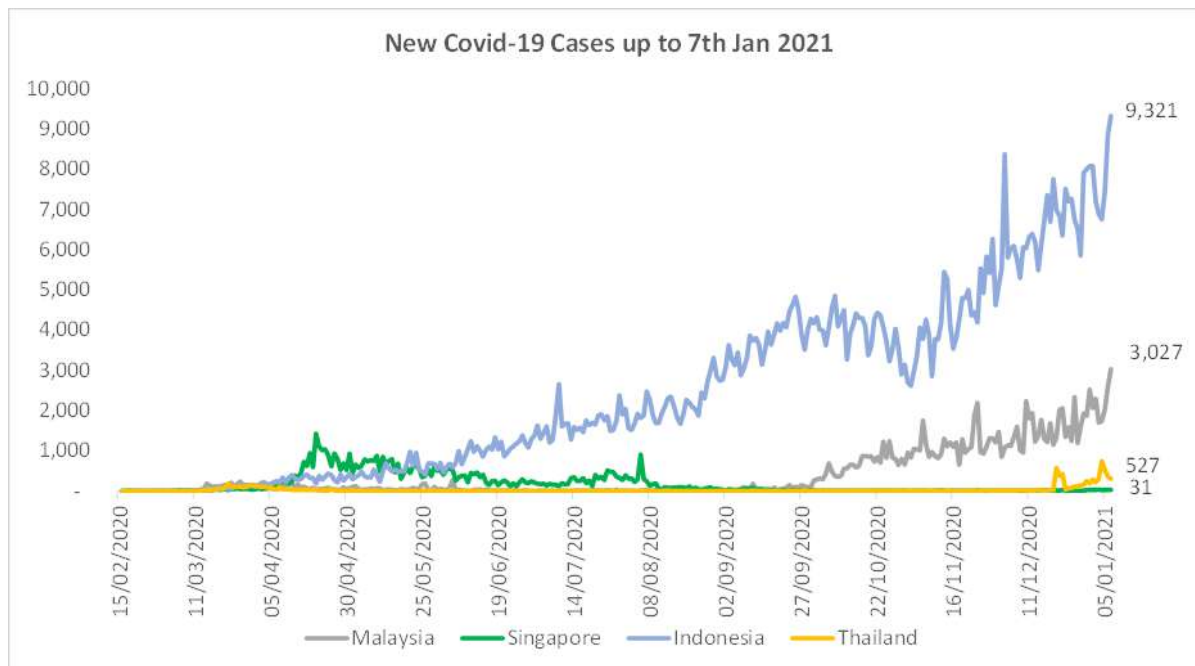




Malaysia was the best performer among the markets we look at in 2020, despite Fitch's downgrading of the Ringgit. This was largely driven by WFH retail investors (and the shares of glove manufacturers) rediscovering their domestic market. We don't own any glove manufacturers due to the cyclicity of the product, generally preferring more stable consumer exposure. Our investment thesis is based largely on the basis that whatever sector is doing well will translate into more demand for autos, KFC, HP loans, mascara, etc.

Outlook

The C word is now dominating conversation in Malaysia, Thailand & Indonesia. Singapore has more or less got it under control with only 2 community cases and the rest being imported. Indonesia reported over 8,000 new cases yesterday in what has been a steadily growing trend. Thailand, having had almost no cases for most of the year, is facing outbreaks (blamed on migrants of course) and possible lockdowns. Malaysia now has widespread community outbreaks and the virus is no longer confined to migrant workers. Yesterday (alone) there were over 3,000 new cases. The government seems reluctant to impose a new lockdown although I think the population is prepared to accept one.



There is a risk of Malaysia's fragile coalition government collapsing and a general election being called, thus resulting in a super-spreader event over a few weeks. Whatever one's politics, this looks like the least favourable outcome.

Value largely depends on discounted future cash flows. Our base case remains that business will broadly return to 2019 levels in 2022. Then we need to drill down to the individual companies. Given the slow roll-out of vaccinations, this still makes sense to me.

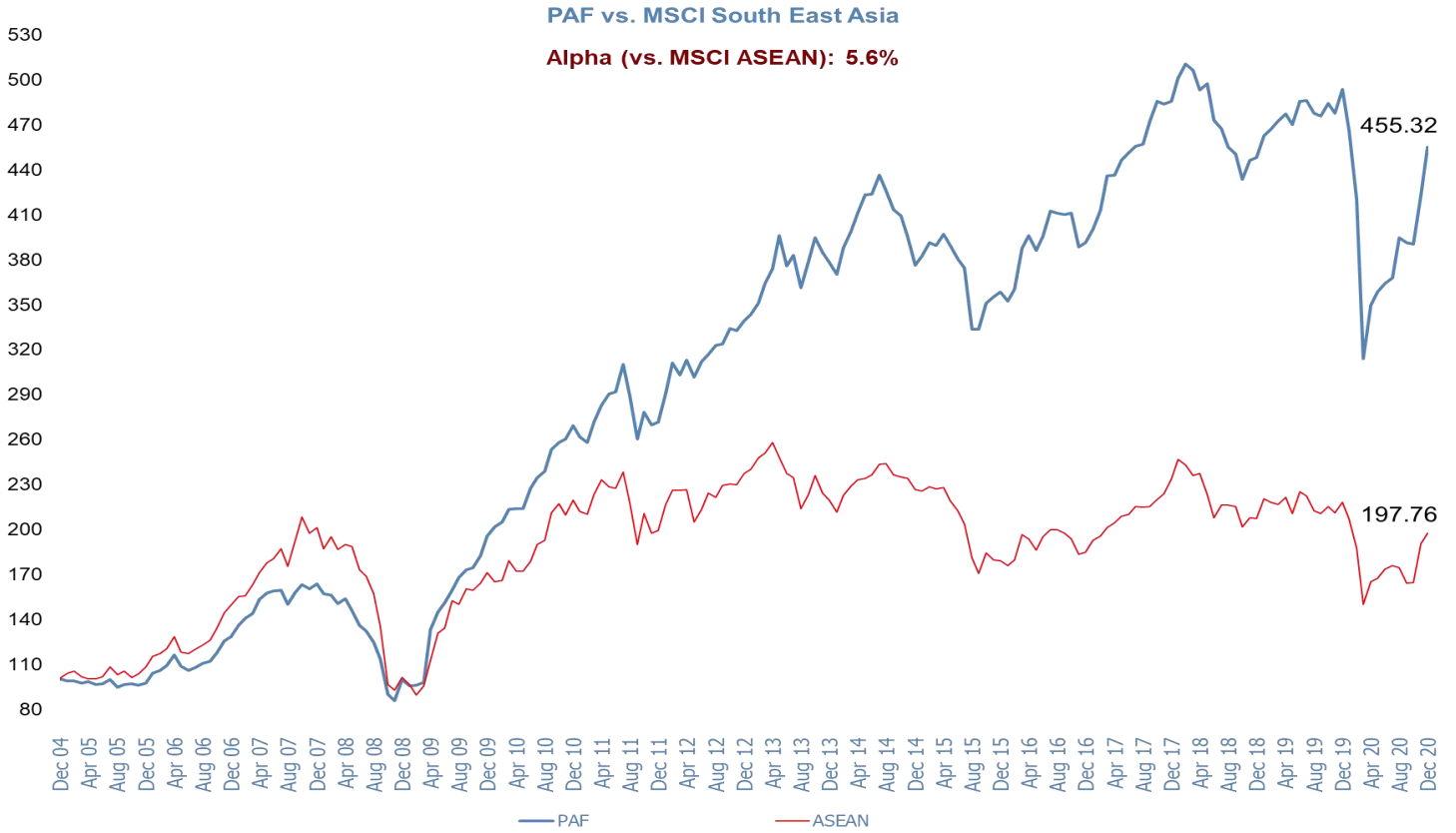
Happy New Year and good luck with the resolutions,

James
8th January 2021

We don't like to discuss our 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.



Sixteen years track record and annualised return of 9.88%





Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	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%	
2019	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%	
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 -25.36%
Maximum drawdown -47.53%
% of positive months 65.28%
Annualised return 9.88%



By Sector

