



19 September 2019

Re: Why Asia? - - Growth, Wealth, Real Estate Value, *and Asian Currencies*

Dear Client,

Summary:

Pennington Fund's Asia-centric REIF is continually growing because of:

- Intrinsic Value of Holdings
- High-Valued Local Currencies
- Positive Geo-Political Pressures

Recommendations: Diversify into the Pennington REIF.

Introduction:

Pennington's REIF invests in high-performing REITs in Asia, but only in those Asian economies which are competitive and do not practice currency manipulation.

Pennington's REIF holdings in REITs, from largest to smallest, include :

- Singapore
- Thailand
- Japan
- Malaysia
- Taiwan
- Indonesia
- South Korea
- Hong Kong, SAR

(Note: Pennington does not invest in Mainland China, PRC)

Measuring a Country's Wealth, and Trusting its Currency:

Countries which have strong economies and strong currencies tend to be productive, self-reliant, have a high GDP to debt ratio, and have low external debt.

Paraphrasing from "The Wealth of Nations", by Adam Smith, "*Wealth is determined by taking the total market value of all physical and intangible assets owned, then subtracting all debts.*"

In plain English, Pennington's REIF invests where real estate values are consistently climbing, and where the local currency is equal in quality to the USD, or in fact consistently outperforming the USD.

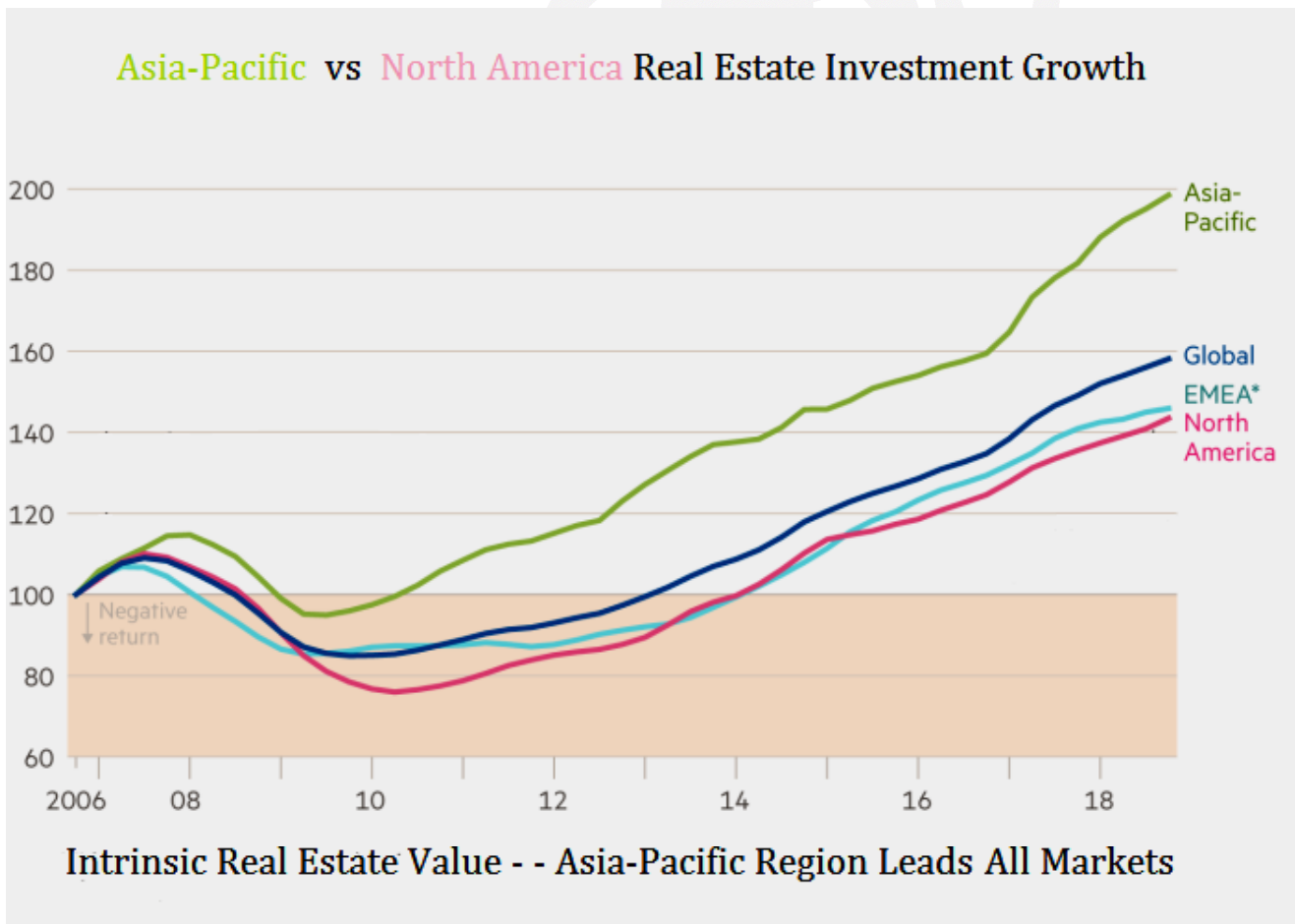
Location Example: The Singapore Real Estate Market

Singapore GDP growth continually increases, supported by strong earnings and good reserve cash levels. Mortgage rates are slightly rising, but not nearly enough to derail the non-stop growth and even higher demand.

Singapore property prices and rents continue to rise, and in our view, we expect continued healthy property fundamentals, particularly for developers. Real estate demand continues to exceed supply, and we see a tripling in potential demand, especially for commercial properties.

We expect office and other commercial rents of REIT-managed properties to post a second and third year of double-digit growth in 2019 and 2020, as vacancies tighten amid a tight supply outlook and healthy demand.

Singapore is our most preferred country exposure with our Asian property coverage. In particular, we believe developers and existing REITs offer more compelling valuations relative to what we see as healthy property fundamentals.



Currency Example: The Thai Baht (THB)

The Thai Baht is the official currency of the Kingdom of Thailand. The Baht is rated as one of the strongest currencies in Southeast Asia. The Bank of Thailand (BOT) issues the currency. The Thai Baht is not pegged to any foreign currency.

As indicated in the following graph (note the red regression line) the Thai Baht has sharply outperformed the USD, gaining 18-percent (18%) since 01-January-2016:



Thai Baht (THB) (Growth) Vs USD (Decline), 2016-2019

Pennington's 2019-2020 REIF Strategies:

Pennington will continually decrease holdings of REITs in Hong Kong and South Korea, and increase positions in REITs in Singapore, Malaysia, Taiwan, and Thailand.

In real estate, market volatility is always your friend. The old "buy low and sell high" mantra may seem trite and hackneyed, but in all honesty, that's why we are in real estate, and that's also why we depend on our skilled analysts, who consistently give us their unmatched market predictions.



In summary, every investor should consider the Pennington REIF, unique for its relatively short-term lock-up (24 months) and equally unique for its consistent growth.

Please see the Pennington REIF Fact Sheet:

[http://www.pennington-trading.com/confidential/Fact Sheet Pennington REIF.pdf](http://www.pennington-trading.com/confidential/Fact_Sheet_Pennington_REIF.pdf)

Sincerely,

A handwritten signature in black ink that reads "Charles Pennington".

Charles Pennington
Chairman and CEO, Pennington Fund

