



Pangolin Investment Management

Pangolin Asia Fund December 2009 NAV

As at the 31st of December 2009 the NAV of the Class A shares of the Pangolin Asia Fund was US\$195.87 net of all fees and expenses, up 7.27% from US\$182.60 in November. For 2009 the fund was up 95.34%, a performance unlikely to be repeated too often. Please see the table at the end of this letter for further detail.

At the end of December the fund was just about 90% invested, with the split being approximately as follows:

Indonesia	50%
Malaysia	37%
Singapore	13%

Details of the individual holdings are always available to investors on request.

Overview

In December our largest positions continued to perform well. 2009 was an uncomplicated year for a value fund manager in South-East Asia and we were able, with some relative ease, to acquire positions in good companies very cheaply. Many of these remain cheap and the fund is likely to hold most of its positions for a few years yet.

Outlook

In 2010 we are going to have to work a bit harder to generate returns. There is more interest in the region and in markets generally than there was a year ago, which of course makes it that much harder to steal a march on the competition. At Pangolin we like to take our time before deciding on an investment. Bear markets allow us to have a leisurely look but when things are hotter our new ideas can surge while we dither, with the result being that we may have to look elsewhere.

Nevertheless, there remain outstanding investment opportunities within this growing region. I hope that by continuing to focus on the less liquid and by backing up our research with company visits we can continue to unearth a few. We have some ideas already but would love a few more, so please do not hesitate to contact Vinchel or me if you think you can help. Our ideal company is a well-managed consumer franchise trading on a single digit PE, with an ROE above 20% and with net cash on the balance sheet, although we are happy to look at anything that sounds sensible and doesn't earn its keep by destroying the rainforest.

If you are in Malaysia on January the 30th it would be worth visiting Batu Caves for the Hindu festival of Thaipusam. Visitors are welcome to watch the devotees, or even to join in.





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I'd write a bit more but I've got flu and I'm going home to bed.

Have a happy and healthy 2010.

James Hay.

8th January 2010.

Ps. I have put a few of my travel photographs on the website. The idea is to give those of you who do not have the chance to travel to the remoter areas an idea of what they look like. Be forewarned that there are (a) rather a lot and (b) the quality of my snaps is not great.

I don't like to discuss stocks publicly but I am always happy to talk to existing investors and those interested in the fund. If you have any questions, concerns, ideas, or just fancy an argument, please get in touch.

Further information can be found at www.pangolinfund.com

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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	157.9	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	94.9	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%	

2009 return	95.34%	Best monthly return	35.77%
2008 return	-38.81%	Worst monthly return	-20.42%
2007 return	27.19%	Maximum drawdown	-47.53%
2006 return	31.74%	% of positive months	67.21%
2005 return	-2.57%		