



# Pangolin Investment Management

## Pangolin Asia Fund December 2011 NAV

As at the 31<sup>st</sup> of December 2011 the NAV of the Class A shares of the Pangolin Asia Fund was US\$271.75 net of all fees and expenses, up 0.67% from US\$269.95 in November. For 2011 the fund was up 0.85%. Not great but it might have been worse. Please see the table at the end of this letter for further detail.

As of today, the fund is just about 92% invested with the split being approximately as follows:

Indonesia	34%
Malaysia	38%
Singapore	20%
Thailand	8%

No names I'm afraid but details of the individual holdings are always available to investors on request.

### Overview

We added a bit to one of our Singaporean holdings in mid December. That was our only trade for the month. OK it was December but that is not that atypical of our monthly trading activity. Also we're a bit low on cash at the moment; otherwise we'd be buying some more.

### Outlook

I managed to break my collar bone while skiing a couple of weeks ago. Typing with one hand is not much fun so I'm not going to write a lot. However I am pretty relaxed about what is in the portfolio and hope that a lot of the bearish sentiment around is fairly well priced in. In fact the stocks we own look cheap to me but we are always on the lookout for new investments.

To help uncover them I am delighted to welcome Eing Kar Mei to Pangolin. She comes to us from OSK in Malaysia, for whom she covered the consumer sector. Her joining will expand our analytical reach considerably and I am delighted it is at a time when I consider stocks to be good value. We have a long list of companies we wish to visit with a view to deciding which ones we'd like to own, so she and her colleagues have plenty to do.

There aren't many bulls out there (a good sign) and we've generally made money buying at the kind of valuations we are paying now, so I'm quite optimistic. Not necessarily for 2012 but with my normal three year view. As I've said before, Malaysia looks cheap and under-owned so we'll probably continue to buy stuff there. As an indication, the following table shows that foreign ownership levels for Malaysian banks remain fairly close to their 2009 lows.

### Foreign shareholding

	End-Sep '11	2009 trough	as at	Pre-GFC peak	as at
Maybk	13.1%	10.3%	Mar 09	22.8%	Apr 07
CIMB	35.2%	27.3%	Mar 09	53.8%	June 07
Public	25.5%	24.9%	June 09	33.7%	June 07
RHBC	12.8%	5.2%	June 09	16.5%	Mar 07
AMMB	26.0%	28.5%	Mar 09	41.2%	June 07
HL Bank	7.7%	6.9%	Mar 09	13.5%	June 07

*Excludes ANZ's 23.8% in AMMB, Aabar's 24.9% in RHBC, and BUTM UFJ's 5% in CIMB*

*Sources: Companies, Maybank IB*



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James Hay  
10<sup>th</sup> January 2012

*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.*

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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	196.87	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%	

Best monthly return	35.77%	% of positive months	69.41%
Worst monthly return	-20.42%	Annualised return	15.16%
Maximum drawdown	-47.53%	5-year CAGR	16.10%