



## Pangolin Asia Fund February March NAV

As at the 31<sup>st</sup> of March 2015 the NAV of the Class A shares of the Pangolin Asia Fund was US\$389.48 net of all fees and expenses, down 0.43% from US\$391.18 in February.

Please see the table at the end of this letter for further detail.

As of today, the fund is about 88% invested with the split being approximately as follows:

Singapore	22%
Malaysia	27%
Indonesia	32%
Thailand	19%

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

### Overview

To put the month into some perspective, please see the tables below:

#### Return (in local currencies, except MSCI Asia Ex-Japan)

Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Mar 15	-2.0%	-1.7%	1.3%	0.5%	1.3%	-5.1%	0.8%	-0.4%

#### Return (in USD)

Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Mar 15	-2.0%	-1.7%	0.1%	-2.2%	0.4%	-5.7%	0.8%	-0.4%

#### % Change in Currency Vs USD

Month	MYR	SGD	IDR	THB
Mar 15	-2.68%	-0.68%	-1.09%	-0.58%

We are still swimming against a strong US\$ tide. This \$ strength will be giving these export driven economies a competitive advantage which presumably will show up in the numbers at some point down the line. This, coupled with the fall in the oil price, should be making the consumer want to spend, spend, spend, but we haven't seen much evidence of it yet.

Meanwhile we think we're buying cheaply enough. What we like is not moving (consumer) so we hope we're building a base for a more profitable future.

### Politics

Lee Kuan Yew died last month. When you look at Singapore today, you realise he was one of the all time greats. He started life as a socialist but quickly realised that the best way to help the poor was to create a wealth generating society; and to spend the receipts on excellent housing and education, thus giving everyone an opportunity if they were prepared to grasp it.

I've been back in the UK recently where campaigning for the election is in full swing. The concept of allowing the pie to grow before cutting it is alien to most of the politicians here as far as I can see. The contrast is clear.



Thirty odd years ago I briefly attended university in a northern town. It was a dump then but it is even worse now. The city centre is almost derelict with boarded up windows in many of the buildings. The Coronation Street roads have few cars in them and the parks and public spaces are in disrepair. For the poor to be no better off in the world's 6<sup>th</sup> largest economy is a disgrace and highlights the failure of politicians on both sides.

Now Lee Kuan Yew was no democrat but unlike most who hang on to rule, power didn't seem to corrupt him. But without delivering clear benefit, it would have been almost impossible to rule for so long, let alone for the population to allow his son to also become prime minister.

In **Malaysia** the politics are getting horribler and horribler. It would appear to be part of an opposition politician's weekly routine to be called in to the cop shop to be charged with sedition and quite often detained overnight to assist the police with their enquiries. The powers given to the police under the new Prevention of Terrorism Act have human rights groups, lawyers and retired judges up in arms.

Meanwhile opposition leader Anwar Ibrahim has barely started his 5 year jail sentence for sodomy.

And the 1MDB scandal rumbles on and on. Amongst allegations of, at best mismanagement and at worst misappropriation of billions, the government is finding it impossible to make this story go away. [www.sarawakreport.org](http://www.sarawakreport.org) is the best place to go for the latest – it seems to be the wikileaks for 1MDB despite the fact that the government ordered all employees' work computers to be wiped (apparently to prevent viruses).

Now Dr. Mahathir, Malaysia's longest ruling prime minister, is calling for the present incumbent Najib to resign.

In **Thailand** a fortune teller has predicted that its military dictator General Prayut will rule for three more years. Prayut has promised elections early next year and has basically told the fortune teller to shut up. I know where I'd put my money on this one.

## Outlook

Despite depressing politics, we expect economic growth in the four countries in which we are invested to be as follows this year and next:

	2015	2016
<b>Singapore</b>	3.30%	3.50%
<b>Indonesia</b>	4.90%	5.50%
<b>Malaysia</b>	5.00%	5.30%
<b>Thailand</b>	3.30%	3.50%

That's not bad compared to much of the world. So, while keeping one on eye on the politics (and much else), it doesn't look like too bad a region to park one's money – as long as your manager doesn't make a pig's ear of his stock selection, that is.

James Hay  
9<sup>th</sup> April 2015

*I don't like to discuss 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 happy when markets falling.*



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	NAV	382.31	391.18	389.48										3.51%
	% chg	1.60%	2.32%	-0.43%										
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**   -20.42%  
**Maximum drawdown**      -47.53%  
**% of positive months**    67.74%  
**Annualised return**        14.06%

## By Sector

