



# **Pangolin Investment Management**

## **Pangolin Asia Fund announces month end NAV – September 2008**

As of the 30<sup>th</sup> of September 2008, the NAV of the Class A shares of the **Pangolin Asia Fund** was US\$113.55 net of all fees and expenses, down 9.23% from US\$125.09 in August.

At the end of September the fund was almost fully invested, with the split being approximately as follows:

Indonesia	51%
Malaysia	33%
Singapore	16%

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

September was another tough month for the fund's holdings for all the obvious headline reasons. I am not particularly impressed by the US's bailout of Wall Street but hope that my scepticism is unfounded.

Unfortunately the World takes a lead from the actions of the States so in future expect all governments to act similarly to such crises. Any moral high ground has been lost.

Are there any chinks of light? In the press and other financial commentary, very few. However, we are seeing an increased number of privatisation attempts by controlling shareholders in the region, the latest being the rumoured forthcoming bid for Air Asia.

These take-overs may reflect misplaced optimism, as might increasingly popular share buybacks which are often used as a means to support share prices. We do not like this trend, especially when coupled with stock market obsessed directors who actively trade their shares and who are recipients of share options. Buybacks are much better than wanton spending and are a step in the right direction, but dividends are best and remove all sorts of potential conflicts of interest.

We have made some small alterations to the portfolio and are continuing to do so. It is not that anything has gone wrong with what we are selling but cascading markets are just giving us far better opportunities as some companies fall to giveaway prices, particularly but not exclusively, in Indonesia.

I am in Sulawesi this week which is why Vinchel is posting this newsletter on my behalf. The trip's purpose is to keep an eye on what is happening away from Jakarta as Indonesia's growth story is a provincial one. I will be more than happy to discuss the portfolio and the changes we are making with those interested on my return.

James Hay.

6<sup>th</sup> October 2008.

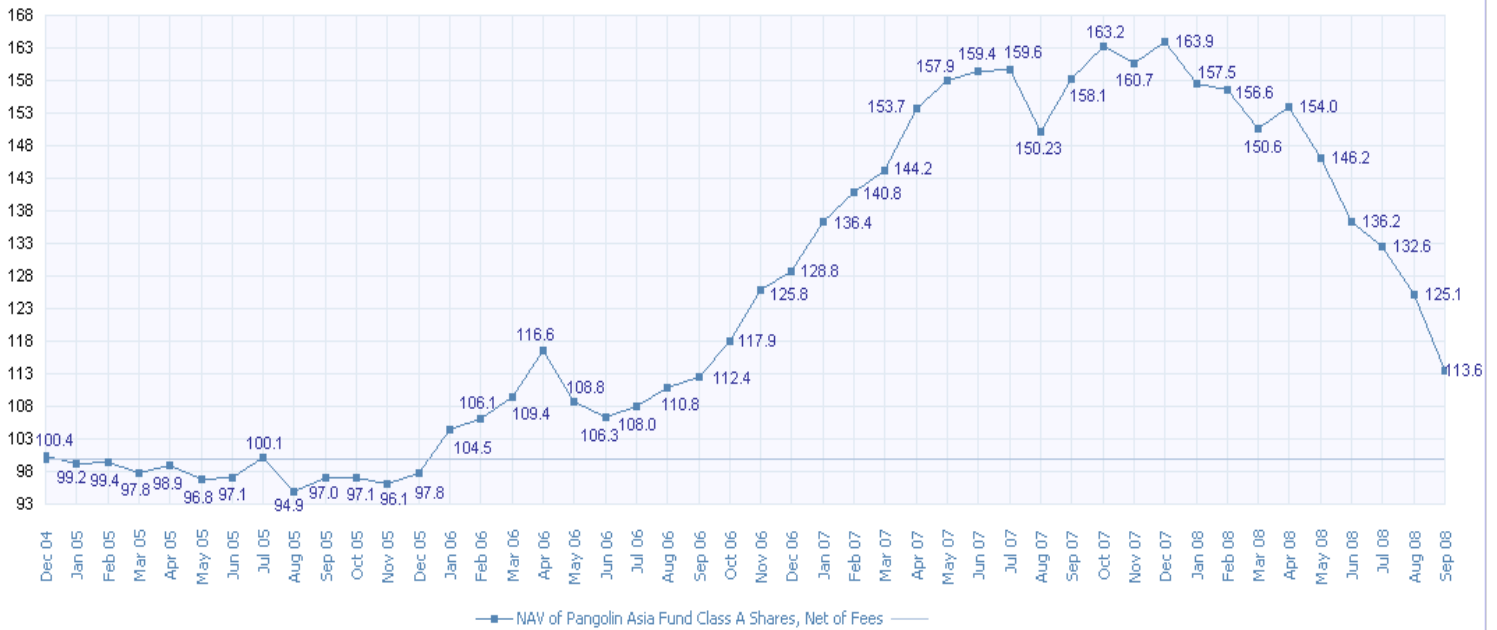
*More details concerning the fund's investments are always available on request.*

Further information can be found at [www.pangolinfund.com](http://www.pangolinfund.com)



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NAV Computation Report - 1st Dec 2004 to 30th Sep 2008



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	Nav	157.49	156.55	150.63	154.03	146.18	136.23	132.58	125.09	113.55				-30.70%
	% chg	-3.89%	-0.60%	-3.78%	2.26%	-5.10%	-6.81%	-2.68%	-5.65%	-9.23%				
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	0.37%
	% chg													

2005 return	-2.57%	Return since inception	13.55%
2006 return	31.74%	Maximum drawdown	-30.70%
2007 return	27.19%	% of positive months	63.04%
2008 return	-30.70%	Standard deviation	3.95%
Average monthly return	0.35%	Standard deviation (annualized)	13.67%
Average return (annualized)	4.24%	Semi deviation	2.94%
Best monthly return	6.89%	Semi deviation (annualized)	10.18%
Worst monthly return	-9.23%	Sharpe ratio	0.02