



# Pangolin Investment Management

## Pangolin Asia Fund August 2011 NAV

As at the 31<sup>st</sup> of August 2011 the NAV of the Class A shares of the Pangolin Asia Fund was US\$289.05 net of all fees and expenses, down 6.83% from US\$310.23 in July. Please see the table at the end of this letter for further detail.

As of today, the fund is just about 86% invested, with the split being approximately as follows:

|           |     |
|-----------|-----|
| Indonesia | 37% |
| Malaysia  | 34% |
| Singapore | 22% |
| Thailand  | 7%  |

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

### Overview

August was pretty much a perfect month for me. Most of it was spent in Italy without a cloud in the sky. Our villa had appalling mobile reception and rubbish internet. Imagine my delight when I was occasionally able to check the markets and see that most of what we like had got cheaper. I managed to buy a bit here and there but what with falling stock prices and a bit of money coming in, the fund's cash as a percentage has risen.

Much of the time we have to work hard to source ideas at the right prices. Finding good companies is not so hard, but getting them cheaply is. Life is much easier if, while I'm having that early glass of something to shake off the previous night's grappa, prices fall and, lo and behold, the good ideas are now available at the kind of valuations we Pangolins like best.

Value buying can look silly in the short term, but over any sensible investment time period we hope to do rather well. Long term, investors should be aware that the risk is not in the markets but in our ability to pick good companies.

### Outlook

We still have more in **Indonesia** than elsewhere but actually we are finding better value in other markets. I've just attended an Asian investment conference at which, as usual, there was plenty of interest in Indonesia but the usual glazing-over of the eyes when I tried to mention **Malaysia**. This neglect of what is a far more developed economy gives us the opportunity to add to our Malaysian holdings. We own some very cheap companies in Malaysia which haven't done a lot for us yet. Nevertheless, compelling valuations mean we should buy a bit more.

We shall probably hang on to what we hold in Indonesia (good companies in growing economy) but at current prices I reckon the easy money has been made down there. As long as we get our sums right and what we think is cheap turns out to be just that, at some point others will rediscover the Malaysia and want to pay more these same assets.

James Hay  
9<sup>th</sup> September 2011

*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.*



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| 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 |        |         |        |        | 7.27%   |
|      | % chg   | -2.82% | -1.46% | 5.35%  | 4.11%  | 2.65%  | 0.43%  | 6.33%  | -6.83% |        |         |        |        |         |
| 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  | 182.6  | 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%  |         |

Best monthly return      35.77%  
 Worst monthly return    -20.42%  
 Maximum drawdown      -47.53%  
 % of positive months    70.37%  
 Annualised return        17.03%  
 5-year CAGR                21.15%