



## Pangolin Asia Fund July 2015 NAV

As at the 31<sup>st</sup> of July 2015 the NAV of the Class A shares of the Pangolin Asia Fund was US\$374.61 net of all fees and expenses, down 1.62% from US\$380.77 in June.

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

As of today, the fund is about 85% 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
July 15	0.4%	2.0%	-2.2%	1.0%	-3.5%	-4.3%	8.7%	-1.6%
YTD 15	-0.7%	2.2%	-8.1%	-2.2%	-4.8%	-3.8%	-2.8%	-0.4%

#### Return (in USD)

Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
July 15	0.4%	2.0%	-3.6%	-0.4%	-5.0%	-8.3%	8.7%	-1.6%
YTD 15	-0.7%	2.2%	-15.9%	-10.6%	-7.8%	-10.2%	-2.8%	-0.4%

#### % Change in Currency Vs USD

Month	MYR	SGD	IDR	THB
July 15	-1.51%	-1.81%	-1.48%	-3.44%

The strong USD combined with a weak Malaysian Ringgit continued to affect the market valuations of the fund's portfolio. We have been actively increasing our positions, which is why our cash is down a bit. As you are all no doubt aware, Emerging Markets sentiment is horrible right now. This is giving us the chance to buy at prices we thought had gone. Some Malaysian companies are especially cheap.

The H1 results from the businesses we own have, on the whole, been in line with expectations or, in some cases, better. This is probably why our shares have held up better than some.

Fundamentally we are encouraged by what we see from our companies. And there are some macro silver linings to the dark clouds of negative sentiment around too; a couple of examples being

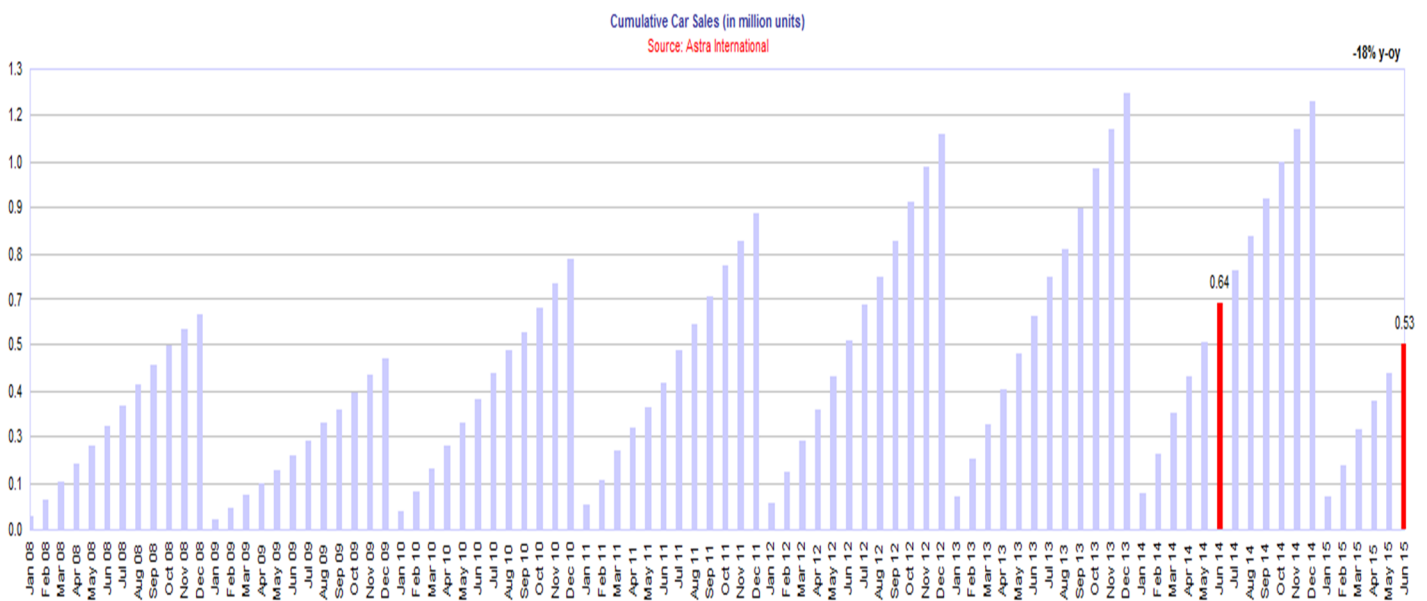
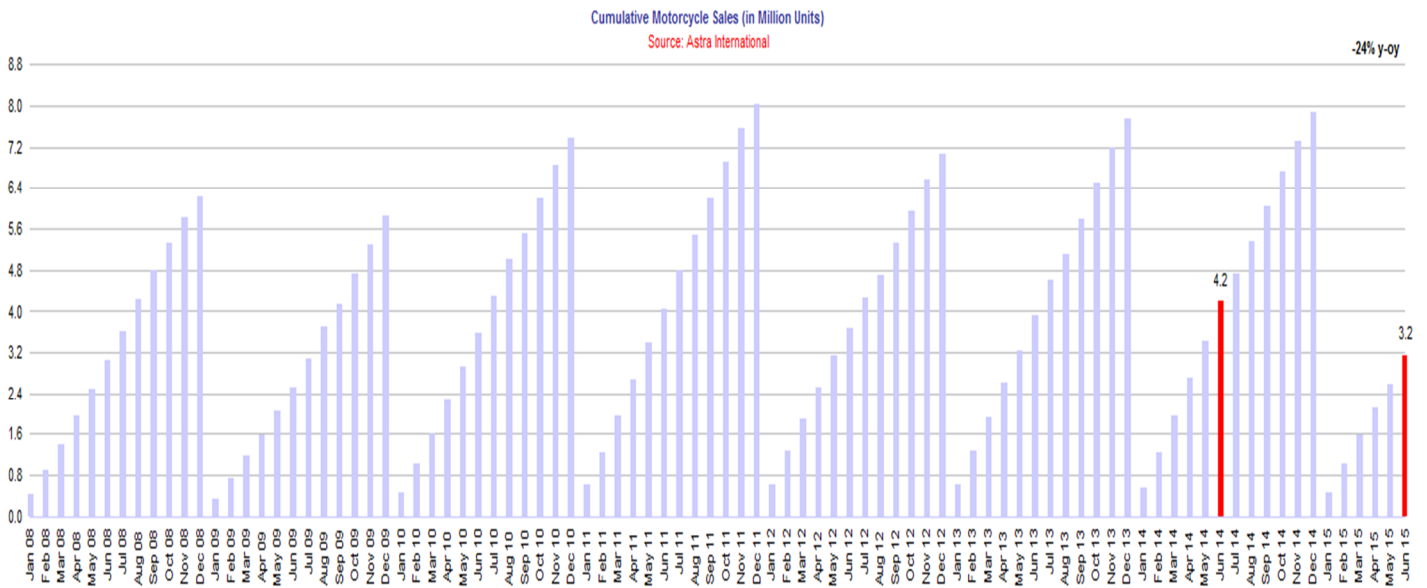
- (1) H1 tourist arrivals in Thailand up 38% YOY.
- (2) Encouraging export numbers from Malaysia, the latter boosted by the weak currency.



## Outlook

It is no secret that emerging markets are not currently in favour. **Malaysia's** stock market and currency are seemingly in freefall as the fallout from the 1MDB scandal spreads. In the last month the Attorney General and deputy Prime Minister have lost their jobs as PM Najib does his best to ride this out.

Consumer spending in **Indonesia** remains depressed. The tables below illustrate what has been happening to Indonesia's vehicle market. To June this year car sales are down 18.2% and motorcycle sales are off 24.5%. The good news is that Q2 sales were better than Q1 and inventory levels have normalised. Bear in mind, car ownership is just beginning in Indonesia.



Despite the doom and gloom Malaysia's and Indonesia's GDPs will both grow by about 4.5-5% this year. Given the collapse in commodity prices, this is quite a feat, especially in Indonesia's case. Singapore will grow by 2% or so and Thailand +/-3%. In a slow world, that isn't bad.



Earnings and margins are depressed by the slow world economy. Despite that, for 2016 we estimate the fund's PE to be 9x with 14% profit growth. The weighted average ROE is 19% and ROIC closer to 30%. And remember that (financials excluded) nearly everything we own is in a net cash position.

The current situation is, as mentioned above, giving us the chance to invest in existing names very cheaply again. We had a big EM wobble at the end of 2011 and a smaller one at the end of 2013. This is another big wobble.

## UCITS

A few months ago we talked to many of you about whether we should launch a UCITS fund. Thanks to all of you who gave advice and opinion. We have decided not to proceed for now, largely because Pangolin's long term investment style is probably not compatible with a more liquid strategy. Nevertheless we are maintaining a dummy portfolio of more liquid positions which, if it does well, we may talk about again at some point in the future. (And if it doesn't, we can quietly forget about it).

## New Director

Pangolin Investment Management Pte Ltd is pleased to welcome Alex Mearns to its board. Many of you will know Alex as CEO of Eureka hedge where he has worked for over 12 years. He will be taking a non-executive role with us.

James Hay  
12<sup>th</sup> August 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.*



# PANGOLIN INVESTMENT MANAGEMENT

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	NAV	382.31	391.18	389.48	396.82	389.67	380.77	374.61						-0.44%
	% chg	1.60%	2.32%	-0.43%	1.88%	-1.80%	-2.28%	-1.62%						
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**      66.41%  
**Annualised return**         13.18%

## By Sector

