



Pangolin Asia Fund June 2010 NAV

As at the 30th of June 2010 the NAV of the Class A shares of the Pangolin Asia Fund was US\$227.45 net of all fees and expenses, up 6.32% from US\$213.93 in May. The fund is up 16.12% YTD. Please see the table at the end of this letter for further detail.

At the end of June the fund was about 75% invested, with the split being approximately as follows:

Indonesia	52%
Malaysia	30%
Singapore	18%

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

Overview

As is often the case with our concentrated portfolio, much of last month's performance came from one stock, following the announcement of its results and dividend. The numbers weren't a great surprise to us but this particular company is not widely followed (zero analyst coverage) and the share price jumped 60%. As usual I don't like to name names but this highly illiquid stock has been in the fund since we started and has been one of our best performers.

In fact our best performance has come from our least traded companies which reinforces my belief that the markets' desire for liquidity results in the least liquid being the most under-priced.

Outlook

In Malaysia there have been two instances of company fraud uncovered in the past few weeks. In one case a director transferred all the cash to his account in the Seychelles (allegedly) and in the other the major shareholder disappeared just as the cash seemed to have run out. First he claimed he had been kidnapped and then that he was hospitalised. Whatever, he certainly doesn't seem to be in a hurry to return. Luckily we don't own these companies but yet again this highlights the risks of investing and weak auditing standards. I know it happens in the West as well, but Malaysia does seem to have more than its fair share of this.

The last month has been a frantic one of visiting companies in Indonesia, Thailand (where I am now), Singapore and Malaysia as well as trying to watch every World Cup game. Consequently I am totally exhausted and therefore this letter will end very soon.

Most tell me they want to wait before investing as obviously Greece, Spain, Milwaukee's municipal bonds or something else is about to obliterate the world economy. That is the top-down. The bottom-up, based on visits to smaller companies, leads me to be optimistic; there are an awful lot of cheap companies about and I think we can make money with our normal at-least-a-three-year-view from here.

One area where one has to be a bit cautious is in the consumer sector. In some cases I believe that buyers are being rather overoptimistic. It is important to bear in mind that many of 2009's results were boosted by falling commodity prices and one can expect margin contraction in many cases this year. The story is still good but don't overpay.

Luckily there is still plenty to buy and, thanks to new subscriptions and dividends, we have about 25% cash, just about a record high. We know what we want to own but price is everything; I hope we can get what we want, in the amounts we want at the prices we want.

I heard the following on the radio from a property agent the other day, but it is equally apt to our process:

"Don't wait to invest, invest and wait."

That is now the Pangolin slogan and if I hear anyone else say it I'll sue.



Pangolin Investment Management

James Hay

9th July 2010

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.

Further information can be found at www.pangolinfund.com

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	Nav	201.91	205.09	213.68	227.44	213.93	227.45							16.12%
	% chg	3.08%	1.57%	4.19%	6.44%	-5.94%	6.32%							
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 68.66%