



## Pangolin Asia Fund May 2014 NAV

As at the 31<sup>st</sup> of May 2014 the NAV of the Class A shares of the Pangolin Asia Fund was US\$423.38 net of all fees and expenses, up 3.04% from US\$410.89 in April. Please see the table at the end of this letter for further detail.

As of today, the fund is about 87% invested with the split being approximately as follows:

Indonesia	30%
Malaysia	23%
Singapore	27%
Thailand	20%

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

### Overview

Some of you may have noted that a couple of months ago I wrote rather bearishly on Thailand. Since then (inevitably) our two Thai stocks have been the fund's strongest performers.

Our cash has fallen as we increased our ownership of one of our Indonesian finance companies. At its recent AGM the company announced an astronomical dividend. The market hasn't really reacted to this news, but I think that will change as its payment date nears. We have owned this particular company since 2007 and it has done us pretty well. I have long been a keen investor in well-run finance companies. They tend to have the best returns in the financial sector, but one has to be selective; poorly run finance companies will lose you a lot of money.

This is what the markets did last month.

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

Period	Dow	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Jan 14	-5.3%	-3.6%	3.4%	-3.4%	-4.4%	-1.9%	-5.1%	-2.2%
Feb 14	4.0%	4.3%	4.6%	1.8%	2.8%	4.0%	3.3%	4.9%
Mar 14	0.8%	0.7%	3.2%	0.7%	2.5%	3.8%	0.9%	2.7%
Apr 14	0.7%	0.6%	1.5%	1.2%	2.4%	2.8%	0.5%	3.0%
May 14	0.8%	2.1%	1.1%	0.1%	1.0%	0.1%	3.7%	3.2%
YTD (2014)	0.8%	4.1%	14.5%	0.3%	4.1%	9.0%	3.1%	11.9%

#### Return (in USD)

Period	Dow	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Jan 14	-5.3%	-3.6%	3.0%	-5.4%	-5.6%	-2.3%	-5.1%	-2.2%
Feb 14	4.0%	4.3%	10.0%	3.9%	3.7%	5.2%	3.3%	4.9%
Mar 14	0.8%	0.7%	5.5%	1.1%	3.2%	4.4%	0.9%	2.7%
Apr 14	0.7%	0.6%	-0.3%	1.2%	2.6%	3.1%	0.5%	3.0%
May 14	0.8%	2.1%	0.1%	1.7%	1.1%	-1.4%	3.7%	3.2%
YTD (2014)	0.8%	4.1%	19.4%	2.3%	4.8%	9.1%	3.1%	11.9%

They're not on there but the strongest Asian markets last month were India (+7.35%), Hong Kong (+4.78%) & China (+4.72%).



## **Outlook**

The biggest risk to emerging markets is political. The current loose money situation has led to a situation in which markets are not punishing politicians for recklessness, thus encouraging them to take even bigger risks.

Russia and Ukraine are a good example; the Russian market was up 12% in May (in US\$).

The Thai market's resilience in the face of an unjustifiable military take-over doesn't really make sense.

Malaysia's index has been touching new highs despite rising racial tension and the arrest of would-be Al Shabab terrorists.

Furthermore, the government is stifling dissent within Malaysia via the use of the antiquated sedition laws; and the ruling party and prime minister have announced that they plan to sue the news portal Malaysiakini. Of course politicians like anyone else have the right to legal recourse, but in mature democracies they are usually considered fair game.

And China continues its bullying of those countries who happen to lie within virtually any distance of its coastline. Obama's recent visit to Malaysia and the Philippines was clearly an attempt to show some kind of solidarity but the reality is that unless there is any real threat of consequence, China can (like Putin's Russia) draw its borders wherever it wants.

And on that cheerful note, enjoy the football.

James Hay.  
6<sup>th</sup> June 2014

*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. Otherwise, just send money.*



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	NAV	370.08	388.25	398.79	410.89	423.38								11.93%
	% chg	-2.16%	4.91%	2.71%	3.03%	3.04%								
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** 70.18%  
**Annualised return** 16.40%

## By Sector

