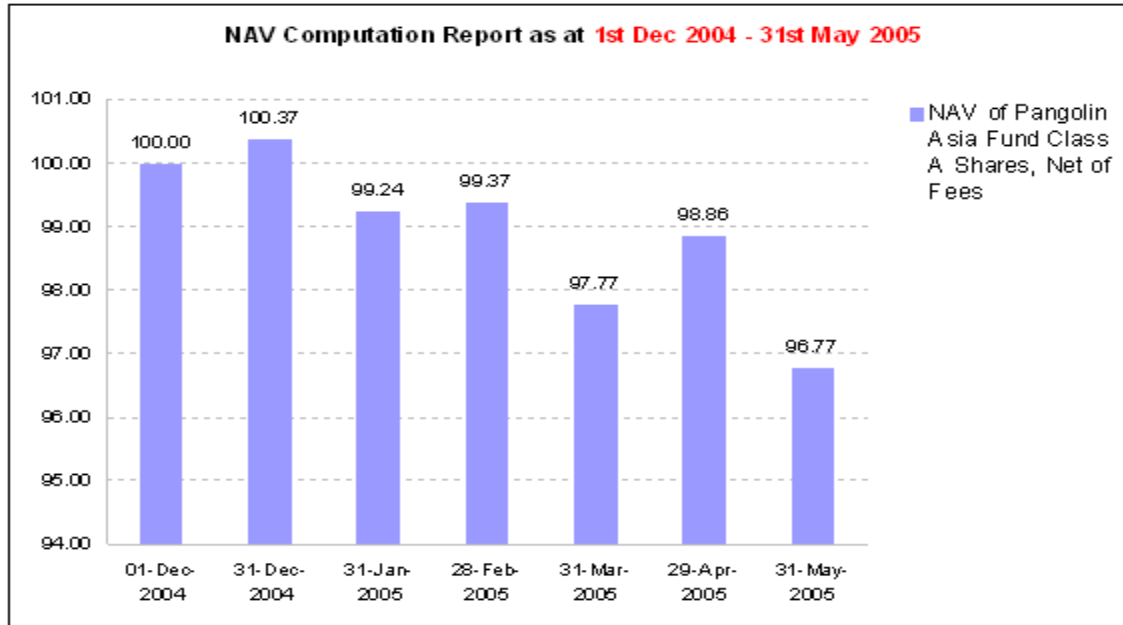# Pangolin Investment Management

Pangolin Asia Fund announces month end NAV – May 2005

At 31/5/05 the NAV of the Class A shares was **U$96.77** net of all fees and expenses, down from U$98.86 in April.

Month	NAV	% change
01/12/04	100.00	
31-12/04	100.37	0.37%
31/01/05	99.24	-1.13%
28/02/05	99.37	0.13%
31/03/05	97.77	-1.61%
30/04/05	98.86	1.11%
31/05/05	96.77	-2.11%
YTD return		-3.59%

At the end of May the fund was approximately 60% invested.

Not a great month but second liners in the markets have been weak, hence the increase in the percentage of the assets invested.

A note on the net asset valuation:

The fund's NAV is determined using the last traded price of the holdings at the month's end, plus cash net of liabilities. This seems to be the fairest way to do the valuation as long as the last traded price is realistic. There is some discretion to use a lower (or higher) valuation should the last done price not accurately represent reflect the market. For example, a stock's last done price might be $10.00 but it might not have traded for two weeks. The closing quote may be 6/8 in which case it would be unrealistic to use $10.00 and an adjustment would be made. This situation has not occurred but it could in the future.

Given the illiquid nature of some of the fund's holdings it is highly unlikely that most of the positions could be liquidated at the last traded price anyway, so the month end valuation should be viewed with this in mind. It is the opinion of the manager that this is the fairest method to use given that the interests of shareholders, subscribers and redeemers need to be balanced. Just remember that it is not an exact science and that this is why the fund does not offer daily liquidity.

I trust the above is not too frightening; it is a reminder of the perils of investing in illiquid Asian stocks.

More details concerning the fund's investments are always available to shareholders in the fund on request.

Further information can be found at www.pangolinfund.com

James Hay.

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