



Pangolin Asia Fund July 2014 NAV

As at the 31st of July 2014 the NAV of the Class A shares of the Pangolin Asia Fund was US\$436.67 net of all fees and expenses, up a negligible 2.96% from US\$423.84 in June. Please see the table at the end of this letter for further detail.

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

Indonesia	28%
Malaysia	25%
Singapore	26%
Thailand	21%

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

Please note that the fund does not invest geographically. We don't have a weighting in a country because we like the economy or think there are factors that will drive the market. It is our policy to invest in cheap companies where we can find them and the split between various countries is a result of that.

Overview

To put our performance into perspective, please refer to 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
Jul 14	-1.6%	-1.5%	4.3%	-0.6%	3.6%	1.1%	3.3%	3.0%
YTD (2014)	-0.1%	4.5%	19.1%	0.2%	6.5%	15.7%	8.6%	15.4%

Return (in USD)

Period	Dow	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Jul 14	-1.6%	-1.5%	6.8%	0.9%	3.4%	5.9%	3.3%	3.0%
YTD (2014)	-0.1%	4.5%	25.2%	3.8%	7.6%	22.7%	8.6%	15.4%

So in US\$ we underperformed everywhere last month. But we don't think in months (I would say that, wouldn't I?) and we attempt to position our portfolio in such a way as to make decent long term money.

Sometimes I'm asked what we "did" in a particular month to account for its performance, a question I always struggle to answer. At Pangolin we spend our time reading reports, writing reports and visiting companies. And we do that every day of every month. When we buy or sell something, those decisions tend to have an impact on the fund's NAV some time down the line.

Outlook

You no doubt recall that at the beginning of the year there was much consideration given to the region's debt and deficits. I suspect that attention may well refocus on these economic concerns in the coming months. This may, when coupled with the reminders we're getting that Europe's problems have not gone away, give us the opportunity to invest some of our cash again; currently the strong markets make buying a bit troublesome.

Should we be worried about the economics? Yes and no. Things could always be a bit better but, as we saw earlier in the year, markets have a way of self-correcting and reminding decision-makers to put their houses in order.



Pangolin Investment Management

I've just been in the UK where the debate over spending billions on improving the country's rail network rumbles on; and serves as a reminder why I am invested in Asia. While Britain debates whether to make existing connections faster, Thailand's unelected military government is pressing ahead to build a high speed rail network connecting many regions of the country.

Compare the two proposals:

Thailand

The Nong Khai-Map Ta Phut route will be 737 km in length and cost 392.5 billion baht (US\$ 12.3b). Cost = \$16.7m / km

Chiang Khong-Ban Phachi route will be 655 km long and cost 348.8 billion baht. (US\$ 10.9b). Cost = \$16.6m / km

The construction of the two routes will begin next year and should be completed by 2021.

<http://www.bangkokpost.com/news/transport/423129/high-speed-train-gets-go-ahead>

UK

The total network (Phase One: between London and Birmingham and linked to HS1; and Phase Two: links to Manchester and Leeds; and a Heathrow spur) will be around 330 miles of track (531 km).

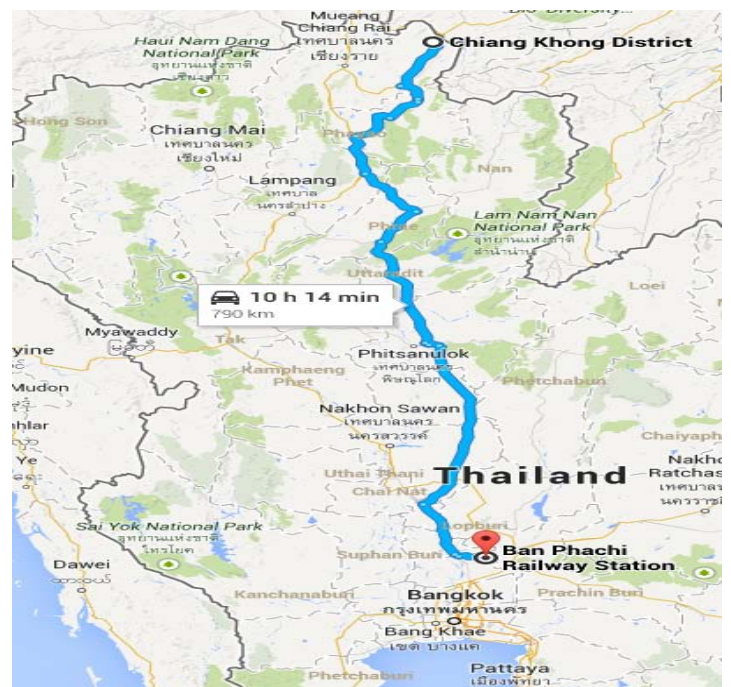
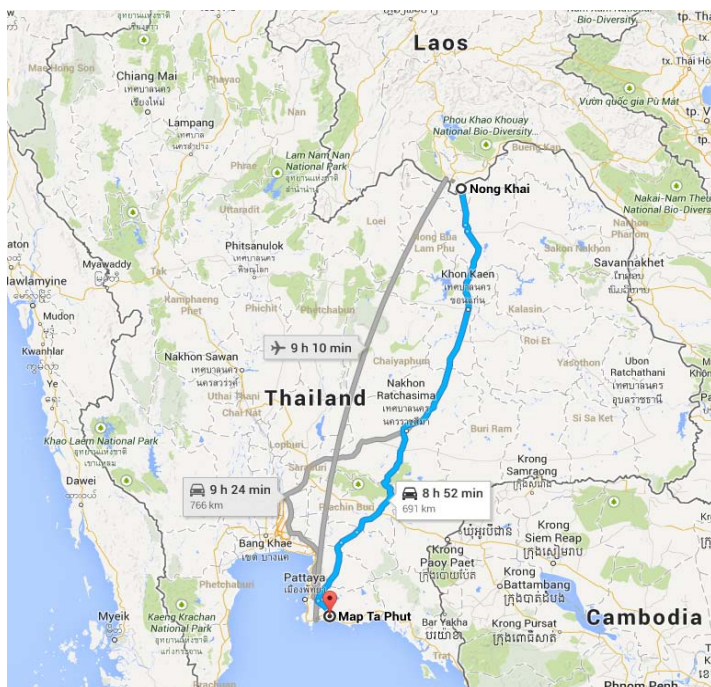
High Speed 2 (HS2) – Cost: £42.6 billion (US\$ 72.3b), including £14.4 billion (US\$ 24.4b) of contingency.

Cost/km = \$136.1m / km

Construction along the line is due to start in 2017 and be completed by 2025. The first train services will run between London and Birmingham from 2026.

<http://www.hs2.org.uk/about-hs2/facts-figures/route-trains-cost>

The difference in cost is incredible. And that is after the cynics would argue the politicians have taken their 10%. Thailand's trains will stop at the Laotian border and one can assume that this country's politicians will be keen to extend the railway to China's 1 billion people. The economic benefits are obvious.





Pangolin Investment Management

Assuming the UK's network ever actually happens, presumably there will be a clamour to extend it into Scotland (unless the Scots choose independence next month). Scotland's population is 5.3 million...

James Hay.
8th August 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	423.84	436.37						15.37%
	% chg	-2.16%	4.91%	2.71%	3.03%	3.04%	0.11%	2.96%						
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 70.69%
Annualised return 16.46%

By Sector

