



# Pangolin Investment Management

## Pangolin Asia Fund May 2013 NAV

As at the 31<sup>st</sup> of May 2013 the NAV of the Class A shares of the Pangolin Asia Fund was US\$395.94 net of all fees and expenses, up 5.83% from US\$374.14 in April. 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	20%
Malaysia	39%
Singapore	22%
Thailand	18%

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

### Overview

With hindsight, and after my comments last month when I rather dismissed the notion that the recent election result would have much effect on the market, our Malaysian stocks performed rather well; and it was largely Malaysia that boosted the fund's NAV (although we did OK in our other markets too).

We have also been selling a couple of the fund's longstanding holdings. In both cases they are excellent companies but their businesses are no longer doing as well as they used to. And not well enough, in my opinion, to justify their current valuations.

We have some ideas for the cash but buying stuff is not easy at the moment. The markets remain bid, so we may have to sit on our hands until valuations fall into our laps again.

In **Malaysia** the fallout from the recent election result continues, although I suspect that a *just accept it and try to win the next one* attitude will prevail amongst most opposition supporters. However, a recent analysis showing that the government won 112 seats out of their 133 with only about 20% of the vote has stirred things up again.

And the repercussions for saying the wrong thing remain high in the region. Malaysia, which is considering copying **Singapore's** recent decision to make it compulsory for news portals to be licensed, has just jailed an ethnic Indian leader for sedition. If he'd said what he said in the West, no-one would have batted an eye-lid.

**Indonesia's** president Yudhoyono has stated that he intends to strengthen the country's environmental laws in order to protect its forests. He even took a tour of Greenpeace's ship, Rainbow Warrior, which in itself is a remarkable event as only three years ago it was banned from entering Indonesian waters.

In Indonesia (as elsewhere) the bulk of our exposure is to the consumer. It finally looks as if the government is going to have a decent go at reducing fuel subsidies which will have a short term effect on consumption. It is not only the price of fuel that will rise, but pretty much everything else in such a large country where distribution and transportation charges are a significant proportion of the end cost.

### Outlook

The fund's NAV did a bit better than the regional indices last month. I am often asked (especially by the "hedgier" types) what we did in a particular month to account for its performance. Last month's rise can be attributed to decisions and purchases we made a while ago. What tends to happen is we do our research, buy into a small company and, if we are lucky and correct, its share price will start moving, maybe two or three years later.



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No change in outlook. If we continue to be able to invest in good companies at low prices, the fund should do OK.

James Hay.  
11<sup>th</sup> June 2013.

*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.*

Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	Nav	343.47	350.86	364.04	374.14	395.94								16.70%
	% chg	1.23%	2.15%	3.76%	2.77%	5.83%								
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	196.87	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        71.57%  
Annualised return            17.57%

## By Sector

