



Pangolin Asia October 2014 NAV

As at the 31st of October 2014 the NAV of the Class A shares of the Pangolin Asia Fund was US\$408.97 net of all fees and expenses, down 1.06% from US\$413.36 in September. Please see the table at the end of this letter for further detail.

As of today, the fund is about 78% invested with the split being approximately as follows:

Indonesia	30%
Malaysia	23%
Singapore	26%
Thailand	21%

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

Overview

To put our performance into perspective, please refer to the tables below.

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

Period	S&P 500	JSE	KLSE	STI	SET	Shanghai	MSCI ex JP	PAF
Oct 14	2.3%	-0.9%	0.5%	-0.1%	-0.1%	2.4%	1.9%	-1.1%
YTD (2014)	9.2%	19.1%	-0.6%	3.4%	22.0%	14.4%	4.4%	8.1%

Return (in USD)

Period	S&P 500	JSE	KLSE	STI	SET	Shanghai	MSCI ex JP	PAF
Oct 14	2.3%	-0.1%	0.2%	-0.9%	-0.5%	2.8%	1.9%	-1.1%
YTD (2014)	9.2%	19.9%	-1.0%	1.5%	23.1%	13.3%	4.4%	8.1%

October Performance of ASEAN currencies vs USD

USD / MYR	USD / SGD	USD / IDR	USD / THB
0.1%	-0.1%	0.7%	-0.3%

The fund feels as if it is trading water just now. As you know we have a strong bent towards stocks that will benefit from the growth in Asian disposable income; the problem is that currently, there isn't enough spending going on. This, coupled with rising costs, has led to an uninspiring results season for the companies in the fund.

Generally the companies we own have reported steady sales growth but other factors such as minimum wages and rising utility bills (as subsidies are rolled back) have eaten into margins. As long as turnover is growing I'm not too concerned about lesser profitability. Margins have a habit of returning to trend. But until then, consumer companies are likely to remain less in favour than they were, especially with the prospect of further removal of subsidies and probable rising interest rates. This, I believe, is an opportunity.

I am a big believer in the Asian consumer story. Of course there are times when this trend makes us more money than others. 2014 has been a tough year for the sector. For example, the disappearance of MH370 has hit PRC tourism numbers not only to Malaysia, but also Singapore and Thailand, due to the popularity of tours that take in all three countries.

However, they will return. I'm old enough to remember when Asians didn't really take holidays. It was just a few days a year. Now Asia's yuppie classes like their 4 weeks, but prefer to stay in the shops than the sun.



I hope I'm not being too blasé about the story. It is the nature of the fund to hold on to its investments (in what we think are superior companies) for the long term. And I would expect their share prices to rise when the news is good again.

As ever we spend our time trying to find new investments. In the past few weeks we have been buying shares in companies the market is giving to us cheaply again. One of those is a previously owned retailer, which we are buying for less than we sold it for a while back. The others are also consumer companies that we already own, but stopped buying when their prices rose.

HMRC

The fund now has UK HMRC Reporting Status. If you are a UK taxpayer that is relevant and you should have received a letter and an email from us about it. One day we'll all live in low tax utopia, but until then we have to comply.

James Hay.
10th November 2014

I don't like to discuss stocks publicly but I am always happy to talk to existing investors and those interested in investing. The Pangolin Asia Fund is most suitable for investors who are happy when markets falling.

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	425.85	413.36	408.97			8.12%
	% chg	-2.16%	4.91%	2.71%	3.03%	3.04%	0.11%	2.96%	-2.41%	-2.93%	-1.06%			
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	68.91%
Annualised return	15.26%



By Sector

