



Pangolin Asia Fund February 2014 NAV

As at the 28th of February 2014 the NAV of the Class A shares of the Pangolin Asia Fund was US\$388.25 net of all fees and expenses, up 4.91% from US\$370.08 in January. Please see the table at the end of this letter for further detail.

As of today, the fund is about 88% invested with the split being approximately as follows:

Indonesia	27%
Malaysia	26%
Singapore	29%
Thailand	18%

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

Overview

A month ago everybody seemed a lot more bearish than they are today. We have continued to sell in Malaysia and have added a bit to our Thai holdings. For the most part the results season has treated us well with the only disappointments being in Malaysia.

Outlook

I'm often asked whether the emerging ASEAN story is close to being over or at least fully valued. I think this shows a misunderstanding of the transformation that is affecting millions of lives here. I recently had a chat with our Indonesian office cleaner about her life, which I shall summarise below.

Ibu Suhartatik (Su) was born on the island of Madura, off Java in 1970. Madura was fairly remote before being connected by a 5.4km bridge to Java in 2009.

She grew up in a fishing village and her father fished, laboured and sold vegetables. Her mother painted batik for sarongs as well as selling produce in the market. Su left school at 12 and was married to a Madurese living and working in Malaysia a year later.

She lived in a bamboo house with no running water, sewerage or electricity. There was no television in the kampong (village). Her diet comprised predominantly of rice, corn and tapioca and there wasn't always food. Any toys she had were home-made.

As the eldest of six Su had to take care of her siblings as well as help her mother with her work. Being a kampong girl she had little choice in her life's direction.

Fast forward to 2014 and Su is remarried to another Madurese who works as a labourer in Kuala Lumpur. She has a 21 year old daughter from her first marriage and is a grandmother. She and her husband Farid have a combined monthly income of about US\$600 and live in a rented two-bedroom house (with her daughter, son-in-law and their baby). Farid has a motorbike.

She has pretty much all she was missing as a child, including satellite TV. Like many families, their income is just enough. She and Farid have built a house back home in Madura and would like to live there again. This is complicated by (a) lack of work there and (b) her daughter considers Malaysia to be home.

Living in Malaysia is comfortable. Most but not all Malaysians are fine with Indonesians, although there is some unwelcome discrimination.



Su's current circumstances are unimaginably better than she could have envisaged as a child and far more comfortable than those of most Indonesians. Whether she makes it into any definition of emerging middle class I shall leave to the statisticians to decide, but like many Asians she is far more prosperous than her parents and she expects her children's standard of living to exceed hers.



Su & Farid

As long as the politics allow the economies to grow, living standards and consumption will continue to rise. The politics are everything. Although things could always be better, the situation in ASEAN is generally good enough to be conducive to enterprise.

This is why I like consumer stocks. And not only do I still have faith in the consumption story, but I still believe we can buy it cheaply enough to profit over the long-term.

Cricket

More importantly, there is now a Pangolin Cricket Club. We performed embarrassingly badly in our first match last weekend, but have another game on May the 10th in Kuala Lumpur. If any of you would like to be considered for this or any other of our occasional fixtures, please let me know.

James Hay.

7th March 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											2.65%
	% chg	-2.16%	4.91%											
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 69.37%
Annualised return 15.79%

By Sector

