



Pangolin Investment Management

Pangolin Asia Fund January 2013 NAV

As at the 31st of January 2013 the NAV of the Class A shares of the Pangolin Asia Fund was US\$343.47 net of all fees and expenses, up 1.23% from US\$339.29 in December. Please see the table at the end of this letter for further detail.

As of today, the fund is about 87% invested with the split being approximately as follows:

| | |
|-----------|-----|
| Indonesia | 22% |
| Malaysia | 40% |
| Singapore | 24% |
| Thailand | 14% |

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

Overview

The following table sums up January rather well:

| Indices returns (%) | Local Currencies | in USD |
|---------------------|------------------|--------|
| Indonesia | 3.17 | 2.09 |
| Malaysia | -3.64 | -5.15 |
| Singapore | 3.65 | 2.28 |
| Thailand | 5.91 | 8.65 |
| MSCI-ex J | - | 1.59 |

My new year's resolutions should have been to own more Thailand and less Malaysia (rather than to spend less time in the office and more in the pub). A bit more on that later but Malaysia failed to join in the New Year bull party as investors became increasingly nervous about this year's elections.

We have been buying more in Malaysia. As usual our short term timing is useless but with any luck we'll be OK in the long run.

The results of our companies that have announced have been OK without being particularly exciting. Our retail names in Singapore and Malaysia are not showing a lot of growth as consumer sentiment remains soggy. Nevertheless, I think this is more than reflected in their prices and hopefully they'll do well when things pick up again.

Outlook

I still like Malaysia. It's not a macro call (although the place grows at 5% every year) but because I believe it remains a country with many undervalued companies. Many investors left Malaysia in 1998 (for plenty of good reasons) and have not returned. Consequently there remain many businesses that trade at big discounts to their equivalents elsewhere; particularly in countries with far worse governance at many levels.

We don't do country or market weightings. We just buy where we can find the cheapest companies. And the country breakdown of our investments is a reflection of that. Hence we can be in an underperforming market for quite a while; in fact the more it underperforms the more we are likely to own of it.



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What will cause Malaysia's valuation discount to close I don't know, but I am presuming that at some point it will happen. Why? Experience and hope. But for as long as Malaysian companies remain cheap, we will happily buy them.

Kung Hei Fa Cai

James Hay
11th February 2013.

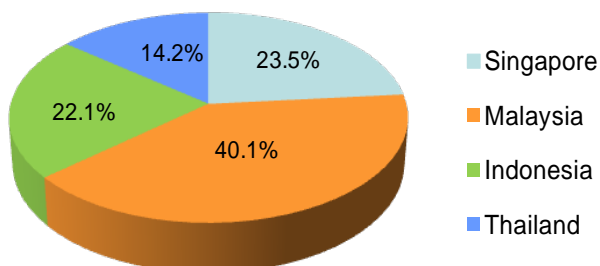
I don't like to discuss stocks publicly but I am always happy to talk to existing investors and those interested in the fund. If you have any questions, concerns, ideas, or just fancy an argument, please get in touch.

| Year | Details | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|
| 2013 | Nav | 343.47 | | | | | | | | | | | | 1.23% |
| | % chg | 1.23% | | | | | | | | | | | | |
| 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 70.41%
Annualised return 16.31%

By Geography



By Sector

