



Pangolin Investment Management

Pangolin Asia Fund July 2012 NAV

As at the 31st of July 2012 the NAV of the Class A shares of the Pangolin Asia Fund was US\$316.87 net of all fees and expenses, up 1.50% from US\$312.18 in June. Please see the table at the end of this letter for further detail.

As of today, the fund is close to fully invested with the split being approximately as follows:

Indonesia	29%
Malaysia	41%
Singapore	19%
Thailand	11%

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

Overview

What we at Pangolin try to do is identify companies whose share prices can double over three years or so, buy them, then sit back and watch it happen. In theory that would give us an annual return of around 25%. Given that the fund's annualised return is only 16%, clearly not all comes to pass as planned.

In reality, some of our stocks don't move much, others fall and when we are lucky, a couple fly; it is the latter that has been happening recently. Some of our Indonesian holdings are well off their highs giving us the luxury of being able to re-enter these good companies cheaply again.

We have also found a new investment which we have started to nibble at today. Unfortunately the market is quite hot which means getting a full position may well be a struggle. If we can't get it at the right price, we won't chase it; markets will give us another opportunity.

Europe

I'm currently on holiday in Europe. This time zone allows Western investors to catch me before I hit the second bottle, so if you'd like to have a chat, drop me a line and we can schedule a call.

I'm in a part of the Austrian Tyrol which is experiencing a building boom. Yes really. Despite all the gloomy headlines there are always some bright spots here and there.

Of course not all is doing so well as this Tyrolean corner. Things are so bad in France that even the Parisian waiters are speaking English; we always knew they could...

A French friend of a friend recently put a new €50,000 pool in his house. All paid for in cash. I know of people renting expensive Mediterranean holiday homes, again for cash. As the electorates vote in pro-growth (high-taxing) governments, they do their utmost to avoid paying their share.



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Outlook

Despite markets in South East Asia having had a good run, our research continues to uncover what I believe are outstanding investment opportunities. That is why we don't have much cash and if we had more we'd spend it.

It's not only me that think ASEAN continues to offer an outstanding prospect. Heineken's bid for Asia Pacific Breweries and Cerebos being taken private by Suntory show that others also think the price is still right.

The days of PEs of 3x are over (for now) but good, well financed, growing businesses can be found trading on single digit multiples. I remain optimistic that decent money can still be made by investing in these companies.

James Hay
8th August 2012

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
2012	Nav	290.78	311.15	303.35	313.01	301.88	312.18	316.87						16.60%
	% chg	7.00%	7.01%	-2.51%	3.18%	-3.56%	3.41%	1.50%						
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 69.57%
Annualised return 16.23%