



Pangolin Asia Fund June 2014 NAV

As at the 30th of June 2014 the NAV of the Class A shares of the Pangolin Asia Fund was US\$423.84 net of all fees and expenses, up a negligible 0.11% from US\$423.38 in May. 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	29%
Malaysia	24%
Singapore	26%
Thailand	21%

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

Please note that the fund does not invest geographically. We don't have a weighting in a country because we like the economy or think there are factors that will drive the market. It is our policy to invest in cheap companies where we can find them and the split between various countries is a result of that.

Overview

There's not a lot to say about a 0.11% gain. The table below says it better than I can.

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

Period	Dow	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Jan 14	-5.3%	-3.6%	3.4%	-3.4%	-4.4%	-1.9%	-5.1%	-2.2%
Feb 14	4.0%	4.3%	4.6%	1.8%	2.8%	4.0%	3.3%	4.9%
Mar 14	0.8%	0.7%	3.2%	0.7%	2.5%	3.8%	0.9%	2.7%
Apr 14	0.7%	0.6%	1.5%	1.2%	2.4%	2.8%	0.5%	3.0%
May 14	0.8%	2.1%	1.1%	0.1%	1.0%	0.1%	3.7%	3.0%
Jun 14	0.7%	1.9%	-0.3%	0.5%	-1.2%	4.9%	1.9%	0.1%
YTD (2014)	1.5%	6.1%	14.1%	0.8%	2.8%	14.4%	5.1%	12.1%

Return (in USD)

Period	Dow	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Jan 14	-5.3%	-3.6%	3.0%	-5.4%	-5.6%	-2.3%	-5.1%	-2.2%
Feb 14	4.0%	4.3%	10.0%	3.9%	3.7%	5.2%	3.3%	4.9%
Mar 14	0.8%	0.7%	5.5%	1.1%	3.2%	4.4%	0.9%	2.7%
Apr 14	0.7%	0.6%	-0.3%	1.2%	2.6%	3.1%	0.5%	3.0%
May 14	0.8%	2.1%	0.1%	1.7%	1.1%	-1.4%	3.7%	3.0%
Jun 14	0.7%	1.9%	-1.8%	0.6%	-0.7%	6.2%	1.9%	0.1%
YTD (2014)	1.5%	6.1%	17.2%	2.9%	4.1%	15.8%	5.1%	12.1%



Pangolin Investment Management

Outlook

We've been working hard visiting companies. If we continue to look at the small and illiquid there are still some real bargains; and we've found a couple in Indonesia recently. I've been there twice in the past month. Of course as the fund gets bigger (AUM now U\$58m) it gets harder to get fully invested in smaller companies and, by necessity, the number of names we own must increase. We own a couple of large caps for balance (Public Bank, which I recently wrote about, being one of them).

The fund's best returns have come from the small and less liquid. It is the prospect of finding such bargains that gets me out of bed in the mornings (and why there is a Pangolin Asia Fund).

Indonesia's problems are quite well known and this week's election is, in all reality, unlikely to make much difference. As a value investor I should probably be happier if Prabowo wins, as this might lead to a market sell-off. We do of course, when running an un-hedged portfolio, have to balance the risk of buying cheap businesses with probable Rupiah declines.

There is an airline price war in the region which makes managing a regional fund a bit more economical. Last week I flew KL-Jakarta business class for about U\$200, which considering how much champagne I can drink in a couple of hours, is not a good deal for an airline. I suspect in the long run Air Asia will emerge as the winner, but we'll likely continue to avoid this sector.

As you know, the fund doesn't invest in timber or palm oil producers; these industries are deleterious to the habitat of pangolins. Last year Harrison Ford met with Indonesia's minister of forestry. A friend forwarded me the link below, which would be amusing if it didn't portray such a sorry state of affairs. Please click on it and the links to the press follow ups.

Many of you are in a position to put pressure on managers not to invest in these industries. Please do so.

<http://www.youtube.com/watch?v=oZnzZxumGcw>

<http://www.thejakartapost.com/news/2013/09/09/fm-bemoans-harrison-ford-s-attitude.html>

<http://www.theguardian.com/world/2013/sep/11/indonesia-harrison-ford-deportation-minister>

<http://www.redd-monitor.org/2013/09/19/harrison-ford-upsets-indonesias-minister-of-forestry-by-asking-him-about-deforestation/>

As of next Tuesday I'll be in Europe for a few weeks. As the fund and the number of investors have grown, it has become harder for me to stay in touch with all of you. Those in Europe and the US who would like call, please let me know.

James Hay.
8th July 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	398.79	410.89	423.38	423.84							12.06%
	% chg	-2.16%	4.91%	2.71%	3.03%	3.04%	0.11%							
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 70.43%
Annualised return 16.26%

By Sector

