



Pangolin Asia Fund December 2015 NAV

As at the 31st of December 2015 the NAV of the Class A shares of the Pangolin Asia Fund was US\$358.38 net of all fees and expenses, up 0.90% from US\$355.19 in November. For the year we were down 4.76%.

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:

Singapore	18%
Malaysia	27%
Indonesia	32%
Thailand	23%

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

Overview

To put the month into some perspective, please see the tables below:

Return (in local currencies, except MSCI Asia Ex-Japan)								
Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Dec 15	-1.7%	-1.8%	3.3%	1.2%	0.9%	-5.3%	-0.7%	0.9%
YTD 15	-2.2%	-0.7%	-12.1%	-3.9%	-14.3%	-14.0%	-11.3%	-4.8%

Return (in USD)								
Period	DOW	S&P 500	JSE	KLSE	STI	SET	MSCI ex JP	PAF
Dec 15	-1.7%	-1.8%	3.7%	0.5%	0.3%	-5.7%	-0.7%	0.9%
YTD 15	-2.2%	-0.7%	-21.1%	-21.7%	-20.0%	-21.4%	-11.3%	-4.8%

% Change in Currency Vs USD				
Month	MYR	SGD	IDR	THB
Dec 15	-0.8%	-0.5%	0.4%	-0.6%
YTD 15	-18.6%	-6.6%	-10.2%	-8.7%

If we were paid for relative performance I'd be popping the champagne. But who cares about relative if we're not making money. In December we continued to invest the fund's cash into what we believe to be undervalued companies in the hope that we can change that this year.

Outlook

2015 was a disappointing year as weak ASEAN currencies struggled against a strong \$. I'll leave predictions about currency movements to others, in the belief that the companies we own have managements that can cope with what life throws at them; including currency wars, commodities collapses etc.

We've lost money for the past two years in a region where there has been some political change for the worse. In **Malaysia** sentiment has been hit by allegations of prime-ministerial corruption coupled with a clampdown on political opposition and increased Islamisation. Whether local and foreign investors will continue to shun this market or accept the situation as the new reality will determine at what level the Ringgit stabilises. I hope it is not too far from here, but the actuality is that many Malaysians are looking overseas, both in the context of a financial and possibly a residential safe haven.



In **Thailand** the military would appear to be in no hurry to relinquish power, although the Thais are more used to military government than many. Democracy was only a short-lived new reality.

Singapore's government, so often criticised as being authoritarian, won last year's election with a significantly larger majority on the back of listening and responding to the demands of its electorate. Increasingly democratic **Indonesia's** citizens probably enjoy greater freedom of expression than those in the other countries we cover – although those involved in Papuan secession might disagree.

Do politics matter? Yes, a bit. But it depends on what you're used to. The situation is far from ideal, but where is that much different? What really matters is that there is a stable environment for businessmen to get on with it. It can be corrupt or clean (not too corrupt) but as long as conditions remain conducive to money-making (which I think they do) the region's better run businesses should continue to prosper.

Signing Off

Over the past 11 years I've written a lot of newsletters. Going forward I'm going to share the task with my colleagues. I'll probably still mail it but I'll give Vinchel and the others a chance to write it. We all share the same investment creed so the underlying message won't change. And I promise we won't start writing about the Fed and Yellen and all that stuff.

I'll sign off by reiterating my belief that, within Pangolin's investment geography, there is a growing population striving to improve its living standards, supported by generally helpful governments. Some companies will benefit more than others from this growth. Pangolin's job is to try and identify some of these better businesses and buy them at the **wrong** price.

James Hay

11th January 2016

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 are falling.



Year	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	NAV	382.31	391.18	389.48	396.82	389.67	380.77	374.61	333.73	333.52	350.84	355.19	358.38	-4.76%
	% chg	1.60%	2.32%	-0.43%	1.88%	-1.80%	-2.28%	-1.62%	-10.91%	-0.06%	5.19%	1.24%	0.90%	
2014	NAV	370.08	388.25	398.79	410.89	423.38	423.84	436.37	425.85	413.36	408.97	395.23	376.28	-0.52%
	% chg	-2.16%	4.91%	2.71%	3.03%	3.04%	0.11%	2.96%	-2.41%	-2.93%	-1.06%	-3.36%	-4.79%	
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	0.37%
	% chg	-	-	-	-	-	-	-	-	-	-	-	-	

Best monthly return 35.77%
Worst monthly return -20.42%
Maximum drawdown -47.53%
% of positive months 66.17%
Annualised return 12.21%

By Sector

