



# Pangolin Investment Management

## Pangolin Asia Fund April 2011 NAV

As at the 29<sup>th</sup> of April 2011 the NAV of the Class A shares of the Pangolin Asia Fund was US\$283.00 net of all fees and expenses, up 4.11% from US\$271.83 in March. Please see the table at the end of this letter for further detail.

As of today, the fund is just about 77% invested, with the split being approximately as follows:

|           |     |
|-----------|-----|
| Indonesia | 39% |
| Malaysia  | 34% |
| Singapore | 19% |
| Thailand  | 8%  |

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

### Overview

We've invested a bit this month, particularly in Malaysia, but thanks to new subscriptions and dividends our cash as a percentage of the fund has remained virtually unchanged. As I have written before, strong markets make it hard for us to buy the ultra-cheap in any size. When combined with the glacial pace at which we (I in particular) finally decide something is worth buying, these markets really are not a Pangolin's friend.

However, what we do have does seem to be attracting some attention. I am unsure if this is because we have chosen well or, more likely, because if one shouts the words "Indonesian consumer!" the response from rather quicker investors is "Buy! Buy! Buy!"

We haven't found much we like at the right price in Indonesia for a while although I'll be seeing a couple of "possibles" on Monday. Malaysia remains a relatively neglected market and, on weak days, we've been able to add a bit to existing holdings as well as add a new name in the past month.

It's been quite a busy month for the team; we have been visiting anything that moves. One of my colleagues even went as far as the Philippines. I'd say he came back disappointed overall but there is one company he saw that we may well have a second look at.

### Politics

One of my friends (who has managed to retire ridiculously young) accompanied me to this year's Invest Malaysia conference, an event used by the Malaysian Government to showcase the investment opportunities in the country. Prime Minister Najib's speech gets better every year and the details were filled in by Idris Jala. The impression given is that **Malaysia** is run like a business and its management's can-do attitude leaves it well positioned to grow at a decent rate; i.e. Malaysia is a serious place that investors should be taking a good look at.

My friend (even though he lives in France and any economy seems dynamic after that) was impressed. However he did note that as the Sarawak State election neared government-unfriendly websites such as [www.malaysiakini.com](http://www.malaysiakini.com) and [www.sarawakreport.org](http://www.sarawakreport.org) came under some kind of cyber-attack and were unavailable. Whatever the cause (and it may have been purely coincidental) the suppression of opposing views is perhaps more suited to the Republic of Bongo than an Asian Tiger economy wanting to court global respect and investment dollars.



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To be fair, in Malaysia it is still possible to air the type of view that would probably have you sent to a correctional facility in Europe. After a comment from a well known sexist MP the following letter recently appeared in the New Straits Times. Actually it was the shortest of three concurring letters – read on:

## ***Road divas from another world***

*THE member of parliament for Kinabatangan hit it on the nail with his comments about women drivers. Although male drivers might not agree openly because of "boardroom-repercussions" at home, I am positive there have been murmurs of quiet agreement from many of them.*

*Just conduct a random check and many would see what the MP meant. Never be at the back of a woman driver if you do not want to have your blood pressure soaring. A gentle honk would, in most cases, get you a "finger", driving like the roads belong to their forefathers.*

*Saying women are from Venus while men are from Mars, is putting it mildly. They drive like they are from another solar system altogether, and not an advanced one at that, might I add.*

*However, kudos to the very exceptional few who know how to give their male counterparts a run for their money.*

*Impeccable lady drivers are the hidden gems in the maddening crowd of diva-drivers.*

*YHTO NAINIF  
Semenyih*

You do have to wonder if YHTO NAINIF is a real name or, more likely, a nom de plume. Personally I think his views are retarded and that women are wonderful drivers.

Election fever has hit the streets of **Singapore**. This is another place in which power doesn't swap hands although, to be fair, you do wonder what there is anyone would really want to change; the weather perhaps? Nevertheless, there is an opposition down there and they maintain they'd do a lot better if people were able to express their views. They are hopeful, as those with no chance always seem to be, that they will do much better this time around as the age of the blog and all the rest of it means that alternative views can now at least be aired to those interested.

In **Indonesia** there has been a rise in the threat from Islamic extremists who seem hell-bent on destabilising what is officially a secular nation. The police have thwarted a number of bomb plots against churches and their persuasive techniques seem to be paying off as caches of explosives are reportedly found almost daily. Let's hope this is just a few nutters and that the cops have got most of them.

## **Outlook**

At the end of each month I find I would rather eat glass than write about investing; nevertheless my current thoughts are something like this:

- 1) Markets have gone up a lot and therefore they are more risky than when they have fallen.
- 2) Asian tigers have hidden risks which bullish investors are disregarding.



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3) Long term the bulls will probably be right and the markets still offer the opportunity to acquire well run consumer (and other) assets at stupidly low valuations.

Our focus at Pangolin remains on (3) while being terrified of (1) and (2).

YHTO NAINIF  
6<sup>th</sup> May 2011

*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     |
|------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|
| 2011 | Nav     | 261.86 | 258.03 | 271.83 | 283.00 |        |        |        |        |        |         |        |        | 5.02%   |
|      | % chg   | -2.82% | -1.46% | 5.35%  | 4.11%  |        |        |        |        |        |         |        |        |         |
| 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  | 182.6  | 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 | 157.9  | 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     70.13%