

# Monthly Update

30 SEPTEMBER 2017

## Fund Commentary

The underlying equities portfolio as well as currency made positive contributions to performance during September. Some capital from recent sales has been recycled with two new purchases completed during the month.

Wynn Macau and MGM China advanced 23% and 19% respectively in September, recovering from the initial reactions to Typhoon Hato that caused the sector to sell off in August. Continued strong trends in gaming revenues and visitation, as well as several sell side analysts revising upwards earnings estimates for the sector, also assisted performance.

Lafarge Malaysia, a position added in June, rose 24% over the month after signs the aggressive price competition within the Malaysian cement market looks to be easing. Tactics employed by smaller operators to gain share have led to a deterioration in industry economics so any reversal of these tactics will be overwhelmingly positive for the sector, particularly for market leader Lafarge.

A decline in the Australian Dollar relative to the Fund's predominant exposures, the US Dollar and Hong Kong Dollar, also aided performance. The US Dollar was supported by higher yields domestically as the market expectations for interest rates increases rose while a decline in the iron ore price weighed on the Australian dollar.

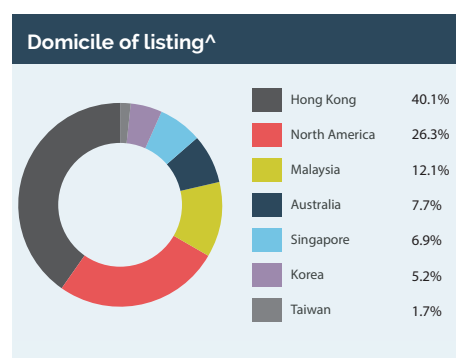
During the period we established positions in Kunlun Energy and Singapore Exchange. This saw an increase in the portfolio's invested position.

Fund performance* (net of fees)	Inception Date	Exit Price (\$, cum)	1 Month	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	Since Inception pa	Since inception - total
<b>Asian Companies Fund</b>	<b>7/2008</b>	<b>1.8857</b>	<b>3.8%</b>	<b>5.6%</b>	<b>15.7%</b>	<b>25.4%</b>	<b>11.1%</b>	<b>16.9%</b>	<b>16.3%</b>	<b>304.8%</b>
MSCI AC Asia ex Japan Net Total Return Index			1.0%	4.2%	12.3%	19.6%	11.9%	13.7%	8.3%	108.8%
Outperformance by the Fund			2.8%	1.4%	3.4%	5.8%	-0.8%	3.2%	8.0%	196.0%

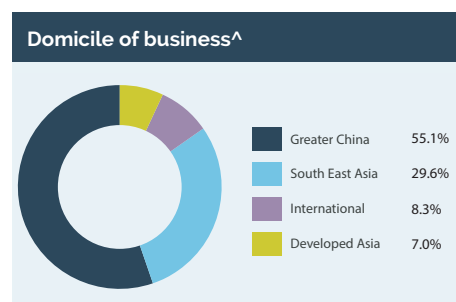
Portfolio investments	Weighting
Consumer - Breweries	6.0%
Consumer - Other	7.0%
Online Classifieds & Ecommerce	17.7%
Gaming - Macau	8.7%
Gaming - Other	6.0%
Financials	17.7%
Capital Goods & Commodities	10.0%
Oil & Gas Infrastructure	10.3%
Other	3.1%
<b>Long Equity Position</b>	<b>86.5%</b>
Credit Securities	0.4%
<b>Net invested position</b>	<b>86.9%</b>

Current stock example
Heineken Malaysia
Dali Foods
Baidu
Wynn Macau
Nagacorp Limited
HSBC Holdings
Turquoise Hill Resources
Sinopec Kantons

Currency exposure*	
USD	45.2%
HKD	45.2%
AUD	6.9%
Other	2.7%
<b>Total exposure</b>	<b>100.0%</b>



^ 'Domicile of Listing' represents the location of stock exchange listing of each entities' head office, whereas 'Domicile of Business' represents the location of the predominant business of those entities.



\* Stated at effective value.

PM Capital Limited, founded in 1998, is a globally-focussed fund manager that invests money on behalf of private clients, the clients of financial advisers and institutions. PM Capital's goal is to build long term wealth by investing in global markets with patience and conviction.

### Investment philosophy

We aim to build long term wealth together with our co-investors by finding and exploiting investment anomalies. Using a focused, patient and considered approach to finding simple investment ideas produces the best environment for creating that long term wealth.

Our experience has shown us that while the market is largely efficient, it can, and regularly does, misprice a small proportion of companies. This mispricing can arise as a result of any number of reasons, but is most often associated with disruptive or cyclical change, new information which is misunderstood by the market as having a permanent impact when it is in fact transitory, or just because they are operating in a sector out of favour with investors.

Our unique process is based on scanning the world for those companies (hence the radar in our logo), discovering the associated valuation anomalies and extracting value from them. We buy good businesses at a good price; businesses that we believe are being valued differently to their long term intrinsic value, but will return to their correct value over time.

### Who manages the investment?

Kevin Bertoli is the Portfolio Manager, who has over 11 years industry experience and has managed the Fund since its inception. Kevin is supported by a team of experienced investment analysts. The investment team is led by founder and CIO Paul Moore who has over 30 years' experience in successfully managing investment funds.

### Further Information

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We believe in being a patient investor, one that has conviction, one that sees opportunities where others only see risk. We only invest in what we know, deeply, via our fundamental research.

### Why the Asian Companies Fund?

**Asia-specific:** The Fund focuses on companies listed or operating in Asia (ex-Japan), giving 100% unrestricted exposure to the world's fastest growing region.

**Established:** The Fund's process has been shown to be effective, based on a philosophy developed by Paul Moore, over 30 years. This has produced attractive long term capital growth.

**Unrestricted:** We have an authentic investment process where our exposure to countries, industry sectors or market capitalisation is determined solely by our conviction in the risk/reward opportunities that we identify in individual stocks. No conviction at the stock level = no investment.

**Opportunistic and focused:** The Fund is not built around a general market benchmark or index - it is highly focused based on our fundamental, bottom-up investment process. As a guide, the Fund holds around 15 - 35 deeply researched stocks that we believe give the best opportunity to produce strong long term returns.

**Co-investment:** Our co-investors receive access to a unique subset of opportunities to which they may otherwise find difficult to access. The management team have significant investments in the Fund - they invest for and with you.

**Outperformance:** The Fund *has outperformed the relevant market index by 196% since inception*. The Fund is managed from an Australian investor's perspective with consideration for tax and currency outcomes.

### Key Company Details

#### Fund category

Asian equities

#### Investment style

Fundamental, bottom-up research intensive approach

#### Inception date

1 July 2008

#### Fund size

\$23.9 Million

#### Strategy size

\$89.5 Million

#### Number of stocks

As a guide, 15-35 stocks

#### Minimum direct investment

\$20,000

#### Recommended investment time

Seven years plus

#### Fees (pa)

Management fee: 1.40%

#### Buy / sell spread

0.5% (Round trip)

#### Investor profile

The Fund may be appropriate for investors seeking long-term capital appreciation over a seven plus year investment horizon through a concentrated portfolio of Asian Equities.

### Important Notice

This Report is issued by PM Capital Limited ABN 69 083 644 731 AFSL 230222 as responsible entity for the PM CAPITAL Asian Companies Fund (ARSN 130 588 439, the 'Fund'). It contains summary information only to provide an insight into how we make our investment decisions. This information does not constitute advice or recommendations, and is subject to change without notice. It does not take into account the objectives, financial situation or needs of any investor which should be considered before investing. Investors should consider a copy of the current Product Disclosure Statement which available from us, and seek their own financial advice prior to investing. The PDS explains how the Fund's Net Asset Value is calculated. Past performance is not a reliable guide to future performance and the capital and income of any investment may go down as well as up due to various market forces. The investment objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term.

1. Returns are calculated from exit price to exit price assuming the reinvestment of distributions for the period as stated and represent the combined income and capital return. The Index is the MSCI All Country Asia ex Japan Net Total Return Index in Australian dollars, net dividends reinvested. See [www.msci.com](http://www.msci.com) for further information on the Index.