

# Net Tangible Assets & Monthly Investment Report

31 DECEMBER 2017

## Company commentary

Strong performances from Dali Foods, Kunlun Energy and Turquoise Hill Resources contributed to a pleasing overall performance for the month. The appreciating Australian Dollar detracted from returns.

Dali Foods' 16% advance in the month made it the largest contributor to the portfolio's performance. There was limited news specific to Dali to explain the strong share price over the period, but the performance did mirror that of other leading Chinese FMCG (Fast Moving Consumer Goods) companies.

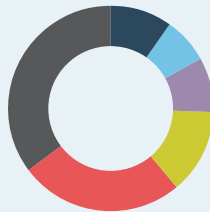
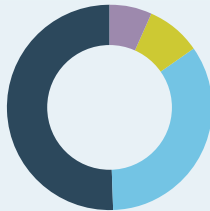
Robust gas demand within China helped support Kunlun Energy, which advanced 21% over the month. The Chinese government continues to promote the adoption of natural gas as a preferred energy source and Kunlun Energy is well placed to benefit from this going forward. The company's 60%-owned PetroChina Beijing Natural Gas Pipeline Co., which is responsible for the majority of natural gas transmission into

the Beijing hinterland, completed construction of its fourth Shaanxi-Beijing pipeline in November, thereby increasing capacity by ~70%. This will support Kunlun Energy's earnings growth in 2018.

Base metals advanced into year-end as investor expectations for demand in China continued to strengthen. Turquoise Hill Resources rose 16% after copper, of which China is the largest consumer, reached a three-year high. Underground development at Turquoise Hill Resources' Oyu Tolgoi mine remains on schedule for initial production in 2020.

Net Tangible Asset (NTA) backing per ordinary share (all figures are unaudited)	November 2017	December 2017	Change
NTA before tax accruals plus franking credits <sup>1</sup>	\$1.2755	1.3104	+ 2.74%
NTA after tax <sup>2</sup>	\$1.1938	1.2194	+ 2.14%

1. 31 December 2017 includes \$0.0350 of franking credits. 2. Net Tangible Assets (NTA) refers to the net assets of the Company after the accruals for net current and deferred tax liabilities/assets.

Portfolio investments	Weighting	Current stock example	Domicile of listing <sup>^</sup>	
Financials	19.8%	HSBC Holdings	 <ul style="list-style-type: none"> <li>Hong Kong 35.2%</li> <li>North America 25.9%</li> <li>Malaysia 13.1%</li> <li>Korea 8.6%</li> <li>Singapore 7.3%</li> <li>Australia 9.9%</li> </ul>	
Consumer - Breweries	6.5%	Heineken Malaysia		
Consumer - Other	12.1%	Dali Foods		
Gaming - Macau	10.7%	Wynn Macau		
Gaming - Other	7.4%	Naga Corp		
Online classifieds & Ecommerce	18.3%	Baidu		
Capital Goods & Commodities	11.9%	Turquoise Hill Resources		 <ul style="list-style-type: none"> <li>Greater China 50.4%</li> <li>South East Asia 34.1%</li> <li>Developed Asia 8.6%</li> <li>International 6.9%</li> </ul>
Oil & Gas Infrastructure	9.7%	Sinopec Kantons		
Other	2.4%			
<b>Long Equities Position</b>	<b>98.8%</b>			
Short Equities Position	-2.5%			
<b>Net Invested Equities</b>	<b>96.3%</b>			
<b>Total holdings</b>	<b>28</b>			
<b>Currency exposure<sup>*</sup></b>				
		USD	50.1%	
		HKD	38.3%	
		AUD	9.7%	
		SGD	1.8%	
		Other	0.1%	
		<b>Total exposure</b>	<b>100.0%</b>	

<sup>^</sup> '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. <sup>\*</sup> Stated as Effective Exposure.

PM Capital Limited ('the Manager'), 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.

### Company profile

The PM Capital Asian Opportunities Fund Limited (ASX:PAF, ACN 168 666 171) is intended to provide investors with an opportunity to invest in the Asian Region (ex-Japan)<sup>1</sup> via an Australian Securities Exchange (ASX) listed investment company. The company began trading on the ASX on 22 May 2014.

Managed by PM Capital Limited, the aim is to create long term wealth through a concentrated portfolio of typically 15-35 quality companies within Asia ex-Japan that we believe are trading at prices different to their intrinsic values.

### Who manages the Company's portfolio?

PAF's investment portfolio is managed by PM Capital (AFSL 230222). Kevin Bertoli is the Portfolio Manager, who has over 11 years' industry experience and 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.

PM Capital believes in being a patient investor, one that has conviction, one that finds opportunities where others can only see risk. We only invest in what we know, deeply, via our fundamental research.

### Investment philosophy

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

### Further Information

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### Share Registry Enquiries

**Boardroom Pty Limited** T: 1300 737 760 E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

Our experience has shown us that while the market is largely efficient, it can, and regularly does, misprice a small proportion of companies. 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.

### Why the PM Capital Asian Opportunities Fund Limited?

**Asia-specific:** The Company focuses on companies listed or operating in Asia (ex-Japan)<sup>1</sup>, giving 100% unrestricted exposure to the world's fastest growing region.

**Established:** The Company'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.

**Opportunistic and focused:** The Company's portfolio 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 portfolio holds around 15 to 35 deeply researched stocks that we believe give the best opportunity to produce strong long term returns.

**Co-investment:** Shareholders receive access to a unique subset of opportunities to which they may otherwise find difficult to access. The Manager has a significant investments in the Company - they invest for and with you.

### Key Company Details

#### ASX Code

PAF

#### ACN

168 666 171

#### Trading commenced

22 May 2014

#### Shares on issue

56,248,711

#### Category

Asian (ex-Japan)<sup>1</sup> equities

#### Investment style

Fundamental, bottom-up, research-intensive approach

#### Number of stocks

As a guide 15-35 stocks

#### Suggested investment time

Seven years plus

#### Investor profile

PAF may be appropriate for investors seeking to profit from long-term capital appreciation over a seven plus year investment horizon through a concentrated portfolio of Asian Equities.<sup>1</sup>

### Important Notice

PM Capital Asian Opportunities Fund Limited ACN 168 666 171 (PAF) has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in PAF. Nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of PAF and conduct its own investigations and analysis. See the ASX Company Announcements platform at [www.asx.com.au](http://www.asx.com.au) for further information. Past performance is not a reliable indicator of future performance. All positions are reported net of all liabilities including tax.

1. The Asian region (ex-Japan) includes Hong Kong, China, Taiwan, Korea, Indonesia, India, Sri Lanka, Malaysia, Philippines, Thailand, Vietnam, Pakistan and Singapore, but excludes Japan. The Company may also obtain exposure to companies listed on other global exchanges where the predominant business of those companies is conducted in the Asian region (ex-Japan).