

# Net Tangible Assets & Monthly Investment Report

31 JANUARY 2018

## Company commentary

Strong fourth quarter results from Wynn Macau and Las Vegas Sands comfortably exceeded investor expectations, helping produce a robust performance from the portfolio's Macau casino holdings.

Near month's end allegations of sexual misconduct surfaced against Steve Wynn, CEO and Chairman of Wynn Macau. We expect these allegations, although serious, will have almost no impact on gaming activity in the near term. However, there is heightened risk around licensing and Wynn's involvement in the business over the longer term. The presence of these difficult to forecast tail risks, coupled with consensus estimates now more closely reflecting our own, led to the decision to exit the Wynn Macau position\*. We also sold Las Vegas Sands.

Currency was the largest detractor to performance with the Australian Dollar advancing against the US Dollar and pegged HK Dollar. Broad-based USD weakness dictated currency movements in the month. Notably, during the month US

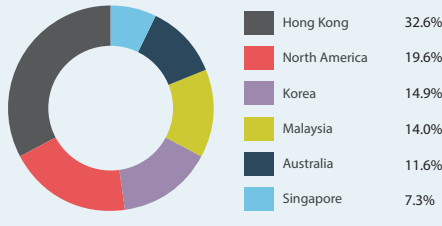
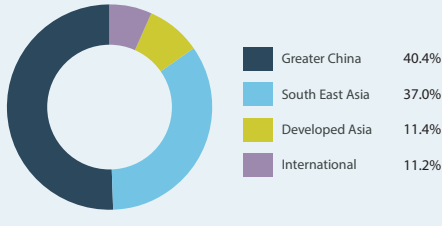
Treasury Secretary Mnuchin indicated support for a weaker USD - comments running counter to US policy over the last several decades. The strong AUD comes despite the US and Australian 10-year treasury spread declining to the narrowest point since May-2000.

51Jobs was also sold after an extended period of strong performance - 95% over the past year - saw it reach our target price. The capital from portfolio sales has been recycled into two new positions which we will detail in future communications.

\* Mr. Wynn subsequently resigned from his positions at the Company on February 7<sup>th</sup> 2018.

Net Tangible Asset (NTA) backing per ordinary share (all figures are unaudited)	December 2017	January 2018	Change
NTA before tax accruals plus franking credits <sup>1</sup>	1.3104	1.3181	+ 0.59%
NTA after tax <sup>2</sup>	1.2194	1.2249	+ 0.45%

1. 31 January 2018 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>
Consumer - Breweries	9.5%	Heineken Malaysia	 <ul style="list-style-type: none"> <li>Hong Kong 32.6%</li> <li>North America 19.6%</li> <li>Korea 14.9%</li> <li>Malaysia 14.0%</li> <li>Australia 11.6%</li> <li>Singapore 7.3%</li> </ul>
Consumer - Other	10.5%	Dali Food Group	
Financials	18.9%	HSBC Holdings	
Online classifieds & Ecommerce	16.4%	Baidu	
Capital Goods & Commodities	11.0%	Turquoise Hill Resources	
Gaming - Macau	3.2%	MGM China Holdings Ltd	
Gaming - Other	7.0%	Naga Corp	
Oil & Gas Infrastructure	9.1%	Sinopec Kantons	
Other	5.7%		
<b>Long Equities Position</b>	<b>91.3%</b>		
Short Equities Position	-2.7%		
<b>Net Invested Equities</b>	<b>88.6%</b>		
<b>Total holdings</b>	<b>27</b>		
		Currency exposure*	Domicile of business <sup>^</sup>
		USD 46.0%	 <ul style="list-style-type: none"> <li>Greater China 40.4%</li> <li>South East Asia 37.0%</li> <li>Developed Asia 11.4%</li> <li>International 11.2%</li> </ul>
		HKD 38.4%	
		AUD 8.0%	
		KRW 5.6%	
		Other 2.0%	
		<b>Total exposure 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. \* 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](http://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).