

# Net Tangible Assets & Monthly Investment Report

31 MARCH 2018

## Company commentary

While the portfolio in aggregate declined with the broader sell off in global markets, performance was also impacted by declines in some large positions.

Sinopec Kantons declined 18% after a disappointing results announcement led to a downward revision in forward estimates. While underlying earnings advanced 20%, a decline in the realised average selling price for the gas pipeline business was investors' primary focus. Despite the realised pipeline tariff being below our expectations we maintain our position. Factoring in conservative tariff assumptions for the pipeline business the company still trades at only 7.5x 2018 earnings; a valuation that we view is unjustified.

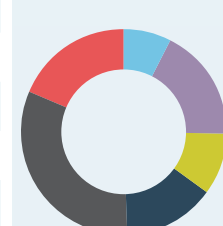
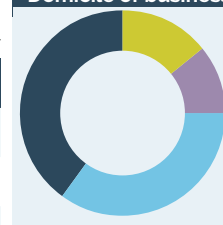
Baidu declined 12% as it was affected by the broader sell off in the US technology sector. During March, Baidu's video streaming business iQIYI completed its initial public offering,

raising close to US\$2.3bn. We view this positively for Baidu, which maintains control of iQIYI while also driving increased transparency of its operations.

NagaCorp advanced 13% on its better than expected full year results. The company has subsequently benefited from positive analyst commentary including a research report from Morgan Stanley that initiated coverage with an 'outperform' rating. Historically, Nagacorp has not been widely covered by the broker community so we see greater coverage as a positive development as it will lead to an improved understanding of the business.

Net Tangible Asset (NTA) backing per ordinary share (all figures are unaudited) <sup>1</sup>	February 2018 (ex) <sup>4</sup>	March 2018 (ex) <sup>5</sup>	Change <sup>6</sup>	Perf. since incept. - p.a. <sup>7</sup>	Perf. since incept. - total <sup>7</sup>
NTA before tax accruals plus franking credits <sup>2</sup>	1.2885	1.2670	- 1.66%	9.8%	43.6%
NTA after tax <sup>3</sup>	1.2035	1.1880	- 1.29%		
S&P/ ASX 200 Accumulation Index				5.9%	24.8%

1. Past performance is not a reliable indicator of future performance. 2. 31 March 2018 includes \$0.03856 of franking credits. 3. Net Tangible Assets (NTA) refers to the net assets of the Company after the accruals for net current and deferred tax liabilities/assets. 4. NTA on an ex-dividend basis for the fully franked interim dividend of 1.8cps. 5. NTA after payment of dividend. 6. Change calculated on an ex-dividend basis. 7. Performance adjusted for capital flows associated with the payment of dividends, share issuance as a result of the dividend reinvestment plan, and including the value of franking credits.

Portfolio investments	Weighting	Current stock example	Domicile of listing <sup>^</sup>
Consumer - Breweries	11.4%	Heineken Malaysia	 <ul style="list-style-type: none"> <li>North America 18.5%</li> <li>Hong Kong 31.9%</li> <li>Malaysia 14.4%</li> <li>Australia 9.9%</li> <li>Korea 17.8%</li> <li>Singapore 7.5%</li> </ul>
Consumer - Other	11.7%	Dali Food Group	
Financials	19.6%	HSBC Holdings	
Online Classifieds & Ecommerce	13.6%	Baidu	
Capital Goods & Commodities	12.6%	Turquoise Hill Resources	
Gaming - Macau	4.8%	MGM China Holdings Ltd	
Gaming - Other	5.3%	NagaCorp	
Oil & Gas Infrastructure	9.3%	Sinopec Kantons	
Other	5.9%		
<b>Long Equities Position</b>	<b>94.3%</b>		
Short Equities Position	-2.9%		
<b>Net Invested Equities</b>	<b>91.4%</b>		
<b>Total holdings</b>	<b>27</b>		
Currency exposure <sup>*</sup>			Domicile of business <sup>^</sup>
USD		54.8%	 <ul style="list-style-type: none"> <li>Greater China 40.0%</li> <li>South East Asia 35.0%</li> <li>International 10.8%</li> <li>Developed Asia 14.2%</li> </ul>
HKD		38.5%	
KRW		0.0%	
AUD		4.7%	
Other		2.0%	
<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. \* 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 12 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 31 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>

##### Interim Dividend

Ex-Dividend Date: 14 March 2018

Record Date: 15 March 2018

Last date to elect DRP: 16 March 2018

Payment Date: 5 April 2018

#### 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).