



# Net Tangible Assets & Monthly Investment Report

30 SEPTEMBER 2017

## Company 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 portfolio'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.

Net Tangible Asset (NTA) backing per ordinary share (all figures are unaudited)	August 2017 (ex) <sup>3</sup>	September 2017 (ex) <sup>4</sup>	Change <sup>5</sup>
NTA before tax accruals plus franking credits <sup>1</sup>	\$1.1966	\$1.2491	+ 4.39%
NTA after tax <sup>2</sup>	\$1.1364	\$1.1745	+ 3.35%

1. 30 September 2017 includes \$0.0313 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. 3 & 4. NTA on a notional ex-dividend basis for the fully franked interim dividend of 2.5cps. 5. Change calculated on an ex-dividend basis. Refer to 'Key Company Details' for payment details.

Portfolio investments	Weighting	Current stock example	Domicile of listing <sup>^</sup>
Consumer - Breweries	6.3%	Heineken Malaysia	<ul style="list-style-type: none"> <li>Hong Kong 36.1%</li> <li>North America 28.8%</li> <li>Malaysia 14.1%</li> <li>Australia 8.5%</li> <li>Singapore 7.1%</li> <li>Korea 5.4%</li> </ul>
Consumer - Other	8.3%	Dali Foods	
Online Classifieds & Ecommerce	17.7%	Baidu	
Gaming - Macau	10.3%	Wynn Macau	
Gaming - Other	7.6%	Donaco International	
Financials	18.7%	HSBC Holdings	
Capital Goods & Commodities	11.8%	Turquoise Hill Resources	
Oil & Gas Infrastructure	10.2%	Sinopec Kantons	
Other	3.0%		
<b>Long Position</b>	<b>93.9%</b>		
Short Position	-2.3%		
<b>Net Invested Equities</b>	<b>91.6%</b>		
Credit Securities	0.4%		
<b>Net invested position</b>	<b>92.0%</b>		
Total holdings	27		

  

Currency exposure <sup>*</sup>		Domicile of business <sup>^</sup>
USD	60.1%	<ul style="list-style-type: none"> <li>Greater China 53.8%</li> <li>South East Asia 33.0%</li> <li>International 7.8%</li> <li>Developed Asia 5.4%</li> </ul>
HKD	36.6%	
MYR	1.2%	
SGD	1.1%	
AUD	1.0%	
<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 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

#### Listing Date

21 May 2014

#### Shares on issue

56,248,711

#### Category

Asian (ex-Japan)<sup>2</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: 13 September 2017  
Record Date: 14 September 2017  
Last date to elect DRP: 15 September 2017  
Payment Date: 5 October 2017

### 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