

# Net Tangible Assets & Monthly Investment Report

30 SEPTEMBER 2018

## Company commentary

- Further escalation of trade tensions negatively impacted Asian markets in September
- Continued US Dollar strength puts pressure on Asian economies, heightening pre-existing growth concerns

iCar Asia declined 10% despite no material company specific information coming to market. We attribute the decline to the company's small cap status, lower liquidity and Asian exposure that all act as negatives when investors become more risk averse. We continue to view the business favourably and believe the share price will react positively in the coming months as its Malaysia and Thailand operations become profitable - two major milestones for the company.



Macau gaming holdings, MGM China and Wynn Resorts, declined 16% and 14% respectively over the month, extending their recent declines. Given its reliance on mainland Chinese patronage, Macau has

been at the epicentre of concerns around a slowing Chinese economy and trade fears. A further escalation of trade tension in September coupled with the impact of Typhoon Mangkhut impacted negatively on Macau. Our long term investment thesis for Macau has not changed and these investments will be discussed in greater depth in the September quarterly.

Kunlun Energy advanced 10%, continuing the strong performance seen in August, after the release of better than expected interim results. After a 33% share price appreciation during the quarter we took the opportunity to reduce our position back to 3%.

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited) <sup>1</sup>	August 2018 (cum) <sup>4</sup>	August 2018 (ex) <sup>5</sup>	September 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>	<b>1.2522</b>	<b>1.2246</b>	<b>1.1884</b>	<b>- 3.0%</b>	<b>7.6%</b>	<b>37.6%</b>
NTA after tax <sup>3</sup>	<b>1.1778</b>	<b>1.1578</b>	<b>1.1316</b>	<b>- 2.2%</b>		

1. Past performance is not a reliable indicator of future performance. 2. 30 September 2018 includes \$0.032 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 a notional cum-dividend basis for the fully franked interim dividend of 2.0cps. 5. NTA on an ex-dividend basis. 6. Change calculated on a ex-dividend basis. 7. Performance adjusted for capital flows including those associated with the payment of dividends, share issuance as a result of option exercise, and the dividend reinvestment plan, and including the value of franking credits.

Portfolio investments	Weighting	Current stock example	Domicile of listing <sup>^</sup>
Consumer - Breweries	9.8%	Heineken Malaysia	 <ul style="list-style-type: none"> <li>Hong Kong 33.5%</li> <li>Korea 20.3%</li> <li>North America 17.8%</li> <li>Malaysia 12.1%</li> <li>Australia 10.6%</li> <li>Singapore 5.7%</li> </ul>
Consumer - Other	11.3%	Dali Food Group	
Financials	18.3%	DBS Group	
Gaming - Macau	10.8%	MGM China Holdings	
Gaming - Other	5.4%	NagaCorp	
Online Classifieds & Ecommerce	14.0%	Baidu	
Capital Goods & Commodities	10.4%	Turquoise Hill Resources	
Oil & Gas Infrastructure	8.9%	Sinopec Kantons	
Technology Hardware	6.4%		
<b>Long Equities Position</b>	<b>95.3%</b>		
Short Equities Position	-1.2%		
<b>Net Invested Equities</b>	<b>94.1%</b>		
<b>Total holdings</b>	<b>25</b>		
		Currency exposure <sup>*</sup>	Domicile of business <sup>^</sup>
		USD 44.6%	 <ul style="list-style-type: none"> <li>Greater China 41.1%</li> <li>South East Asia 32.0%</li> <li>Developed Asia 13.9%</li> <li>International 13.0%</li> </ul>
		HKD 30.5%	
		AUD 19.1%	
		INR 3.2%	
		Other 2.6%	
		<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 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 31 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 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

56,313,902

#### 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).