

# Net Tangible Assets & Monthly Investment Report

31 JANUARY 2019

## Company commentary

- Our gaming stock holdings post significant gains
- Portfolio holding Samsung to benefit from a more rational competitive landscape

Gaming stocks performed solidly over the month with MGM China, Wynn Resorts, Melco Resorts and Nagacorp all advancing over 15%. The regional gaming sector benefits from its higher relative beta compared to the wider market and this was no exception in January. Better than expected Q4 results from Wynn Resorts in late January also alleviated concerns around the severity of the slowdown in Macau.

Samsung Electronics advanced 18% after all three major players in the DRAM market - Samsung Electronics, Hynix and Micron - indicated they would reduce investment into new capacity after recent demand softness. A more rational competitive environment within the DRAM market, which has historically been highly

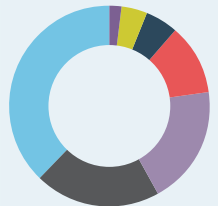
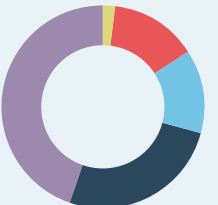
cyclical, is one of the key elements of our investment thesis.

iCar Asia released strong Q4 cash flows in January. iCar's operating trends continue to improve with both Malaysia and Thailand in a breakeven position. However, technical factors saw significant volatility in the stock and it closed down 8% for the month. We continue to view the operational progress made by iCar's management positively.

During the month we continued to reduce our positions in the Malaysian brewing space with a further sell down of Carlsberg Malaysia which is trading near its 12 month highs.

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited) <sup>1</sup>	December 2018	January 2019	Change	Perf. since incept. - p.a. <sup>4</sup>	Perf. since incept. - total <sup>4</sup>
NTA before tax accruals plus franking credits <sup>2</sup>	1.0657	1.0883	2.1%	4.9%	25.2%
NTA after tax <sup>3</sup>	1.0398	1.0594	1.9%		

1. Past performance is not a reliable indicator of future performance. 2. 31 January 2019 includes \$0.0723 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. 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	9.3%	Heineken Malaysia	
Consumer - Other	11.3%	Dali Food Group	
Gaming - Macau	16.0%	MGM China Holdings	
Gaming - Other	4.4%	NagaCorp	
Financials	19.5%	DBS Group	
Capital Goods & Commodities	11.0%	Turquoise Hill Resources	
Oil & Gas Infrastructure	9.6%	Sinopec Kantons	
Online Classifieds & Ecommerce	9.0%	Baidu	
Technology Hardware	5.6%		
<b>Long Equities Position</b>	<b>95.7%</b>		
Short Equities Position	-1.4%		
<b>Net Invested Equities</b>	<b>94.3%</b>		
<b>Total holdings</b>	<b>28</b>		
		<b>Currency exposure<sup>*</sup></b>	
		HKD	33.3%
		USD	32.4%
		AUD	25.9%
		INR	3.5%
		Other	4.9%
		<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 13 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 32 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

[www.pmcapital.com.au](http://www.pmcapital.com.au) T: +61 8243 0888 E: [pmcapital@pmcapital.com.au](mailto:pmcapital@pmcapital.com.au)

### 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 32 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

56,541,541

#### 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).