

**Appendix 4E  
Final Report  
For the year ended 30 June 2020  
Date: 13 August 2020**

**Results for announcement to the market**

| Financial Results   | 30 June 2020 | 30 June 2019 | Change |
|---|--------------|--------------|--------|
|   | \$           | \$           | %      |
| Net revenue from ordinary activities                              | (5,051,027)  | (4,018,498)  | 25.7%  |
| (Loss) from ordinary activities after tax attributable to members | (4,215,015)  | (3,662,272)  | 15.1%  |
| (Loss) for the year attributable to members                       | (4,215,015)  | (3,662,272)  | 15.1%  |

| Net Tangible Asset ("NTA") Backing Per Share   | 30 June 2020 | 30 June 2019 | Change  |
|--|--------------|--------------|---------|
|  | \$           | \$           | %       |
| NTA before tax accruals  | 0.8801       | 1.0472       | (16.0%) |
| NTA after tax excluding Deferred Tax Assets ("DTA")  | 0.8777       | 1.0207       | (14.0%) |
| NTA after tax excluding DTA<br>(2020 adding the October 2019 final dividend of 1.5 cents per share and March 2019 dividend of 1.5 cents per share) | 0.9077       | 1.0207       | (11.1%) |

**Dividends**

During the year the Company paid 2 dividends, totalling 3.0 cents - a final June 2019 fully franked dividend of 1.5 cents per share (amounting to \$853,393, paid on 3 October 2019) and an interim 2020 fully franked dividend of 1.5 cents (amounting to \$858,321 paid on 26 March 2020).

The Company has insufficient retained earnings to frank a final dividend at 30 June 2020. As such the Company does not intend to pay a final dividend in respect of 30 June 2020.

**Details of any dividend or distribution reinvestment plans in operation:**

The operation of the Dividend Reinvestment Plan is not applicable in this period given the Board do not intend to declare a final dividend

**Entities over which control has been lost during the period:**

None.

**Details of associates and joint venture entities**

None.

To find out more about PM Capital Asian Opportunities Fund Limited, please visit the Company's website:

<http://www.pmcapital.com.au/listed-investment-company/paf>



PM Capital

ASIAN OPPORTUNITIES FUND LIMITED

# Annual Report

For the year ended 30 June 2020

PM Capital Asian Opportunities Fund Limited

ACN 168 666 171

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## CHAIRMAN'S REPORT

Dear Shareholders,

The COVID-19 pandemic combined with the ever twisting and turning US/China trade dispute presented a challenging and unprecedented environment for the portfolio of the PM Capital Asian Opportunities Fund Limited ("PAF" or "the Company") over the course of the 2020 financial year.

Underlying investment performance delivered by PM Capital Limited ("the Investment Manager") over the year ended 30 June 2020 was -10.8%<sup>1</sup> in an environment where the broader MSCI AC Asia ex Japan Net Total Return Index in AUD ("MSCI Asia") experienced a modestly positive return of +3.6% and the local S&P/ASX 200 Accumulation Index declined -7.7%. The difficulty experienced by the Company relative to the benchmark was something felt by many long term value oriented investment managers given that large cap growth and momentum stocks outperformed and drove the index.

Many of the Company's investment theses are expected to play out over several years. As such, despite adverse short term movements in many of the Company's stocks, it is important to remember that the Company's stated objective is *"to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of Asian equities and other investment securities, with a focus on the Asian Region (ex-Japan), which the Manager considers to be mispriced."*

For details on the portfolio, and drivers of performance across each of the major investment themes, I refer you to the Investment Manager's insights and portfolio positioning contained within this annual report. In particular, I note the Investment Manager's conviction in the opportunities presented by the Company's stocks, many of which provide attractive opportunities due to their depressed absolute and relative valuations.

Operationally, COVID-19 has demonstrated the effectiveness of the Company's operational risk framework. As a board we have:

- Satisfied ourselves that operations of the Company are continuing uninterrupted and processes are in place to mitigate the impact of any further pandemic related lock-down directives,
- Sought confirmation that our suppliers, including the Investment Manager, are working in a COVID-19 safe environment; and
- Increased communications with the Investment Manager to ensure we are kept abreast of any relevant developments.

### *Financial Results*

For the year ended 30 June 2020, the Company reported a loss before tax of \$6.1 million and total comprehensive loss after tax of \$4.2 million. Despite this loss, the Company received dividends and realised gains on the sale of a number of its investments which were the primary drivers of taxable income for the year, being \$1.0 million.

### *Dividends*

During the year the Company paid two dividends, totalling 3.0 cents - a final June 2019 fully franked dividend of 1.5 cents per share (amounting to \$853,393, paid on 3 October 2019) and an interim 2020 fully franked dividend of 1.5 cents (amounting to \$858,321 paid on 26 March 2020).

Despite having adequate franking credits, the Company has insufficient retained earnings to enable the franking of a final dividend. As such, the intention of the Board is to not declare a final dividend. The ability to recommence the Board's policy of paying fully franked semi-annual dividends will require an increase in the retained earnings of the Company and is subject to financial conditions, future prospects and other factors, on a forward-looking basis.

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<sup>1</sup> Before tax, after all fees and expenses, adjusted for capital flows associated with the payment of dividends, and share issuance as a result of the dividend reinvestment plan.

If capital flows are ignored and one simply adds to the 30 June 2020 NTA the dividends paid, the increase over the 30 June 2019 NTA before tax accruals is (13.1)%.

As a Board we are constantly considering ways to maximise long term shareholder value. During the year PM Capital Limited has been actively promoting the Company through interaction with stockbrokers, financial planners and researchers. In addition, it continues to focus on communications and engagement with the market generally. Numerous portfolio manager insight and portfolio positioning articles and reports have been made available for investors through the year. These are available at [pmcapital.com.au](http://pmcapital.com.au).

#### *Equal Access Buy-Back*

Directors are aware that the inability to maintain a final fully franked dividend will have an impact on shareholders. We are also conscious of the discount to NTA at which the Company's shares (and the International Equities LIC sector in general) have been trading. As such, we are constantly considering the merits of various capital initiatives. Consistent with prior communications, we reiterate that any capital initiative must be undertaken prudently and with due consideration to the production of positive short and long term outcomes for the Company and its shareholders.

As a result, and to give shareholders more choice, we are announcing that the Company intends to undertake an Equal Access Buy Back Offer for 5% of each shareholder's ordinary shares to be priced at a 5% discount to the after-tax NTA (excluding deferred tax assets). Details of the proposed buyback will be sent out to shareholders in due course. For a summary of key dates please refer to the separate buyback announcement and Appendix 3C.

For those shareholders wishing to increase their cashflow during the COVID-19 pandemic by realising a portion of their holding, the buyback's 5% discount to NTA may be attractive relative to the prevailing market price, which as at 31 July 2020 represented a 19% discount to the then NTA. Shareholders should recognise that the buyback price will be based on NTA at a future close date and NTA per share and market share prices are likely to change relative to that of 31 July 2020.

For the Company, the buyback is expected to be modestly accretive to NTA per share.

#### *In conclusion,*

Given a buyback of 5% of shareholder's shares at a 5% discount to NTA, accretion from any closing of the prevailing discount to NTA over time, and a portfolio of stocks that are focused on what the Investment Manager considers are stocks and sectors of the market selling at near record relative valuation discounts, we believe that the Company provides a compelling long term opportunity.

Finally, thank you to our Shareholders, for your ongoing support of the Company.

My fellow directors and I are looking forward to seeing those of you who are able to join us for the Annual General Meeting.



Brett Spork  
Chairman  
13 August 2020

## PORTFOLIO MANAGER'S REPORT

Dear Investor,

The Financial Year was one of two contrasting halves, with the US/ China trade dispute and the COVID-19 pandemic the defining issues which drove investor sentiment and dictated the direction of regional markets over the year.

The improving sentiment brought on by a de-escalation of trade tensions saw Asian regional equity markets post solid gains during the first half of the year. During this period the underlying portfolio performed solidly, with holdings which had been saddled with uncertainty caused by recent trade dispute between the United States and China rising meaningfully.

Since the onset of the trade dispute in early 2018 we had witnessed a growing disconnect between equity markets in Asia and the US, with the most impacted being the China and Hong Kong markets. A sharp rebound in these holdings highlighted the degree in which corporate valuations had been impacted by the negative sentiment surrounding recent trade disputes and how even small milestones such as the phase one deal between the US and China could result in significant share price movements.

Performance rose sharply in early January with the signing of the phase one trade deal and the outlook for the underlying portfolio looked promising with economic growth indicators across the region inflecting positively. Furthermore, the earnings downgrade cycle witnessed over the preceding 2 years had provided a more reasonable base for valuations and created an environment where companies were well positioned to positively surprise versus broadly conservative estimates.

This positive backdrop quickly evaporated with the outbreak of COVID-19 in China. As the virus evolved from a relatively isolated local health crisis in China and surrounding countries into a full-blown international pandemic, equity and debt markets experienced drawdowns unprecedented in pace and severity.

Governments around the world acted quickly to stem the spread of COVID-19 and this has come at great economic cost; almost universally. The broad-based closure of economies left investors to contemplate a unique market environment where many of the companies they have invested in could realistically have zero or close to zero revenues for an extended period of time. Corporate balance sheets and liquidity requirements which had to a large extent been relegated to secondary considerations in a period of low interest rates and near free money returned to be front and centre in investors' minds.

Notwithstanding the economic fallout caused by COVID-19 persisting, markets have staged an impressive rally into Financial Year end. While countries across Asia have been among the most effective in dealing with the spread of COVID-19, alleviating some of the worst case fears around the economic impacts, we are also cognisant of the impact a low rate environment coupled with government stimulus and central banks intervention has played in this recovery. We also recognise that markets will likely remain volatile given the stop/ start nature of managing COVID-19's medical and economic side effects.

We have identified clear catalysts to drive positive performance in our core portfolio holdings and we continue to see value in the names held within the portfolio notwithstanding the recovery witnessed from the March lows. This is partly a function of how deeply depressed valuations became across several of our holdings during the peak of the March sell-down, but also the already attractive valuations prior to COVID-19. As we have alluded to in prior communications, COVID-19 has extended the valuation disconnect between 'cyclical' and 'growth' businesses. This environment provides potentially a once in a generation opportunity to buy cyclical and industrial stocks which will play out over several years.

At 30 June the major portfolio themes were:

- Consumer franchises
- Online classifieds
- Macau gaming
- Copper
- Infrastructure

### Consumer franchises

This portfolio theme consists of what we consider to be tier one consumer-focused businesses with strong franchise-like qualities. These businesses tend to be domestic champions with market-leading distribution and proven track records of innovation - factors that typically create high barriers to entry to new competition and drive consolidated market categories. Over time we have found that when these dynamics are identified and subsequently supported by favourable industry trends (such as the growing affluence of the consumer, urbanisation and rising income levels), this creates the perfect environment for long term sustainable earnings growth.

Unfortunately, we are not the first to recognise these dynamics. As such these businesses tend to be fairly priced (if not expensive), during most parts of the cycle.

COVID-19 has given us an opportunity to add to this thematic with positions initiated in Budweiser APAC and SABECO. Combined, these two investments mark a return to the beer sector; something we know well having held several positions across the region over the past decade. Both businesses have experienced significant disruption on account of COVID-19, with on-license trade demand particularly impacted by the mandated closure of bars and restaurants in both mainland China and Vietnam. Nonetheless, both businesses remain well placed in their respective markets - Budweiser the dominant player in the premium category in China and SABECO the market leader in the Vietnamese market where structural growth prospects remain very favourable longer term.

### Online classifieds

Online classified companies have been a core component of the portfolio since the inception of the Company. After reducing exposure to this thematic in recent years we now only hold two positions – iCarAsia and Frontier Digital Ventures – both listed here in Australia. Both are smaller capitalisation companies with lower liquidity so share price volatility has been heightened in recent months. While both sold off aggressively during the initial fear and uncertainty that accompanied COVID-19 the recent recovery in share prices have also been material. Frontier Digital Ventures, in particular, is at the time of writing trading back near its all-time highs.

COVID-19 has proven to be extremely painful for these companies from a revenue perspective with movement restrictions slowing activity in both the property and automotive markets. However, both companies have proactively reduced expenses, helping offset the impact of revenue declines, so much so that operating cash outflows improved year-over-year during the June quarter, an outcome which should be applauded.

For online classifieds businesses the health of the underlying customer bases, property agents and automotive dealers, is of critical importance. While economic activity is gradually normalising across iCarAsia and Frontier Digital's core markets we continue to monitor progress. We anticipate property agents will weather this period better than used car dealers given the absence of large inventory holdings.

From a valuation perspective we continue to believe both are materially undervalued relative to their long term earnings potential. External shocks such as that caused by COVID-19 can have a silver lining for some businesses by improving their longer term competitive position. During the GFC we saw an acceleration in the transition from traditional newspaper advertising to cheaper, more effective and measurable online advertising. In the current environment we are seeing a flight to quality occur, with smaller classified businesses much more impacted. It is highly probable that smaller, poorly capitalised competitors will struggle to survive.

Our view on valuation was validated just recently as it was announced that the largest shareholder in Zameen - Frontier Digital's largest investment - will merge with global classifieds giant OLX, part of the Naspers Group. Based on available information the transaction values Frontier Digital's stake in Zameen at more than its total market capitalisation and provides a path to monetisation in the coming years.

Both iCarAsia and Frontier Digital have decades of growth ahead of them and the ability to consistently compound earnings. Digital is not going anywhere.

### Macau gaming

Our gaming holdings faced numerous headwinds over the Financial Year. After a strong start to Calendar Year 2019 growth in gaming revenues slowed with the US/ China trade dispute coupled with widespread protests in Hong Kong acting as overhangs.

More impactful however, was that gaming companies, along with the leisure and lodging sector more broadly, have been among the hardest hit sectors of the economy from COVID-19 as properties were forced to close in an effort to help combat the spread of virus. In February, Macau Chief Executive Ho Iat Seng announced a mandatory 14-day closure of the city's casinos. Unfortunately, this was only the beginning for the gaming sector and Wynn Resorts, our only Macau casino operator with material exposure outside Macau, announced the closure of its Boston and Las Vegas properties in mid-March.

Despite Macau's casinos being open from mid-February, the operating environment remains deeply depressed as entry restrictions on tourists have remained. Despite infections in the Greater Bay Area (Macau, Hong Kong and the Guangdong province) largely being brought under control, authorities have maintained an extremely cautious stance. Catalysts for a more rapid improvement in visitation and consequently gaming revenues will be a reinstatement of tourist visas and the Individual Visitor Scheme.

The pace of the recovery remains crucial because every month properties operate below break-even they accumulate debt, changing the Enterprise Value. Positively, operators have provided great clarity with respect to liquidity positions which provides us with comfort around each of our holdings' ability to weather an extended period of property closures. All the operators we own have ample balance sheet liquidity to see them through a prolonged period of closures, most with 18-24 months' capacity.

Despite the share price of our holdings recovering from their March lows they remain deeply depressed on a normalised earnings basis and we expect material share price gains to eventuate when movement restrictions are further eased.

### Copper

While the economic disruption caused by COVID-19 is undoubtedly negative for copper demand in the very short term, it has been supply-side constraints that have led to a sharp appreciation in the copper price in recent months. Supply outages, primarily across South America, have helped balance the market. Production output in Peru, the second-largest producer globally, experienced double digit declines in percentage terms in the first six months of 2020, with a state of emergency seeing many mines halting production.

The risk of further supply disruptions remains high and this has led to commodity traders and end buyers positioning themselves accordingly. The situation in Chile, the world's largest copper producer at over 25% of global supply, is of particular focus. While Chilean miners have so far managed to maintain production levels, authorities have yet to bring COVID-19 infections under control and cases among mine workers continue to increase. Consequently, mine worker unions have threatened to remove members from mine sites.

We continue to believe our copper holdings represent a vastly different value proposition to the broader market. Our investment thesis for copper from the outset has centred around longer term supply side constraints that are expected to develop over the next decade, a period when new demand drivers such as electric vehicles and renewable energies are just emerging. These concerns have been exasperated by the effects of COVID-19. Beyond the immediate impact of mine closures, there also remains growing risks to longer term copper supply from the current COVID-19 environment, with major expansion projects also being put on hold as miners focus solely on maintaining current production. This will have a more permanent impact on supply.

Valuations of mining companies are also at long term extremes. The forward cyclically adjusted price to earnings multiple for the S&P500 Mining Index relative to the broader market is currently in the bottom quartile of its long term range (100 years) and is wider than during the Dotcom Bubble and even the Great Depression.

### Infrastructure

The main components of this part of the portfolio remain the mainland Chinese oil and gas infrastructure businesses Sinopec Kantons and Kunlun Energy.

While operationally both have performed well in the current environment given their defensive characteristics, this has not corresponded with the level of share price outperformance we would otherwise have expected. The Chinese Government's decision to consolidate ownership of its major natural gas pipelines into a single state control national pipeline company, PipeChina, has acted as an overhang for both companies and an obstacle for investors.

We have long seen the formation of PipeChina and the eventual sale of assets from Sinopec Kantons and Kunlun Energy into the consolidated business as a catalyst highlighting the valuation discounts at which these businesses trade.

Progress in the formation of PipeChina has been slower than anticipated, delaying a re-rating in these holdings. However, subsequent to the end of the Financial Year there have been a number of announcements, including from Sinopec Kantons regarding the disposal of assets to PipeChina. Sinopec Kantons announced the sale of its Yu Ji Pipeline at a valuation of 1.43x book value which was well ahead of market expectations of 1x book value. Adjusting for the sale, the implied valuation of Sinopec Kanton's oil terminal and storage assets, its core business, are now substantially below book value. Furthermore, we expect a large part of the HK\$3.7 billion received (50% market capitalisation at June 30) will be returned to shareholders in the form of a special dividend. We also expect Kunlun Energy to announce the sale of its Shaanxi-Beijing pipeline network in the coming months on favourable terms which should further drive attention to this undervalued sector.

For more information on the Company's investment performance, holdings, commentaries and views, I would encourage you to visit our website – [www.pmcapital.com.au](http://www.pmcapital.com.au).



Kevin Bertoli  
Portfolio Manager of PM Capital Asian Opportunities Fund Limited  
13 August 2020

**LIST OF INVESTMENTS HELD AS AT 30 June 2020**

| Investment   | Market Value<br>\$ |
|--|--------------------|
| <b><u>Equity Securities</u></b>                            |                    |
| Frontier Digital Ventures                                  | 4,591,351          |
| Icar Asia Limited  | 3,623,095          |
| Sinopec Kantons Holdings                                   | 3,267,277          |
| MGM China Holdings Ltd                                     | 2,561,006          |
| China Mobile Ltd   | 2,462,994          |
| Freeport-McMoran Copper                                    | 2,130,594          |
| Melco Crown Entertainment Ltd                              | 2,052,765          |
| Dali Foods Group Co Ltd                                    | 2,010,714          |
| Kunlun Energy  | 2,000,028          |
| Wynn Resorts Limited                                       | 1,888,486          |
| Travelsky Technology LTD                                   | 1,779,069          |
| Amorepacific Corp  | 1,736,073          |
| Budweiser Brewing Company APAC Limited                     | 1,533,990          |
| Crisil Ltd   | 1,502,871          |
| Shinhan Financial Group Ltd                                | 1,486,341          |
| Turquoise Hill Resources Ltd                               | 1,409,535          |
| China Merchants Holdings International                     | 1,155,912          |
| Astro Malaysia Holdings Bhd                                | 935,579            |
| MMG Limited  | 808,047            |
| CARE Ratings Ltd   | 622,135            |
| Cross-Harbour (Holdings) Limited                           | 528,734            |
| Donaco International Limited                               | 361,147            |
| <b><u>Cash &amp; Other Securities</u></b>                  |                    |
| Total cash assets (per note 3 to the financial statements) | 11,870,207         |
| Options  | (3,920)            |
| Swaps  | (227,970)          |
|  | <b>52,086,060</b>  |

**CORPORATE GOVERNANCE**

The Company's corporate governance statement can be found on our website at the following location:  
<http://www.pmcapital.com.au/paf/compliance>

## DIRECTORS' REPORT

The directors submit the financial report of PM Capital Asian Opportunities Fund Limited ("the Company") for the year ended 30 June 2020.

### Directors' Experience and Other Directorships

The following persons were directors of the Company during the whole of the financial year, and up to the date of this report (unless otherwise stated):

**Brett Spork B.Bus**

*Chairman and Independent Non-executive Director  
Chairman of the Nomination and Corporate Governance Committee  
Member of the Audit Committee*

Mr Spork has over 27 years' experience in the financial markets industry as a trader, advisor and senior manager, both within Australia and overseas. He currently provides consulting services to a broad range of financial institutions. Such consulting services comprise the provision of commercial, business development and regulatory advice. Previously, Mr Spork was the Chief Executive Officer of InvestorFirst Limited and BTIG Australia Limited.

During the period 2002 to 2006, Mr Spork was the Chief Executive Officer of E\*Trade Australia Limited. Before joining E\*Trade Australia Limited, he worked at Macquarie Bank for 14 years, the latter part as an Executive Director of Macquarie Financial Services. Mr Spork also serves as a director of Clime Capital Limited, and as Non-executive Director of PM Capital Global Opportunities Fund Limited.

Mr Spork holds a Bachelor of Business from the Queensland University of Technology. In 2004, he was recognised by the Australian Stockbrokers Foundation and admitted to its "Hall of Fame".

**Chris Knoblanche AM B.Com, CA, FCPA (appointed 4 July 2019)**

*Independent Non-executive Director  
Chairman of the Audit Committee  
Member of the Nomination and Corporate Governance Committee*

Mr Knoblanche has over 35 years experience in the financial markets in corporate strategy, financing, risk control and management. Mr Knoblanche's previous executive experience includes serving as Managing Director and Head of Citigroup Corporate and Investment Banking Australia & NZ, partner in Caliburn (now Greenhill Investment Bank) and CEO of Andersen Australia and Andersen Business Consulting — Asia.

Mr Knoblanche is currently the Non-executive Chairman of iSelect, and a Non-executive Director of Latitude Financial, Environment Protection Authority of NSW and PM Capital Global Opportunities Fund Limited. Boards on which Mr Knoblanche has previously served include: Aussie Home Loans Limited; Greencross Limited; The Australian Ballet; and Australian Business Arts Foundation.

Mr Knoblanche holds a Bachelor of Commerce (Accounting and Financial Management) and is a member of Chartered Accountants Australia and New Zealand (CA) and Fellow of the Australian Society of CPA's (FCPA). In 2014 Mr Knoblanche was awarded an Order of Australia (AM) for significant service to arts administration, the community and the business and finance sector. In 2000 Mr Knoblanche was awarded the Centenary Medal by the Australian Government for services to the arts and business.

## **DIRECTORS' REPORT (CONTINUED)**

### **Directors' experience and Other Directorships (continued)**

**Ben Skilbeck** B.Eng (Hons), B.Comm  
*Executive Director*  
*Member of the Audit Committee*  
*Member of the Nomination and Corporate Governance Committee*

Mr Skilbeck has over 24 years' experience in financial markets. He joined the Investment Manager of the Company in February 2015 as the Chief Executive Officer ("CEO") and is responsible for implementing and contributing to the determination of the operational and strategic objectives of the Investment Manager's business. Mr Skilbeck has an Investment Banking background, having worked in both Australia and the US with Merrill Lynch and Credit Suisse, where he focused on mergers and acquisitions and corporate finance advisory.

Before joining the Investment Manager, Mr Skilbeck was most recently the CEO of Rismark, a provider of quantitative research solutions and synthetic equity exposures over the Australian residential property sector.

Mr Skilbeck is also a Director of PM Capital Limited, and Director of PM Capital Global Opportunities Fund Limited. Mr Skilbeck attended the University of Melbourne and holds a Bachelor of Engineering (with Honours) and a Bachelor of Commerce.

**Richard Matthews** B.Sc. B.A. B.Ec. Grad Dip AppFin (Corporate Finance) MPA  
*Company Secretary*  
*Alternate Director for Ben Skilbeck*

Mr Matthews is PM Capital Limited's Chief Operating Officer, Head of Risk and Compliance and Company Secretary. He has over 20 years' experience in investment banking and funds management including as a Director and Chief Operating Officer of Aurora Funds Management, and a senior manager of equity capital markets at Challenger Financial Services. His overall experience includes funds management administration, establishing and administering listed/traded and unlisted investment schemes, managing equity capital market issues and/or equity swaps, and other specialised corporate structured products.

Mr Matthews is Alternate Director for Mr Ben Skilbeck, and Company Secretary, for PM Capital Global Opportunities Fund Limited.

Mr Matthews holds the degrees of Bachelor of Science, Bachelor of Arts, and Bachelor of Economics, as well as a Graduate Diploma in Applied Finance (Corporate Finance) and a Masters of Professional Accounting.

## DIRECTORS' REPORT (CONTINUED)

### Attendance at Meetings

#### Board of Directors Meetings

| Director                                | Meetings Held and Entitled to Attend* | Meetings Attended* |
|---|---------------------------------------|--------------------|
| Brett Spork                             | 8                                     | 8                  |
| Chris Knoblanche                        | 7                                     | 7                  |
| Ben Skilbeck                            | 8                                     | 8                  |
| Andrew McGill (resigned 23 August 2020) | 2                                     | 2                  |

\* In addition, 3 circular resolutions were made.

#### Nomination and Corporate Governance Committee Meetings

| Director                                | Meetings Held and Entitled to Attend | Meetings Attended |
|---|--------------------------------------|-------------------|
| Brett Spork                             | 3                                    | 3                 |
| Chris Knoblanche                        | 3                                    | 3                 |
| Ben Skilbeck                            | 3                                    | 3                 |
| Andrew McGill (resigned 23 August 2020) | 1                                    | 1                 |

#### Audit Committee Meetings

| Director                                | Meetings Held and Entitled to Attend | Meetings Attended |
|---|--------------------------------------|-------------------|
| Brett Spork                             | 4                                    | 4                 |
| Chris Knoblanche                        | 4                                    | 4                 |
| Ben Skilbeck                            | 4                                    | 4                 |
| Andrew McGill (resigned 23 August 2020) | 2                                    | 2                 |

### Directors' Interests in Shares and Options

The relevant interests of the Directors and their related entities in the securities of the Company as at 30 June 2020 were as follows:

| Director         | Number of Shares | Number of Options |
|------------------|------------------|-------------------|
| Brett Spork      | 52,630           | -                 |
| Chris Knoblanche | -                | -                 |
| Ben Skilbeck     | 10,000           | -                 |
| Richard Matthews | 3,063            | -                 |

## DIRECTORS' REPORT (CONTINUED)

### Directors' Interests in Shares and Options (continued)

The relevant interests of the Directors and their related entities in the securities of the Company as at 30 June 2019 were as follows:

| Director                                | Number of Shares | Number of Options |
|---|------------------|-------------------|
| Brett Spork                             | 52,630           | -                 |
| Ben Skilbeck                            | 10,000           | -                 |
| Richard Matthews                        | 3,063            | -                 |
| Andrew McGill (resigned 23 August 2019) | 100,000          | -                 |

### Principal Activities of the Company

The Company is a listed investment company established to invest predominantly in a concentrated portfolio of listed securities from Asian equity markets (ex-Japan) or companies whose business is predominantly conducted in this region, with the objective of providing long-term capital growth.

### Review of Operations

The performance of the Company, as represented by the results of its operations, was as follows:

|  | 2020        | 2019        |
|--|-------------|-------------|
|  | \$          | \$          |
| (Loss) before income tax                         | (6,100,479) | (5,035,603) |
| Income tax benefit                               | 1,885,464   | 1,373,331   |
| (Loss) for the year attributable to shareholders | (4,215,015) | (3,662,272) |

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

The invested position of the Company is recognised on the Balance Sheet as follows:

|  | 2020    | 2019   |
|--|---------|--------|
|  | %       | %      |
| Financial assets at fair value through profit or loss            | 77.66%  | 86.67% |
| Cash and cash equivalent assets and interest bearing liabilities | 22.79%  | 13.33% |
| Financial liabilities at fair value through profit or loss       | (0.45%) | 0.00%  |

### Dividends

During the year, the Company paid a fully franked dividend of 1.5 cents per ordinary share, amounting to \$853,393 on 3 October 2019 and a fully franked dividend 1.5 cents per ordinary share, amounting to \$858,322 on 26 March 2020.

## **DIRECTORS' REPORT (CONTINUED)**

### **Net Assets**

As at 30 June 2020 the net assets of the Company were \$55,846,229 (2019: \$61,230,135). Please refer to the Statement of Financial Position for further details.

### **State of Affairs**

During the financial year there were no significant changes in the state of affairs of the Company.

### **Events Subsequent to Balance Date**

The Company intends to undertake an Equal Access Buy Back Offer for 5% of each shareholder's ordinary shares to be priced at a 5% discount to the after-tax NTA (excluding deferred tax assets). Details of the proposed buyback will be sent out to shareholders in due course. For a summary of key dates please refer to the separate buyback announcement and Appendix 3C

Other than the above, no other matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

### **Likely Developments**

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 7 April 2014.

### **Indemnification of Officers**

The Company has indemnified directors and officers for any actions that may arise as a result of acting in their capacity as directors and officers of the Company in respect of:

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the policy preclude disclosure of the premium.

### **Environmental Regulations**

The Company's operations are not subject to any significant environmental regulations.

## DIRECTORS' REPORT (CONTINUED)

### Remuneration Report

This remuneration report sets out information about the remuneration of the Company's directors for the year ended 30 June 2020, under the requirements of Section 300A(1) of the *Corporations Act 2001*.

#### Key management personnel

The directors and other key management personnel of the Company during the whole of the financial year (unless otherwise stated) were:

Brett Spork – Chairman and Independent Non-executive Director  
 Chris Knoblanche AM – Independent Non-executive Director (appointed 4 July 2019)  
 Ben Skilbeck – Executive Director  
 Richard Matthews – Alternate Director for Ben Skilbeck  
 Andrew McGill – Independent Non-executive Director (resigned 23 August 2019)

#### Directors' Remuneration

The Company has a Nomination and Corporate Governance Committee which reviews and advises the Board on the composition of the Board and its committees.

Directors' remuneration received or receivable for the year ended 30 June 2020 was as follows:

| Director                                | Directors' fees<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|---|-----------------------|----------------------|-------------|
| Brett Spork                             | 31,963                | 3,037                | 35,000      |
| Chris Knoblanche                        | 29,755                | -                    | 29,755      |
| Ben Skilbeck                            | -                     | -                    | -           |
| Richard Matthews                        | -                     | -                    | -           |
| Andrew McGill (resigned 23 August 2019) | 4,722                 | 377                  | 5,099       |
|   | 66,440                | 3,414                | 69,854      |

Directors' base fees are limited in the Constitution to a maximum of \$250,000 per annum.

Directors' remuneration received or receivable for the year ended 30 June 2019 was as follows:

| Director                                | Directors' fees<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|---|-----------------------|----------------------|-------------|
| Brett Spork                             | 31,963                | 3,037                | 35,000      |
| Andrew McGill (resigned 23 August 2019) | 27,397                | 2,603                | 30,000      |
| Ben Skilbeck                            | -                     | -                    | -           |
| Richard Matthews                        | -                     | -                    | -           |
|   | 59,360                | 5,640                | 65,000      |

Ben Skilbeck is the Chief Executive Officer of the Investment Manager and Richard Matthews is the Chief Operating Officer, Head of Risk and Compliance, and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are not entitled to a director's fee or any other form of remuneration from the Company.

## **DIRECTORS' REPORT (CONTINUED)**

### **Proceedings on Behalf of the Company**

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

### **Non-Audit Services**

Details of amount paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 8(b) to the financial statements. The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under *Section 307C* of the *Corporations Act 2001* is set out on page 16.

Signed at Sydney this 13<sup>th</sup> day of August 2020, in accordance with a resolution of the Board of Directors by:



**Brett Spork**  
**Chairman**

**Auditor's Independence Declaration**

To the directors of PM Capital Asian Opportunities Fund Limited:

As lead auditor for the audit of the financial report of PM Capital Asian Opportunities Fund Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**Sydney, NSW**  
**13 August 2020**

**S Grivas**  
**Partner**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 June 2020**

|  | Note  | 2020<br>\$          | 2019<br>\$          |
|--|-------|---------------------|---------------------|
| <b>Revenue</b>   |       |                     |                     |
| Interest   |       | 17,322              | 45,796              |
| Dividends  |       | 1,281,134           | 1,296,059           |
| (Losses) on investments at fair value through profit or loss   |       | (6,620,177)         | (5,907,383)         |
| Gains on foreign exchange                                      |       | 260,675             | 547,025             |
| Other income   |       | 10,019              | 5                   |
| <b>Total (loss)</b>  |       | <b>(5,051,027)</b>  | <b>(4,018,498)</b>  |
| <b>Expenses</b>  |       |                     |                     |
| Management fees  | 8 (a) | 571,774             | 626,298             |
| Finance costs  |       | 74,669              | -                   |
| Directors' fees  | 12    | 69,854              | 65,000              |
| Brokerage fees   |       | 68,502              | 77,315              |
| Insurance  |       | 59,963              | 47,748              |
| ASX fees   |       | 52,985              | 64,107              |
| Audit fees   | 8 (b) | 43,076              | 41,256              |
| Registry fees  |       | 34,849              | 40,040              |
| Other operating expenses                                       |       | 73,780              | 55,341              |
| <b>Total expenses</b>  |       | <b>1,049,452</b>    | <b>1,017,105</b>    |
| <b>(Loss) for the year before income tax</b>                   |       | <b>(6,100,479)</b>  | <b>(5,035,603)</b>  |
| Income tax benefit   | 6 (a) | 1,885,464           | 1,373,331           |
| <b>(Loss) after income tax</b>                                 |       | <b>(4,215,015)</b>  | <b>(3,662,272)</b>  |
| Other comprehensive income for the year                        |       | -                   | -                   |
| <b>Total comprehensive (loss) attributable to shareholders</b> |       | <b>(4,215,015)</b>  | <b>(3,662,272)</b>  |
| <b>Basic (loss) per share</b>                                  | 9     | <b>(7.36) cents</b> | <b>(6.47) cents</b> |
| <b>Diluted (loss) per share</b>                                | 9     | <b>(7.36) cents</b> | <b>(6.47) cents</b> |

*This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 June 2020**

|  | Note  | 2020<br>\$        | 2019<br>\$        |
|--|-------|-------------------|-------------------|
| <b>Assets</b>  |       |                   |                   |
| <b>Current assets</b>                                      |       |                   |                   |
| Cash and cash equivalents                                  | 3     | 11,870,207        | 8,710,375         |
| Financial assets at fair value through profit or loss      | 2 (d) | 40,447,742        | 51,197,162        |
| Receivables  | 4     | 280,219           | 684,158           |
| <b>Total current assets</b>                                |       | <b>52,598,168</b> | <b>60,591,695</b> |
| <b>Non-current assets</b>                                  |       |                   |                   |
| Deferred tax assets  | 6 (c) | 5,278,620         | 3,158,790         |
| <b>Total non-current assets</b>                            |       | <b>5,278,620</b>  | <b>3,158,790</b>  |
| <b>TOTAL ASSETS</b>  |       | <b>57,876,788</b> | <b>63,750,485</b> |
| <b>Liabilities</b>   |       |                   |                   |
| <b>Current liabilities</b>                                 |       |                   |                   |
| Interest bearing liabilities                               | 3     | -                 | 838,150           |
| Financial liabilities at fair value through profit or loss | 2 (d) | 231,890           | -                 |
| Payables   | 5     | 1,661,214         | 180,881           |
| Income tax payable   |       | 53,710            | 1,457,100         |
| <b>Total current liabilities</b>                           |       | <b>1,946,814</b>  | <b>2,476,131</b>  |
| <b>Non-current liabilities</b>                             |       |                   |                   |
| Deferred tax liabilities                                   | 6 (c) | 83,745            | 44,219            |
| <b>Total non-current liabilities</b>                       |       | <b>83,745</b>     | <b>44,219</b>     |
| <b>TOTAL LIABILITIES</b>                                   |       | <b>2,030,559</b>  | <b>2,520,350</b>  |
| <b>NET ASSETS</b>  |       | <b>55,846,229</b> | <b>61,230,135</b> |
| <b>SHAREHOLDERS' EQUITY</b>                                |       |                   |                   |
| Share capital  | 7     | 55,831,087        | 55,288,264        |
| Retained profits   |       | 15,142            | 5,941,871         |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                          |       | <b>55,846,229</b> | <b>61,230,135</b> |

*This Statement of Financial Position should be read in conjunction with  
the Notes to the Financial Statements which follow.*

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 June 2020**

|   | Note | 2020<br>\$               | 2019<br>\$              |
|---|------|--------------------------|-------------------------|
| <b>Cash flows from operating activities</b>                       |      |                          |                         |
| Interest received   |      | 24,954                   | 39,499                  |
| Dividends received  |      | 1,149,385                | 1,497,112               |
| Other income received   |      | 10,019                   | 5                       |
| Interest paid   |      | (70,027)                 | -                       |
| Income tax paid   |      | (1,598,230)              | (2,351,305)             |
| Management fees paid  |      | (597,539)                | (650,994)               |
| Other operating expenses  |      | (398,209)                | (394,164)               |
| <b>Net cash (outflow) from operating activities</b>               | 10   | <u>(1,479,647)</u>       | <u>(1,859,847)</u>      |
| <b>Cash flows from investing activities</b>                       |      |                          |                         |
| Proceeds from sale of investments                                 |      | 41,043,903               | 23,594,360              |
| Purchase of investments   |      | (34,288,525)             | (18,961,641)            |
| <b>Net cash inflow from investing activities</b>                  |      | <u>6,755,378</u>         | <u>4,632,719</u>        |
| <b>Cash flows from financing activities</b>                       |      |                          |                         |
| Dividend paid (net of DRP)  |      | (1,168,891)              | (1,658,421)             |
| <b>Net cash (outflow) from financing activities</b>               |      | <u>(1,168,891)</u>       | <u>(1,658,421)</u>      |
| Impact of exchange rate changes on cash and cash equivalents      |      | <b>(108,858)</b>         | <b>160,811</b>          |
| <b>Net increase in cash and cash equivalents</b>                  |      | 3,997,982                | 1,275,262               |
| Cash and cash equivalents at the beginning of the financial year  |      | <u>7,872,225</u>         | <u>6,596,963</u>        |
| <b>Cash and cash equivalents at the end of the financial year</b> | 3    | <u><b>11,870,207</b></u> | <u><b>7,872,225</b></u> |

*This Statement of Cash Flows should be read in conjunction with  
the Notes to the Financial Statements which follow.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 June 2020**

|   | Note | Share Capital<br>\$ | Retained<br>Profits<br>\$ | Total<br>\$        |
|---|------|---------------------|---------------------------|--------------------|
| <b>Balance at 1 July 2018</b>   |      | <b>54,689,576</b>   | <b>11,861,252</b>         | <b>66,550,828</b>  |
| Total comprehensive loss for the year   |      | -                   | (3,662,272)               | (3,662,272)        |
| <b>Subtotal</b>   |      | <b>54,689,576</b>   | <b>8,198,980</b>          | <b>62,888,556</b>  |
| <b>Transactions with owners in their capacity as owners</b>   |      |                     |                           |                    |
| Dividends paid (2.0 cents per share paid on 4 October 2018 and 2.0 cents per share paid on 4 April 2019)  |      | -                   | (2,257,109)               | (2,257,109)        |
| Shares issued under the Company's dividend reinvestment plan  | 7    | 598,688             | -                         | 598,688            |
| <b>Subtotal</b>   |      | <b>598,688</b>      | <b>(2,257,109)</b>        | <b>(1,658,421)</b> |
| <b>Balance at 30 June 2019</b>  |      | <b>55,288,264</b>   | <b>5,941,871</b>          | <b>61,230,135</b>  |
| <b>Balance at 1 July 2019</b>   |      | <b>55,288,264</b>   | <b>5,941,871</b>          | <b>61,230,135</b>  |
| Total comprehensive loss for the year   |      | -                   | (4,215,015)               | (4,215,015)        |
| <b>Subtotal</b>   |      | <b>55,288,264</b>   | <b>1,726,856</b>          | <b>57,015,120</b>  |
| <b>Transactions with owners in their capacity as owners</b>   |      |                     |                           |                    |
| Shares issued under the Company's dividend reinvestment plan  | 7    | 542,823             | -                         | 542,823            |
| Dividends paid (1.5 cents per share paid on 3 October 2019 and 1.5 cents per share paid on 26 March 2020) |      | -                   | (1,711,714)               | (1,711,714)        |
| <b>Subtotal</b>   |      | <b>542,823</b>      | <b>(1,711,714)</b>        | <b>(1,168,891)</b> |
| <b>Balance at 30 June 2020</b>  |      | <b>55,831,087</b>   | <b>15,142</b>             | <b>55,846,229</b>  |

*This Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

### 1. General information and summary of significant accounting policies

PM Capital Asian Opportunities Fund Limited (“the Company”) is a listed investment company incorporated in Australia. The Company was registered on 20 March 2014. The registered office and principal place of business of the Company is Level 27, 420 George Street Sydney NSW 2000. The Company’s principal activity is to invest predominantly in a concentrated portfolio of listed securities from Asian (ex-Japan) equity markets or companies whose business is predominantly conducted in this region, with the objective of providing long-term capital growth.

These general purpose financial statements are for the year ended 30 June 2020. The financial statements were authorised for issue by the directors on 13 August 2020.

A summary of the material accounting policies adopted by the Company in the preparation of the financial statements is set out below:

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. For the purposes of preparing financial statements, the Company is a for-profit entity.

#### (b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

#### (c) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

#### (d) Going Concern Basis

The financial report has been prepared on a going concern basis.

#### (e) Investments

Investments held at fair value through profit or loss are initially recognised at fair value including any transaction costs related to their acquisition. Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are accounted for at fair value, with changes to such values recognised in profit or loss. For further details on how the fair value of financial instruments is determined please see Note 2(d).

#### (f) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the Company’s financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**1. General information and summary of significant accounting policies (continued)**

**(f) Foreign currency translation (continued)**

(ii) Transactions and balances

Transactions during the year denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains/(losses) on investments.

Hedging may be undertaken in order to minimise possible adverse financial effects of movements in exchange rates. Hedging gains or losses are included as part of gains/(losses) on foreign exchange.

**(g) Investment income**

(i) Interest income

Interest income is recognised in profit or loss for all financial instruments that are held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in gains/(losses) on financial instruments. Other changes in fair value of such instruments are recorded in accordance with the policies described in Note 1(e) to the financial statements.

(ii) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded against dividend income. The Company incurs withholding tax imposed by certain countries on dividend income.

(iii) Net changes in fair value of investments

Changes in the fair value of investments are recognised in profit or loss.

**(h) Income tax**

For the year ended 30 June 2020 the company is subject to income tax at 30% on taxable income (2019: 30%). A capital gains tax concession may be available to investors where certain requirements are met.

The Company incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the corporate tax rate. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**1. General information and summary of significant accounting policies (continued)**

**(h) Income tax (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(i) Goods and services tax (“GST”)**

The Company is registered for GST and under current regulations can claim up to 75% of the GST incurred depending on the nature of the expense. The un-claimable portion is written off as an expense.

**(j) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within Interest bearing liabilities in the Statement of Financial Position.

**(k) Receivables**

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

**(l) Payables**

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Derivative financial instruments**

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of gains/(losses) on investments.

**(n) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**1. General information and summary of significant accounting policies (continued)**

**(o) Earnings per share**

Undiluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the year.

**(p) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 1(e) to these financial statements.

**(q) New and amended accounting standards adopted**

There are no new accounting standards and interpretations that have been published and have been adopted for the 30 June 2020 reporting year that are material to the financial statements.

**(r) New standards and interpretations not yet adopted**

A number of new accounting standards, amendments to standards and interpretations are not yet effective for 30 June 2020 reporting period and have not been early adopted in preparing these financial statements. The directors' assessment of these new accounting standards (to the extent relevant to the Company) and interpretations is that they are not expected to have a material effect on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management**

**(a) Objectives, strategies, policies and processes**

The Company's investment objective is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of Asian equities and other investment securities, with a focus on the Asian Region (ex-Japan), which the Investment Manager considers to be mispriced. It is expected that the Company will have varied outcomes to that of a traditional index benchmarked investment vehicle. The Company is managed from an Australian investor's perspective with tax and currency exposures forming important considerations in the daily management of the Company, whilst complying with the Company's Investment Mandate as amended from time to time. Financial risk management is carried out by the Investment Manager under the guidance of its Chief Investment Officer.

The Company's activities are exposed to different types of financial risks. These risks include market risk (including foreign currency risk, and price risk) and credit risk. The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks. The use of derivatives is an essential part of proper portfolio management and is not managed in isolation. Consequently, the use of derivatives is multifaceted and may include:

- hedging to protect an asset of the Company against a fluctuation in market values or foreign exchange rates or to reduce volatility;
- as a substitute for physical securities;
- adjusting asset exposures within the parameters set in the investment strategy;
- adjusting the duration or the weighted average maturity of fixed interest portfolios.

The use of short selling and derivatives may indirectly leverage the portfolio on a gross basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(b) Market risk**

Market risk is the risk that the fair value of financial instruments will fluctuate. These fluctuations can be caused by market volatility, interest rate volatility, economic cycles, political events and levels of economic growth, both global and domestic. The Company is materially exposed to two different types of market risks, namely foreign currency risk and price risk. Market risk exposures are assessed and minimised through employing established investment strategies.

The Company has a focused portfolio and, due to the concentrated nature of the Company's investments, considerable short term volatility may be experienced. The Company may also short specific securities that, in the opinion of the Investment Manager, are overvalued. All of the portfolio positions are subject to research and peer group review and if appropriate opportunities cannot be found the Company will hold cash until new opportunities arise.

*(i) Foreign currency risk*

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Company holds assets denominated in currencies other than the Australian dollar (being the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates.

The Company may enter into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities.

The terms and conditions of these contracts rarely exceed one year and the level of hedging will depend on the Investment Manager's expectation of future currency exchange rate movements.

As the nature of these contracts is to hedge the international investment activities of the Company, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities. The currency position of the Company is monitored on an ongoing basis by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Foreign currency risk (continued)*

The Company's portfolio in different currencies at balance date is summarised below.

|   | Australian<br>Dollars<br>A\$ | US<br>Dollars<br>A\$ | Hong Kong<br>Dollars<br>A\$ | South Korea<br>Won<br>A\$ | Other<br>Currencies<br>A\$ | Total<br>A\$      |
|---|------------------------------|----------------------|-----------------------------|---------------------------|----------------------------|-------------------|
| <b>2020</b>   |                              |                      |                             |                           |                            |                   |
| <b>Assets</b>   |                              |                      |                             |                           |                            |                   |
| Cash and cash equivalents                                   | 1,723,022                    | 3,500,974            | 4,013,047                   | 2,149,200                 | 483,964                    | 11,870,207        |
| Financial assets at fair value through profit or loss:      |                              |                      |                             |                           |                            |                   |
| Listed securities   | 8,575,591                    | 7,481,382            | 18,107,771                  | 3,222,414                 | 3,060,584                  | 40,447,742        |
| Receivables   | 2,634                        | 21,886               | 243,630                     | -                         | 12,069                     | 280,219           |
| Deferred tax assets   | 5,278,620                    | -                    | -                           | -                         | -                          | 5,278,620         |
| <b>Total assets</b>   | <b>15,579,867</b>            | <b>11,004,242</b>    | <b>22,364,448</b>           | <b>5,371,614</b>          | <b>3,556,617</b>           | <b>57,876,788</b> |
| <b>Liabilities</b>  |                              |                      |                             |                           |                            |                   |
| Financial liabilities at fair value through profit or loss: |                              |                      |                             |                           |                            |                   |
| Options   | 3,920                        | -                    | -                           | -                         | -                          | 3,920             |
| Swaps   | -                            | 227,970              | -                           | -                         | -                          | 227,970           |
| Payables  | 1,661,214                    | -                    | -                           | -                         | -                          | 1,661,214         |
| Income tax payable  | 53,710                       | -                    | -                           | -                         | -                          | 53,710            |
| Deferred tax liabilities                                    | 83,745                       | -                    | -                           | -                         | -                          | 83,745            |
| <b>Total liabilities</b>                                    | <b>1,802,589</b>             | <b>227,970</b>       | <b>-</b>                    | <b>-</b>                  | <b>-</b>                   | <b>2,030,559</b>  |
| <b>Net assets</b>   | <b>13,777,278</b>            | <b>10,776,272</b>    | <b>22,364,448</b>           | <b>5,371,614</b>          | <b>3,556,617</b>           | <b>55,846,229</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Foreign currency risk (continued)*

|  | Australian<br>Dollars<br>A\$ | US<br>Dollars<br>A\$ | Hong Kong<br>Dollars<br>A\$ | South Korea<br>Won<br>A\$ | Other<br>Currencies<br>A\$ | Total<br>A\$      |
|--|------------------------------|----------------------|-----------------------------|---------------------------|----------------------------|-------------------|
| <b>2019</b>  |                              |                      |                             |                           |                            |                   |
| <b>Assets</b>  |                              |                      |                             |                           |                            |                   |
| Cash and cash equivalents                              | -                            | 7,027,801            | 383,268                     | 860,162                   | 439,144                    | 8,710,375         |
| Financial assets at fair value through profit or loss: |                              |                      |                             |                           |                            |                   |
| Listed securities                                      | 9,700,551                    | 8,722,766            | 14,330,431                  | 9,960,285                 | 8,473,540                  | 51,187,573        |
| Currency forward contracts                             | 8,790,000                    | 5,959,151            | -                           | (10,935,962)              | (3,803,600)                | 9,589             |
| Receivables  | 538,671                      | -                    | 111,263                     | 34,224                    | -                          | 684,158           |
| Deferred tax assets                                    | 3,158,790                    | -                    | -                           | -                         | -                          | 3,158,790         |
| <b>Total assets</b>                                    | <b>22,188,012</b>            | <b>21,709,718</b>    | <b>14,824,962</b>           | <b>(81,291)</b>           | <b>5,109,084</b>           | <b>63,750,485</b> |
| <b>Liabilities</b>                                     |                              |                      |                             |                           |                            |                   |
| Interest bearing liabilities                           | 838,150                      | -                    | -                           | -                         | -                          | 838,150           |
| Payables   | 180,881                      | -                    | -                           | -                         | -                          | 180,881           |
| Income tax payable                                     | 1,457,100                    | -                    | -                           | -                         | -                          | 1,457,100         |
| Deferred tax liabilities                               | 44,219                       | -                    | -                           | -                         | -                          | 44,219            |
| <b>Total liabilities</b>                               | <b>2,520,350</b>             | <b>-</b>             | <b>-</b>                    | <b>-</b>                  | <b>-</b>                   | <b>2,520,350</b>  |
| <b>Net assets</b>                                      | <b>19,667,662</b>            | <b>21,709,718</b>    | <b>14,824,962</b>           | <b>(81,291)</b>           | <b>5,109,084</b>           | <b>61,230,135</b> |

*Foreign currency sensitivity*

A sensitivity of 5% (2019: 5%) has been selected to account for the current level of exchange rate volatility observed in the market. As at reporting date, the Australian dollar to United States dollar (AUD/USD) exchange rate was 0.6885 (2019: 0.7018) and the Australian dollar to Hong Kong dollar (AUD/HKD) exchange rate was 5.3362 (2019: 5.4824). As the Hong Kong dollar is pegged to the US dollar, any movement in the US dollar is likely to result in a movement of a similar proportion in the Hong Kong dollar.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Foreign currency risk (continued)*

*Foreign currency sensitivity (continued)*

As at reporting date, had the Australian dollar depreciated/(appreciated) by 5% against the US dollar with all other variables held constant, assuming that the Hong Kong dollar follows the US dollar, the change in net assets would be:

|              | Depreciation of AUD (5%) |                        | Appreciation of AUD (5%) |                          |
|--------------|--------------------------|------------------------|--------------------------|--------------------------|
|              | Increase in Net Assets   | Increase in Net Assets | (Decrease) in Net Assets | (Decrease) in Net Assets |
|              | \$                       | %                      | \$                       | %                        |
| 30 June 2020 | 1,744,248                | 3.1%                   | (1,578,129)              | (2.8%)                   |
| 30 June 2019 | 1,922,878                | 3.1%                   | (1,739,747)              | (2.8%)                   |

*(ii) Price risk*

Price risk is the risk that the fair value of financial instruments will fluctuate, whether those changes are specifically related to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is primarily exposed to price risk for its investments in listed securities. The price risk of securities is dependent on the financial circumstances of the companies in which the securities are purchased, including their profits, earnings and cash flows. The return on a security's investment may also be affected by the quality of company management, the general health of the sector in which it operates and government policy.

In cases where financial instruments are denominated in currencies other than the Australian dollar, future prices will also fluctuate because of changes in foreign exchange rates. Refer to Note 2(b)(i) for the management of foreign currency risk. Some securities present a risk of loss of capital and, except where equities are sold short, the maximum exposure resulting from financial instruments is determined by the fair value of those instruments. Potential losses from equities sold short can be unlimited.

The Investment Manager's security selection process is fundamental to the management of price risk. Whilst the Morgan Stanley Capital International ('MSCI') AC Asia ex Japan Net Index is used in measuring relative performance of the Company, risk in the view of the Investment Manager is not limited to relative performance versus a benchmark, but more so the prospect of losing money (i.e. absolute returns). The Company seeks a diversified range of investments whose business and growth prospects are being undervalued by the market. As a result, the Company's equity holdings vary considerably from the composition of the index.

The Company's overall market positions are monitored on an ongoing basis by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(ii) Price risk (continued)*

The Company's net equity exposure as at 30 June 2020 and 30 June 2019 is set out below:

| Industry Groups                 | 2020        | 2019        |
|---------------------------------|-------------|-------------|
| Consumer services               | 18%         | 18%         |
| Software & Services             | 16%         | 10%         |
| Energy                          | 13%         | 10%         |
| Media                           | 11%         | 13%         |
| Materials                       | 11%         | 11%         |
| Food, Beverage & Tobacco        | 9%          | 9%          |
| Automobiles & Components        | 0%          | 3%          |
| Diversified Financials          | 5%          | 6%          |
| Banks                           | 4%          | 12%         |
| Household & Personal Products   | 4%          | 4%          |
| Transportation                  | 3%          | 0%          |
| Food & Staples Retailing        | 0%          | 4%          |
| Technology Hardware & Equipment | 6%          | 4%          |
| Capital Goods                   | 0%          | 0%          |
| Real Estate                     | 0%          | (4%)        |
| <b>Total</b>                    | <b>100%</b> | <b>100%</b> |

*Price sensitivity*

The directors of the Company believe that it is difficult to accurately estimate future returns. Equity market returns can be volatile and returns from year to year often have a wide variance. As such, the Company uses a long-term performance average, rather than a short term performance number, when estimating sensitivity to price risk. The longer return average takes into consideration the full market cycle, whereas an estimate based solely on last year's performance is likely to be misleading when the market cycle shifts.

As at reporting date, if the listed security prices in the portfolio had increased/(decreased) by 5% (2019: 5%) with all other variables being constant, this would have increased/(decreased) the net assets attributable to shareholders by approximately +/- \$2,022,287 (2019: +/- \$2,559,379).

**(c) Credit risk**

Credit risk is the risk that a counterparty will fail to perform contractual obligations (i.e. default in either whole or part) under a contract causing the Company to make a financial loss.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The total credit risk for assets including fixed income and equity securities is therefore limited to the amount carried in the Statement of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020 (CONTINUED)

### 2. Financial risk management (continued)

#### (c) Credit risk (continued)

The Investment Manager manages the Company's concentrations of credit risk by adopting a number of procedures, including the following:

- Undertaking transactions with a large number of counterparties on recognised and reputable exchanges;
- Ensuring that these counterparties together with the respective credit limits are approved.

The contractual credit risk of assets is represented by the net payments or receipts that remain outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The Company does not hold any collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired as at balance date.

The Company has appointed Morgan Stanley & Co. International Plc ("Morgan Stanley") as both Prime Broker and Custodian to the Company. Morgan Stanley is subject to regulatory oversight and capital requirements imposed by the Financial Services Authority (UK) and, where applicable to its Australian operations, the Australian Securities and Investments Commission. As at the date of this report, Morgan Stanley has a credit rating of A+ (S&P) for long term debt and a rating of A-1 for short term debt.

The terms of the Prime Broker Agreement provide that Morgan Stanley may utilise custodial assets for its own lending and financing purposes (including to borrow, lend, charge, re-hypothecate, and dispose of) up to, but not exceeding, 180% of the value of the Company's outstanding liabilities with Morgan Stanley. These assets are owned by Morgan Stanley in its Prime Broker capacity. Under the terms of the Prime Broker Agreement, Morgan Stanley is obliged to return to the Company the equivalent custodial assets irrespective of what transpires between it and any third party with whom Morgan Stanley has transacted.

Cash holdings with Morgan Stanley are not subject to this arrangement and are always considered to be held by Morgan Stanley in its Prime Broker capacity.

All other custodial assets not subject to the Prime Broking arrangement are held by Morgan Stanley in its capacity as a Custodian in a separate asset pool, as is required by the Financial Services Authority (UK).

As at balance date, the maximum value of the Company's gross assets available to Morgan Stanley for its lending and financing activities is \$417,402 (2019: \$1,508,670). Under the Prime Broker arrangements in place, the amount does not require disclosure by Morgan Stanley. The maximum net exposure to the Prime Broking activities of Morgan Stanley, after offsetting the Company's outstanding liabilities with Morgan Stanley, approximates \$185,512 (2019: \$670,520) as at balance date.

The credit position of the Company is monitored on an ongoing basis by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(d) Fair Value Measurements**

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

*(i) Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

*(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)*

The fair value of financial assets and liabilities that are not traded in an active market are valued with reference to external third-party pricing information. These assets and liabilities include: Currency forward contracts, Swaps and Options.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**2. Financial risk management (continued)**

**(d) Fair Value Measurements (continued)**

*(iii) Recognised fair value measurements*

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 30 June 2020 and 30 June 2019:

|   | Level 1<br>\$     | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$       |
|---|-------------------|---------------|---------------|-------------------|
| <b>2020</b>   |                   |               |               |                   |
| <b>Financial assets at fair value through profit or loss</b>      |                   |               |               |                   |
| Listed securities   | 40,447,742        | -             | -             | 40,447,742        |
|   | <u>40,447,742</u> | <u>-</u>      | <u>-</u>      | <u>40,447,742</u> |
| <b>Financial liabilities at fair value through profit or loss</b> |                   |               |               |                   |
| Options   | 3,920             | -             | -             | 3,920             |
| Swaps   | 227,970           | -             | -             | 227,970           |
|   | <u>231,890</u>    | <u>-</u>      | <u>-</u>      | <u>231,890</u>    |
| <b>2019</b>   |                   |               |               |                   |
| <b>Financial assets at fair value through profit or loss</b>      |                   |               |               |                   |
| Listed securities   | 51,187,573        | -             | -             | 51,187,573        |
| Currency forward contracts  | -                 | 9,589         | -             | 9,589             |
|   | <u>51,187,573</u> | <u>9,589</u>  | <u>-</u>      | <u>51,197,162</u> |

*(iv) Transfer between levels*

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

*(v) Fair value of financial instruments not carried at fair value*

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

**3. Cash and cash equivalents and interest bearing liabilities**

|   | 2020<br>\$        | 2019<br>\$       |
|---|-------------------|------------------|
| <i>Cash and cash equivalents</i>            |                   |                  |
| Cash at bank (Custodian) - AUD              | 1,723,022         | -                |
| Cash at bank (Custodian) - USD              | 3,500,974         | 7,027,801        |
| Cash at bank (Custodian) - other currencies | 6,646,211         | 1,682,574        |
|   | <u>11,870,207</u> | <u>8,710,375</u> |
| <i>Interest bearing liabilities</i>         |                   |                  |
| Overdraft at Custodian                      | -                 | (838,150)        |
|   | <u>11,870,207</u> | <u>7,872,225</u> |

Overdraft at Custodian is a cash facility offered by the Custodian. The Custodian in its role as Prime Broker has been granted a floating charge over the assets of the Company to secure any liabilities to the Prime Broker.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

|                         | 2020             | 2019           |
|-------------------------|------------------|----------------|
|                         | \$               | \$             |
| <b>4. Receivables</b>   |                  |                |
| Dividends receivable    | 277,585          | 147,436        |
| GST receivable          | 2,634            | 1,961          |
| Interest receivable     | -                | 7,632          |
| Outstanding settlements | -                | 527,129        |
|                         | <u>280,219</u>   | <u>684,158</u> |
| <b>5. Payables</b>      |                  |                |
| Management fees payable | 128,981          | 154,746        |
| Outstanding settlements | 1,495,983        | -              |
| Audit fees payable      | 31,608           | 26,135         |
| Interest payable        | 4,642            | -              |
|                         | <u>1,661,214</u> | <u>180,881</u> |

**6. Income tax**

**(a) Income tax expense**

The aggregate amount of income tax attributable to the financial year differs from the amount of income tax that would be payable by the Company if its taxable income for the year were equal to the amount of the profit/(loss) before income tax. The difference between these amounts is explained as follows:

|   | 2020               | 2019               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| (Loss) for the year before income tax                             | <u>(6,100,479)</u> | <u>(5,035,603)</u> |
| Prima facie income tax (benefit) calculated at 30%<br>(2019: 30%) | (1,830,144)        | (1,510,681)        |
| Change in company tax rate  | -                  | 221,380            |
| Tax credits - current year  | (65,805)           | (84,176)           |
| Prior year over provision   | 10,485             | 146                |
| Income tax (benefit)  | <u>(1,885,464)</u> | <u>(1,373,331)</u> |

**(b) Franking credits**

|  | 2020        | 2019        |
|--|-------------|-------------|
| Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019: 30%) | \$4,580,111 | \$5,118,864 |
| Number of shares on issue at the end of the financial year   | 57,611,321  | 56,892,865  |
| Franking Credits available per Share on issue  | \$0.0795    | \$0.0900    |

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits or debits that will arise from the settlement of liabilities or receivables for income tax at the end of the period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>6. Income tax (continued)</b>   |                  |                  |
| <b>(c) Deferred tax</b>  |                  |                  |
| Deferred tax assets are represented by the following temporary differences:      |                  |                  |
| Insurances   | -                | 5,179            |
| Audit fees   | 9,482            | 7,842            |
| Unrealised losses on investments   | 5,267,743        | 3,145,769        |
| Foreign exchange gains on outstanding trades                                     | 1,395            | -                |
|  | <u>5,278,620</u> | <u>3,158,790</u> |
| Deferred tax liabilities are represented by the following temporary differences: |                  |                  |
| Dividend receivable  | 83,745           | 44,219           |
|  | <u>83,745</u>    | <u>44,219</u>    |

The utilisation of the deferred tax asset is dependent on future taxable profits. The Company undertook statistical analysis utilising both the Company's annualised 3 year returns (NTA pre-tax) and the Investment Managers annualised 5 year returns from the PM Capital Asian Companies Fund (whose strategy, mean and standard deviations are materially the same). The Investment managers annualised 5 year returns were chosen as the Company's inception date was 22 May 2014, yielding too few samples. The Company utilised the mean and standard deviation of both the returns to create a number of potential return simulations (over 5 years) and took the average of these simulations. In addition, the Company reviewed expected equity risk premiums from respected market participants based on data at July 2020 and March 2020. Based on the Company's statistical analysis or the market's expected equity risk premiums, the Company believes it is probable that taxable profit will be generated to fully utilise the deferred tax asset over the next 5 years.

**7. Share capital**

There is a single class of ordinary shares on issue. For all shares issued in accordance with the Prospectus dated 7 April 2014, an option was also issued (exercisable on or before 31 May 2016, after this date the options expired). The amount paid by each shareholder was allocated between the share and the option based on relative market prices on the first day of trading. Costs of fundraising were allocated between shares and options on the same basis.

Each Share confers on its holder equal voting rights and the rights to share equally in dividends and any surplus on winding up. Subject to the *Corporations Act 2001* and the ASX Listing Rules, shares are fully transferable. The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution. Movements in share capital during the year are set out below:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
|  | Number of Shares  | Number of Shares  |
| Shares on issue at beginning of the year                     | 56,892,864        | 56,313,902        |
| Shares issued under the Company's dividend reinvestment plan | 718,457           | 578,962           |
| Shares on issue at the end of the year                       | <u>57,611,321</u> | <u>56,892,864</u> |

**Capital Management**

The Company's objectives for managing capital are to invest the capital in investments meeting the description, risk exposure and expected return pursuant to the Investment Management Agreement between the Company and the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**8. Expenses**

**(a) Fees paid to the Investment Manager**

The Company has outsourced its investment management function to PM Capital Limited. A summary of the fees (GST exclusive) charged by the Investment Manager is set out below.

*(i) Management fee*

The Investment Manager is entitled to be paid a management fee equal to 1.00% p.a. (plus GST) of the Portfolio Net Asset Value. The management fee is calculated and accrued on the last day of each week and paid at the end of each quarter in arrears.

The Company expensed an amount of \$571,774 (2019: \$626,298) as fees paid or payable to the Investment Manager and as at balance date an amount of \$128,981 (2019: \$154,746) is included in Trade creditors and accruals.

*(ii) Performance Fee*

At the end of each financial year, the Investment Manager is entitled to receive a performance fee from the Company. The fee is calculated and accrued monthly using the following formula:

$$P = 15\% \times (A - B) \times \text{Portfolio Net Asset Value at the end of the last day of the relevant month where:}$$

P is the Performance Fee for the relevant month;  
A is the Investment Return of the Portfolio for the relevant month; and  
B is the Benchmark Return for the relevant month. "Benchmark Return" means, in respect of the relevant month, the percentage by which the Morgan Stanley Capital International ("MSCI") Asia (ex-Japan) Equity Index (Net Dividends Reinvested, AUD) increases or decreases over the course of the relevant month.

The performance fee for each month in a financial year will be aggregated (including any negative amounts carried forward) and paid annually in arrears if the aggregate performance fee for that financial year (including any negative amounts carried forward) is a positive amount.

No performance fee was payable during the year (2019: \$Nil).

**(b) Auditor's Remuneration**

|  | 2020<br>\$    | 2019<br>\$    |
|--|---------------|---------------|
| Audit and review of the financial statements | 43,076        | 41,256        |
| Tax compliance services                      | 7,000         | 4,500         |
| Other assurance services                     | -             | -             |
|  | <u>50,076</u> | <u>45,756</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

|   | 2020          | 2019          |
|---|---------------|---------------|
| <b>9. (Losses) per share</b>  |               |               |
| Basic (losses) per share  | (7.36) cents  | (6.47) cents  |
| Diluted (losses) per share  | (7.36) cents  | (6.47) cents  |
| <b>Reconciliation of (losses) and weighted average number of shares used in calculating basic and diluted (losses) per share:</b> |               |               |
| (Losses) used in calculating basic earnings per share   | (\$4,215,015) | (\$3,662,272) |
| (Losses) used in calculating diluted earnings per share   | (\$4,215,015) | (\$3,662,272) |
| Weighted average number of ordinary shares used in the calculation of basic (losses) per share                                    | 57,240,362    | 56,566,995    |
| Weighted average number of shares used in the calculation of diluted (losses) per share   | 57,240,362    | 56,566,995    |

**10. Cash flow statement**

|  | 2020<br>\$  | 2019<br>\$  |
|--|-------------|-------------|
| <b>Reconciliation of Net (Loss)/Profit after income tax to Cash Flow from Operating Activities</b> |             |             |
| (Loss) after income tax  | (4,215,015) | (3,662,272) |
| Losses on investments held at fair value through profit or loss                                    | 6,620,177   | 5,907,383   |
| (Gains) on foreign exchange  | (260,675)   | (547,025)   |
| <i>Changes in assets and liabilities:</i>  |             |             |
| (Increase)/decrease in receivables   | (124,790)   | 194,989     |
| Increase/(decrease) in income tax payable  | (1,403,390) | (594,739)   |
| (Increase)/decrease in deferred tax assets   | (2,119,830) | (3,078,294) |
| Increase/(decrease) in deferred tax liabilities  | 39,526      | (51,603)    |
| Increase/(decrease) in payables  | (15,650)    | (28,286)    |
| Net cash (outflow) from operating activities   | (1,479,647) | (1,859,847) |

**11. Segment information**

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry (though most investments are in foreign jurisdictions). It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 2 Financial risk management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

**12. Related party transactions**

All transactions with related parties are conducted on normal commercial terms and conditions, and are as follows:

- Compensation arrangements with the Directors and Executive Directors (refer to Directors' Remuneration below);
- Interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to remuneration report included in the directors' report); and
- Management Agreement between the Company and the Investment Manager (refer to Note 8 for details of fees paid to the Investment Manager).

**Directors' Remuneration**

Directors' remuneration received or receivable for the year ended 30 June 2020 was as follows:

| Director                                | Directors' fees<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|---|-----------------------|----------------------|-------------|
| Brett Spork                             | 31,963                | 3,037                | 35,000      |
| Chris Knoblanche                        | 29,755                | -                    | 29,755      |
| Ben Skilbeck                            | -                     | -                    | -           |
| Richard Matthews                        | -                     | -                    | -           |
| Andrew McGill (resigned 23 August 2019) | 4,722                 | 377                  | 5,099       |
|   | 66,440                | 3,414                | 69,854      |

Directors' remuneration received or receivable for the year ended 30 June 2019 was as follows:

| Director                                | Directors' fees<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|---|-----------------------|----------------------|-------------|
| Brett Spork                             | 31,963                | 3,037                | 35,000      |
| Andrew McGill (resigned 23 August 2019) | 27,397                | 2,603                | 30,000      |
| Ben Skilbeck                            | -                     | -                    | -           |
| Richard Matthews                        | -                     | -                    | -           |
|   | 59,360                | 5,640                | 65,000      |

Ben Skilbeck is the Chief Executive Officer of the Investment Manager and Richard Matthews is the Chief Operating Officer, Head of Risk and Compliance and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are not entitled to a director's fee or any other form of remuneration from the Company.

## DIRECTORS' DECLARATION

1. In the directors' opinion:
  - (a) the financial statements and notes set out on pages 17 to 38 are in accordance with the *Corporations Act 2001* and,
    - (i) comply with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    - (ii) give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.
3. The directors have been given by the Executive Director and Chief Financial Officer of the Investment Manager the declarations for the year ended 30 June 2020 required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



**Brett Spork**  
**Chairman**

**Sydney, NSW**  
**13 August 2020**

**Independent Auditor’s Report to the Members of PM Capital Asian Opportunities Fund Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of PM Capital Asian Opportunities Fund Limited (“the Company”) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company’s financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (“the Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <b>Key Audit Matter</b>   | <b>How our audit addressed the key audit matter</b>   |
|---|---|
| <b><i>Existence and Valuation of Cash and Investments</i></b>   |   |
| At 30 June 2020 the Company held “Cash and Cash Equivalents” of \$11,870,207 and “Financial assets at fair value through profit or loss” of \$40,447,742, which have been included in the Company’s Statement of Financial Position at that date. | We confirmed the Existence of the Cash and Investments with the Custodian, and the Valuation of the Investments with the Custodian and third party valuation information. |
| We considered these areas to be key audit matters due to the size of the amounts involved.  |   |

| Key Audit Matter   | How our audit addressed the key audit matter   |
|--|--|
| <b><i>Existence and Valuation of Cash and Investments (continued)</i></b>  |  |
| <p>As disclosed in Note 1 to the financial report, investments are initially held at fair value through profit or loss including any transaction costs. Subsequent to initial recognition they are accounted for at fair value, with changes in those values recognised in profit or loss.</p> |  |
| <b><i>Completeness of Interest Bearing Liabilities and Other Financial Liabilities</i></b>   |  |
| <p>At 30 June 2020 the Statement of Financial Position shows “Interest bearing liabilities” of \$Nil and “Financial liabilities at fair value through profit or loss” of \$231,890.</p>  | <p>We confirmed with the Custodian that all interest bearing liabilities and other financial liabilities had been recognised.</p>  |
| <p>We considered this area to be a key audit matter due to the potential size of the liabilities.</p>  |  |
| <b><i>Completeness and Occurrence of Performance and Management Fees</i></b>   |  |
| <p>The Company has an agreement with its Investment Manager, PM Capital Limited, to pay management fees and, depending on performance, performance fees to PM Capital Limited.</p>   | <p>We obtained copies of the Investment Manager’s calculation of the performance and management fees. We reviewed the calculation of the fees, ensuring that the rates used were those in the agreement.</p>                           |
| <p>For the year ended 30 June 2020 the Company incurred “performance fees” of \$Nil and “management fees” of \$571,774 which have been included in the Company’s Statement of Profit or Loss and Other Comprehensive Income.</p>   | <p>We confirmed with the Investment Manager that the expense recognised by the Company reconciled to the income received by the Investment Manager.</p>  |
| <p>We focused on this area as a key audit matter as the agreement is with the Investment Manager of the Company.</p>   |  |
| <b><i>Valuation and Accuracy of Deferred Tax Assets</i></b>  |  |
| <p>At 30 June 2020 the Statement of Financial Position shows “Deferred tax assets” of \$5,278,620.</p>   | <p>We obtained management’s calculation of the deferred tax assets and reviewed the calculation in accordance with applicable Accounting Standards.</p>  |
| <p>We considered this area to be a key audit matter due to the size of the amount involved and due to the judgement surrounding whether it is probable that deferred tax assets will be realised.</p>  | <p>We also obtained and reviewed management’s assessment on the probability that the deferred tax assets will be realised, including assessing the source data referenced, underlying calculations made, and assumptions included.</p> |

### **Information Other than the Financial Report and Auditor’s Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company’s annual report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included on page 14 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of the Company for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd  
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**HLB Mann Judd**  
**Chartered Accountants**

**Sydney, NSW**  
**13 August 2020**

S. Grivas

**S Grivas**  
**Partner**

## SHAREHOLDER INFORMATION

### Additional Information

The additional information required by the Australian Securities Exchange Limited Listing Rules is set out below.

### 20 Largest Shareholders

Details of the 20 largest ordinary shareholders and their respective holdings as at 22 July 2020.

| Holder name  | Ordinary Shares held | % of Issued Shares |
|--|----------------------|--------------------|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                | 12,027,038           | 20.88%             |
| ROARING LION PTY LIMITED                                 | 3,780,768            | 6.56%              |
| BNP PARIBAS NOMINEES PTY LTD                             | 1,043,582            | 1.81%              |
| SPAR NOMINEES PTY LTD                                    | 752,861              | 1.31%              |
| ANGUELINE CAPITAL PTY LIMITED                            | 500,000              | 0.87%              |
| LACTIC INVESTMENT MANAGERS PTY LTD                       | 500,000              | 0.87%              |
| MR BRYAN JOHN HISCOCK & MRS JEAN HELEN HISCOCK           | 350,000              | 0.61%              |
| JAWP INVESTMENTS PTY LTD                                 | 340,000              | 0.59%              |
| MR SEAN DAVID CUNNINGHAM & MRS NELLY MICHELLE CUNNINGHAM | 323,000              | 0.56%              |
| MRS CATHERINE ANNE MARSON & MR JOSEPH MARSON             | 293,274              | 0.51%              |
| PERPETUAL CORPORATE TRUST LTD                            | 282,280              | 0.49%              |
| NETWEALTH INVESTMENTS LIMITED                            | 282,137              | 0.49%              |
| MORBEN NOMINEES PTY LTD                                  | 275,000              | 0.48%              |
| MR AARON LAURIE RODWELL & MRS MARIKA TONI RODWELL        | 262,315              | 0.46%              |
| DENATA PTY LTD   | 250,000              | 0.43%              |
| PRESBYTERIAN CHURCH OF QUEENSLAND                        | 250,000              | 0.43%              |
| DAT INVESTMENTS PTY LTD                                  | 250,000              | 0.43%              |
| SINGAPORE INVESTMENTS PTY LTD                            | 250,000              | 0.43%              |
| SURFSIDE PTY LIMITED                                     | 229,998              | 0.40%              |
| WOLFFINEY INVESTMENTS PTY LIMITED                        | 216,600              | 0.38%              |
|  | <b>22,458,853</b>    | <b>38.98%</b>      |

### Substantial Shareholders

Details of substantial shareholders and their respective holdings as at 22 July 2020.

| Holder name   | Ordinary Shares held | % of Issued Shares |
|---|----------------------|--------------------|
| Roaring Lion Pty Ltd as trustee for the Roaring Lion Super Fund, and PM Capital Global Opportunities Fund Limited | 14,349,793           | 24.91%             |
|   | <b>14,349,793</b>    | <b>24.91%</b>      |

## SHAREHOLDER INFORMATION (CONTINUED)

### Distribution of Shares

Analysis of numbers of equity security holders, by size of holding, as at 22 July 2020.

| Holding          | Number of shareholders | Ordinary shares held | % of Issued Shares |
|------------------|------------------------|----------------------|--------------------|
| 1-1,000          | 81                     | 37,182               | 0.06               |
| 1,001-5,000      | 268                    | 837,537              | 1.45               |
| 5,001-10,000     | 255                    | 2,120,121            | 3.68               |
| 10,001-100,000   | 709                    | 23,389,588           | 40.60              |
| 100,001 and over | 84                     | 31,226,893           | 54.20              |
|                  | <b>1,397</b>           | <b>57,611,321</b>    | <b>100.00</b>      |

The number of holders possessing less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at 22 July 2020 is 52.

### Other Stock Exchanges Listing

Quotation has been granted for all Ordinary Shares of the Company on all Member Exchanges of the ASX.

### Restricted Securities

There is no issue of restricted securities by the Company currently.

### Unquoted Securities

There are no unquoted securities on issue by the Company.

### Buy-Back

There is no on market buy-back currently.

### Investment Transactions

The total number of transactions in securities during the reporting period was 101.

The total brokerage paid (net of RITC) on these transactions was \$68,502.

## **SHAREHOLDER INFORMATION (CONTINUED)**

### **Investment Management Agreement (between the Company and the Investment Manager)**

The Company has appointed PM Capital Limited (“Investment Manager”) to manage the investment portfolio of the Company, and to calculate the value of the portfolio and net tangible assets at least monthly. The Investment Manager must, from time to time and on behalf of the Company, invest portfolio money, including money received on disposal of investments or distributions from investments, to make or hold investments, and realise or dispose of investments.

Additional duties of the Investment Manager include assisting the Company’s auditors as required, keeping proper books of account and records, providing or procuring the provision of administrative support services reasonably required by the Company, and keeping the Company informed in respect of the management of the portfolio.

In consideration for the performance of its duties as Investment Manager of the Company, the Investment Manager is paid a management fee of 1% per annum of the portfolio net asset value, calculated on the last day of each month, and a performance fee of 15% of the investment return above the benchmark return multiplied by the portfolio net asset value. The performance fee for each month for the year will be aggregated and will be payable if it is a positive amount at 30 June of each year.

The Agreement was automatically extended on the expiry of the Initial Term (5 years from the IPO allotment date) for 5 years (the “Extended Term”). The Investment Manager may terminate the Agreement at any time by giving the Company at least 3 months’ written notice. The Company may terminate the Agreement on delivery of 3 months’ prior written notice and payment of termination fees where applicable, or with immediate effect in certain cases, including in the case of the Investment Manager’s insolvency, the Investment Manager’s material default or breach under the Agreement or the Investment Manager consistently investing outside of the investment strategy.

# Corporate information

**Directors:** Brett Spork - Chairman and Non-executive Director  
Chris Knoblanche - Independent Non-executive Director  
Ben Skilbeck - Executive Director  
Richard Matthews - Alternate Director for Ben Skilbeck

**Company Secretary:** Richard Matthews

**Investment Manager:** PM Capital Limited  
Level 27, 420 George Street  
Sydney NSW 2000  
(AFSL 230222)

**Auditor:** HLB Mann Judd (NSW Partnership)  
Chartered Accountants  
Level 19, 207 Kent Street  
Sydney NSW 2000

**Country of Incorporation:** Australia

**Registered Office:** Level 27, 420 George Street  
Sydney NSW 2000  
Telephone: (+612) 9290 9600

**Share Registry:** Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Telephone: (+612) 9290 9600

**ASX Code:** Shares: PAF.AX

**Website:** <http://www.pmcapital.com.au/listed-investment-company/paf>

**Charters and Policies:** <http://www.pmcapital.com.au/paf/compliance>