

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

Net Tangible Assets & Monthly Investment Report - 31 May 2014

Key Company Details

| | |
|------------------------|-------------|
| ASX Code | PAF |
| Listing date | 21 May 2014 |
| Shares on issue | 55,087,501 |

Company Profile

The PM Capital Asian Opportunities Fund Limited (PAF) (ACN 168 666 171) provides investors with an opportunity to invest in a concentrated portfolio of predominantly undervalued listed Asian equities and other investment securities in the Asian Region (ex-Japan)¹. The aim is to provide investors with long term capital growth and an opportunity to invest in an actively managed portfolio that does not replicate the standard industry benchmarks.

Manager Profile

P.M. CAPITAL Limited (PM CAPITAL), founded in 1998, is a Sydney-based specialist equity and income fund manager that manages over \$1.7 billion on behalf of private clients, institutional investors and the clients of financial advisers. PM CAPITAL provides its clients with an opportunity to invest alongside its investment team, investing in businesses that it believes are currently trading below their long-term intrinsic value, but will return to full value over time.

PAF's investment mandate is based on the guidelines of the unlisted PM CAPITAL Emerging Asia Fund (EAF) and will generally invest in the same investments as the EAF once our portfolio has been established (although there may be differences in portfolio positioning from time to time). PAF'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 (ex-Japan)¹ equities and other investment securities.

Investment Philosophy

PAF's investment portfolio is managed by PM CAPITAL, who uses the same investment philosophy and process they utilise for their unlisted retail funds. This philosophy involves a belief that *"the best way to preserve and enhance your wealth is to buy a good business at a good price."* This investment philosophy has been used by PM CAPITAL's Chief Investment Officer, Paul Moore, for over 25 years, and has been applied at PM CAPITAL since its inception in 1998. This investment philosophy involves taking a business owner's approach to investing by looking to understand how the business works, the management's philosophy in managing the business and those parts of the business that determine its intrinsic value.

PM CAPITAL then asks, "What would a rational business owner pay for the business?" Because in the end, the Manager believes that if a company's intrinsic valuation is not recognised by the stock market, it will eventually be recognised by a business owner.

Further Information

W: www.pmcapital.com.au

T: 02 8243 0888

E: pmcapital@pmcapital.com.au

Share Registry Enquiries

Boardroom Pty Limited

T: 1300 737 760

E: enquiries@boardroomlimited.com.au

Net Tangible Asset Backing Per Ordinary Share (all figures are unaudited)

| | |
|---|---------------|
| NTA before tax on unrealised gains | 0.9664 |
| NTA after tax | 0.9660 |

Month in Review

The PAF listed on the 21st of May, as such we have only just started building out the portfolio. We have a list of target stocks we are hoping to add to the portfolio if they present attractive entry points over the coming months.

The invested position of the Fund was 20.3% at the end of the month. Positions in Baidu Inc., 51Jobs Inc., Turquoise Hill Resources and Donaco International were initiated.

Vietnamese casino operator Donaco International has retreated approximately 35% from its March high on rising tensions between China and Vietnam, despite a successful launch of their Aristo casino in Lao Cai. We believe this issue is transitory and the market will refocus its attention back on the operating performance of the underlying asset overtime. We believe the market still underestimates the operational upside at Aristo and the recent pull back offered an attractive entry point.

We also took advantage of near term weakness to buy positions in Baidu Inc. and 51Jobs Inc., both of whom have been impacted by the recent sell off in internet stocks globally.

With regards to Turquoise Hill Resources, we believe the market continues to discount the value of the underlying Oyu Tolgoi copper and gold deposit due to Mongolian sovereign risks. We continue to take a long term view on the business based on the quality of the underlying asset base, which remains one of the largest and lowest cost copper deposits globally. The first quarter rights issue has successfully recapitalised the balance sheet and the business is now debt free, thus we see minimal risk of further dilution of shareholders. The ongoing negotiations between Turquoise Hill Resources, Rio Tinto and the Mongolian Government also seem to be progressing positively. Any conclusion to these negotiations should result in the recommencement of phase two development of the Oyu Tolgoi asset, which should alleviate market concerns surrounding sovereign risks.

We converted the majority of the cash proceeds raised from the Initial Public Offering into USD and HKD, and hedged the remaining Australian Dollar holdings into USD, resulting in no Australian Dollar exposure.

Currency Exposure

USD

74.5%

HKD

27.2%

AUD

-1.7%

Total Exposure

100.0%

Invested Position

Net equity exposure: 20.3%

Cash: 79.7%

Total Exposure 100.0%

Important Notice: PM Capital Asian Opportunities Fund Limited ACN 168 166 171 (PAF) has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in PAF nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of PAF and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance.

¹ The Asian Region (ex-Japan) includes Hong Kong, China, Taiwan, Korea, Indonesia, India, Sri Lanka, Malaysia, Philippines, Thailand, Vietnam, Pakistan and Singapore, but excludes Japan. The Company may also obtain exposure to companies listed on other global exchanges where the predominant business of those companies is conducted in the Asia Region (ex Japan).