

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

Net Tangible Assets & Monthly Investment Report - 30 June 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

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

NTA before tax on unrealised gains	0.9549
NTA after tax	0.9556

Month in Review

The Australian Dollar was the biggest detractor to performance, appreciating 1.4% during the month. The decision to run an unhedged currency position is based on our view of what is happening on the ground in China and how this will impact the Australian Dollar longer term.

Donaco's share price continues to be impacted by the recent conflict between Vietnam and China and evidence of a slowdown in Macau. While Donaco's Aristo casino remains largely unaffected by the political tensions, share price volatility is likely to continue until investors receive confirmation the casinos operations are ramping up in line with expectations.

Turquoise Hill declined after receiving an audit report from the Mongolian Tax Authority claiming US\$130m in unpaid taxes. While the amount in question is manageable, the market's reaction relates to the possibility of further delays at Oyu Tolgoi if a resolution is not determined quickly.

Holdings within the online classifieds thematic, specifically Baidu and 51Jobs, contributed positively to performance. These holdings have rebounded strongly after recent weakness which was driven by concerns over valuation. We are comfortable with the valuation of our specific holdings however remain cautious of the valuation of the wider internet space.

We added two positions during the month, casino operator Genting Malaysia and Chinese online recruitment company Zhaopin which completed its Initial Public Offering on the NYSE. These additions took the invested position to 24.5%.

We continue to take a cautious approach to building out the portfolio, waiting patiently for genuine opportunities to present themselves as opposed to just being invested in the market. Although this approach ultimately means the portfolio will take longer to reach a full invested position than might typically be expected, we believe this is the best way to preserve capital and outperform over the long term. In the event of a market pull back, we are confident of adding to the invested position with several potential investment ideas that are currently 10-15% from where we would be adding initial positions.

Currency Exposure

USD

75.1%

HKD

27.1%

AUD

-2.2%

Total Exposure

100.0%

Invested Position

Net equity exposure: 24.5%

Cash: 75.5%

Total Exposure 100.0%

Important Notice: PM Capital Asian Opportunities Fund Limited ACN 168 666 171 (PAF) has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in PAF nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of PAF and conduct its own investigations and analysis. 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).