

# Net Tangible Assets & Monthly Investment Report 31 October 2014

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE (all figures are unaudited)	OCTOBER	SEPTEMBER	CHANGE
NTA before tax on unrealised gains	1.0046	0.9972	+0.74%
NTA after tax	1.0001	0.9953	+0.48%

## Month in Review

The invested position of PAF increased from 38% to 63% over the month as we took advantage of the recent share price volatility to deploy capital. We acquired positions in Beijing Capital International Airport Co. (owner and operator of Beijing's international airport), Mindray Medical (medical device manufacturer) and AAC Technologies (manufacturer of miniaturised smartphone acoustic components). We also added to existing positions in Donaco International, 51Job and Zhaopin.

Positive contributors over the month included our Macau gaming operators, MGM China and SJM Holdings, as well as Chinese search engine Baidu and recently added AAC Technologies.

MGM China and SJM Holdings both performed well late in the month after third quarter earnings releases from several operators, including MGM China, beat expectations. Despite the weaker top line growth during the third quarter, MGM still managed to grow EBITDA 12% y/y, highlighting the impact of a positive mix shift towards the mass market business.

Baidu also performed well after reporting its third quarter result. Baidu again beat expectations, for the third quarter this year, on continued improvement in mobile search monetisation. Improved metrics from the mobile business has seen revenue growth accelerate from approximately 40% y/y during the first half of 2013 to over 50% y/y this year. Revenue growth is now outstripping the reinvestment back into the business.

Primary detractors to performance were Donaco International and Turquoise Hill Resources. Volatility in the share prices of both businesses has been high in recent months as they go through periods of transformation, Donaco with its new casino in Vietnam and Turquoise Hill Resources with the development of Oyu Tolgoi in Mongolia. We believe the longer term prospects for both businesses remain strong.

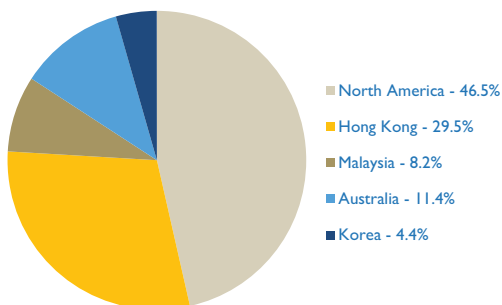
TOP 10 EXPOSURES	SECTOR	GEOGRAPHIC EXPOSURE	HOLDING (%)
51JOB INC	INTERNET	CHINA	7.6%
MINDRAY MEDICAL	HEALTHCARE	CHINA / INTERNATIONAL	7.2%
DONACO INTERNATIONAL LTD	GAMING	VIETNAM	7.2%
MGM CHINA HOLDINGS LTD	GAMING	MACAU, CHINA	5.4%
GENTING MALAYSIA	GAMING	MALAYSIA	5.2%
SJM HOLDINGS	GAMING	MACAU, CHINA	5.1%
BEIJING CAPITAL INT'L	INFRASTRUCTURE	CHINA	4.8%
TURQUOISE HILL RESOURCES	COMMODITIES	INTERNATIONAL	4.5%
BAIDU INC	INTERNET	CHINA	3.9%
ZHAOPIN LTD	INTERNET	CHINA	3.3%

**INVESTED POSITION**

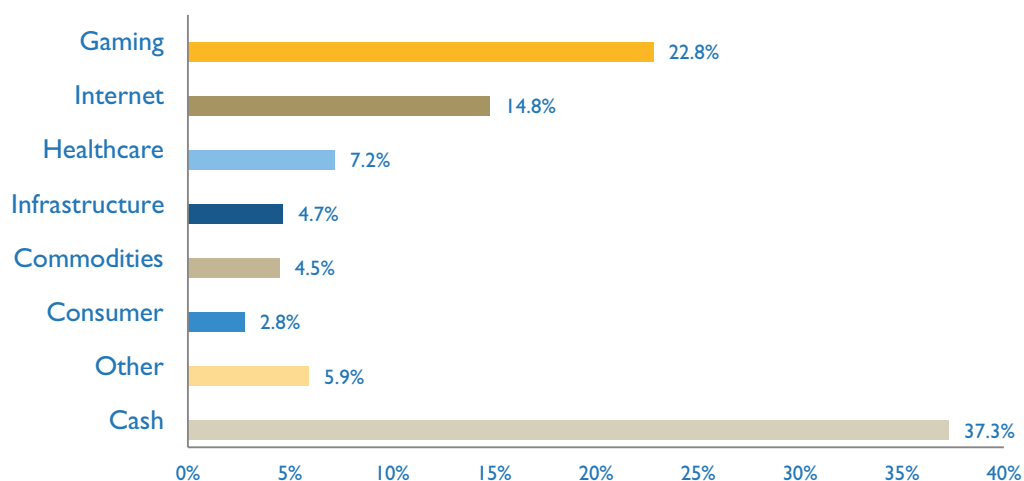
<b>LONG EQUITY</b>	62.7%
<b>CASH</b>	37.3%
<b>TOTAL EXPOSURE</b>	100.0%

**CURRENCY EXPOSURE**

<b>USD</b>	81.9%
<b>HKD</b>	27.0%
<b>KRW</b>	-0.2%
<b>AUD</b>	-8.7%
<b>TOTAL EXPOSURE</b>	100.0%

**DOMICILE OF LISTING**

**KEY COMPANY DETAILS**

<b>ASX CODE</b>	PAF
<b>OPTION CODE</b>	PAFO
<b>ACN</b>	168 666 171
<b>LISTING DATE</b>	21 May 2014
<b>SHARES ON ISSUE</b>	55,087,501
<b>CATEGORY</b>	Asian (ex-Japan) <sup>1</sup> equities
<b>INVESTMENT STYLE</b>	Fundamental old fashioned stock pickers, bottom-up research-intensive
<b>NUMBER OF STOCKS</b>	As a guide, around 15-35 equities whose predominant business is in the Asian (ex-Japan) <sup>1</sup> region
<b>SUGGESTED INVESTMENT TIME</b>	Seven years plus
<b>INVESTOR PROFILE</b>	PAF may be appropriate for investors seeking long term capital growth over a seven year plus investment horizon, through investment in a concentrated portfolio of Asian (ex-Japan) <sup>1</sup> equities

**PORTFOLIO COMPOSITION**


### Company Profile

PM CAPITAL Asian Opportunities Fund Limited (PAF or the Company) 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)<sup>1</sup>. 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.

### Who manages the Company's portfolio?

The Chief Investment Officer, Paul Moore, who has over 29 years experience in successfully managing global investment funds. The portfolio manager, Kevin Bertoli, who has over 9 years industry experience. Paul and Kevin are supported by a team of investment analysts.

### Manager Profile

PM CAPITAL Limited, founded in 1998, is a Sydney-based specialist equity and income fund manager that manages over \$1.8 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 Asian Companies Fund (ACF) and will generally invest in the same investments as the ACF once the 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)<sup>1</sup> equities and other investment securities.

### Investment Philosophy

PAF's investment portfolio is managed by PM CAPITAL, which uses the same investment philosophy and process they utilise for their unlisted retail funds. This philosophy is 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 successfully executed by PM CAPITAL's Chief Investment Officer, Paul Moore, for 29 years, and has been applied at PM CAPITAL since its inception in 1998. The philosophy involves taking a business owner's approach to investing by looking to understand how the business works, 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](http://www.pmcapital.com.au)  
T: 02 8243 0888  
E: [pmcapital@pmcapital.com.au](mailto:pmcapital@pmcapital.com.au)

### SHARE REGISTRY ENQUIRIES

Boardroom Pty Limited  
T: 1300 737 760  
E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

**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).