

# PM Capital Asian Opportunities Fund Limited

**(ASX: PAF)**

2015 Annual General Meeting

18 September 2015



# Disclaimer

---

This presentation dated 18 September 2015 is provided for information purposes only. The information contained in this presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of securities in the Company nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. You must not act on the basis of any matter contained in this presentation but must make your own assessment of the Company and conduct your own investigations and analysis. Before making an investment in the Company, you should consider whether such an investment is appropriate to your particular investment objectives and financial situation and seek appropriate advice, including legal, taxation and financial advice appropriate to your circumstances. The Company is not licensed to provide financial product advice.

Certain statements in this presentation may constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

While all reasonable care has been taken in relation to the preparation of this presentation, none of the Company or its directors, officers, employees, contractors, agents or advisers accepts any responsibility for any loss or damage resulting from the use of, or reliance on, the presentation by any person.

Past performance is not indicative of future performance, and no guarantee of future returns is implied or given.

All values are expressed in Australian currency unless otherwise stated. Further information is available at the ASX Company Announcements Platform at [www.asx.com.au](http://www.asx.com.au).

**PM CAPITAL Asian Opportunities Fund Limited | ACN 168 666 171**

Level 27, 420 George Street

Sydney NSW 2000

Telephone: +612 8243 0888

[www.pmcapital.com.au](http://www.pmcapital.com.au)

# Agenda

---

Chairman's address	4
Formal items of business	6
Item 1 – Financial Statements and Reports	6
Item 2 – Remuneration Report	7
Item 3 – Appointment of Auditor	9
Item 4 – Election of Directors	11
Investment Manager's address	15
Questions and answers	27

# Chairman's address – Brett Spork

---

- 1** \$54m raised at initial public offering (IPO) (net amount)
- 2** 55,087,501 ordinary shares and 55,087,500 options issued (exercisable at \$1.00 on or before 31 May 2015) under the IPO
- 3** Current share price of \$0.89. Trading range \$0.86 to \$1.01 since IPO
- 4** Current option price of \$0.018. Trading range \$0.018 to \$0.07 since IPO
- 5** 31 August before any tax accrual NTA \$1.1043
- 6** 31 August NTA after realised and unrealised tax accrual \$1.0726

# Chairman's address – Brett Spork

---

## Summary of 2015 financial results

<b>Profit before tax</b>	<b>\$9.9m</b>
<b>Profit after tax</b>	<b>\$6.9m</b>
<b>Earnings Per Share</b>	<b>\$0.126</b>
<b>NTA per share before tax</b>	<b>\$1.1445</b>
<b>NTA per share after tax</b>	<b>\$1.0922</b>
<b>Total assets</b>	<b>\$65.3m</b>
<b>Total shareholders' equity</b>	<b>\$60.4m</b>

# Item I – Financial Statements and Reports

---

**Any Questions?**

## Item 2 – Remuneration Report

---

### **Resolution 1 – Adoption of Remuneration Report**

*“That the remuneration report as set out on page 19 of the 2015 Annual Report is adopted.”*

# Item 2 – Remuneration Report

---

## Resolution 1 – Adoption of Remuneration Report

*“That the remuneration report as set out on page 19 of the 2015 Annual Report is adopted.”*

## Proxy Votes

Proxies have been received in respect of the resolution as follows:

For	Against	Open
4,856,237	346,070	20,511
92.98%	6.63%	0.39%



# Item 3 – Appointment of Auditor

---

## **Resolution 2 – Appointment of Auditor**

*“That, for the purpose of Section 327B of the Corporations Act 2001 (Cth) and for all other purposes, HLB Mann Judd, having consented in writing to act in the capacity of auditor, be appointed as an auditor of the Company.”*

# Item 3 – Appointment of Auditor

---

## Resolution 2 – Appointment of Auditor

*“That, for the purpose of Section 327B of the Corporations Act 2001 (Cth) and for all other purposes, HLB Mann Judd, having consented in writing to act in the capacity of auditor, be appointed as an auditor of the Company.”*

## Proxy Votes

Proxies have been received in respect of the resolution as follows:

For	Against	Open
5,004,557	0	244,811
95.34%	0.00%	4.66%

# Item 4 – Election of Directors

---

## **Resolution 3 – Election of Brett Spork as a Director**

*“That, Brett Spork, who retires as a Director by rotation under clause 15.6 of the Company’s Constitution, and being eligible for election, is elected as a Director.”*

## Item 4 – Election of Directors

---

### Resolution 3 – Election of Brett Spork as a Director

*“That, Brett Spork, who retires as a Director by rotation under clause 15.6 of the Company’s Constitution, and being eligible for election, is elected as a Director.”*

### Proxy Votes

Proxies have been received in respect of the resolution as follows:

For	Against	Open
4,753,557	250,000	242,811
90.60%	4.77%	4.63%

# Item 4 – Election of Directors

---

## **Resolution 4 – Election of Ben Skilbeck as a Director**

“That Ben Skilbeck, a Director appointed to the Board to fill a casual vacancy, and being eligible for re-election, is elected as a Director.”

## Item 4 – Election of Directors

---

### Resolution 4 – Election of Ben Skilbeck as a Director

“That Ben Skilbeck, a Director appointed to the Board to fill a casual vacancy, and being eligible for re-election, is elected as a Director.”

### Proxy Votes

Proxies have been received in respect of the resolution as follows:

For	Against	Open
4,728,557	300,000	220,011
90.09%	5.72%	4.19%

# Why the Asian Opportunities Fund Limited?

A portfolio of businesses, not just shares

Only the most compelling investments considered

A true stock pickers portfolio: selective and concentrated positions

No conviction = no investment

## PAF Top 10

Donaco International Ltd

51job Inc.

Mindray Medical

Baidu Inc.

HSBC

Turquoise Hill

Genting Malaysia

Sinopec Kantons Holdings

Astro Malaysia Holdings

Tingyi

## MSCI Asia ex Japan Top 10

Samsung Electronics

Taiwan Semiconductor

Tencent Holdings

China Mobile

AIA Group

China Construction

ICBC

Hon Hai Precision

Bank of China

CK Hutchison Holdings

Net equity exposure: 88.5%

As at 31/08/15

**astro**

**mindray**

**Baidu** 百度



# Our best Asian ideas...

## Online Classifieds & Service

Evolution in the way consumers view content and advertisers spending advertising dollars.



## Gaming

Market liberalisation, rising affluence, infrastructure improvements.



## Infrastructure providers

Monopoly assets, quasi consumption plays



## Consumer

Rising affluence, household incomes and per capita spending.





# Recent research trips



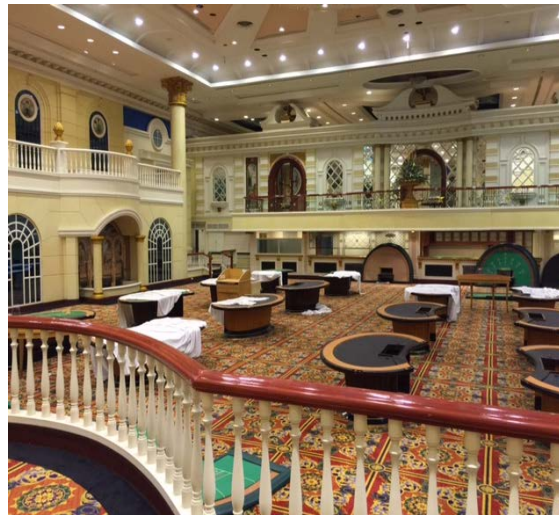
## China, Macau, Vietnam and Cambodia

### Attendees

Kevin Bertoli & Paul Moore

### Focus

Regional gaming & China



# Fixed asset investment cycle has come to an end...



***Fixed asset investment growth continues to decline,  
down 11.2% year on year in July***

# Fixed asset investment cycle has come to an end...

---

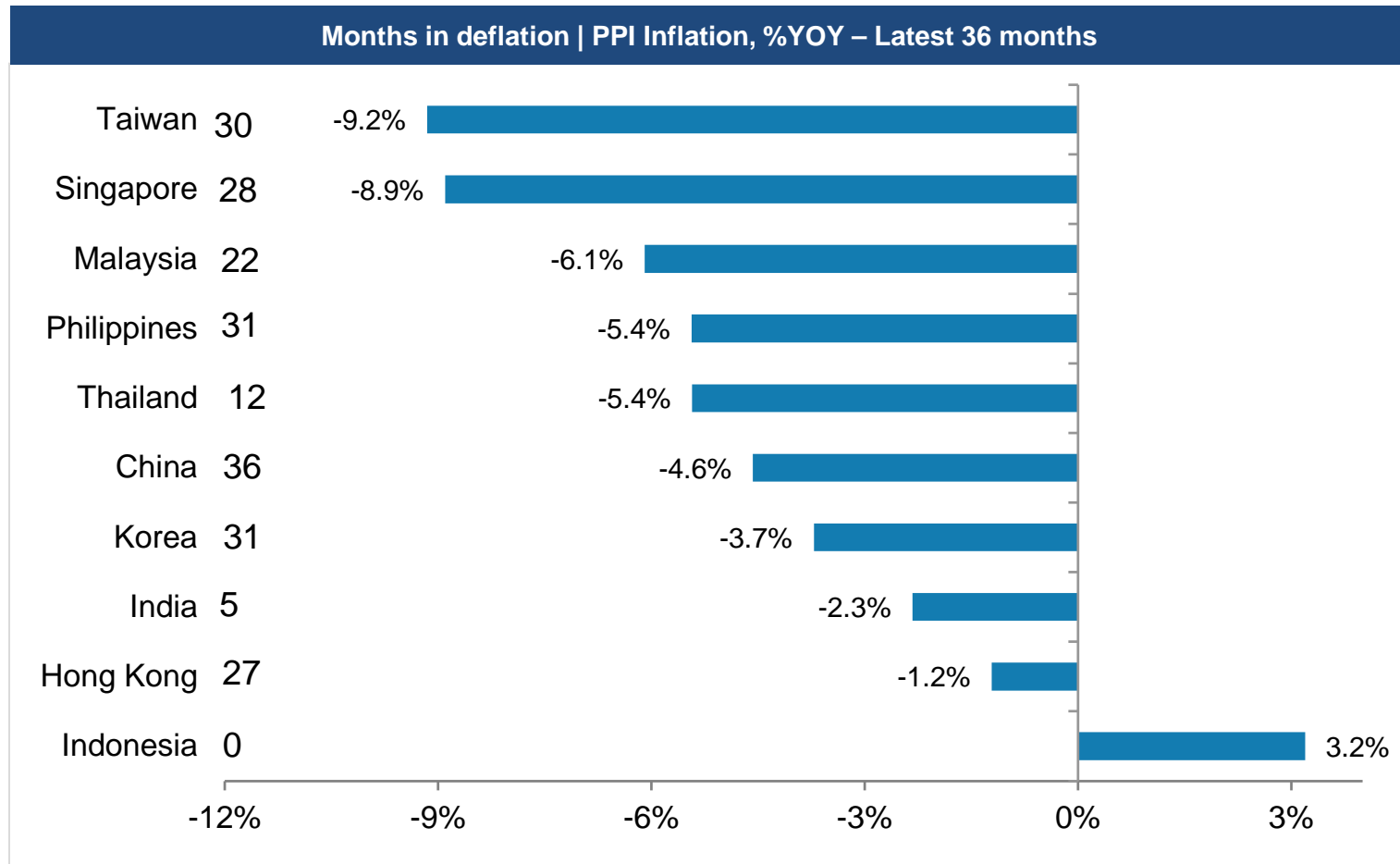
**1 Over capacity in manufacturing sector**

**2 Increased leverage**

**3 Property overbuild**

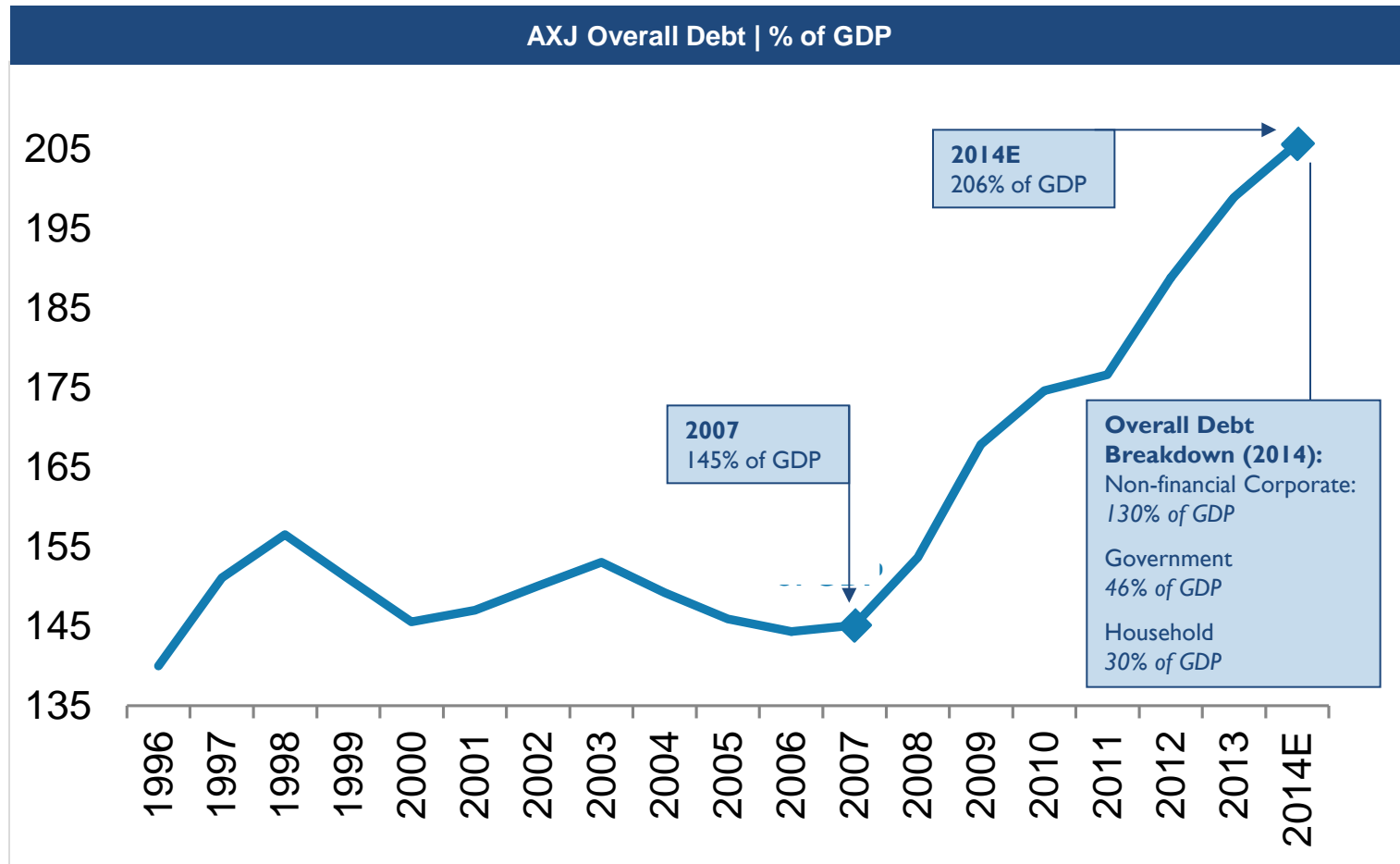
***China can no longer revert to fixed asset investment to stimulate growth***

# I. Over capacity in manufacturing sector



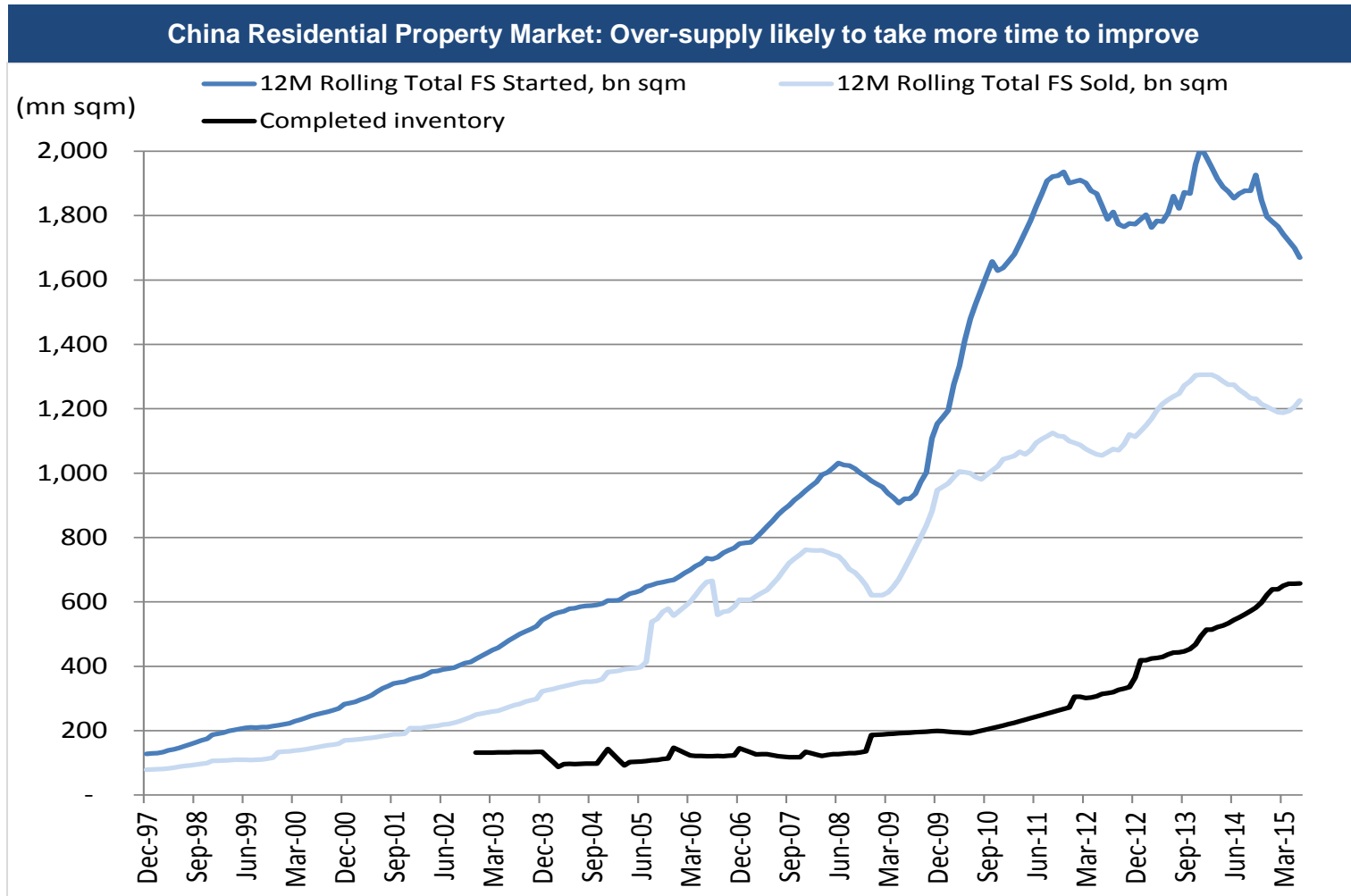
***Nine out of ten ASJ Countries are in outright producer price deflation***

## 2. Increased leverage



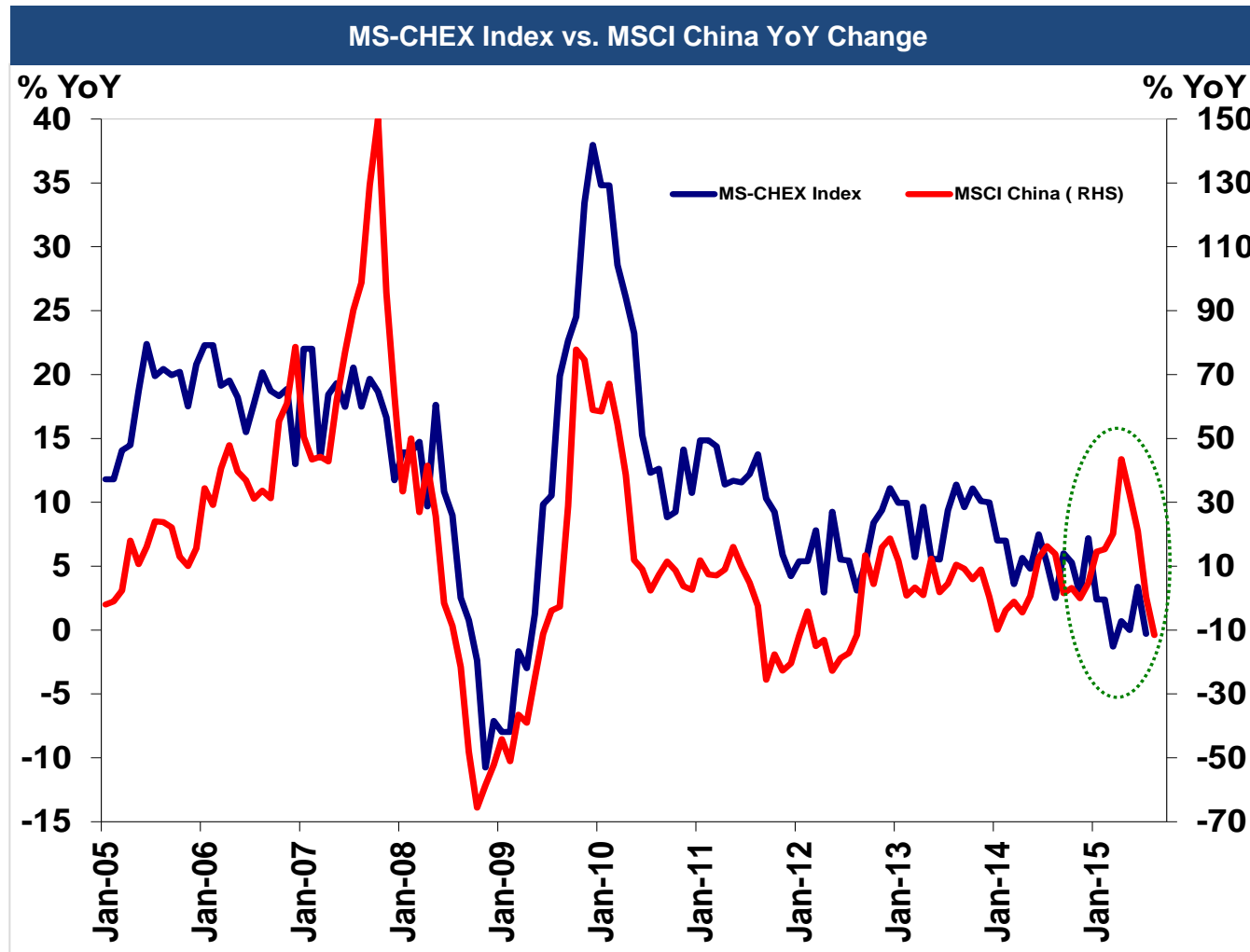
***Aggressive Rise in Leverage in AXJ***

# 3. Property overbuild

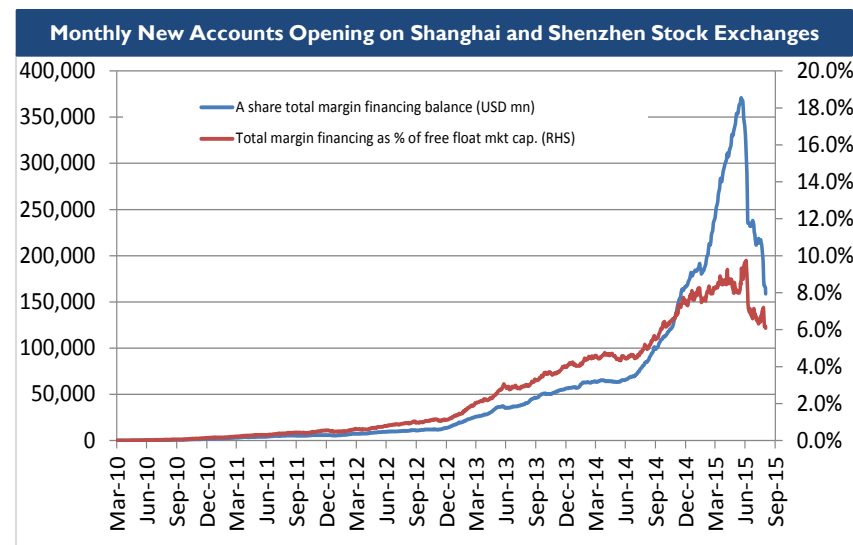


***Significant inventory build in the property market***

# Economic vs. equity market miss match...



# A-share market concerns reinforced



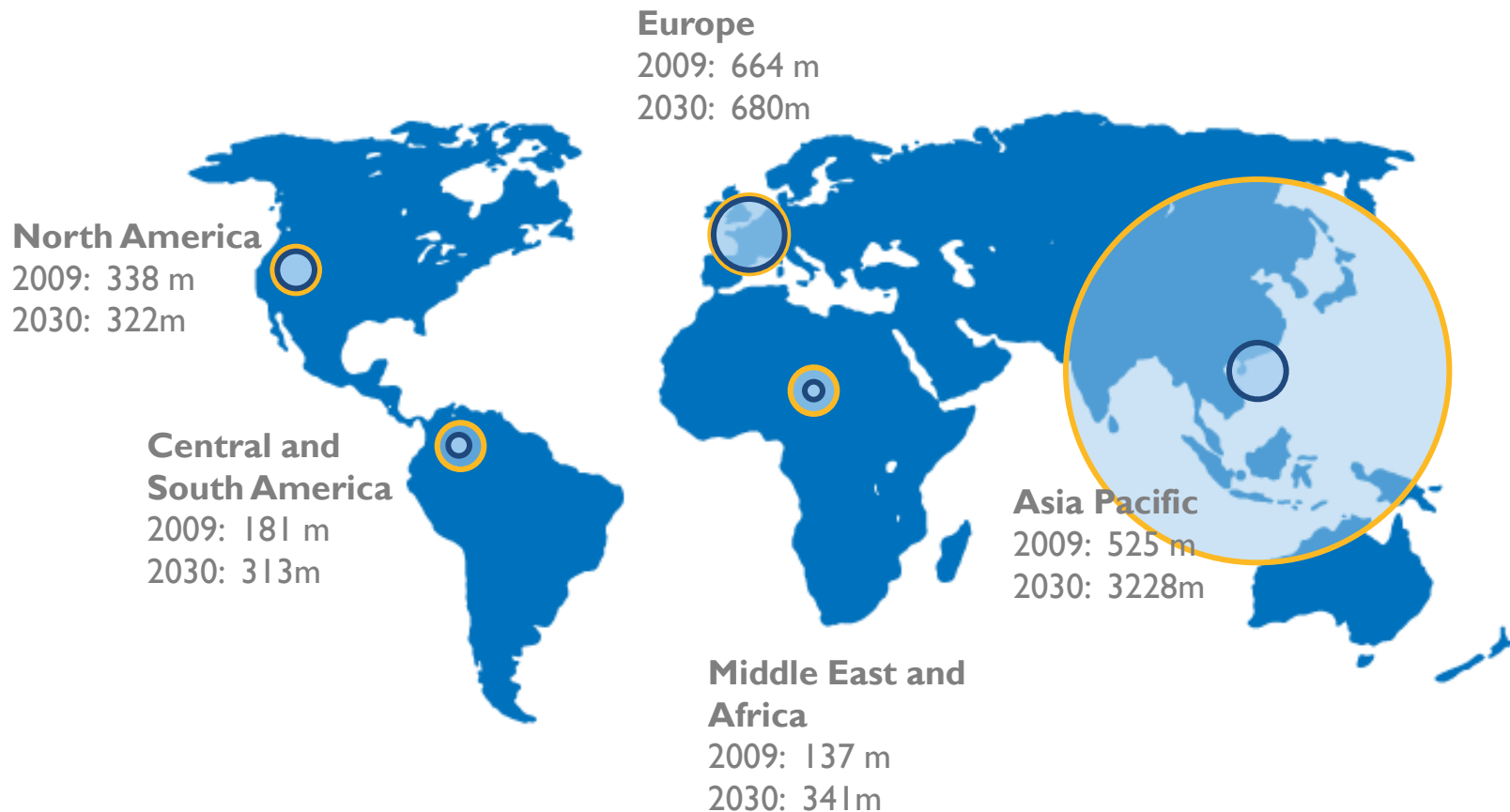


# Consumption driven growth the focus



	Australia	USA	Japan	China	Korea	Taiwan	Malaysia	Philippines	Indonesia	India	Thailand
Population	22.5	318.9	127.1	1,355.7	49.0	23.4	30.1	107.7	253.6	1,236.3	67.7
Population growth	1.1%	0.8%	-0.1%	0.4%	0.2%	0.3%	1.5%	1.8%	1.0%	1.3%	0.4%
Median age	38.3	37.6	46.1	36.7	40.2	39.2	27.7	23.5	29.2	27.0	36.2
Urban population	89.2%	82.4%	91.3%	50.6%	83.2%	78.0%	72.8%	48.8%	50.7%	31.3%	34.1%
GDP											
- Agriculture	3.8%	1.1%	1.1%	10.0%	2.6%	2.0%	11.2%	11.2%	14.3%	17.4%	12.1%
- Industrial	27.4%	19.5%	25.6%	43.9%	39.2%	29.4%	40.6%	31.6%	46.6%	25.8%	43.6%
- Services	68.8%	79.4%	73.2%	46.1%	58.2%	68.6%	48.2%	57.2%	39.1%	56.8%	44.3%
Principal religion				Buddhist 18%/ nil 52%	Christian 32%/ Buddhist 24%	Buddhist/ Taoist 93%	Muslim 61%	Christian 93%	Muslim 87%	Hindu 81%	Buddhist 94%
Literacy*	99.0%	99.0%	99.0%	95.1%	97.9%	96.1%	93.1%	95.4%	92.8%	62.8%	93.5%

# Asia: the fastest-growing middle class consumer



Note: 'Middle class' is defined as those households with daily expenditures between US\$10 and US \$100 per person. The blue border circles and orange border circles depict the size of the middle-class population in 2009 and 2030 respectively.

# ***QUESTIONS AND ANSWERS***