MARCH 2017

Quarterly Report

p.3

Impressive returns

Alternative Managers: A sector on the rise

PM Capital GLOBAL OPPORTUNITIES FUND LIMITED

PM Capital Global Opportunities Fund Limited

ACN 166 064 875 (ASX Code: PGF)

PM Capital ASIAN OPPORTUNITIES FUND LIMITED

PM Capital Asian Opportunities Fund Limited

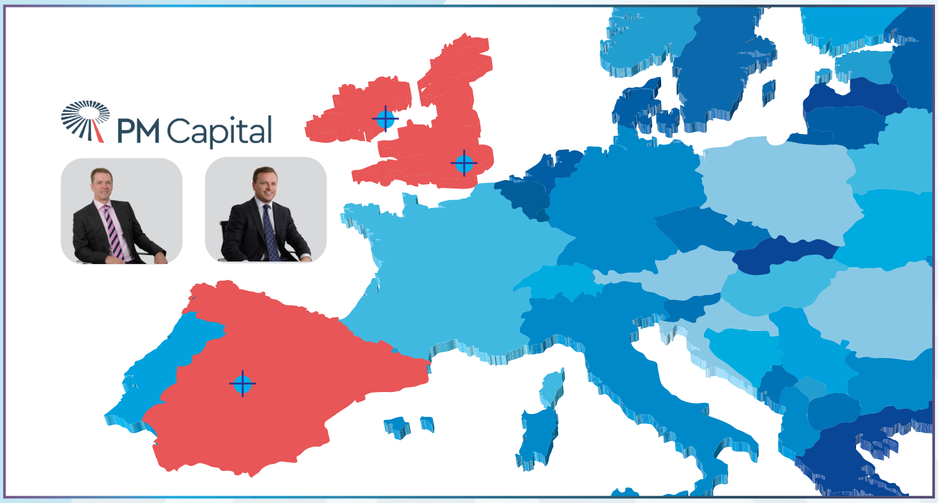
ACN 168 666 171 (ASX Code: PAF)

CONTENTS

Chief Investment Officer Paul Moore and Portfolio Manager John Whelan have been on a research trip to the UK, Ireland and Spain, including meetings with companies currently held in the strategies and prospective holdings. They have also met with analysts and industry participants. Paul and John will report on their findings in a video report later this month.

Quarterly Video

Trip update to follow shortly



Research trips are crucial to our research process. They allow us to ask questions on the ground that will assist us to determine if new market anomalies have emerged or ones we have already identified are reaching their conclusion.

> "Just as the general market perception under-estimated the sustainability of the US economic recovery, we suspect it has also under-estimated the sustained improvement in Europe and in particular Spain. The focus of our trip has been to review the evolution of our property and banking related investments in Spain and Ireland and to continue our background research into a number of new opportunities that we have identified on our valuation radar screens."

Paul Moore
Global Equities Portfolio Manager

Listed Company Overview

	PM Capital Global Opportunities Fund Limited	PM Capital Asian Opportunities Fund Limited
Asset Class	Global equities	Asian (ex-Japan) equities
Listing Date	11 December 2013	21 May 2014
Suggested Time Frame	Seven years plus	Seven years plus
Shares on Issue	349,396,204	55,538,224
Share Price[1]	$0.990	$1.010
Market Capitalisation	$345.9 million	$56.1 million
NTA before tax accruals + franking credits (per share)	$1.1783	$1.1132
Company Net Assets before tax accruals + franking credits	$411.7 million	$61.8 million

[1] As at close of market trading Friday 31st March 2017.

PM Capital Global Opportunities Fund Limited

- **The Company** aims to create long term wealth through a concentrated portfolio of 25-45 global companies that we believe are trading at prices different to their intrinsic values.
- **The Company's investment objective** is to provide long term capital growth and outperform the greater of the MSCI World Net Total Return Index (AUD) or RBA cash rate over rolling seven year periods. The Company is not intended to replicate the index, investing in a concentrated portfolio of predominantly undervalued equities and other global (including Australia) investment securities.

ASX Code	PGF
Category	Global equities (long/short)
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 25-45 stocks

Shares on issue	349,396,204
Suggested investment time	7 years +
Listing date	11 December 2013

PM Capital Global Opportunities Fund

Paul Moore
Global Portfolio Manager

Net tangible asset backing per ordinary share[1] (all figures are unaudited)	31 December 2016	31 December 2016 (ex)[3]	31 March 2017 (ex)[3]	Actual Change (%)[4]
NTA before tax accruals + franking credits	$1.1472	$1.1243	$1.1783	4.80%
NTA after tax	$1.1048	$1.0888	$1.1270	3.51%

3 NTA on a notional ex-dividend basis. For purposes of comparing 31 March 2017 to the previous quarter, the 31 December 2016 NTAs are quoted ex-dividend announced on 16 February 2017. 4 Change calculated on an ex-dividend basis.

KEY POINTS

Fortress Investment Management sold at a 40% premium.

Caixabank up 28% on rising European interest rates and a strengthening Spanish economy.

Wynn Macau up 28% as the recovery in Macau gaming revenues continues.

The Company had a strong quarter with an increase in value of more than 4% with all of our investment themes contributing to the performance. Given the Company's exposure to the US dollar (USD), the performance would have been a lot stronger if not for the 6% rise in the Australian dollar (AUD) versus the USD. We believe the AUD is currently range bound and given we think commodity prices have peaked, we believe the AUD is trading close to the higher end of that range.

With regards to portfolio activity, we sold our position in Anheuser Busch Inbev (ABI) as it reached a fair valuation. With industry consolidation - of which ABI has been a driving force- now in its final stage, growth dynamics for the global brewers is evolving to one much more reliant on organic growth. We believe ABI has less scope to grow earnings organically versus some of its peers, particularly in light of its industry leading margins. We also sold our holdings in Oracle as it also reached our valuation target.

On the other hand, we increased our exposure to US homebuilding companies over the quarter as they are likely to be the prime beneficiaries of continued strong employment growth and consumer confidence in the US. As part of our alternative investment management theme, we also initiated a position in Fortress Investment Management. We subsequently sold it one month after our original purchase as its share price rose 40% on the back of a takeover offer by Softbank.

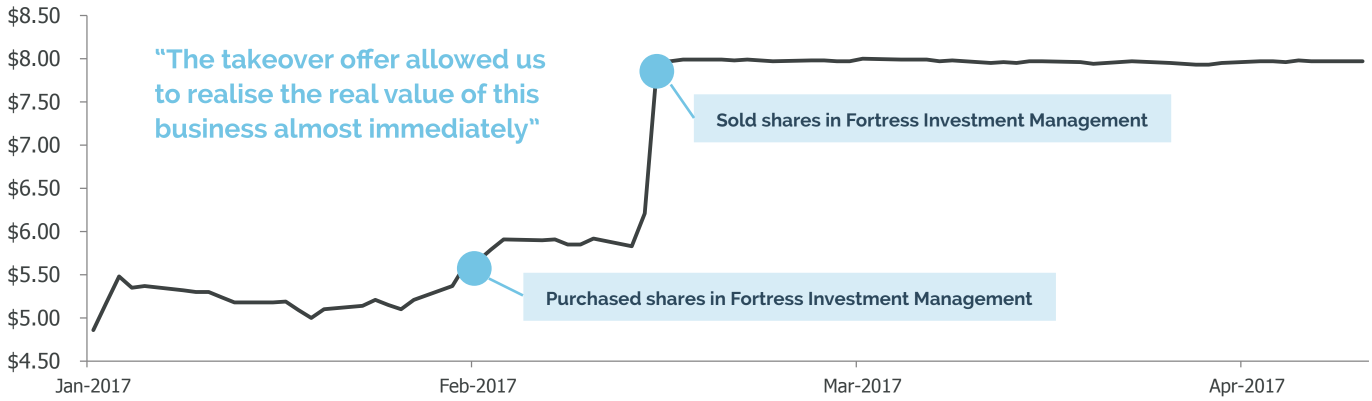
Overall our net investment position remained relatively stable.

Within our global domestic banking theme, Caixabank, the number one domestic Spanish bank, rose strongly following the significant rise of European interest rates. Spanish banks are the most exposed European banks to rising rates due to the vast majority of their assets being floating rate loans. In a low growth environment, we look for companies with either an above normal yield or earnings growth – in Caixabank we see both. It is paying a 5% dividend yield on a conservative payout ratio compared to European bonds yielding sub 1%. In addition, a normalisation of European interest rates could see a 30%+ increase in earnings.

As touched on above, Fortress Investment Management, one of our alternative asset manager investments, turned into a quick buy-and-sell over the quarter due to the takeover offer by Softbank. We had been monitoring Fortress for a number of years as part of our thesis around the undervaluation of alternative asset managers. We decided to invest early in the quarter as the market became so bearish that it was valuing Fortress shares close to their liquidation value. The reality was that while Fortress made mistakes in its legacy private equity and hedge fund businesses, its credit business was top tier and it was making substantial progress raising funds for its next generation of listed private equity vehicles. On top of this it recently made commitments to sell down its large balance sheet investments and return a substantial amount of capital back to shareholders. The takeover offer allowed us to realise

PM Capital Global Opportunities Fund

Figure A: **Fortress Investment Management (US: FIG) Share Price**



Source: Factset

the real value of this business almost immediately. It also illustrates the valuation misalignment in alternative asset managers which performed strongly over the quarter.

To conclude, we believe that over the next 10 years, interest rates are probably going to be quite different to what we have become used to over the last 5 years, and so our investment focus will remain finding good businesses who can grow their earnings and are not reliant on ultra-low interest rates to do so.

Portfolio Investments	Weighting
Global Brewing	5.4%
Post GFC Housing Recovery - US	16.0%
Post GFC Housing Recovery - Europe	8.8%
Global Domestic Banking	36.7%
Service Monopolies	21.2%
Pharmaceuticals	6.1%
Gaming - Macau	5.6%
Alternative Investment Managers	11.1%
Other	2.6%
Long Position	**113.5%**
Short Position	-12.1%
Net Invested Equities	**101.4%**
Credit Securities	9.5%
Net invested position	110.9%

Total Holdings	43

Current Stock Example
Heineken
Howard Hughes Corporation
Cairn Homes
Bank of America
Alphabet
Pfizer
Wynn Macau
KKR & Co L.P.

Currency Exposure*	
USD	78.9%
EUR	16.5%
GBP	7.4%
HKD	1.6%
AUD & NZD**	-4.4%
Total Exposure	100.0%

* Stated at market value before the impact of currency options.

** Represents net exposure to AUD and NZD. Actual NZD exposure is -17.6%.

Paul Moore - Chief Investment Officer & Global Portfolio Manager

PM Capital Asian Opportunities Fund Limited

- **The Company** aims to create long term wealth through a concentrated portfolio of typically 15-35 Asian centric companies that we believe are trading at prices different to their intrinsic values.
- **The objective of the Company** is to provide long term capital growth and outperform the greater of the MSCI All Country Asia (ex-Japan) Net Index (AUD) or RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index, investing in a concentrated portfolio of predominantly undervalued equities in the Asian ex-Japan region.

ASX code	PAF
Category	Asian (ex-Japan)[2] equities
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 15-35 stocks
Shares on issue	55,538,224
Suggested investment time	7 years +
Listing date	21 May 2014

PM Capital Asian Opportunities Fund

Kevin Bertoli
Asian Portfolio Manager

Net tangible asset backing per ordinary share[1] (all figures are unaudited)	31 December 2016	31 December 2016 (ex)[3]	31 March 2017 (ex)[4]	Actual Change (%)[4]
NTA before tax accruals + franking credits	$1.0942	$1.0656	$1.1132	4.46%
NTA after tax	$1.0632	$1.0432	$1.0766	3.20%

3 NTA on a notional ex-dividend basis. For purposes of comparing 31 March 2017 to the previous quarter, the 31 December 2016 NTAs are quoted ex-dividend announced on 23 February 2017. 4 Change calculated on an ex-dividend basis.

KEY POINTS

Merger and acquisition activity drove the robust performances of several portfolio holdings.

Underlying operating trends from the Company's China holdings suggest the macro environment is improving.

Continue to maintain a fully invested position with further rotation of capital into Financials.

The underlying equity portfolio advanced almost 10% for the period. Autohome, the Company's largest position, again contributed positively to performance. We have seen renewed investor interest in the company after management's decision to refocus the business towards its core lead generation, advertising and third party marketplace businesses. Several sell side analysts have reinitiated coverage with generally positive outlooks, reflecting our own investment thesis and helping drive the recent share price re-rating. While the company's operating performance may be impacted by the closure of the direct sales business in the short term, our recent conversations with management have led us to become more optimistic about the longer term outlook for earnings growth.

Our Macau holdings also continued on from their robust performances in 2016. In particular, Wynn Macau was a standout after a better than expected fourth quarter result showed their recently opened Wynn Cotai property continued to gain traction with patrons while not cannibalising the existing Peninsula business. Macau's gross gaming revenues advanced 13% year-over-year in the first quarter, above the market's original expectations. We expect the Macau gaming sector to experience another round of consensus earnings upgrades following what is expected to be a strong Q1/17 results season in April. Despite the solid performance from our Macau holdings over the past year, the industry's recovery from the severe cyclical correction experienced in 2014 and 2015 is still in its infancy and will take two to three years to fully play out.

Merger and acquisition activity also led to solid performances from several portfolio holdings. ASX-listed company Seek Limited announced it was in advanced discussions regarding a potential privatisation proposal for the minority interests in Zhaopin at US$18 per ADS. Subsequent to quarter end Seek and Zhaopin reached a definitive agreement and the offer was increased marginally to US$18.20. While it is always pleasing to receive a takeover offer for one of our holdings, we believe Seek's offer undervalues Zhaopin. However, due to Seek's majority shareholding and the takeover laws in the Cayman Islands the deal will go through. For more on the Zhaopin privatisation please refer to the recently published piece on our website.

During the period there was also growing speculation that Tsingtao's minority shareholder Asahi was considering the sale of their 20% interest in the company. Consequently investors became more optimistic that a new strategic partner at Tsingtao could help improve the company's premium product positioning, or that Tsingtao itself might repurchase the Asahi stake resulting in meaningful earnings per share accretion. We took advantage of Tsingtao's recent share price appreciation to exit our position, primarily on a valuation basis. We do not believe a change in minority ownership at Tsingtao alters the outlook for industry consolidation that is dearly needed in China.

Weakness in the US Dollar and pegged HK Dollar offset some of the positive performance achieved by the underlying equity portfolio. The US Dollar gave back some of the gains realised post President Trump's election victory as the market digested an abundance of new information and put a realistic timeframe on key reforms. Conversely, renewed optimism for Chinese growth in recent months has had a positive

PM Capital Asian Opportunities Fund

impact on currencies in the region, including the Australian Dollar. A weak US Dollar impacts the Company's relative performance versus the broader market given the Company is close to 100% exposed to the US Dollar and pegged HK Dollar, whereas the wider market benefits when local Asian currencies rise (performance typically correlated to Australian Dollar). We believe the Australian Dollar is at the higher end of its range and likely to come under pressure over the next 12 months as commodity prices peak near term and interest rate differentials, particularly with the US, continue to contract.

The Company remains near fully invested. In addition to the sale of Tsingtao highlighted above, we also exited our position in Genting Malaysia after a period of strong share price performance spurred by growing optimism surrounding the company's expanded Malaysian operations. While earnings growth is accelerating, we believe the share price appreciation – 27% in the past year including dividends – adequately reflects the company's value and feel that the capital could now be better allocated elsewhere.

The proceeds from the above sales were reinvested into existing portfolio positions and investment themes. Notably we added to the Company's Financials exposure while also increasing Chinese food and beverage company Dali Foods to a core 5% weighting. We expect Dali's earnings growth to accelerate this year thanks to its strong pipeline of new product launches, all with substantially higher margins, and a greater contribution from the modern retail channel after increased investment into sales and distribution. Despite the positive outlook Dali trades at a discount to the Chinese food and beverage sector, we think primarily because of a lack of market familiarity (relatively short trading history) and limited liquidity. We view Dali as an innovation leader within the Chinese food and beverage sector, underlined by a very strong track record of new product launches. We see limited downside at current valuations, particularly considering the cash accumulating on the balance sheet and the strong dividend yield and therefore expect the share price to re-rate on improved earnings momentum this year.

Our outlook remains consistent with the views expressed in our previous commentary. We have become increasingly positive on the general macro environment in Asia as we get confirmation from the companies we own on the ground that operating conditions are improving. The core portfolio themes remain largely unchanged and we continue to have strong conviction in these holdings which we believe warrants maintaining a fully invested position.

Portfolio Investments	Weighting
Consumer - Breweries	6.8%
Consumer - Other	10.6%
Online Classifieds & Ecommerce	28.0%
Gaming - Macau	14.1%
Gaming - Other	5.3%
Financials	17.7%
Capital Goods & Commoities	7.5%
Other	9.8%
Long Position	**99.8%**
Short Position	-2.3%
Net Invested Equities	**97.5%**
Credit Securities	0.3%
Net invested position	97.,8%

Total Holdings	27

Current Stock Example
Heinekin Malaysia
Dali Foods
Autohome
Wynn Macau
Donaco International
HSBC Holdings
Turquoise Hill Resources
Sinopec Kantons

Currency Exposure*	
USD	56.5%
HKD	40.0%
AUD	1.1%
Other	2.4%
Total Exposure	100.0%

* Stated at market value.

" Increasingly over the last 6 months we have seen the positive side effects of the Chinese Government's efforts to reinflate the domestic economy back in the first half of 2016. This has led to a strong performance of regional markets particularly over the last quarter. While it is always hard to predict the short term direction of markets we are optimistic in what we are hearing in discussions with the companies we own. More importantly if you're investing for the next 5-10-15 years then Asia may represent an attractive investment opportunity. Despite slowing rates of growth in recent years from the major economies in the region, Asia remains the world's primary growth driver and continues to become a bigger and bigger part of the global GDP pie."

Kevin Bertoli - Asian Portfolio Manager

Important information

This Quarterly Report is issued by PM Capital Limited (ABN 69 083 644 731, AFSL No. 230222) as investment manager for the:

PM CAPITAL Global Opportunities Fund Limited
ACN 166 064 875 (ASX Code: PGF)

PM CAPITAL Asian Opportunities Fund Limited
ACN 168 666 171 (ASX Code: PAF)

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The Index for the PM Capital Global Opportunities Fund Limited is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. The Index for the PM Capital Asian Opportunities Fund Limited is the MSCI AC Asia ex Japan Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the MSCI indices.

See the company announcements platform at www.asx.com.au, and www.pmcapital.com.au, for further information.

1. Past performance is not a reliable indicator of future performance.

2. 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 Asian region (ex-Japan)

RESPONSIBLE ENTITY

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