

# Monthly Update

31 MARCH 2021

## Fund commentary

- Gaming and commodity companies retract a portion of strong year-to-date performance
- Announcements from Kunlun Energy and Turquoise Hill Resources well received by the market supporting share prices

Performance was mixed in March. Several standout performers from the month of February gave back a portion of the gains achieved, including gaming and commodity companies (copper and oil). Given the recent strength it is not unexpected to see share price volatility month-to-month and our investment theses remain unchanged.

In line with the performance of commodities and commodity companies the Australian Dollar retraced some of the gains achieved over recent months and this partially offset the negative impact on the portfolio from moves in the above holdings.

Beyond the broad macro factors driving directional moves in equity prices over the month several portfolio holdings were impacted by company-specific news

events. Most notably were Kunlun Energy and Turquoise Hill Resources.

Kunlun Energy declared a special dividend at their annual results release equal to 50% of the proceeds from the disposal of their 60% stake in PetroChina Beijing Gas Pipeline Co.. The special dividend represents a yield of 34% at Kunlun Energy's month-end share price.

Turquoise Hill Resources bucked the wider downward trend witnessed among copper companies, advancing after another positive statement from management regarding the funding gap required to complete the Oyu Tologu underground operation. The company was also reinstated to the S&P/ TSX Composite Index which drove passive buying.

Fund performance* (net of fees)	Inception Date	Exit Price (\$ cum)	1 Month	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
<b>Asian Companies Fund</b>	<b>07-2008</b>	<b>1.7852</b>	<b>-1.0%</b>	<b>6.1%</b>	<b>23.5%</b>	<b>44.4%</b>	<b>1.8%</b>	<b>7.2%</b>	<b>6.4%</b>	<b>9.0%</b>	<b>12.5%</b>
MSCI AC Asia ex Japan Net Total Return Index			-0.9%	4.0%	14.6%	26.4%	9.1%	14.0%	12.4%	10.0%	9.1%
Outperformance by the Fund			-0.1%	2.1%	8.9%	18.0%	-7.3%	-6.8%	-6.0%	-1.0%	3.4%

Portfolio investments	Weighting
Gaming	15.3%
Online Classifieds & Ecommerce	15.0%
Infrastructure	12.7%
Materials (Copper)	12.4%
Consumer	7.9%
Financials	7.6%
Technology	7.1%
Energy	4.5%
Other	6.0%
<b>Long Equities Position</b>	<b>88.5%</b>
Net invested position	88.5%

Current stock example
MGM China Holdings Ltd
iCar Asia
Sinopec Kantons
Freeport-McMoRan Copper
SABECO
Shinhan Financial
Travelsky
CNOOC
China Mobile

Currency exposure*	
USD	61.3%
AUD	20.2%
KRW	6.9%
INR	5.5%
Other	6.1%
<b>Total exposure</b>	<b>100.0%</b>



<sup>^</sup> 'Domicile of Listing' represents the location of stock exchange listing of each entities' head office, whereas 'Domicile of Business' represents the location of the predominant business of those entities.



Total holdings	23
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\* Stated at effective value.

PM Capital Limited, founded in 1998, is a globally-focussed fund manager that invests money on behalf of private clients, the clients of financial advisers and institutions. PM Capital's goal is to build long term wealth by investing in global markets with patience and conviction.

### Investment philosophy

We aim to build long term wealth together with our co-investors by finding and exploiting investment anomalies. Using a focused, patient and considered approach to finding simple investment ideas produces the best environment for creating that long term wealth.

Our experience has shown us that while the market is largely efficient, it can, and regularly does, misprice a small proportion of companies. This mispricing can arise as a result of any number of reasons, but is most often associated with disruptive or cyclical change, new information which is misunderstood by the market as having a permanent impact when it is in fact transitory, or just because they are operating in a sector out of favour with investors.

Our unique process is based on scanning the world for those companies (hence the radar in our logo), discovering the associated valuation anomalies and extracting value from them. We buy good businesses at a good price; businesses that we believe are being valued differently to their long term intrinsic value, but will return to their correct value over time.

### Who manages the investment?

Kevin Bertoli is the Portfolio Manager, who has over 15 years' industry experience and has managed the Fund since its inception. Kevin is supported by a team of experienced investment analysts. The investment team is led by founder and CIO Paul Moore.

## Further Information

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We believe in being a patient investor, one that has conviction, one that sees opportunities where others only see risk. We only invest in what we know, deeply, via our fundamental research.

## Why the Asian Companies Fund?

**Asia-specific:** The Fund focuses on companies listed or operating in Asia (ex-Japan), giving unrestricted exposure to the world's fastest growing region.

**Established:** The Fund's process has been shown to be effective, based on a philosophy developed by Paul Moore, over 35 years. This has produced attractive long term capital growth.

**Unrestricted:** We have an authentic investment process where our exposure to countries, industry sectors or market capitalisation is determined solely by our conviction in the risk/reward opportunities that we identify in individual stocks. No conviction at the stock level = no investment.

**Opportunistic and focused:** The Fund is not built around a general market benchmark or index - it is highly focused based on our fundamental, bottom-up investment process. As a guide, the Fund holds around 15 - 35 deeply researched stocks that we believe give the best opportunity to produce strong long term returns.

**Co-investment:** Our co-investors receive access to a unique subset of opportunities to which they may otherwise find difficult to access. The management team have significant investments in the Fund - they invest for and with you.

**Outperformance:** The Fund *has outperformed the relevant market index by 147% since inception.*<sup>1</sup> The Fund is managed from an Australian investor's perspective with consideration for tax and currency outcomes.

## Key Fund Details

### Fund category

Asian equities

### Investment style

Fundamental, bottom-up research intensive approach

### Inception date

1 July 2008

### Fund size

\$22.8 Million

### Strategy size

\$87.1 Million

### Number of stocks

As a guide, 15-35 stocks

### Minimum direct investment

\$20,000

### Recommended investment time

Seven years plus

### Fees (pa)

Management fee: 1.40%

### Buy / sell spread

0.5% (Round trip)

### Investor profile

The Fund may be appropriate for investors seeking capital appreciation over a seven plus year investment horizon through a concentrated portfolio of Asian Equities (ex- Japan).

## Important Notice

This Report is issued by PM Capital Limited ABN 69 083 644 731 AFSL 230222 as responsible entity for the PM Capital Asian Companies Fund (ARSN 130 588 439, the 'Fund'). It contains summary information only to provide an insight into how we make our investment decisions. This information does not constitute advice or recommendations, and is subject to change without notice. It does not take into account the objectives, financial situation or needs of any investor which should be considered before investing. Investors should consider a copy of the current Product Disclosure Statement which available from us, and seek their own financial advice prior to investing. The PDS explains how the Fund's Net Asset Value is calculated. Past performance is not a reliable guide to future performance and the capital and income of any investment may go down as well as up due to various market forces. The investment objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term.

1. Returns are calculated from exit price to exit price assuming the reinvestment of distributions for the period as stated and represent the combined income and capital return. The Index is the MSCI All Country Asia ex Japan Net Total Return Index in Australian dollars, net dividends reinvested. See [www.msci.com](http://www.msci.com) for further information on the Index.