

# Monthly Update: Australian Companies Fund

## Applying global insights to profit from anomalies in the Australian market

| Fund performance <sup>+</sup><br>(net of fees)              | Inception Date | Exit Price<br>(\$ 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>Fund performance (net of pro forma fees)<sup>1</sup></b> | <b>01-2000</b> | <b>2.8366</b>          | <b>3.0%</b> | <b>2.1%</b> | <b>8.5%</b>  | <b>33.0%</b> | <b>13.7%</b> | <b>12.6%</b> | <b>11.4%</b> | <b>13.6%</b> | <b>12.7%</b>       |
| <b>Fund performance (net of actual fees)</b>                |                |                        | <b>3.0%</b> | <b>2.1%</b> | <b>8.5%</b>  | <b>33.0%</b> | <b>13.7%</b> | <b>11.9%</b> | <b>10.4%</b> | <b>12.3%</b> | <b>10.9%</b>       |
| S&P/ASX 200 Accumulation Index                              |                |                        | <b>2.5%</b> | <b>6.0%</b> | <b>15.0%</b> | <b>28.1%</b> | <b>9.9%</b>  | <b>10.9%</b> | <b>8.6%</b>  | <b>10.3%</b> | <b>8.6%</b>        |

1. Fund performance (net of pro forma fees) has been calculated based on the new fee structure (implemented 1 December 2018), assuming it had applied from the Fund's inception. These returns do not represent the actual net Fund performance and are included for illustrative purposes only.

### Australian Companies Fund: Growth of AUD \$100,000

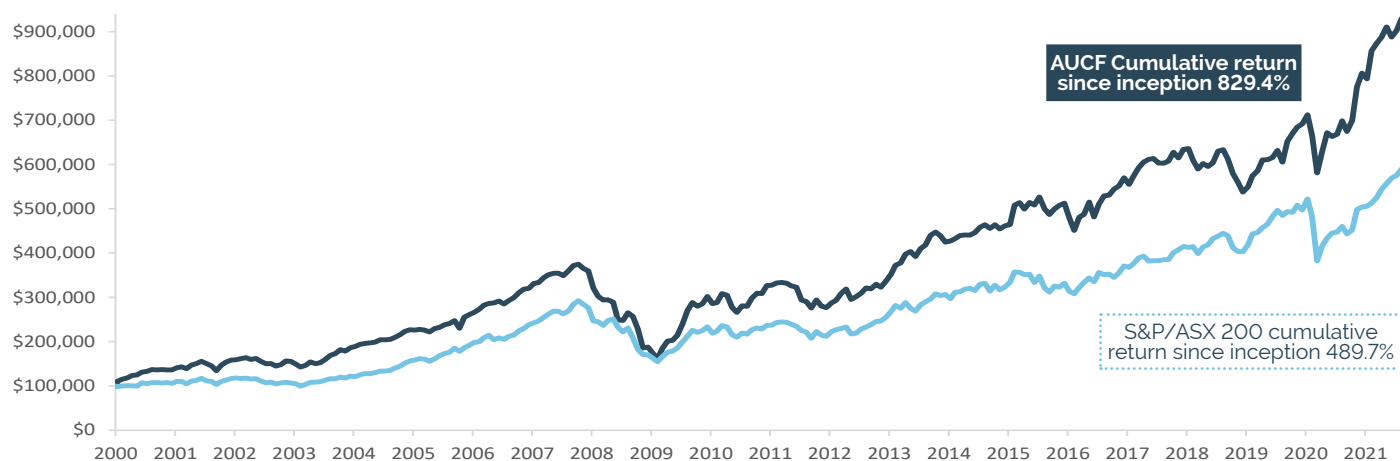
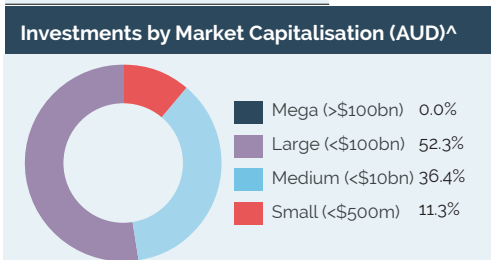


Chart reflects Fund growth net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 20 January 2000. These figures represent past performance only. No guarantees exist of future returns above or below these figures. Past performance is no indication of future performance. Neither PM CAPITAL Limited nor any other person makes any representation as to the future performance or success of, the rate of income or capital return from, recovery of money invested in, or income tax or other taxation consequences of, any investment in the trusts shown on this site.

| Portfolio investments         | Weighting    |
|-------------------------------|--------------|
| Resources                     | 23.7%        |
| Domestic Banks                | 21.9%        |
| International Banks           | 7.7%         |
| Non Bank Financials           | 5.7%         |
| Internet                      | 12.8%        |
| Other                         | 5.5%         |
| <b>Long Equities Position</b> | <b>77.3%</b> |
| Short Equities Position       | -1.9%        |
| <b>Net Invested Equities</b>  | <b>75.4%</b> |
| <b>Total holdings</b>         | <b>18</b>    |

| Current stock example    | Currency exposure <sup>*</sup> | 100%  |
|--------------------------|--------------------------------|-------|
| OZ Minerals              | AUD                            | 98.7% |
| ANZ                      | CAD                            | 2.4%  |
| ING Groep                | EUR                            | 1.0%  |
| Apollo Global Management | USD                            | -2.1% |
| iCar                     |                                |       |

<sup>\*</sup>Stated at effective value.



<sup>^</sup>Breakdown of portfolio's long equity holdings into market cap. bands.

## Fund commentary

- Earnings season was key focus point in August, providing another opportunity to access the operational progress of the businesses held within the portfolio.
- BHP exited after strong performance.

IMDEX rose 13% after comfortably exceeding earnings expectations driven by record tools on hire. The strength being experienced in IMDEX's tools business also led to record EBITDA margins and management expectations of sustainable margins 'above 30%' which was well ahead of current market consensus. IMDEXHUB-IQ continues to gain traction amongst customers driving an increase in IMDEX tools per rig overtime, which in turn drives structural growth for business above the broader cycle.

OZ Minerals announced board approval for the expansion of its Prominent Hill mine. The \$600m project expands underground haulage capacity to 6mtpa (+23% from current levels) while also reducing operating costs by ~20%.

The investment in haulage was always contingent on expansion of resource base and mine life extension, with reserve base increased by 38% at 1.2% Cu/ 0.7gt Au and mine life extended until 2036.

BHP announced three major strategic initiatives (petroleum spinoff, approval Jansen potash project and collapsing of dual listing structure). BHP's future prospects are overwhelming driven by the iron ore division which has benefited from elevated spot prices well in excess of the marginal cost of production. Given the strong share price performance and our medium to long term views for iron ore we exited our position near recent highs.

| Top 10 stocks               |                        |
|-----------------------------|------------------------|
| Stock name                  | Sector                 |
| Apollo Global Management    | Diversified Financials |
| ANZ                         | Banks                  |
| Crown                       | Consumer Services      |
| Frontier Digital Ventures   | Software & Services    |
| Icar Asia                   | Media                  |
| Imdex                       | Materials              |
| ING Groep                   | Banks                  |
| NAB                         | Banks                  |
| Oz Minerals                 | Materials              |
| Westpac Banking Corporation | Banks                  |

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.

**\*Note:** Effective 1 December 2018 the payment of a performance fee was changed, becoming subject to the outperformance of both the RBA cash rate and the S&P/ASX 200 Accumulation Index.

## Further Information

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## Key Fund Details

### Fund category

Australian equities

### Investment style

Fundamental, bottom-up research intensive approach

### Inception date

20 January 2000

### Fund size

\$34.3 Million

### Strategy size

\$34.3 Million

### Number of stocks

As a guide, 15-25 stocks

### Minimum direct investment

\$20,000

### Recommended investment time

Seven years plus

### Fees (pa)

Mgmt fee: 1.09% Perf. fee: 20% (subject to a high water mark) of the excess above the greater of the RBA cash rate and the S&P/ASX 200 Accumulation Index

### 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

## Important Notice

This Report is issued by PM Capital Limited ABN 69 083 644 731 AFSL 230222 as responsible entity for the PM Capital Australian Companies Fund (ARSN 092 434 467, 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 S&P / ASX 200 Accumulation Index. See [www.asx.com.au](http://www.asx.com.au) for further information on the Index.

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