

# Monthly update

## Australian Companies Fund

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

| Australian Companies Fund      | Inception Date | Exit Price (\$ cum) | 1 Month | 3 Months | 1 Year | 3 Years pa | 5 Years pa | 7 Years pa | 10 Years pa | Since inception pa |
|--------------------------------|----------------|---------------------|---------|----------|--------|------------|------------|------------|-------------|--------------------|
| Fund performance <sup>1</sup>  | 01-2000        | 3.2347              | -2.7%   | -8.1%    | -5.0%  | 4.5%       | 10.3%      | 8.6%       | 9.4%        | 10.2%              |
| S&P/ASX 200 Accumulation Index |                |                     | -3.2%   | -0.8%    | 11.4%  | 7.4%       | 8.1%       | 8.5%       | 8.5%        | 8.3%               |

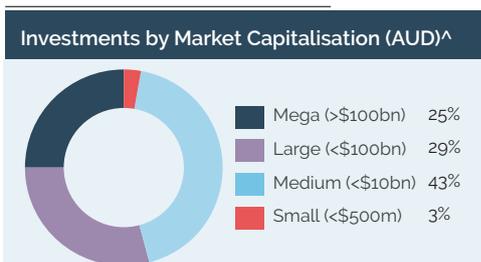
#### Growth of AUD \$100,000



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 Fund.

| Portfolio investment theme      | Weighting  |
|---------------------------------|------------|
| Commodities - Industrial Metals | 27%        |
| Commodities - Energy            | 15%        |
| Real Estate                     | 11%        |
| Industrials                     | 7%         |
| Diversified Financials          | 7%         |
| Banking                         | 5%         |
| Leisure & Entertainment         | 3%         |
| Online Classifieds & Internet   | 1%         |
| Other                           | 3%         |
| <b>Long Equities Position</b>   | <b>80%</b> |
| Short Equities Position         | -2%        |
| Net Invested Equities           | 78%        |
| Corporate Debt & Bonds          | 17%        |
| Net Invested                    | 95%        |
| Total holdings                  | 20         |

| Current stock example     | Currency exposure*          | 100% |
|---------------------------|-----------------------------|------|
| BHP                       | AUD                         | 99%  |
| Woodside Energy           | EUR                         | 1%   |
| Centuria                  | *Stated at effective value. |      |
| Siemens AG                |                             |      |
| Challenger                |                             |      |
| ING Groep                 |                             |      |
| Sands China               |                             |      |
| Frontier Digital Ventures |                             |      |



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

## Fund commentary

Commodity stocks weighed on performance in December, as continued weak macroeconomic data from China, a stronger USD, and the US election outcome hurt sentiment across the sector. Stock price declines significantly outpaced the modest falls in physical commodity prices. While physical gold has declined 6% from its October record high, the world's largest gold miner, Newmont, has dropped 23% over the same period. Recent asset sales at better-than-expected valuations should allow Newmont to focus on its core, high-quality portfolio. With net debt now at a manageable level, the company is well-positioned to return excess free cash flow to shareholders. This weakness presented an opportunity for the fund to increase its holding in Newmont during the month.

Holdings in steelmaking coal miners also detracted from performance, particularly Stanmore and Coronado Resources. Mid-month, Coronado announced that its Queensland mine expansion project had received all regulatory approvals and was set to commence production—a key catalyst for the business. However, market confidence in Coronado's operational management remains low, and we anticipate that tangible results will be necessary for the market to recognize the company's potential. While we believe Coronado's stock is very attractive for the long term, past operational shortcomings continue to weigh on sentiment.

With the ASX underperforming global markets in AUD terms during December, the fund's flexibility to invest in attractive offshore stocks with more compelling valuations contributed to performance. This was particularly evident in the banking sector, where Australia's 'big-4' banks declined 3-8%, compared to European banks, which rose +3-7%. With the three largest Australian banks valuations at 16-25x P/E, we have consistently communicated our preference for domestic European banks, which trade at 7-8x P/E.

The fund's international exposure also enables investment in industries and themes not readily available locally. A prime example is our holding in Airbus, which rallied 5% during the month. The company benefited from strong deliveries in November and December, reflecting healthy operational performance and easing supply chain challenges.

| Top 10 stocks             |                        |
|---------------------------|------------------------|
| Stock name                | GICS Sector            |
| BHP                       | Materials              |
| Centuria Industrial REIT  | Real Estate            |
| Challenger                | Diversified Financials |
| Coronado Global Resources | Energy                 |
| ING Groep                 | Banks                  |
| Newmont Corporation       | Materials              |
| Rural Funds Group         | Real Estate            |
| Siemens AG                | Industrial             |
| Stanmore Resources        | Energy                 |
| Woodside Energy           | Energy                 |

## 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

\$124.9 million

### Strategy size

\$124.9 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

+/- 0.25%

### Investor profile

The Fund may be appropriate for investors seeking capital appreciation over a seven plus year investment horizon.

## Important Notice

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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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