

Monthly Update

31 DECEMBER 2020

Fund commentary

- Oz Minerals provides a positive update that propels share price
- First Quantum continues its outperformance with the copper market in a sweet spot
- Iron ore prices remain very strong on Chinese demand, driving BHP higher

The Fund's commodity positions, particularly its copper positions, significantly added to its performance in December.

OZ Minerals provided an update on its Prominent Hill project, which along with Carrapateena, are its two key assets. On top of the favourable copper price environment, increasing clarity around the expansion of both projects has acted as a positive catalyst for the share price over the last six months.

First Quantum Minerals continued its outperformance

over the month of December, rising sharply as Q3 results showed it beating production targets in addition to registering lower than expected costs. Deleveraging has begun and growth in free cash flow should lead to further debt reductions over time.

BHP was one of the Fund's top performers. Iron ore prices continued marching upwards on strong Chinese demand. The market is now considering that high iron ore prices may persist for longer than initially thought.

Fund performance ¹ (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
Fund performance (net of pro forma fees)¹	01-2000	2.4782	4.0%	19.4%	21.5%	16.5%	8.4%	10.2%	10.6%	10.7%	12.4%
Fund performance (net of actual fees)			4.0%	19.4%	21.5%	16.5%	8.3%	9.5%	9.6%	9.4%	10.5%
S&P/ASX 200 Accumulation Index			1.2%	13.7%	13.2%	14%	6.7%	8.7%	7.4%	7.8%	8.0%
Outperformance (net of pro forma fees)¹			2.8%	5.7%	8.3%	15.1%	1.7%	1.5%	3.2%	2.9%	4.4%

1. Fund performance and Outperformance (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.

Portfolio investments	Weighting
Resources	34.8%
International Banks	8.4%
Domestic Banks	5.8%
Non Bank Financials	5.6%
Internet	13.4%
Industrials	9.0%
Other	3.2%
Long Equities Position	80.2%
Short Equities Position	0.0%
Net Invested Equities	80.2%
Total holdings	23

Current stock example	
BHP	
Bank of America	
ANZ	
EML	
iCar Asia	
Brambles	
Currency exposure*	100%
AUD	95.4%
CAD	3.1%
USD	1.9%
EUR	-0.4%

*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. 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 and John Whelan are the Co-Portfolio Managers, who have over 28 years' combined industry experience and are supported by a team of investment analysts. The investment team is led by founder and CIO Paul Moore. We believe in being a patient investor, one that has conviction, one that finds opportunities where others can only see risk. We only invest in what we know, deeply, via our fundamental research.

Why the Australian Companies Fund?

Focused: The Fund's process has been shown to be effective, based on a philosophy developed by Paul Moore, over 34 years. This has produced attractive long term capital growth.

Unrestricted: The concentration of the Australian equities market means many managers cannot add significant value. We have an authentic investment process where our exposure to industry sectors or market capitalisation is determined solely by our conviction in the risk/ reward opportunities that we identify within portfolio guidelines. No conviction = 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 - 25 deeply researched stocks that we believe give the best opportunity to produce strong long term returns.

Global Expertise and value add:

Through this portfolio construction method used by the Fund directly benefits from PM Capital's global investment research that underlies the award winning PM Capital Global Companies Fund. This works in two ways - the Fund can invest up to 20% of the portfolio in international opportunities identified by the investment team. The Portfolio Manager can also take the market anomalies found globally and use the insights to identify similar opportunities in the Australian market.

Co-investment: Our co-investors receive access to a unique subset of opportunities 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 302% since inception.*¹ The Fund is managed from an Australian investor's perspective with consideration for tax and currency outcomes.

***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.

Key Fund Details

Fund category

Australian equities

Investment style

Fundamental, bottom-up research intensive approach

Inception date

20 January 2000

Fund size

\$28.9 Million

Strategy size

\$28.9 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

0.5% (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 for further information on the Index.

Further Information

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