

# Monthly Update: Australian Companies Fund

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

Fund performance* (net of fees)	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
<b>Fund performance</b>	<b>01-2000</b>	<b>3.3532</b>	<b>0.8%</b>	<b>9.1%</b>	<b>20.7%</b>	<b>21.6%</b>	<b>12.4%</b>	<b>11.5%</b>	<b>14.0%</b>	<b>11.3%</b>
S&P/ASX 200 Accumulation Index			-2.6%	3.2%	4.8%	7.8%	8.8%	7.5%	10.4%	8.2%

### Growth of AUD \$100,000

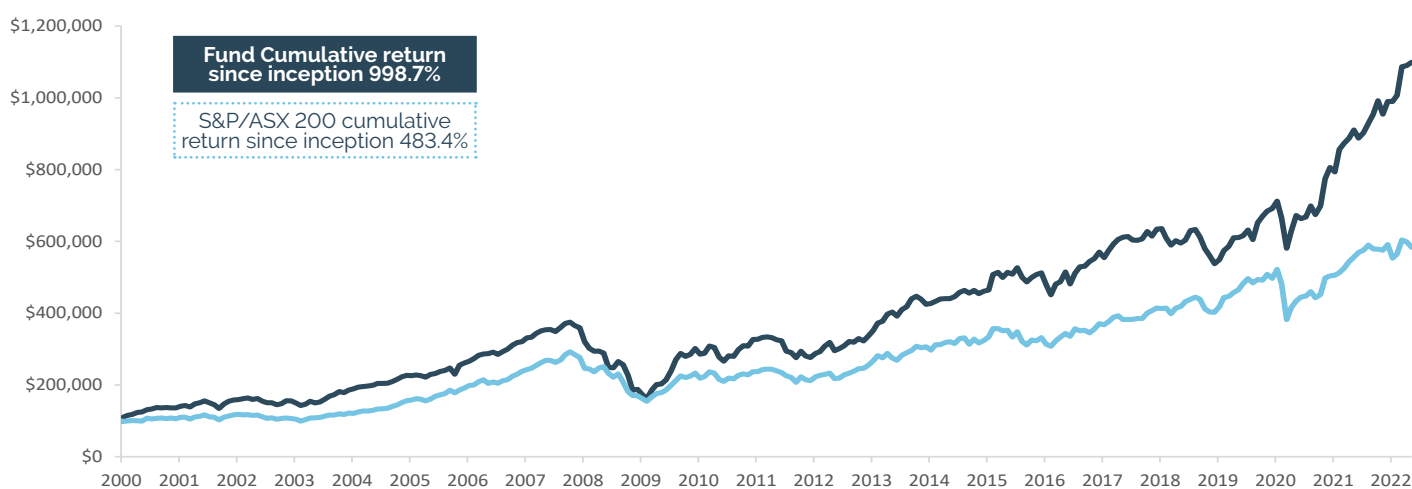
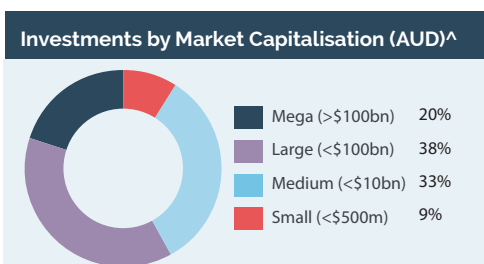


Chart reflects Fund growth net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 20 January 2000. These figures represent past performance only. No guarantees exist of future returns above or 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 investments	Weighting
Banking	23%
Commodities - Energy	20%
Commodities - Industrial Metals	15%
Gaming	8%
Alternative Investment Managers	5%
Online Classifieds & Internet	4%
Consumer	3%
Other	4%
<b>Long Equities Position</b>	<b>82%</b>
Short Equities Position	-1%
<b>Net Invested Equities</b>	<b>81%</b>
Debt	12%
<b>Net Invested</b>	<b>93%</b>

Current stock example	Currency exposure*	100%
ANZ	AUD	99%
Woodside Energy	EUR	1%
OZ Minerals		
Crown Limited		
Apollo Global Management		
Frontier Digital Ventures		
Lark Distillery		

\*Stated at effective value.



^Breakdown of portfolio's long equity holdings into market cap. bands.

## Fund commentary

- Stanmore Resources, Beach Energy and Apollo Global Management were key contributors to performance. Short positions also contributed positively
- The Star Entertainment and Northern Star Resources were added to the portfolio. Conversely, Beach Energy was exited after a period of strong share price performance

Stanmore Resources and Beach Energy outperformed the wider ASX commodity universe supported by elevated metallurgical coal and oil/gas prices respectively. Stanmore also completed the acquisition of BHP Group's 80% interest in BHP Mitsui Coal (BMC) and will now prioritise debt repayment. We expect debt to be reduced rapidly given the favourable price dynamics in the coal market.

Short positions in REA Group and Seek Limited also contributed positively to performance. Our theses for both companies have been twofold. Firstly, we've held the view that the operating environment for both businesses was nearing an inflection point both in terms of a cycle peak in business condition as well as consensus expectations. This

was no better represented by the commentary from REA Group at its Q3-CY22 trading update pointing to a slowing property market and the subsequent downgrade to earnings expectations. Secondly, valuations for both companies expanded materially during the pandemic when interest rates fell to near zero, something we viewed as a short-term aberration.

Detractors to performance included Lark Distillery and Top Shelf International. Both businesses are in the high growth phase and are yet to achieve consistent profitability. Further, this is a cohort of the market which has seen valuations moderate in recent months. Both are relatively small positions which we continue to hold.

## Key Fund Details

### Fund category

Australian equities

### Investment style

Fundamental, bottom-up research intensive approach

### Inception date

20 January 2000

### Fund size

\$47.7 Million

### Strategy size

\$47.7 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 the Target Market Determinations and the current Product Disclosure Statement (which are available from us), and obtain their own financial advice prior to making an investment decision. 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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Top 10 stocks	
Stock name	Sector
Apollo Global Management	Diversified Financials
ANZ	Banks
BHP	Materials
Coronado Global Resource	Energy
Crown	Consumer Services
ING Groep	Banks
NAB	Banks
Stanmore Resources	Energy
Westpac	Banks
Woodside Energy	Energy

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.

## Further Information

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