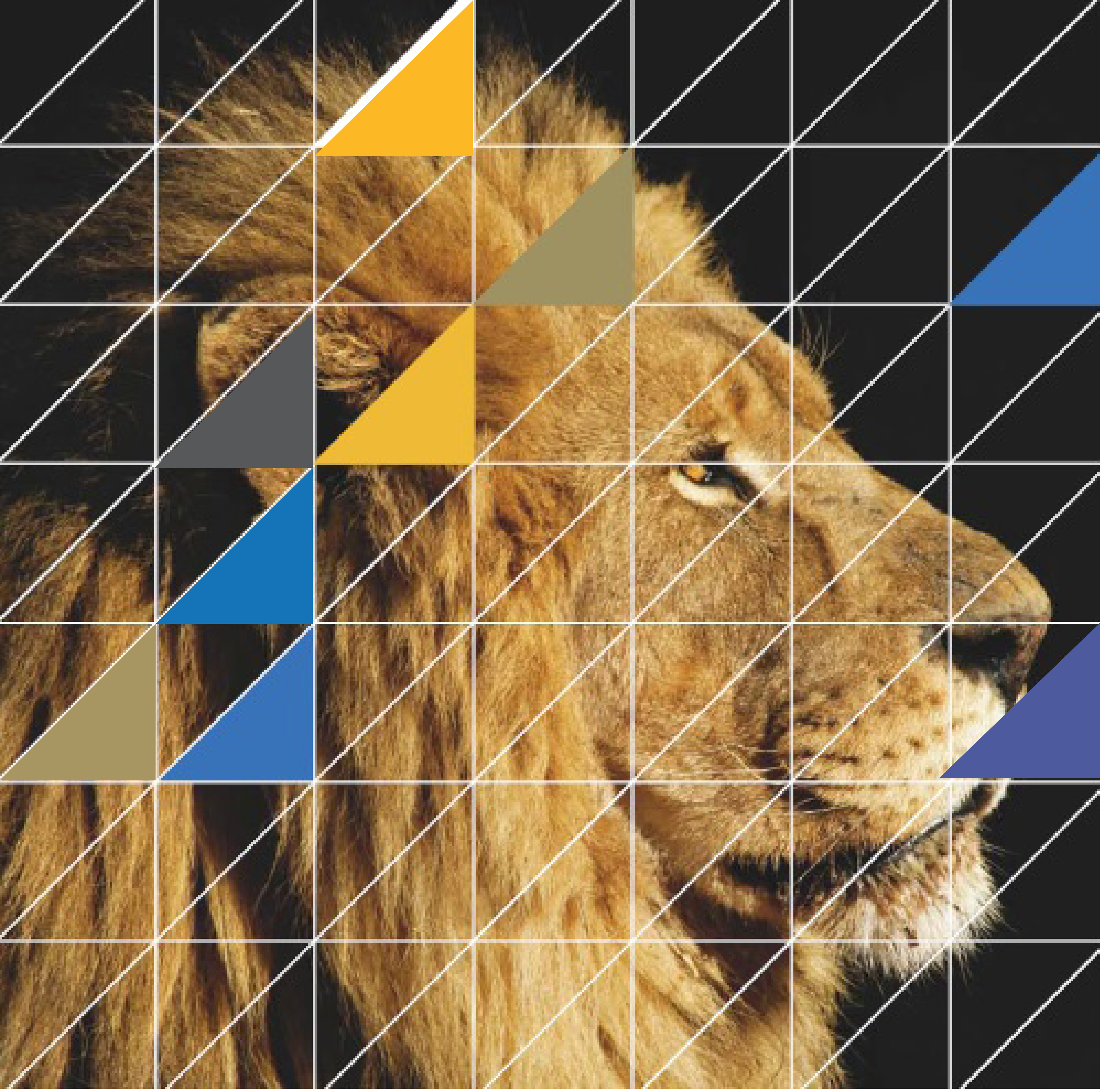

QUARTERLY REPORT

DECEMBER 2015

PM CAPITAL Global Companies Fund
ARSN 092 434 618, APIR Code PMC0100AU

PM CAPITAL Asian Companies Fund
ARSN 130 588 439, APIR Code PMC0002AU

PM CAPITAL Australian Companies Fund
ARSN 092 434 467, APIR Code PMC0101AU

PM CAPITAL Enhanced Yield Fund
ARSN 099 581 558, APIR Code: PMC0103AU

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Fund Overview

Fund Description						
Fund	**Asset Class**	**Inception Date**	**Suggested Time frame**	**Fund FUM**	**Total Return Since Inception***	
Global Companies	Global Equities	28 October 1998	7 Years +	$308 million	**Fund** **323.2%**	MSCI World Net (AUD) 86.6%
Asian Companies	Asian Equities (ex Japan)	1 July 2008	7 Years +	$16.9 million	**Fund** **232.6%**	MSCI AC Asia ex Japan Net (AUD) 63.1%
Australian Companies	Australian Equities	20 January 2000	7 Years +	$35.5 million	**Fund** **412.5%**	S&P/ASX 200 Accum. 231.7%
Enhanced Yield	Yield Securities	1 March 2002	2 Years +	$377 million	**Fund** **129.3%**	RBA Cash Rate 85.1%

* Past performance is not a reliable indicator of future performance. See page 8 for Important Information. Detailed performance figures for other periods can be found on pages 3, 4, 5, 6, and 7 for each Fund within this report.

Quarterly Market Overview Video

Paul Moore,
Chief Investment Officer

Click the above photo or visit our website for the December 2015 Quarterly Report Investment Overview video (06:18 mins) and Adviser questions (02:58 mins) answered by Paul Moore.

Global Companies Fund

Investment Performance*	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	Since Inception pa	Total Return
Global Companies Fund	**10/1998**	**2.3254**	**-0.9%**	**-2.4%**	**12.6%**	**25.7%**	**17.7%**	**8.8%**	**323.2%**
MSCI World Net Total Return Index (AUD)			1.8%	2.0%	11.5%	23.4%	15.2%	3.7%	86.6%

Portfolio's Invested Position	
Long Exposure	115.2%
Short Exposure	-13.9%
Net Equity Exposure	**101.3%**
Debt Securities	10.4%
Cash	-11.7%
Total Exposure	**100.00%**

Long Equity Composition (sector and stock examples)	
Financials - Lloyds Bank, Barclays, Bank of America	36.2%
Services - Alphabet Inc, CME Group Inc	23.2%
Property - Realogy, Howard Hughes, MDC Holdings	17.8%
Diversified Financials - ING Groep	11.4%
Beverages - Heineken Holdings, Anheuser-Busch Inbev	9.8%
Healthcare - Pfizer Inc	6.3%
Technology - Oracle	4.8%
Gaming - SJM Holding Ltd	3.6%
Other - PM Capital Asian Companies Fund	2.1%
Total Long Equity Exposure	**115.2%**

The performance this quarter was assisted by corporate activity involving a number of our holdings, including Visa, Pfizer and Anhuesuer Busch Inbev. However, performance was impacted by the appreciation in the Australian Dollar (AUD) and weakness in our Alternative managers and UK real estate agent businesses.

Visa Inc. (Visa), one of the Fund's holdings, announced the acquisition of Visa Europe for €21.2 billion and jumped 11% during the quarter. Visa believes the deal will be earnings accretive by at least high single digits and they expect $200 million in annual pre-tax cost savings by 2020. Visa currently has cash on its balance sheet of approximately $10 billion, some of which is offshore. Thus, funding the deal at attractive rates will also help earnings accretion. We believe the deal should accelerate cash to card conversion, increase Visa's penetration in prepaid, digital checkout, tokenization and ancillary processing fees for Visa in Europe over time.

Anheuser Busch InBev (ABI) increased 21% this quarter following their agreement to merge with SABMiller (SAB), thus creating the world's leader in global brewing. The management of ABI has been active in trimming non-core assets from the deal (sale of the USA business to Molson Coors for $12 billion, Italian assets and Chinese assets are in the final sale negotiation process with various bidders), thus limiting ABI's overall financial exposure to sub 4x net debt to EBITDA. The deal should still result in significant cost synergies of $1.4 billion and is estimated to be highly accretive to ABI earnings by mid-teens in year three of the deal.

Pfizer announced their merger with Allergen during the quarter. They believe the cost synergies will be $2 billion over time and along with the tax benefits (a lowering of their taxation rate below 20%) should allow mid teen earnings accretion over the longer term.

Wynn Resorts advanced more than 30% this quarter, as it was oversold the previous quarter and the company disclosed that its Chairman and CEO Steve Wynn acquired 1.0 million shares through open market purchases. In total, Mr. Wynn acquired ~$63.8 million worth of stock at an average price of ~$63.60 per share. With these purchases, Mr. Wynn now owns 11.07 million shares or ~11% of the shares outstanding.

The US Federal Reserve raised interest rates for the first time in almost a decade in December. The new target for the main US benchmark rate has edged up to between 0.25% and 0.5% — up from the crisis level of zero to 0.25%. Our US regional banking exposure performed well as higher interest rates will be a net benefit to their earnings power, but in contrast our international banking exposure lagged as they await interest rate lift off in the United Kingdom and Europe. Longer term as the world continues to normalise we have no doubt that interest rates globally will be heading upwards but with Europe and the rest for the world lagging the US action by a number of years.

Our UK real estate agent holdings impacted the Fund's performance, falling nearly 20% after their management lowered their full year guidance on a slower-than-expected recovery in UK housing transaction volumes in the second half of 2015.

During the quarter we increased our holdings in US Housing and Alternative managers. We sold our position in Comcast, a position we have held for a long time in the Fund as it hit our target price after being up three times over the last five years. The net equity position of the Fund remained relatively stable over the quarter.

Looking forward, we believe we are entering a stage in the equity market that is best suited to selective stock picking instead of broader market exposure.

Ashley Pittard, *Global Portfolio Manager*

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See page 8 for Important Information.

Asian Companies Fund

Investment Performance*	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	Since Inception pa	Total Return
Asian Companies Fund	**07/2008**	**1.7102**	**5.7%**	**-0.7%**	**8.3%**	**17.4%**	**11.8%**	**17.4%**	**232.6%**
MSCI AC Asia ex Japan Net Total Return Index (AUD)			0.2%	-9.0%	2.2%	11.9%	6.9%	6.7%	63.1%

Long Equity Composition (sector and stock examples)	
Gaming - Donaco International, Genting Malaysia	20.9%
Consumer - Tingyi	18.3%
Internet - 51Job Inc, Zhaopin Ltd	17.3%
Financials - HSBC	9.0%
Infrastructure - Sinopec Kantons Holdings	7.5%
Healthcare - Mindray Medical	3.9%
Commodities - Turquoise Hill Resources	3.0%
Technology - PAX Global	2.6%
Other	0.9%
Cash	16.6%
Total Exposure	**100.0%**

The MSCI Asia Ex Japan Index finished the quarter largely where it started advancing just 0.2%, however this subdued headline performance masked another volatile quarter for regional equity markets. Markets across Asia initially recovered from the aggressive sell off in late September, posting strong gains in October, but these gains were eroded into year end as investors focused their attention on an impending increase to the fed funds rate, China's economic growth outlook and continued weak commodity prices.

It was an eventful quarter for the Fund with company specific announcements resulting in strong performances from several of our portfolio holdings; this helped drive Fund performance in excess of the broader equity markets. Most notable were the proposed privatisations of two of our holdings, Wumart Stores and iProperty Group. Beijing based hypermarket operator Wumart Stores advanced 99% after receiving a takeover offer from its parent company Wumei Holdings. Minority shareholders voted in favour of the privatisation in late December at which point the offer became unconditional and will result in Wumart being delisted in January. Subsequent to the quarter end we have tendered our shares and received the cash consideration reducing our invested position from that stated above. iProperty Group rose 34% after REA Group launched a takeover offer for the outstanding shares not already held by the company. iProperty shareholders have the option to take A$4.00 in cash or a combination of cash and equity in a newly formed unlisted vehicle and vote on the proposal in February. While we believe iProperty's core businesses in Malaysia, Hong Kong and Indonesia have significant upside we view the offer as fair given the current level of profitability and ongoing investment required.

During the period Baidu was the largest contributor to performance. Baidu advanced 38% after announcing plans to exchange their 45% voting stake in Chinese online travel agent (OTAs) Qunar for 25% voting stake in market leader Ctrip. The consolidation of the Ctrip and Qunar businesses will result in a dominant market leader in the OTA segment and effectively ends the pricing war between the two companies which has impacted industry profitability. Investors also reacted positively to the announcement that the company had formed two joint ventures with CITIC Bank and Allianz, which will see them enter the online banking and insurance industries respectively.

On a positive note for the New Year, Sinopec Kantons received government approval for the Yu-Ji Pipeline Co. acquisition on December 31st. The completion of this acquisition, first proposed in December 2013, has been a major overhang for Kantons' share price during 2015. With deal completion imminent, Yu-Ji Pipeline Co. should account for 25%+ of Kantons consolidated net profit in 2016. We expect a material upwards revision to consensus earnings as some analysts had removed the contribution from Yu-Ji Pipeline Co. from their estimates. On our conservative earnings estimates Kantons trades at 10x 2016 earnings and 1x P/B which we view as attractive given its returns profile, defensive earnings stream and growth outlook of the business.

At year end the invested position was 83.4% increasing marginally over the period. Adjusting for the holdings in Wumart Stores, where we await the cash from the tender process, and iProperty the invested position falls to 77.2%.

We exited AAC Technologies after it reached our target price post a better than expected third quarter result. Lotte Confectionary was also sold after Lotte Japan, the unlisted quasi holding company of the Lotte group, tendered for a 7.78% stake in the company at KRW 2,300,000 (15% premium to the last close). The increased investment by Lotte Japan into Lotte Confectionary is an encouraging step in the wider Lotte group restructuring which was a key reason behind our initial investment in March this year. While the Lotte group is likely to take further steps to improve corporate governance and reduce cross shareholdings much of the benefits of this are now being factored in hence the decision to exit our position.

Three new positions were added during the quarter as we looked to take advantage of recent market weakness. As investors head into the New Year with a number of macro uncertainties front of mind, in particular with respect to China, the heighted level of volatility seen in 2015 is likely to remain. We believe this is an ideal time for us to be selectively deploying our cash and broadening out the portfolio as in many cases the underlying business fundamentals are far more robust than the recent volatility suggests.

Kevin Bertoli, *Asian Portfolio Manager*

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See page 8 for Important Information.

Australian Companies Fund

Investment Performance*	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	Since Inception pa	Total Return
Australian Companies Fund	**01/2000**	**1.7725**	**5.2%**	**0.8%**	**11.1%**	**15.1%**	**9.4%**	**10.8%**	**412.5%**
S&P / ASX 200 Accum. Index			6.5%	-0.5%	2.6%	9.2%	7.0%	7.8%	231.7%

Portfolio's Invested Position	
Long Exposure	95.1%
Short Exposure	0.0%
Net Equity Exposure	**95.1%**
Debt Securities	20.4%
Cash	-15.5%
Total Exposure	**100.00%**

Long Equity Composition (sector and stock examples)	
Banks - ANZ, NAB, Lloyds, Bank of Ireland	41.1%
Property - Asia Pacific Data Centre	13.6%
Gaming - Donaco International, SJM Holdings	9.6%
Technology - NEXTDC	8.7%
Media - PMP Limited	7.9%
Other - Intercontinental Exchange Inc	7.2%
Insurance - QBE Insurance	4.5%
Consumer - JB Hi-Fi	2.5%
Total Long Equity Exposure	**95.1%**

The ASX saw a strong quarter with the S&P/ASX200 Accumulation Index rising 6.5% for the quarter, making up for the 6.6% decline last quarter, and leaving the market unchanged for the financial year to date. The main source of the turnaround has been the resilience of the Australian consumer and the subsequent pick up in business activity. Consumer spending data showed acceleration in spending in the second half of 2015 and as a result, consumer sector stocks were among the best performing. In addition, this improvement coincided with improved business confidence with business lending growth reaching a 5 year high during the last quarter.

Domestic major banks underperformed in the previous quarter because of concerns about regulatory uncertainty that had the potential to reduce their profitability. Westpac was the last major bank to raise capital, conducting a $3.5 billion raising in October. We participated in this offering and increased our net invested position in the Australian banks. Following the raisings, the capital uncertainty in relation to the Australian banks has been mostly reduced. The domestic banks are now sufficiently well capitalised and have the pricing power to pass on the majority of the increase in regulatory imposts onto customers. We are seeing evidence that domestic bank management are behaving more rationally through the fact that all the banks have increased the standard mortgage rates to partly offset higher capital requirements. We believe by doing so, the domestic banks can support their high dividend yields and thus offer reasonable risk reward to investors.

NextDC undertook a $120 million equity raising in conjunction with a $100m bonding offering in order to fund the buildout of two new data centres in Brisbane and Melbourne. Management have indicated that they expect demand for data centre space to increase as large global cloud service providers are looking to increase their presence in Australia over the next few years. Consequently, NextDC is looking to increase capacity and be ready to boost product offerings in a higher demand environment. We are supportive of this capital raising and buildout strategy as our overseas experience has shown that cloud service take up is not linear and demand for these services is likely to increase at a faster pace going forward. As a result, we expect profitability at NextDC to improve going forward.

Our positions in the European banks detracted from performance over the quarter. We invested in European banks, namely Bank of Ireland, Lloyds and ING with a view that these banks will rerate from their current valuation of 1.0x price-to-book to 1.75x price-to-book and potentially higher over the longer run. Our investment thesis has been that macroeconomic improvement in the Eurozone and UK will translate to higher loan growth and improved profitability for these banks. Although the first part of our thesis is slowly playing out, namely the improvement in macroeconomic conditions in the Eurozone has led to some improvement in loan growth, profitability for these banks has not improved at the pace at which we expected. Despite the macro recovery, increased quantitative easing by the ECB has lowered benchmark interest rates, leading to the erosion in net interest margins thereby depressing earnings. Furthermore, regulatory uncertainty still remains as a negative headwind. Over the long run, we still expect these conditions to reverse and expect sentiment to improve as clarity over regulatory concerns emerges. As such, we continue to view the European banks as attractive as long term investments.

Over the quarter, we sold our position in Devine which came under a $0.75/share takeover offer from its majority shareholder CIMIC. Since CIMIC owns 56% position in the business, we did not believe an alternative bidder could buy the business. In addition, we did not believe CIMIC would raise its bid (this has proven to be true as CIMIC declared their $0.75 bid as final after we sold our position). We closed our position in Devine at $0.765 per share into the market during the quarter.

Resource stocks were the worst performing sector in the Australian market, down 7.5% as commodities such as Iron Ore fell ~30%, Copper fell 9% and Brent Oil benchmark fell ~20%. These falls, along with the Brazilian mine disaster, resulted in BHP falling nearly 20% during the quarter and bringing its price to near 10 year lows. We have been specific in highlighting the downside risk in commodity stocks consistently over the last two years and have had no exposure to these stocks. Even at current prices, we still see more downside rather than upside for commodity stocks and continue to maintain no exposure to them.

Uday Cheruvu, *Australian Portfolio Manager*

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See page 8 for Important Information.

Enhanced Yield Fund

Investment Performance*	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	Since Inception pa	Total Return
Enhanced Yield Fund	**03/2002**	**1.1056**	**0.9%**	**0.3%**	**1.7%**	**3.6%**	**4.4%**	**6.2%**	**129.3%**
RBA Cash Rate			0.5%	1.0%	2.1%	2.5%	3.2%	4.6%	85.1%

Performance and Market Overview

In context we are pleased to have comfortably outperformed the RBA cash rate over the quarter, given the notable downward pressure on credit spreads, and to have preserved client capital since the start of the financial year, given the material de-rating of credit spreads over the same period.

As we forecast in previous reports, asset markets remained volatile during the December quarter. There was an enormous amount of noise for investors to digest, in particular weak Chinese growth leading to aggressive policy responses and significant falls in commodity prices, as well as the Federal Reserve's decision to finally start increasing interest rates, to a new band of 0.25% - 0.50%.

Falling commodity prices were of particular concern for investors over the quarter, with Iron Ore down ~30% and oil down a further ~20%. Longer term though, we actually believe that the material fall in the oil price in particular (down to ~$30**) will provide an important boost to economic activity in key oil importing countries like the US, China and Japan – although we still think that China faces numerous other headwinds.

Credit spreads in general have been broadly influenced by the sharp move wider in high yield credit, particularly in the US. In turn, within the high yield universe, there was a disproportionate contribution from the substantial move higher in energy sector spreads, as a result of the abovementioned commodity price falls. Again, particularly in the US where they have a burgeoning oil production industry that operates with a fairly high cost base and is thus more susceptible to lower prices.

To illustrate this, when you look at BB rated spreads in the US (ie the better quality end of the high yield spectrum) you can see in the chart to the right (Figure A) that energy spreads have effectively doubled (~+400bp) over the last 6 months – however, all other BB rated sectors have only moved by ~25% (ie ~+75bp).

Investment grade credit spreads are also being broadly influenced by the moves in high yield, which can be seen in the chart to the right (Figure B) showing Australian Investment grade spreads moving from ~+90bp to ~+135bp over the past 6 months or so.

The impact that energy is having on the overall perception of credit markets is significant, and to some degree is also influencing non-energy spreads. In effect, we believe there has been some de-rating of certain sectors and issuers as a result of the above dynamic where there has been no actual meaningful deterioration in their underlying fundamentals at all, and thus may create some opportunities to deploy capital in those sectors.

Indeed, we believe broader credit fundamentals across a lot of jurisdictions to be pretty sound. With still extremely low interest rates in many parts of the world, an abundance of sensibly structured balance sheets, and often quality assets underpinning these businesses, we think it is a good time to put capital to work in credit markets.

Figure A: Data provided by Deutsche Bank

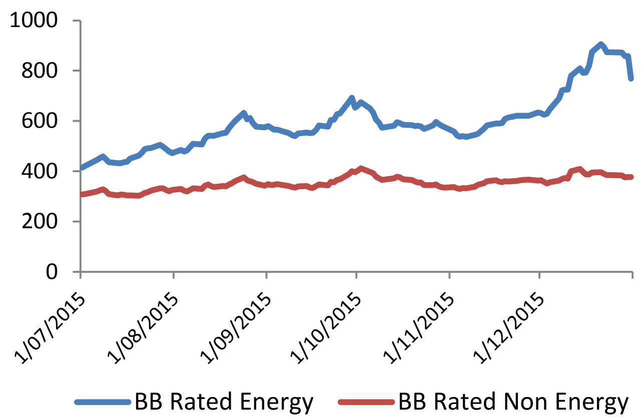
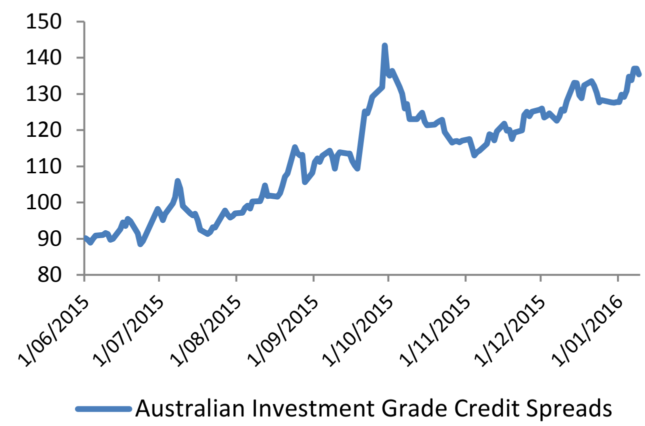


Figure B: Data provided by Deutsche Bank



Yield Security Maturity Profile	
0-1 year	57.3%
1-2 years	9.0%
2-3 years	2.5%
3-4 years	8.3%
4 years +	22.9%

Duration	
Interest Rate	0.15 Years^
Average Term to Maturity	2.68 Years^

		Av Yield	Av Spread to RBA
Cash	43.3%	2.50%^	0.50%^
Corporate Bonds	34.3%	5.46%^	3.46%^
Fixed	0.0%		
Floating	100.0%		
Hybrids	19.2%	6.18%^	4.18%^
Fixed	0.0%		
Floating	100.0%		
Equity Income Strategies	3.2%		
Total Exposure	**100.0%**		

^ These numbers are an estimate and are provided as a guide only.

Regional Allocation	
Australia	77.6%
UK	11.7%
Europe	4.8%
US	4.1%
Asia	1.8%

Portfolio Attribution

There were a number of key positive contributors to performance over the quarter.

Wynn Macau benefitted from comments from the Chinese Government that they intend to help support visitation levels to Macau, post the recent decline in gaming revenues. Also Steve Wynn helped sentiment by increasing his stake in Wynn Resorts (the majority shareholder in Wynn Macau)

Our CBA and NAB Euro sub debt holdings also contributed positively to performance as new issuance continues to be competitively priced and European markets in general were bolstered by the ECB's announcement that they are injecting further stimulus into the region.

A number of our European property companies also contributed positively to performance as property market fundamentals continue to improve, and again, confirmation from the ECB that interest rates will be lower for longer makes the ~7-10% yields on these businesses look attractive.

Detractors to performance of note over the quarter included Crown Ltd, amid speculation that James Packer may use his Consolidated Press Holdings vehicle to take all or part of the business private, prompting the market to wonder what this might mean for the structure of the business longer term, and potential implications for the balance sheet and their wholesale markets debt.

Our unrated secured debt holdings in UK Pub company Spirit and Spanish property company Lar Espana also detracted from performance over the quarter, as many unrated securities saw their spreads widen as the market digested the move in high yield, irrespective of the quality of the underlying businesses. Both of these debt holdings are secured against substantial amounts of property relative to the amount of debt on issue, and we would argue that their credit profile is reflective of an investment grade rating. However, they are both trading like high yield investments currently.

Outlook

We are currently working on a number of new investments for the fund within both the energy and non-energy universe. This is the sort of environment that we have been patiently waiting for, with a view to deploying some of our substantial cash balance. It will hopefully provide us with an opportunity to pick up names that have been unnecessarily de-rated where business fundamentals remain solid.

In the interim, the current gross credit spread on the assets of the fund is ~+240bp over the RBA cash rate, providing a gross running yield currently of approximately 4.40%.

Given the move in credit spreads of late, coupled with our view on the longer term fundamentals, we think the fund is in a strong position to deliver on its return objectives over the medium to longer term.

We think there will continue to be pockets of volatility over the next 6 months, and indeed spreads may well move wider in some areas, however we have no doubt that there will be some great buying opportunities for the brave.

Jarod Dawson, *Yield Portfolio Manager*

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**As at Mid January 2016

IMPORTANT INFORMATION

This Quarterly Report is issued by PM CAPITAL Limited (ABN 69 083 644 731, AFSL No. 230222) as responsible entity for the:
PM CAPITAL Global Companies Fund (ARSN 092 434 618),
PM CAPITAL Asian Companies Fund (ARSN 130 588 439),
PM CAPITAL Australian Companies Fund (ARSN 092 434 467), and
PM CAPITAL Enhanced Yield Fund (ARSN 099 581 558)
the 'Fund', or collectively the 'Funds' as the context requires.

The Quarterly Report contains summary information only to provide an insight into how and why we make our investment decisions. This information is subject to change without notice, and does not constitute advice or a recommendation (including on any specific security or other investment position mentioned herein).

The Quarterly Report 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 ('PDS') which is available from us, and seek their own financial advice prior to making a decision to invest. The PDS explains how the Funds' Net Asset Value is calculated. Returns are calculated from exit price to exit price (inclusive of the reinvestment of distributions) for the period from inception to 31 December 2015 and represent the combined income and capital return. The investment objective is expressed after the deduction of fees and before taxation. The objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective and returns may not be achieved and are not guaranteed. 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 factors, including market forces.

The Index for the Global Companies Fund is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. The Index for the Asian Companies Fund is the MSCI AC Asia ex Japan Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the MSCI indices. The Index for the Australian Companies Fund is the S&P/ASX 200 Accumulation Index. See www.asx.com.au for further information. The Index for the Enhanced Yield Fund is RBA Cash Rate. See www.rba.gov.au for further information.

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