



QUARTERLY REPORT

DECEMBER 2015

PM CAPITAL Global Opportunities Fund Limited
ACN 166 064 875 (ASX Code: PGF)

PM CAPITAL Asian Opportunities Fund Limited
ACN 168 666 171 (ASX Code: PAF)



PM CAPITAL Limited
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Company Overview

Listed Company Description		
	PM CAPITAL Global Opportunities Fund Limited	PM CAPITAL Asian Opportunities Fund Limited
Asset Class	Global equities	Asian (ex-Japan) equities
Listing Date	11 December 2013	21 May 2014
Suggested Time Frame	Seven years plus	Seven years plus
Shares On Issue	347,344,401	55,087,501
Options On Issue	-	55,087,500
Share Price ¹	\$1.010	\$0.960
Market Capitalisation	\$350,817,845	\$52,884,001

1. As at close of market trading 31 December 2015

Quarterly Video



Paul Moore,
Chief Investment Officer

Click the above photo or visit our website for the December 2015 Quarterly Report video by Paul Moore (06:19 mins).

PM CAPITAL Global Opportunities Fund Limited

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE* (all figures are unaudited)	31 Dec 2014	31 Dec 2015	Actual ² change (%)	Adjusted ³ change (%)
NTA before tax accruals + franking credits	\$1.1491	\$1.1557	+0.57%	+15.53%
NTA before tax accruals	\$1.1491	\$1.1557	+0.57%	+15.53%
NTA before tax on unrealised gains, but after tax accrual on realised gains	\$1.1372	\$1.1316	-0.49%	+12.63%
NTA after tax	\$1.0962	\$1.1088	+1.15%	+11.41%

² Represents the actual change in NTA per share between 31 December 2014 and 31 December 2015, and includes the dilutionary impact of shares issued as a result of exercise of PGFO options (exercise price \$1.00 per option). ³ Represents the return on capital invested between 31 December 2014 and 31 December 2015 adjusted to exclude the impact of the share issuance as a result of PGFO option exercise. This is provided for information purposes only, and does not represent the actual fully-diluted return.

Portfolio's Invested Position	
Long Exposure	116.1%
Short Exposure	-9.5%
Net Equity Exposure	106.6%
Debt Securities	6.3%
Cash	-12.9%
Total Exposure	100.00%

The Company's performance this quarter was assisted by corporate activity involving a number of our holdings, including Visa, Pfizer and Anheuser 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 Company'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 Allergan 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

Long Equity Composition (sector and stock examples)	
Financials - Lloyds Bank, Barclays, Bank of America	49.1%
Services - Alphabet Inc, CME Group Inc	22.1%
Property - Realty, MDC Holdings	18.5%
Beverages - Heineken Holdings, Anheuser-Busch Inbev	9.9%
Healthcare - Pfizer Inc	5.9%
Technology - Oracle	4.8%
Gaming - SJM Holding Ltd	3.7%
Other - PM Capital Asian Opportunities Fund Ltd ⁴	2.1%
Total Long Equity Exposure	116.1%

⁴ Where the Company gains exposure to investments managed by PM Capital, the fees paid to the Manager are rebated to the Company to ensure no double up of fees.

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 of the world lagging the US action by a number of years.

Our UK real estate agent holdings impacted the Company'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 Company as it hit our target price after being up three times over the last five years. The net equity position of the Company 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

* Past performance is not a reliable indicator of future performance. See page 5 for Important Information.

PM CAPITAL Asian Opportunities Fund Limited

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE* (all figures are unaudited)	31 Dec 2014	31 Dec 2015	Change (%)
NTA before tax accruals + franking credits	\$1.0603	\$1.1342	+6.97%
NTA before tax accruals	\$1.0603	\$1.1342	+6.97%
NTA before tax on unrealised gains, but after tax accrual on realised gains	\$1.0446	\$1.0742	+2.83%
NTA after tax	\$1.0326	\$1.0908	+5.64%

Portfolio's Invested Position	
Long Exposure	96.0%
Short Exposure	0.0%
Net Equity Exposure	96.0%
Debt Securities	0.0%
Cash	4.0%
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 US Fed funds rate, China's economic growth outlook, and continued weak commodity prices.

It was an eventful quarter for the Company with company specific announcements resulting in strong performances from several of our portfolio holdings; this helped drive Company 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

Long Equity Composition (sector and stock examples)	
Gaming - Donaco International, Genting Malaysia	23.4%
Internet - 5I Job Inc, Zhaopin Ltd	20.5%
Consumer - Tingyi	19.2%
Financials - HSBC	9.7%
Infrastructure - Sinopec Kantons Holdings	7.5%
Healthcare - Mindray Medical	7.1%
Commodities - Turquoise Hill Resources	3.8%
Technology - PAX Global	3.0%
Other	1.8%
Total Long Equity Exposure	96.0%

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 96.0% 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 90.3%.

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 heightened 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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IMPORTANT INFORMATION

This Quarterly Report is issued by PM CAPITAL Limited (ABN 69 083 644 731, AFSL No. 230222) as investment manager for the:

- PM CAPITAL Global Opportunities Fund Limited ACN 166 064 875 (PGF); and
- PM CAPITAL Asian Opportunities Fund Limited ACN 168 666 171 (PAF).

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