



QUARTERLY REPORT

MARCH 2016

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
ABN 69 083 644 731
AFSL 230222

Level 27, 420 George Street
Sydney NSW 2000
Phone (+612) 8243 0888
Fax (+612) 8243 0880
Email pmcapital@pmcapital.com.au
Web www.pmcapital.com.au

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	\$0.88	\$0.89
Market Capitalisation	\$305,663,073	\$49,027,876

1. As at close of market trading 31 March 2016

Quarterly Video

We are pleased to share with you a recording of our PM CAPITAL Global and Asian Opportunities Roadshow Sydney Lunch event.



Speakers:

Paul Moore,
Global Equities Portfolio Manager
Chief Investment Officer

Kevin Bertoli
Asian Equities Portfolio Manager

Click the photo or visit our website for the Roadshow video, which provides an update on:

- Global Strategy
- Asian Strategy
- Listed Companies Update

PM CAPITAL Global Opportunities Fund Limited

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE* (all figures are unaudited)	31 Dec 2015	31 Mar 2016	Actual ² change (%)	Adjusted ³ change (%)
NTA before tax accruals + franking credits	\$1.1557	1.0120	-12.43%	-10.57%
NTA before tax accruals	\$1.1557	1.0008	-13.40%	-10.60%
NTA after tax	\$1.1088	1.0085	-9.05%	-7.67%

² Represents the actual change in NTA per share between 31 December 2015 and 31 March 2016, and includes the impact of: the 1.5 cent fully franked dividend with a record date of 10 March 2016; shares issued as a result of the dividend reinvestment plan; and tax payments made during the quarter. ³ Represents the return on capital invested between 31 December 2015 and 31 March 2016 adjusted to exclude the impact of: the 1.5 cent fully franked dividend with a record date of 10 March 2016; shares issued as a result of the dividend reinvestment plan; and tax payments made during the quarter. This is provided for information purposes only.

Portfolio's Invested Position	
Long Exposure	117.7%
Short Exposure	-13.3%
Net Equity Exposure	104.4%
Debt Securities	10.5%
Cash	-14.9%
Total Exposure	100.00%

The performance this quarter was negatively impacted by our positions in European and UK banks along the appreciation of the Australian Dollar. However, performance was supported by our holdings in Macau gaming companies.

The quarter was one of two halves with substantial falls in markets over the first six weeks of the year, followed by a rapid recovery over the last six weeks of the quarter. As it has been the case for some time now, markets continue to be consumed by macro fears with oil, China and negative rates being the main drivers. We do not believe underlying fundamentals have changed over the quarter, but stock prices continue to be substantially more volatile than the underlying businesses that they represent. Take the price action of Lloyds bank for example, which traded in a near 30% trading range over the quarter. Our thesis appears to be playing out to our advantage as Lloyds recently announced to the market that capital was in excess and that future earnings would be paid out as a cash dividend, which will lead to substantially higher dividends in the years ahead.

We are currently seeing an increasing amount of buy backs being announced in a number of our holdings. These are quality companies run by individuals who have substantially built the businesses. These companies include Realogy, JP Morgan, Wynn Resorts, Apollo and Tri Pointe Homes.

Our view on the US economy is that employment and inflation are returning to normal which will require The Federal Reserve (The Fed) to adjust monetary policy quicker than the market expects. If this is correct, it will lead to a positive environment for US banks including our holdings in Bank of America, Wells Fargo and JP Morgan. With regards to the ECB policy, we believe that while they should keep monetary policy easier than The Fed for some time, it is not a time for moving into material negative rates. In our opinion, this is an extreme measure, as it is having negative effects on the European banking system and therefore harming the European economy, which is the opposite of what they are trying to achieve.

The Australian dollar (AUD) strengthened over 5% during the quarter due to the substantial rally in iron ore. Given the significant fall in the AUD over the last number of years, we believe it is now entering a period during which it will trade within a narrow range, but with risks to the downside.

After recent changes announced by the US treasury to limit corporate tax inversions, Pfizer decided to terminate its merger agreement with Allergan (maker of Botox). Pfizer has now reverted back to their initial

Long Equity Composition (sector and stock examples)	
Diversified Financials - Bank of America, ING Groep	35.9%
Banks - Lloyds Banking Group, Wells Fargo & Co	23.5%
Software & Services - MasterCard Inc, Visa Inc	14.7%
Real Estate - Countrywide PLC, Howard Hughes Corp	12.1%
Food, Beverage & Tobacco - Anheuser-Busch Inbev	10.4%
Consumer Durables & Apparel - Tri Point Homes	7.2%
Pharmaceuticals, Biotech & Life Sciences - Pfizer Inc	5.8%
Consumer Services - MGM China Holdings Ltd	5.2%
Other - PM CAPITAL Asian Opportunities Fund Ltd ⁴	2.9%
Total Long Equity Exposure	117.7%

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.

2016 year-end timeline to split the company into two parts, a mature established business and a high growth innovative business. We continue to hold our position given Pfizer is now past its patent cliff with a lower risk earnings profile underpinned by a 7% free cash flow yield being returned to shareholders through a combination of dividends and buybacks.

Deutsche Borse (DBI) entered into a merger process with London Stock Exchange (LSE) in March. Under the proposed terms, DBI shareholders would own 54% of the combined entity. We think this is an attractive deal for DBI shareholders as the two firms operate complimentary businesses, which would result in multiple synergies (estimated to be circa 11% of the combined expense). The merger would also mean that DBI would merge its EUREX (futures and derivatives business) with LCH (largest clearing house in Europe) and effectively consolidate its position as the largest derivatives and clearing business in Europe. Furthermore, DBI sold its US equity options business (ISE) to Nasdaq for \$1.1 billion during the quarter (equating to 12.5x FY15 EBITDA). We believe DBI got a very good price for ISE, since it operates in an extremely competitive market with low returns. The capital released from this sale is now better deployed in the LSE acquisition.

We made no material changes to the portfolio over the quarter and thus the net equity position of the Company remained relatively stable.

We will continue to invest in simple ideas, which generally start from one investment proposition but have many iterations. This lends itself to a focused portfolio as we believe that the equity market is entering a new stage, best suited to selective stock picking instead of broader market exposure.



Paul Moore, 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 2015	31 March 2016	Change (%)
NTA before tax accruals + franking credits	\$1.1342	\$1.0740	-5.31%
NTA before tax accruals	\$1.1342	\$1.0740	-5.31%
NTA after tax	\$1.0908	\$1.0488	-3.85%

Portfolio's Invested Position	
Long Exposure	97.2%
Short Exposure	-1.0%
Net Equity Exposure	96.2%
Debt Securities	0.0%
Cash	3.8%
Total Exposure	100.0%

Our consistent message to investors since the IPO in May 2014 was that we would take a gradual approach to investing the proceeds. This patient approach has paid dividends. Conditions over the quarter have allowed us to take the Company to a fully invested position. Why now? Well with crisis comes opportunity. As investors we are ultimately looking for periods of heightened uncertainty and increased market pessimism to buy our long term investment thematic and conversely want to sell when the market has become overly euphoric.

Current attitudes are the reverse of what we saw during the first half of 2015, marking an amazing turnaround in less than twelve months and highlighting how quickly investor's perceptions can shift. When Paul Moore and I were in China last May, we were amazed by how irrational market participants had become. The overwhelming belief was that the Central Government would continue to aggressively support the equity market as a means to kick start the economy. It seemed that less and less attention was being paid to the underlying fundamentals. The market action was at odds with what we were seeing in the economy and hearing from corporates operating on the ground. It was obvious to us that a rally which had been manufactured by the Government would not last, so rather than moving with the herd we reduced our invested position. That decision has allowed us to redeploy capital at much more attractive levels. The market is now factoring in a slowdown in Chinese fixed asset investment. The region has experienced net capital outflows in four of the last five years, culminating in 2015 when outflows were greater than those experienced during 2008; the height of the financial crisis.

This has caused the MSCI Asia Ex Japan to decline as much as 31% from its April 2015 highs. While we remain cautious of 'old economy' companies, the 'sell everything' mentality has resulted in some great businesses being thrown out with the bad. We have seen numerous businesses with strong market positions and significant earnings growth potential sell off with the wider market. Long term growth assumptions have been revised downwards across most sectors and current multiples are at cyclically depressed levels. We believe the culmination of these factors is a great starting point.

As a consequence we added seven new positions over the period, an abnormally high level of activity for this strategy. The majority of these names have been on our watch list for some time as we patiently awaited the right entry points. Given the severity of the market moves in January and February we were able to add these positions close to the twelve month lows for each new holding. Positions were added to each of our three main thematic: classifieds and e-commerce, gaming and consumer franchises. We also added to our technology holdings which have been an emerging portfolio component over the past year. Conversely, we exited AAC Technologies, post a strong move leading into its full year results

Long Equity Composition (sector and stock examples)	
Consumer Services - MGM China Holdings Ltd	26.1%
Food, Beverage & Tobacco - Carlsberg Brewery Malaysia	13.4%
Commercial & Professional Services - 51 Job Inc	12.6%
Software & Services - Autohome Inc	9.3%
Banks - HSBC Holdings	8.3%
Technology, Hardware & Equipment - PAX Global	5.1%
Energy - Sinopec Kantons Holdings	4.5%
Media - Astro Malaysia Holdings	3.9%
Materials - Turquoise Hill Resources Ltd	3.7%
Transportation - Beijing Capital Airport	3.2%
Other - Hengan International Group Co	7.1%
Total Long Equity Exposure	97.2%

as well as iProperty Group and Mindray Medical who were both the subjects of successful takeover bids.

Despite weakness across regional equity markets during the quarter the vast majority of the Company's underlying holdings contributed positively. Of particular note were the Company's gaming companies, led by MGM China (+22%) and Las Vegas Sands (+18%). Our Macau holdings advanced after recent industry data pointed to a stabilisation in the environment during Q1 while several policy announcements also suggest a more positive tone from authorities. The improved sentiment towards Macau filtered through to the region's other listed gaming companies. AAC Technologies(+32%), Carlsberg Malaysia (+20%) and Mediatek (+18%) were also meaningful contributors.

Performance was negatively impacted by Donaco International (-29%) which corrected after interim results saw underlying profitability come in below expectation. The company also terminated its VIP partnership with the Heng Sheng Group which resulted in a further revision to full year earnings expectations. We have been a strong advocate of Donaco and were disappointed by the result. We do not view the current operational issues as terminal and believe management has room to improve underlying performance. We also believe there is substantial scope for the company to return capital to shareholders and will continue to vigorously express this view to management. At a mid-single digit price-to-earnings ratio valuation remains attractive and we continue to hold our position. The Australian dollar (+10%) also contributed to relative underperformance. Despite the short term moves we remain comfortable with the Company's currency positioning and we believe it is now entering a period during which it will trade within a narrow range, but with risks to the downside.

In early April, PM CAPITAL conducted its annual roadshow where I covered our decision to move to a fully invested position in greater detail as well as provided an update on the Company's three main portfolio themes. For investors wanting more information please see the PM CAPITAL website.

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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Mr Ashley Pittard departed PM CAPITAL (effective 12 April 2016). Ashley's responsibilities within PM CAPITAL's investment team have been assumed by the Chief Investment Officer, Mr Paul Moore.

See the company announcements platform at www.asx.com.au, and www.pmcapital.com.au, for further information.

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INVESTMENT MANAGER

PM CAPITAL Limited
ABN 69 083 644 731
AFSL 230222

CONTACT

PM CAPITAL Limited
Level 27, 420 George Street
Sydney NSW 2000
Phone (+612) 8243 0888
Fax (+612) 8243 0880
Email pmcapital@pmcapital.com.au
Web www.pmcapital.com.au

