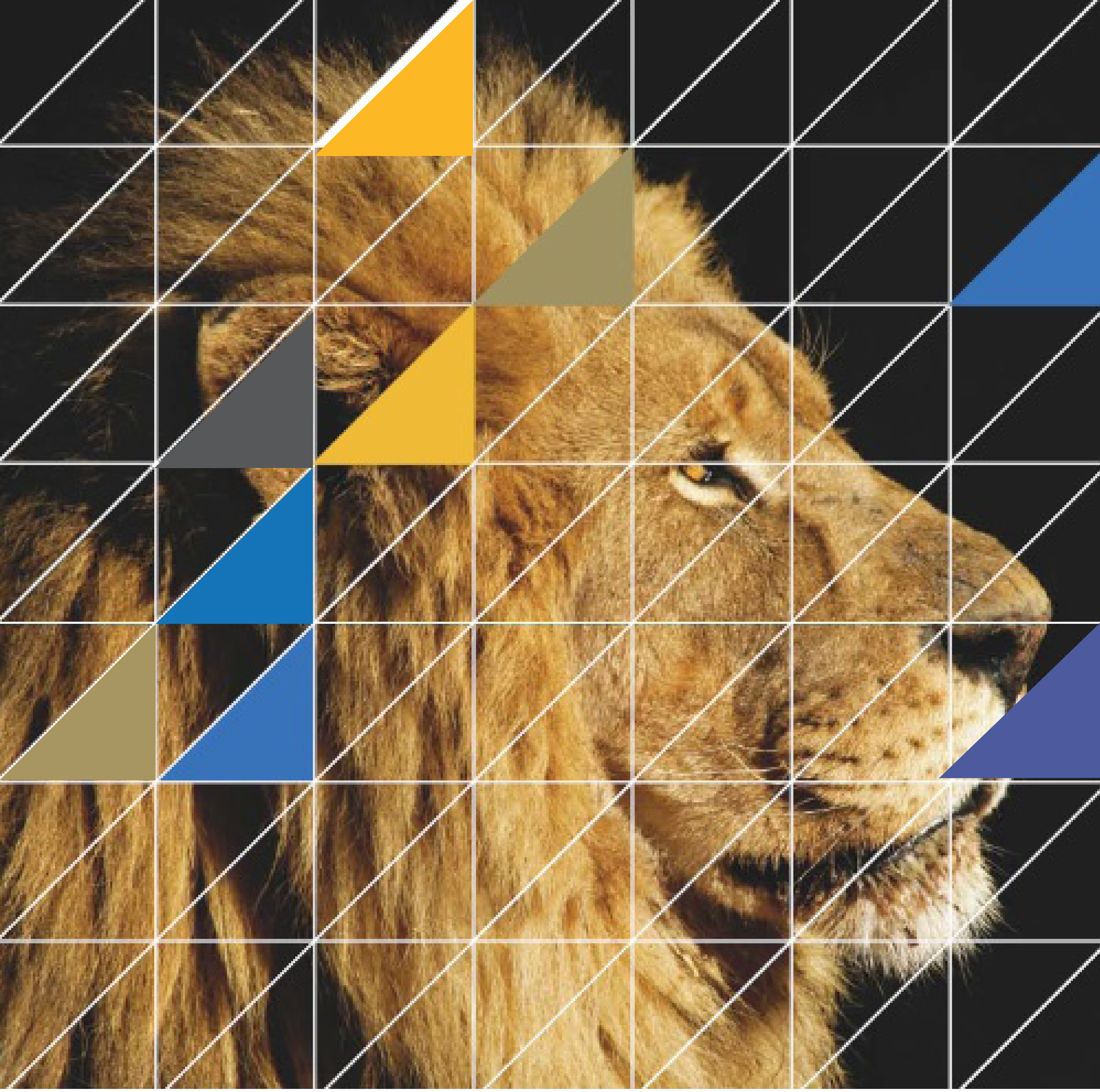

QUARTERLY REPORT

JUNE 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
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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	347,968,377	55,124,501
Share Price[1]	$0.83	$0.93
Market Capitalisation	$288,813,752.91	$51,265,785.93

1. As at close of market trading 30 June 2016

Quarterly Video

We are pleased to share with you a quarterly update video from CIO Paul Moore.
Click on the photo or visit our website for the relevant update.

Speaker:

Paul Moore
Global Equities Portfolio Manager
Chief Investment Officer

Chapters:

1. Market overview
2. Brexit update
3. Market outlook
4. Invested Positions Review
5. Adviser Questions
   - *Q1: How can you take advantage of low prices from the recent sell off when fully invested?*
   - *Q2: What is your view on the impact of recent market developments on the Australian Dollar and commodity stocks?*

PM CAPITAL Global Opportunities Fund Limited

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE* (all figures are unaudited)	31 Mar 2016	30 June 2016	Actual Change (%)
NTA before tax accruals + franking credits	**1.0120**	**0.9599**	**-5.1%**
NTA after tax	**1.0085**	**0.9729**	**-3.5%**

Portfolio's Invested Position	
Long Exposure	114.7%
Short Exposure	-15.9%
Net Equity Exposure	**98.8%**
Debt Securities	11.8%
Cash	-10.6%
Total Exposure	**100.00%**

Long Equity Composition (sector and stock examples)	
Diversified Financials - Intercontinental Exchange	36.1%
Banks - Lloyds Banking Group, Wells Fargo & Co	20.9%
Software & Services - MasterCard Inc, Visa Inc	15.0%
Real Estate - Realogy Holdings, Howard Hughes	12.7%
Food, Beverage & Tobacco - Anhesuer-Busch Inbev	8.3%
Consumer Durables & Apparel - Tri Point Homes	7.6%
Pharmaceuticals, Biotech & Life Sciences - Pfizer Inc	6.7%
Consumer Services - MGM China Holdings Ltd	4.7%
Other - PM CAPITAL Asian Opportunties Fund Ltd[2]	2.7%
Total Long Equity Exposure	**114.7%**

[2] 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.

The Brexit referendum and its effect on our positions in European and UK financial stocks drove our negative performance this quarter. However, we gained some positive performance from the continued strength of a number of our pharmaceutical and beverage holdings.

Over the quarter we continued to reduce our position in Anheuser-Busch Inbev and sold completely out of Diageo plc as our thesis on the brewing industry plays out and valuations for these businesses reach fair value. This selling has led to a small reduction in our net equity exposure.

With regard to the UK referendum results, it came as a surprise to us and the market. Brexit is a political matter that markets perceive will create political and economic uncertainty for years. Short term, bank earnings will no doubt be negatively impacted by even lower interest rates and lower loan growth. However, the stock price impact will depend on perceived future earnings and dividend levels. Taking this into account, the reaction looks excessive as while we think there will be a slowdown in lending growth and likely falls in highly priced London office and residential markets, we do not think there will be a UK or European wide property crash.

Yet, the UK banking market is oligopolistic, Brexit may actually improve the competitive structure of the market long term as it should lower competition and push up costs for smaller competitors and challenger banks and thus benefit the dominant banking franchises like Lloyds.

It should also be noted that the composition of UK/European banks balance sheets is vastly different from what they were in 2007. Currently they have over twice the equity capital which results in considerably lower overall leverage ratios and are funded through retail deposits compared to highly leveraged balance sheets with wholesale funding requirements pre crisis. Asset quality has also been improved given the banks have maintained tighter lending standards and greatly reduced high risk development finance exposure.

Moving onto European bank valuations, the negative EU rates, the Brexit referendum and the uncertain political outlook across Europe are known risks and we believe are over reflected in certain banking sector stock prices. Our holdings of predominately dominant retail banking franchises are trading around 8x 2016 earnings, 0.6x price to book and predicated to pay mid to high single digit dividend yields over 2016/17. The overall banking sector currently makes up 10% of European market capitalisation which is at the low end of the long term 10-20% range.

In relation to our Spanish and Irish property investments - focused on the recovery story from deeply depressed levels - the Brexit result gave rise to heightened negative sentiment around Europe which will affect our positions short term. That said, before the referendum result announcement, GDP growth, loan growth and employment numbers were coming in above expectations and thus the thesis was playing out as expected. At the moment there is no change to the fundamentals and long term Ireland can be a beneficiary of Brexit due to it being an attractive alternative base for European headquarters. In particular we believe our position in Cairn Homes is well positioned to capitalise on the growing imbalance between the demand for, and supply of, new homes in Ireland as it spent the last twelve months buying up a ten year land bank at prices 70% below peak values. It is currently valued at around 1x book value which we believe is very attractive given the recovering Irish housing market being propelled by the fastest growing economy in Europe.

Oracle, one of our tech holdings announced its quarterly results and the stock reacted positively to the fact that cloud revenues have accelerated and management guided that in the next quarter, growth in cloud revenues will offset the decline in their core licences business. We took the rise in the share price to reduce our position in Oracle as we are of the view that in spite of the acceleration in cloud revenues, the growth in total revenues for Oracle will remain challenged and at 15x forward PE, the stock is near its valuation target.

With regard to our pharmaceutical positions in Pfizer and Merck, the large-cap pharmaceutical sector is emerging from a cyclical trough in earnings driven by the loss of key patents on blockbuster drugs. The market extrapolated this period as a signal that returns on R&D would be in perpetual decline discounting the pipeline value of large-cap pharmaceuticals to zero. The emergence of a wave of break-through cancer drugs from the pipeline has provided the market with renewed evidence of a potential inflection point in earnings. Whilst valuations may take time to factor in the value emerging from the pipeline, we continue to collect a high single digit cash flow yield in the form of dividends and buybacks on an undemanding valuation.

In connection with our exposure to the alternative asset managers, we believe they are in the midst of a secular tailwind of rising allocations with flows skewed to the best of breed providers. Organic FUM growth is running in double digits for our positions in Blackstone, KKR and Apollo compared to traditional asset managers losing FUM on the back of competition from low cost ETF products. It is surprising to us that the alternative managers we own are on average trading on 8x 2017 consensus earnings versus traditional US managers trading on 12x earnings.

Looking forward we believe that while Brexit will disrupt markets short term, the underlying fundamentals continue to point to a strengthening global economy being driven by the US where June job numbers quashed worries that job growth was flagging. This was accompanied by US existing home sales rising at the fastest pace since 2007 and the FED giving US banks approval to increase dividends and buybacks as they stated that even in a stressed environment US banks had excess capital. On the back of this, Bank of America announced it would increase its dividend payment by 50%. JP Morgan kicked off the earnings results season recently, with CEO Jamie Dimon commenting that the bank continues to perform well in all their major businesses with core loan growth up 16%, record consumer deposits up 10%, credit card sales volume up 8%, merchant processing volume up 13% and credit quality remaining solid. Post these results, the stock is now selling in line with its pre Brexit price highlighting how quickly the market has returned to a focus on US domestic banking issues.

With regards to the market, we see continuing widening of the valuation gap between what are perceived to be defensive stocks and cyclical stocks. We trace this back to the extreme situation in global bond markets whereby currently over $10 trillion of global government debt trades on a negative yield. Furthermore, this is leading to certain assets with predictable cash-flows starting to look overpriced versus assets which lack earnings visibility as low volatility assets continue to be the market darlings.

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 March 2016	30 June 2016	Change (%)
NTA before tax accruals + franking credits	**$1.0740**	**$1.0462**	**-2.6%**
NTA after tax	**$1.0488**	**$1.0295**	**-1.8%**

Portfolio's Invested Position	
Long Exposure	99.4%
Short Exposure	-1.0%
Net Equity Exposure	**98.4%**
Debt Securities	0.0%
Cash	1.6%
Total Exposure	**100.0%**

Long Equity Composition (sector and stock examples)	
Consumer Services - MGM China Holdings Ltd	24.0%
Food, Beverage & Tobacco - Carlsberg Brewery Malaysia	16.0%
Commercial & Professional Services - 51 Job Inc	12.3%
Banks - HSBC Holdings	8.7%
Other - Hengan International Group Co	8.0%
Software & Services - Autohome Inc	8.0%
Energy - Sinopec Kantons Holdings	5.4%
Materials - Turquoise Hill Resources Ltd	5.1%
Technology, Hardware & Equipment - PAX Global	4.7%
Media - Astro Malaysia Holdings	3.9%
Transportation - Beijing Capital Airport	3.3%
Total Long Equity Exposure	**99.4%**

While the June quarter was a mixed period for global equities, in local currency terms, culminating with the surprise UK Referendum result, the Company's performance was impacted primarily by stock and sector specific issues rather than the general global macro concerns. In most part we believe these issues are transitory in nature and continue to believe in the long term prospects of our portfolio of holdings.

The Company's US listed Chinese e-commerce and classified holdings detracted from performance during the quarter. Of particular note were Autohome and Baidu. During June, Telstra completed the sale of a 47.4% stake in Autohome to Ping An. Subsequent to the deal completion numerous board and management changes were made including replacing CEO James Qin. This negatively impacted Autohome as it is unlikely management's non-binding privatisation proposal led by James Qin will move forward. Autohome maintains a strong position in the online automotive classifieds market and continues to display solid growth prospects. We have previously communicated our view that the Telstra sale and management's privatisation proposal both undervalued the long term prospects of the business. We will continue holding the position based on our long term view of the business. Baidu on the other hand, reduced its second quarter revenue guidance after an investigation by Chinese authorities into its advertising practices resulted in several recommendations being handed down. In our view Baidu has been unreasonably penalised for the advertising practises of independent advertisers appearing on its search engine. While the recommendations from the investigation structurally lowers the revenue generation capabilities of Baidu's search business we continue to foresee upside from the current share price.

The Company's Macau holdings also detracted giving back the gains achieved during the March quarter. While there was limited material news flow concerning Macau over the period, the recovery in monthly gaming revenues remains subdued which has led to an extension of the markets 'wait and see' approach to any recovery. We believe the opening of Wynn Palace and Las Vegas Sand's Parisian both scheduled for the third quarter will provide a positive catalyst for the sector in coming months.

On a positive note, Turquoise Hill Resources advanced after speculation surfaced again that Rio Tinto may look to privatise the company. Mongolian parliamentary elections in June also proved positive for sentiment after the Mongolian People's Party (MPP) was comprehensively returned to government after four years in opposition. The MPP won 65 in the 76 seat parliament and it is hoped the victory puts an end to several years of political instability in Mongolia which has negatively impacted economic growth and the development of Turquoise Hill Resources' Oyu Tolgoi deposit. While it is our view that Rio Tinto is the natural owner of 100% of Turquoise Hill Resources longer term, this is not central to our investment thesis. Oyu Tolgoi remains one of the best positioned copper and gold deposits globally and will ultimately be driven by the trajectory of the copper price and to a lesser extent the gold price. We continue to look favourably upon copper over the long term with the view that supply side shortages will eventually result in a price recovery.

With the UK Referendum results at the forefront of investors' considerations it is worth noting the Company's direct UK exposure is low. HSBC Holdings, Genting Malaysia and YUM Brands have direct exposure to the UK. In the case of Genting Malaysia and YUM Brands, UK earnings are below 10% and largely immaterial when factoring in the outlook for other parts of these businesses. Conversely HSBC Holdings with its global headquarters in London and a meaningful domestic banking business, derives 25% of its revenues from the UK. HSBC has declined 7% post the UK Referendum result and while the outlook in the UK is uncertain at less than 0.7x tangible book and with an 8% dividend yield much of this is already being priced in and we remain comfortable holding this position.

After an abnormally high level of activity during the March quarter where we added seven new holdings, portfolio activity slowed as we remained close to fully invested. The primary change to the portfolio was an adjustment to our Macau exposure to better reflect the changing competitive landscape. As we alluded to in our March quarterly, long term growth assumptions are being revised downwards across most sectors in the region and valuation remains near cyclically depressed levels. The 'sell everything' mentality that we witnessed in the early part of this year has resulted in businesses with strong market positions and significant long term earnings growth potential being sold off with the wider market. We believe the culmination of these factors is a great starting point and warrants being fully invested. We continue to focus on the underlying earnings potential of the businesses we own rather than getting fixated on the macro trends which are very hard to predict. Despite our comfort in the long term earnings potential of our holdings, in the short term, we expect volatility to remain heightened and it will therefore take time for market participants to refocus on underlying earnings.

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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