

# Monthly Update

## Fund commentary

- Equity markets rebound
- The Australian Dollar's fall presents an opportunity to increase the portfolio's hedge back to AUD

Following the fastest bear market in US history in March (see March Monthly Report), April saw equity markets rebound with vigour. The S&P500 appreciated over 12% and at April month-end sat 30% above its March low. The Australian Dollar appreciated 7% against the US Dollar during the month and at April month-end sat 14% above its March low.

We made several portfolio changes during April. We re-initiated a position in prior long term holding Alphabet, parent company of Google, as we expect the business to emerge stronger from the current crisis. Towards the end of the month we also reinitiated a short position in restaurateur Wendy's, a position we

successfully exited in the prior month. Wendy's had rebounded sharply and returned to what we believe is an unsustainable valuation. The Australian Dollar's fall against the US Dollar in March prompted us to increase the portfolio's hedge back to AUD.

We also initiated a position in diversified miner Teck Resources. Teck has copper, zinc and metallurgical (steelmaking) coal mine assets, most of which are high grade, low cost and long-lifespan. Teck currently trades at an enterprise value roughly equal to that experienced at the depths of the 2008-2009 global financial crisis and 2015-2016 resources bust.

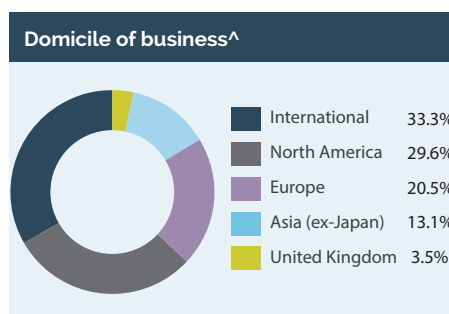
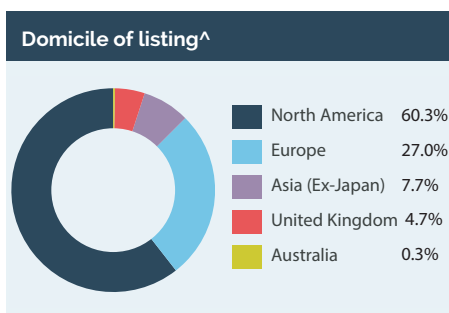
Global Companies Fund	Inception Date	Exit Price (\$ cum)	1 Month	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
<b>Fund performance (net of pro forma fees)<sup>1</sup></b>	<b>10-1998</b>	<b>2.7084</b>	<b>7.5%</b>	<b>-21.2%</b>	<b>-16.1%</b>	<b>-12.5%</b>	<b>2.0%</b>	<b>4.9%</b>	<b>13.8%</b>	<b>11.4%</b>	<b>9.8%</b>
<b>Fund performance (net of actual fees)</b>			<b>7.5%</b>	<b>-21.2%</b>	<b>-16.1%</b>	<b>-12.5%</b>	<b>0.9%</b>	<b>3.7%</b>	<b>11.2%</b>	<b>9.2%</b>	<b>7.7%</b>
MSCI World Net Total Return Index (AUD)			3.7%	-9.9%	-2.4%	3.2%	9.7%	8.9%	14.1%	11.5%	4.9%
<b>Outperformance (net of pro forma fees)<sup>1</sup></b>			<b>3.8%</b>	<b>-11.3%</b>	<b>-13.7%</b>	<b>-15.7%</b>	<b>-7.7%</b>	<b>-4.0%</b>	<b>-0.3%</b>	<b>-0.1%</b>	<b>4.9%</b>

1. Fund performance and Outperformance (net of pro forma fees) has been calculated based on the new fee structure (implemented 1 December 2018), assuming it had applied from the Fund's inception. These returns do not represent the actual net Fund performance and are included for illustrative purposes only.

Portfolio investments	Weighting	Current stock example
Housing - Ireland and Spain	7.7%	Cairn Homes
Global Domestic Banking	25.9%	Bank of America
Service Monopolies	14.6%	Visa
Gaming - Macau	8.4%	MGM China holdings
Alternative Investment Managers	13.4%	KKR & Co.
Industrial - Europe	6.1%	Siemens
Materials	9.3%	Freeport-McMoRan Copper
Other	13.4%	
<b>Long Equity Position</b>	<b>98.8%</b>	
Short Equity Position	-6.4%	
<b>Net invested equities</b>	<b>92.4%</b>	
<b>Total holdings</b>	<b>47</b>	

Currency exposure*	100%
USD	47.2%
AUD	37.8%
EUR	8.2%
GBP	4.7%
HKD	2.2%
CAD	-0.1%



<sup>^</sup> 'Domicile of Listing' represents the location of stock exchange listing of each entities' head office, whereas 'Domicile of Business' represents the location of the predominant business of those entities.

\*Stated at effective value.

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**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.

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### Investment philosophy

We aim to build long term wealth together with our co-investors by finding and exploiting investment anomalies. Using a focused, patient and considered approach to finding simple investment ideas produces the best environment for creating that long term wealth.

Our experience has shown us that while the market is largely efficient, it can, and regularly does, misprice a small proportion of companies. This mispricing can arise as a result of any number of reasons, but is most often associated with disruptive or cyclical change, new information which is misunderstood by the market as having a permanent impact when it is in fact transitory, or just because they are operating in a sector out of favour with investors.

Our unique process is based on scanning the world for those companies (hence the radar in our logo), discovering the associated valuation anomalies and extracting value from them. We buy good businesses at a good price; businesses that we believe are being valued differently to their long term intrinsic value, but will return to their correct value over time.

### Who manages the investment?

The Portfolio Manager for the Fund and CIO is Paul Moore. Paul is supported by a team of experienced investment analysts.

We believe in being a patient investor, one that has conviction, one that finds opportunities where others can only see

risk. We only invest in what we know, deeply, via our fundamental research.

## Why the Global Companies Fund?

**Established:** The Fund's process has been shown to be effective, based on a philosophy developed by Paul Moore, over 34 years. This has produced attractive long term capital growth.

**Unrestricted:** We have an authentic investment process where our exposure to industry sectors, geographic regions or market capitalisation is determined solely by our conviction in the risk/reward opportunities that we identify within portfolio guidelines. No conviction = no investment.

**Opportunistic and focused:** The Fund is not built around a general market benchmark or index - it is highly focused based on our fundamental, bottom-up investment process. As a guide, the Fund holds around 25 - 45 deeply researched stocks that we believe give the best opportunity to produce strong long term returns.

**Co-investment:** Our co-investors receive access to a unique subset of opportunities to which they would otherwise find difficult to access. The management team have significant investments in the Fund - they invest for and with you.

**Outperformance:** The Fund *has outperformed the relevant market index by 214% since inception.*<sup>1</sup> The Fund is managed from an Australian investor's perspective with consideration for tax and currency outcomes.

## Key Fund Details

### Fund category

Global equities

### Investment style

Fundamental, bottom-up research intensive approach

### Inception date

28 October 1998

### Fund size

\$360.1 Million

### Strategy size

\$941.0 Million

### Number of stocks

As a guide, 25-45 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 MSCI World Net Return Index (AUD).

### 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 Global Companies Fund (ARSN 092 434 618, 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 a copy of the current Product Disclosure Statement which is available from us, and seek their own financial advice prior to investing. 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 MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. See [www.msci.com](http://www.msci.com) for further information on the Index.

## Further Information

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