

Monthly Update: Global Companies Fund

Simple ideas, simple businesses

Building long term wealth by finding and exploiting investment anomalies around the world

PM Capital is delighted to be the Zenith Fund Awards 2021 Winner for International Equities - Alternative Strategies



Global Companies Fund	Inception Date	Exit Price (\$ cum)	1 Month	3 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Fund performance	10-1998	4.6532	-2.8%	-4.4%	9.0%	14.5%	12.1%	10.9%	17.0%	9.5%
MSCI World Net Total Return Index (AUD)			-3.1%	-9.0%	4.9%	10.1%	11.3%	10.2%	14.3%	5.6%

Growth of AUD \$100,000

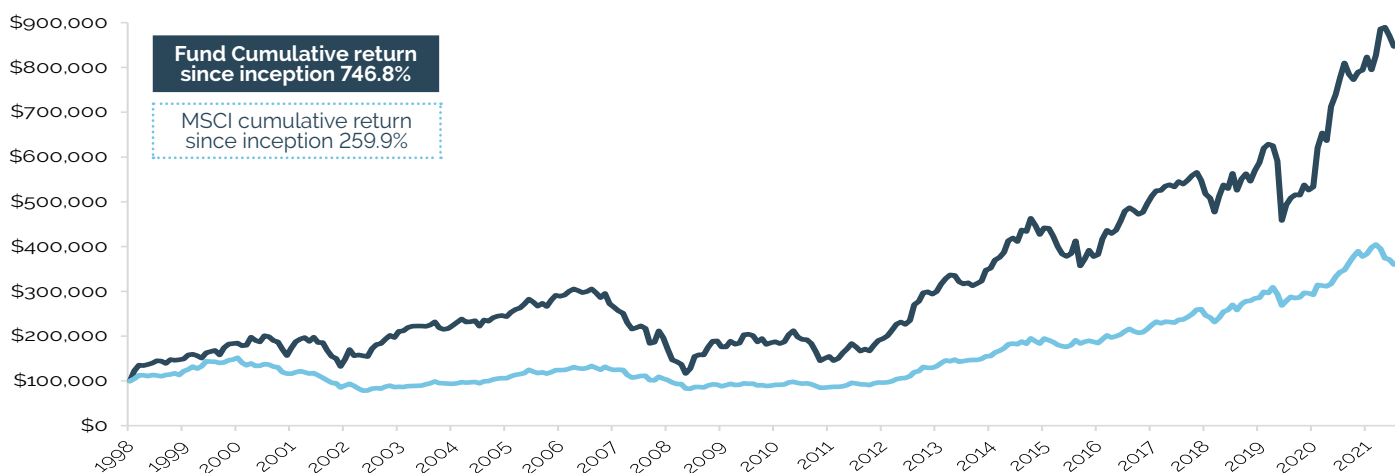
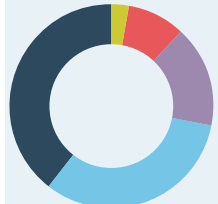
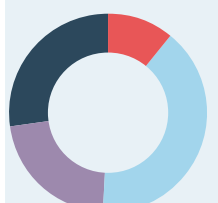


Chart reflects Fund growth net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 28 October 1998. These figures represent past performance only. No guarantees exist of future returns above or below these figures. Past performance is no indication of future performance. Neither PM Capital Limited nor any other person makes any representation as to the future performance or success of, the rate of income or capital return from, recovery of money invested in, or income tax or other taxation consequences of, any investment in the Fund.

Portfolio investments	Weighting	Current stock example	Domicile of listing [^]
Domestic Banking - Europe	18%	ING Groep	 <ul style="list-style-type: none"> Europe 40% North America 33% United Kingdom 15% Asia (Ex-Japan) 9% Australia 3%
Industrial commodities	15%	Freeport-McMoRan Copper	
Energy	15%	Shell	
Domestic Banking - USA	13%	Bank of America	
Quality Industrial Franchises	11%	Siemens	
Gaming	10%	Wynn Resorts	
Housing Ireland & Spain	8%	Cairn Homes	
Alternative Investment Managers	6%	Apollo Global Management	
Other	9%		
Long Equity Position	105%		
Direct Short Position	-3%		 <ul style="list-style-type: none"> Mega (>\$100bn) 27% Large (<\$100bn) 22% Medium (<\$30bn) 40% Small (<\$5bn) 11%
Index Short Position	-10%		
Net invested equities	93%		
Total holdings	41		
		Currency exposure** 100%	
		AUD 54%	
		USD 23%	
		GBP 11%	
		EUR 8%	
		CAD 3%	
		HKD 1%	

[^] 'Domicile of Listing' represents the location of stock exchange listing of each entities' head office.

* Breakdown of portfolio's long equity holdings into market cap. bands.

** Stated at effective value.

Fund commentary

- US banks exhibit strong fundamentals, but down on end of cycle fears
- Initiated a new position in Flutter Entertainment

At the end of April, we were mid-way through first quarter earnings season and despite the drawdowns in some stock prices, our companies have reported good results.

Our United States bank holdings were among the weakest performers during the month. While bank stocks trade swiftly and sharply on macroeconomic concerns such as flattening yield curve or end-of-cycle fears, among others, fundamentals look relatively strong. Balance sheet compositions have changed dramatically over the last few years and Bank of America now finds itself with a low risk debt securities book (mostly US Treasuries, US government-backed mortgage securities, and central bank deposits)

about twice the size of that three years ago, and materially larger than its loan book. Much of the book is in short-dated securities and as interest rates rise, Bank of America will promptly capture a higher interest rate on the book.

We initiated a new position in global sports betting and online gaming operator Flutter Entertainment plc. Flutter owns market leading products in the United Kingdom (Paddy Power Betfair, Sky Betting & Gaming), United States (FanDuel) and Australia (Sportsbet). We believe the business is ideally positioned to benefit from rapid growth of online sports betting and online gaming, particularly in the US. We will discuss Flutter in greater detail in our next quarterly update.

Top 10 stocks	
Stock name	Sector
Apollo Global Management	Alternative Investment Managers
Caixa Bank	Banks
Freeport-McMoRan	Metals & Mining
Howard Hughes	Real Estate
ING Groep	Banks
Shell	Energy
Siemens	Industrial
Teck Resources	Metals & Mining
Wells Fargo & Company	Banks
Wynn Resorts	Consumer Services

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.

Further Information

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Key Fund Details

Fund category

Global equities

Investment style

Fundamental, bottom-up research intensive approach

Inception date

28 October 1998

Fund size

\$509.2 Million

Strategy size

\$1,421.4 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

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The Index is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the Index. Address: Level 11, 68 York Street, Sydney, NSW 2000