

Monthly Update: Global Companies Fund

Simple ideas, simple businesses

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

We are 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	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Fund performance (net of pro forma fees)¹	10-1998	4.5254	3.7%	6.6%	6.0%	54.4%	16.7%	17.6%	14.5%	20.6%	11.6%
Fund performance (net of actual fees)			3.7%	6.6%	6.0%	54.4%	16.7%	16.6%	12.9%	18.2%	9.6%
MSCI World Net Total Return Index (AUD)			1.6%	1.6%	11.9%	31.3%	15.9%	15.8%	13.8%	16.1%	6.0%

1. Fund performance (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.

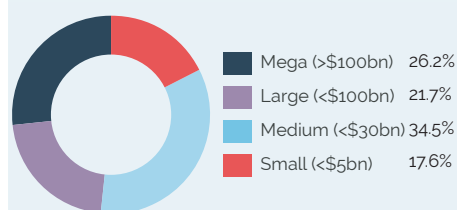
Global Companies Fund: Growth of AUD \$100,000



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 trusts shown on this site.

Portfolio investments	Weighting	Current stock example	Domicile of listing [^]
Housing - Ireland and Spain	8.9%	Cairn Homes	<ul style="list-style-type: none"> Europe 39.9% North America 35.2% United Kingdom 15.8% Asia (Ex-Japan) 8.0% Australia 11.1%
Global Domestic Banking	35.4%	Bank of America	
Gaming - Macau	7.9%	MGM China holdings	
Alternative Investment Managers	8.0%	Apollo Global Management	
Industrial - Europe	6.2%	Siemens	
Materials	18.7%	Freeport-McMoRan Copper	
Energy	9.7%	Royal Dutch Shell	
Other	12.8%		
Long Equity Position	107.6%	Currency exposure**	100%
Direct short position	-4.4%	AUD	43.9%
Index short position	-21.3%	USD	26.4%
Net invested equities	81.9%	EUR	15.8%
		GBP	8.4%
		CAD	3.9%
		Other	1.6%
Total holdings	43		

Investments by Market Capitalisation (USD)^{*}



[^] '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

- Apollo use its investor day to showcase its business
- The Australian dollar rises on the back of higher domestic bond yields and commodity prices

Apollo Global Management hosted its investor day in October. The stock had traded sideways from May to the end of September as the market grappled with the change in management and the proposed merger with Athene. The investor day allowed Apollo to showcase both the strategic and financial benefits from the merger, complemented with attractive 5-year growth targets. At the end of September Apollo was trading on 10x pro-forma 2022 earnings. While it has now moved to 13x earnings post the 24% jump in the share price over October, we continue to believe Apollo stock represents compelling value for a high margin

business, growing 15-20% pa with one of the best investment records in the industry. Upcoming catalysts to close the valuation discount include the completion of the Athene merger in January 2022, and the potential inclusion of the shares in the S&P500 index with the shift to a single share class structure.

Our increased exposure to the Australian dollar started to pay dividends in October with a material move up in Australian bond yields, stronger commodity markets and equity market strength, resulting in Australian dollar rising in value relative to the US dollar.

Top 10 stocks

Stock name	Sector
Apollo Global Management	Alternative Investment Managers
Bank of America	Banks
Freeport-McMoRan Copper	Metals & Mining
Howard Hughes	Real Estate
ING Groep	Banks
JP Morgan Chase	Banks
Royal Dutch Shell	Energy
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

\$479.1 Million

Strategy size

\$1,385.7 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.

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