PM CAPITAL

Quarterly report

March 2025

PM Capital Global Opportunities Fund Limited

ACN 166 064 875 (ASX Code: PGF)

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Quarterly video insight

In this video, Co-Portfolio Managers Kevin Bertoli and John Whelan discuss:

- **Direct tariff** – the impact on our portfolio positions
- **Reactions to second order effects** such as uncertainty around consumer sentiment, inflation, and corporate capital expenditure.
- **Selective opportunities** emerging amid market dislocation.

Access the video **here.**

Access all market updates and insights **here.**

Listed Company Overview

	PM Capital Global Opportunities Fund Limited
ASX Code	PGF
Asset Class	Global equities
Listing Date	11 December 2013
Suggested Time Frame	Seven years plus
Shares on Issue	478,947,506
Share Price	$2.5100
Market Capitalisation	$1.202 billion
NTA before tax accruals (per share)	$2.2585
Company Net Assets before tax accruals	$1,.082 billion

See page 5 for Important Information. As at 31 March 2025.

Simple ideas, simple businesses

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

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	**March 2025**
NTA before tax accruals	**$ 2.2585**
NTA after tax (excluding deferred tax assets)	**$ 1.9967**

Company performance (net of fees)[2]	**3 Months**	**1 Year**	**3 Years pa**	**5 Years pa**	**7 Years pa**	**Since inception pa**	**Total Return**	**Gross Dividend Yield** (pa)[3]
PM Capital Global Opportunities Fund	8.3%	16.2%	19.0%	26.1%	15.6%	14.8%	376.5%	**6.3%**

1. Past performance is not a reliable indicator of future performance. 2. Performance adjusted for capital flows including those associated with the payment of dividends and tax, share issuance as a result of option exercise and the dividend reinvestment plan. 3. Based on share price as at 31 March 2025 and the dividend guidance issued to the ASX on 7 February 2025. The intended fully franked dividend is subject to there being no material adverse changes in market conditions and the investment performance of the Company's portfolio. The Company's ability to continue paying fully franked dividends is dependent on the payment of tax on investment profits and there can be no guarantee that such profits will be generated in the future.

Tariffs is quickly becoming the leading candidate for the 2025 'Word of the Year'. The uncertainty created by President Trump's tariff policies was the primary contributing factor behind the correction witnessed across global markets—most notably in the US—throughout the quarter. The impact on our portfolio varies, from direct to second-order effects, and we continue to monitor these closely. The most notable impact has been among our European holdings, particularly financials and industrials.

Contrary to consensus thinking, these sectors performed exceptionally well over the period. Increasing US protectionist policies, spearheaded through tariffs, have accelerated Europe's—especially Germany's—decision to significantly increase capital spending across both infrastructure and defence. This increasing focus on infrastructure and defence spending should lead to higher economic activity and benefit our largest positions in European banks and industrial companies. We expect Siemens, with its broad exposure to factory automation and smart infrastructure, to be a direct beneficiary, along with our position in French engineering firm SPIE, which focuses on the modernisation of energy grids and communication infrastructure in core Europe.

The performance of European equities—and particularly European banks—over the quarter (European Bank Index +28%) highlights how complacent investors had become about US market outperforming. European markets were being increasingly overlooked, with the US making up 73% of developed markets and nine of the top ten global stocks listed in the US. As we highlighted in our February monthly update, our European bank investment thesis continues to play out as expected, with the normalisation of interest rates, market consolidation, and double-digit shareholder returns. Now, with economic and lending growth coming back into focus, European bank valuations are becoming harder to ignore, as evidenced by their strong performance during the quarter.

Two additional examples of how tariffs are influencing our holdings are copper producers and consumer discretionary companies.

In February, President Trump signed an executive order directing the Commerce Department to investigate the national security implications of copper imports and assess the potential for tariffs. This triggered a widening spread between Comex and LME copper futures, with Comex trading at a 15% premium by quarter-end. The historic spread between Comex and LME has oscillated around a +/- low single digit percentage as metal traders act to take advantage of any arbitrage. Tariffs, however, could lead to structurally higher US prices given the inability for domestic supply to respond in a timely manner. The primary beneficiaries would be companies with domestic production and/or contracts linked to Comex pricing—the largest being Freeport McMoRan. Approximately 50% of Freeport's attributable copper production originates from the US and references Comex pricing. The benefits are magnified by Freeport's large, deferred tax loss, which means it currently pays no US tax—making the net profit and cash flow impacts material. Grupo Mexico also stands to benefit, with 35–40% of Southern Copper's (90% owned by Grupo Mexico) production linked to Comex pricing.

Despite these operational advantages, our copper holdings were largely flat over the quarter, as investors weighed up the second-order effects of tariffs, particularly the potential for lower capital investment as corporates hit pause on future projects amid rising uncertainty. The last time spot copper prices were at these levels, Freeport traded above $50 per share—a 30%+ premium to its current price.

Conversely, our holdings in the consumer discretionary sector are being impacted by both the first order impacts of tariffs and second order effects such as potentially higher inflation in the US and the impacts on interest rates and consumer sentiment. Notably, spirits companies have been in the crosshairs of tariffs due to origin-specific legal requirements (e.g., tequila must be produced in Mexico, and Scotch whisky in Scotland). Given the imposition of 25% tariffs on Mexican and Canadian goods, and the even more extreme threat of a 200% tariff on European spirits, it's understandable that investors remain cautious despite large share price drawdowns.

Pharmaceutical holdings, Sanofi and Royalty Pharma, both contributed positively over the quarter. Royalty Pharma's performance was driven by company-specific catalysts, while Sanofi has begun to attract greater investor appreciation for its low valuation, strong earnings growth, and promising drug pipeline.

Royalty Pharma (+20%) rose sharply after announcing it would consolidate its corporate structure—currently split between Royalty Pharma (the listed company/asset owner) and an external management entity—into just the company. We have long believed the market overlooked Royalty Pharma in part because it didn't fit the typical pharmaceutical mould exemplified by companies like Johnson & Johnson or Pfizer. With a US$18 billion market capitilisation, it's a mid-sized player in a sector dominated by giants, and its structure—a legacy of private equity—is unfamiliar to most investors. Rather than developing its own medicines through clinical trials and commericialisation, Royalty Pharma buys royalty streams (typically a percentage of worldwide sales) on other pharmaceutical companies' products, acting as a co-investor alongside the pharmaceutical company at the medicine-by-medicine level.

Following the corporate structure consolidation, Royalty Pharma will look more like its peers, and we expect its valuation multiple to reflect this over time. In the meantime, we believe it will grow earnings in the mid- to high-single digits annually, while paying a decent dividend and opportunistically buying back shares.

PORTFOLIO ADJUSTMENTS

Following the drawdown in the NASDAQ Index in late February and early March, we closed out our short position in NASDAQ futures. This short served as a way to express our views around the valuations of the 'Magnificent 7', which account for over 50% of the index.

We also exited our long-standing position in JP Morgan, concluding a decade-plus investment in the company. While JP Morgan remains one of the best-managed banks in the US, this is now well reflected in both its superior profitability—near record highs—and in its valuation premium to peers such as Bank of America and Wells Fargo. A dollar invested in JP Morgan ten years ago has delivered nearly six times the total shareholder return, compared to roughly three-and-a-half times for the same dollar invested in the S&P 500 over the same period.

Consistent with our broader reduction in energy sector exposure, we trimmed our position in Shell as its share price approached all-time highs. During the quarter, Shell hosted its much-anticipated Capital Markets Day, highlighting the company's operational turnaround since its 2023 strategy reset. It also outlined targets through to 2028 that continue its trend of internal capital efficiency and returning excess capital to shareholders via dividends and buybacks. At the current pace, Shell is on track to buy back 40% of its outstanding shares by 2030.

WRAP-UP

The March quarter (and recent tariff announcements in early April) is a reminder of how quickly market sentiment can shift, and why it's critical to remain disciplined in both investment process and philosophy—regardless of short-term market volatility. Over the past six months, we've frequently been asked to comment on the risk of slowing economic growth in Europe versus the "runaway growth" narrative in the US, and our decision to be long Europe while underweight the US 'Magnificent 7'. Our response has remained consistent: valuation.

We have continued to favour the 'unloved' European banks based on attractive valuations and improving shareholder returns, while warning against record-high valuations in the US and the investor euphoria surrounding a potential Trump presidency, which has fuelled a "risk-on" mindset. While market outcomes are inherently uncertain, we remain committed to the disciplined investment philosophy and process that PM Capital has applied consistently over the past 28 years.

Portfolio investments	Weighting^^
Domestic Banking - Europe	31%
Commodities - Industrial metals	19%
Industrials	15%
Domestic Banking - USA	10%
Leisure & Entertainment	10%
Commodities - Energy	6%
Consumer Staples	6%
Healthcare	5%
Other	11%
Long Equity Position	**113%**
Direct Short Position	-4%
Index Short Position	-7%
Net Invested Equities	102%
Total long positions	41

^^ Quoted before tax liability on unrealised gains.
* Stated as effective exposure.

Current stock examples
ING Groep
Freeport-McMoRan
Siemens AG
Bank of America
Wynn Resorts
Shell
Heineken
Sanofi

Currency exposure*	100%
AUD	70%
EUR	10%
GBP	9%
HKD	5%
USD	4%
Other	2%

The Company aims to create long-term wealth through a concentrated portfolio of generally 25-45 global companies that we believe are trading at prices different to their intrinsic values.

The Company's investment objective is to provide long-term capital growth over seven-year plus investment horizon through investment in a concentrated portfolio of undervalued global (including Australian) equities and other investment securities.

Paul Moore - Chief Investment Officer **Kevin Bertoli -** Co-Portfolio Manager **John Whelan** - Co-Portfolio Manager

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

PM CAPITAL Global Opportunities Fund Limited
ACN 166 064 875 (ASX Code: PGF)

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The Index for the PM Capital Global Opportunities Fund Limited is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the MSCI indices.

Inception date for PGF: 12 December 2013.

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

This announcement is authorised by Candice Driver, Company Secretary.

INVESTMENT MANAGER

PM Capital Limited
ABN 69 083 644 731
AFSL 230222

Level 11, 68 York Street
Sydney NSW 2000

P +61 2 8243 0888

E pmcapital@pmcapital.com.au

www.pmcapital.com.au

REPRESENTATIVE CONTACTS - REGIONAL MANAGERS

Nicholas Healey
VIC, TAS, SA
M 0447 814 784
E nhealey@pmcapital.com.au

Ivor Kay
QLD, WA, NT
M 0435 960 129
E ikay@pmcapital.com.au

John Palmer
NSW, ACT
M 0447 471 042
E jpalmer@pmcapital.com.au