QUARTERLY REPORT

JUNE 2021

"Groupthink"

Time to change the go-to strategy of the last decade.

p.1 CIO Letter

PM Capital Global Companies Fund
ARSN 092 434 618
APIR Code PMC0100AU

PM Capital Asian Companies Fund
ARSN 130 588 439
APIR Code PMC0002AU

PM Capital Australian Companies Fund
ARSN 092 434 467
APIR Code PMC0101AU

PM Capital Enhanced Yield Fund
ARSN 099 581 558
APIR Code: PMC0103AU
APIR Code: PMC4700AU (Class B)

CONTENTS

Chief Investment Officer Letter

In his letter, Paul Moore, Chief Investment Officer and Portfolio Manager, Global strategies discusses:

- An extraordinary year in markets
- Movements in value vs growth stocks as the market debates the direction of interest rates and inflation
- The importance of not following the herd, particularly at inflection points
- His belief that the rotation to value remains in its infancy

Access the letter **here.**

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

Our usual quarterly video has been replaced with this letter due to the COVID-19 lock-down precluding filming. We inted to provide video updates in the coming weeks.

Our core message this time last year: *"There is always plenty to be uncertain about… What is not uncertain, in my mind, is the unwinding of the valuation dispersion between the value and the growth/ momentum sectors of the market will be the dominant feature of markets for some time."*

Financial Year 2021 results:

Global Companies Fund + 52.1%, Australian Companies Fund + 33.9%,
Asian Companies Fund + 33.1%, Enhanced Yield Fund + 3.7%

Our current perspectives: *"Significant valuation anomalies typically take three to five years to return to fair value. Over seven to 10 years, they usually become overvalued. We do not expect the "Value" play to be any different. It is likely that we have only seen the first quarter of the rotation into "Value" sectors of the market."*

Total returns since inception[1]

Fund		Benchmark	
PM Capital Global Companies Fund	684.8%	MSCI World Net Total Return Index (AUD)	263.5%
PM Capital Asian Companies Fund	357.8%	MSCI AC Asia ex Japan Net (AUD)	217.9%
PM Capital Australian Companies Fund	787.8%	S&P / ASX 200 Accum. Index	469.1%
PM Capital Enhanced Yield Fund*	174.1%	RBA Cash Rate	97.1%

[1]Past performance is not a reliable indicator of future performance. See page 10 for Important Information. As at 30 June 2021.
*Enhanced Yield Fund (Performance Fee Option).

Global Companies Fund

Paul Moore
Global Portfolio Manager

Simple ideas, simple businesses

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

Global Companies Fund	Inception Date	Exit Price ($.cum)	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**	**4.3123**	**6.1%**	**20.1%**	**52.1%**	**12.9%**	**18.1%**	**15.7%**	**17.9%**	**11.5%**
Fund performance (net of actual fees)			**6.1%**	**20.1%**	**52.1%**	**12.7%**	**17.1%**	**14.1%**	**15.6%**	**9.5%**
MSCI World Net Total Return Index (AUD)			9.3%	16.2%	27.5%	14.4%	14.6%	13.8%	14.6%	5.9%
Outperformance (net of pro forma fees)[1]			**-3.2%**	**3.9%**	**24.6%**	**-1.5%**	**3.5%**	**1.9%**	**3.3%**	**5.6%**

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.

KEY POINTS

- The global equities recovery in value sectors of the market is just beginning
- Market begins to acknowledge Apollo's undervaluation
- Teck Resources underappreciated

PERFORMANCE

The market was strong over the quarter and the portfolio was up 6.1%

PORTFOLIO ACTIVITY

We exited our position in Visa during the quarter. Visa has been one of the portfolio's core positions and strongest performers, buying at bottom quartile valuation in 2010 and selling at top quarter for >1,000% return. We still view Visa as an exceptional business, but with interest rates inflecting higher and Visa's valuation in the mid-30s price-to-earnings, we see better opportunities elsewhere.

We increased the portfolio's holding in Royal Dutch Shell during the quarter. Oil prices globally have moved higher as reopening activity globally drives higher demand while outpacing returning supply. Despite this, equity valuations are still discounting very conservative oil price forecasts. RDS shares have lagged as a legacy of the 2020 dividend cut, however we see room to grow the dividend and use surplus cashflow for share buybacks, debt reduction and additional capex to fund the energy transition.

OUTLOOK

As we discussed in the March quarterly, we used the weakness in Apollo's share price in early March to add to our position as the stock sold off on the back of uncertainty around its merger with Athene. Athene is in the business of retirement services, offering its clients annuity products. It is a spread business and profits from investing its assets at a higher rate than it pays on its liabilities (annuities). The marriage of an alternative asset manager and an insurance company may sound like a strange match at first glance but their businesses very much complement each other with Athene providing the funds for Apollo to manage. Apollo paid circa 7x earnings for the 65% of Athene they did not already own. Athene's business generates a mid-teen return on equity and double-digit earnings growth. The all-stock merger will result in Apollo's share count rising circa 30% while adding circa 70% to the combined entity's earnings.

The pandemic has also allowed Apollo to return to its roots of deep value opportunistic investing. It structured a number of large deals in industries most severely impacted by the pandemic. Many of the deals came in the form of preferred shares with attached warrants which simultaneously provide strong downside protection but also equity-like upside through long-dated warrants. Deals included rescuing Hertz from chapter 11, extending loans to United Airlines and providing preference shares to Expedia and Airbnb.

Global Companies Fund

While Apollo's share price gained 33.4% over the quarter, we believe it continues to trade cheap on ~12x forecasted 2022 earnings given both its growth profile and the likelihood of S&P 500 inclusion next year.

Diversified miner Teck Resources was another strong performer due to higher copper and metallurgical (steelmaking) coal prices. Despite steel prices being at record highs in many parts of the world, for the past six months metallurgical miners saw little benefit as China's unofficial ban on Australian coal imports distorted pricing benchmarks. May brought the first signs of a normalization in prices which by the end of June, had shrugged off the ban completely.

Perhaps the best way to understand why we believe Teck is undervalued is to consider the earning's power of its metallurgical coal business separately. Teck's all-in sustaining cost of coal production is roughly US $100/tonne, and at spot prices Teck sells the coal at around US $200/tonne. Multiplied by at least 25 million tonnes annually, yields US $2.5b in pre-tax earnings on a market capitalization of US $12.3b. Alone that is good value; what makes Teck exceptional value is that by 2023 coal will constitute less than half of its earnings power – besides coal Teck has low-cost copper & zinc assets, plus a large new copper mine set to begin production in 18 months' time.

We took advantage of share price weakness in late June to incrementally add to our position.

With regard to the markets, we believe the global equities recovery in value sectors of the market is just beginning and has much further to run this decade, albeit with corrections and periods of consolidation to be expected along the way.

Portfolio investments	Weighting
Housing - Ireland and Spain	9.0%
Global Domestic Banking	36.0%
Gaming - Macau	9.1%
Alternative Investment Managers	8.6%
Industrial - Europe	6.5%
Materials	21.3%
Energy	7.8%
Other	14.7%
Long Equity Position	**113.0%**
Short Equity Position	-24.6%
Net invested equities	88.4%

Current stock example	
Cairn Homes	
Bank of America	
MGM China holdings	
Apollo Global Management	
Siemens	
Freeport-McMoRan Copper	
Royal Dutch Shell	
Howard Huges	
SPX, NASDAQ	
Total holdings	45

Currency exposure*	100%
USD	35.0%
AUD	31.8%
EUR	20.0%
GBP	5.8%
CAD	3.4%
Other	4.0%

* Stated at effective value.

The Fund aims to create long term wealth through a hand-picked, concentrated portfolio of generally 25-45 global companies trading at prices we consider, after extensive research, different to their intrinsic values and may provide attractive future returns.

The Fund's investment objective is to provide long term capital growth and outperform the greater of the MSCI World Net Total Return Index (AUD) or RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index.

Fund category: Global equities **Minimum investment:** $20,000 **Suggested investment time:** 7 years+

Paul Moore - Chief Investment Officer and Global Portfolio Manager
John Whelan - Contributing author

Enhanced Yield Fund

Jarod Dawson
Global Yield Portfolio Manager

Regular income, low volatility

Fund performance (net of fees)	Inception Date	Exit Price ($cum)	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Enhanced Yield Fund*	**02-2002**	**1.1342**	**0.59%**	**1.26%**	**3.7%**	**2.3%**	**3.4%**	**3.0%**	**3.7%**	**5.4%**
RBA cash rate			0.02%	0.05%	0.2%	0.8%	1.1%	1.4%	2.0%	3.6%
Excess			**0.57%**	**1.21%**	**3.5%**	**1.5%**	**2.3%**	**1.6%**	**1.7%**	**1.8%**
Enhanced Yield Fund (Class B units)**	**05-2017**	**1.1626**	**0.73%**	**1.58%**	**4.4%**	**2.6%**				**3.0%**
RBA cash rate			0.02%	0.05%	0.2%	0.8%				1.0%
Excess			**0.71%**	**1.53%**	**4.2%**	**1.8%**				**2.0%**

*Enhanced Yield Fund (Performance Fee Option). **Enhanced Yield Fund - Class B units (Management Fee Option).

KEY POINTS

- FY21 – out of the chaos came opportunity
- Plenty of value yet to be realised from our current investments
- FY22 – focus on specific opportunities – not broader markets

PERFORMANCE

The June quarter capped off a solid year for the Enhanced Yield Fund. Our significant cash holdings going into the COVID-19 pandemic enabled us to take advantage of the large volume of investment opportunities that have presented themselves throughout the year.

Reflective of this, I am pleased to report that the Fund returned 0.6% for the June quarter, and 3.7% for the financial year.

PORTFOLIO ACTIVITY

Pleasingly, the two largest themes in the portfolio were the two biggest contributors to performance in the June quarter, and were also among the largest contributors to performance for the financial year.

Our position in bank subordinated debt continues to add value as credit markets further acknowledge the significant valuation gap that opened up last year between senior and subordinated bank debt. We continue to believe that there is material value to be realised from this position.

Our Air Services theme also performed well during the quarter and throughout the financial year as domestic travel ramped up. Our holdings in Brisbane, Melbourne and Auckland Airports, Qantas Airlines, and the government's air traffic control monopoly – Air Services Corporation, all added considerable value to the Fund over the course of the year. While recent events in NSW have seen domestic traffic growth stall briefly, longer term we think there is substantial upside to be realised - especially as northern hemisphere travel opens back up again.

We said goodbye to the NAB Income Securities early in the calendar year, having generated a return in excess of 30% from this investment over the years. This deeply discounted bond was eventually redeemed by NAB, in light of its pending loss of its ability to be treated as equity on NAB's balance sheet. We currently have other investments in the Fund that we believe could also be redeemed in the near future for similar reasons that potentially will have generated similar return outcomes.

The Fund made several new investments during the quarter.

We made investments in the inaugural senior secured bond issues of Spanish property companies Aedas and Neinor at an average yield between the two of approximately 5%. These two businesses are well positioned to benefit from the considerable demand / supply mismatch evident across the major Spanish cities at the moment.

We also added to our position in Aurizon Operations' senior debt. With the increasing international demand for Australia's natural resources, we think its rail business is very well placed to capitalise on this dynamic.

We sold out of our Australian Government inflation linked bond position during the quarter. Our original investment was predicated on the view that the

Enhanced Yield Fund

unprecedented amount of Government and central bank stimulus last year would ultimately be inflationary, and markets have gradually come around to this view. We initiated our position with market 10-year inflation expectations at well under 1%, and closed it out with market expectations set at ~2.25%. This resulted in a return of just under 15% in less than 2 years – not bad for a AAA rated government bond!

OUTLOOK

Credit markets had a very good run in FY21. Early in the year we got a chance to make numerous investments at valuations that we may never see again, and many of those investments contributed meaningfully to Fund performance.

Given the considerable market strength over the past six months in particular, we have now reduced the Fund's credit duration position from its peak of around 3.5 years, to approximately 2.4 years – i.e. we have taken profits on quite a number of our investments and increased our cash position.

That said, we firmly believe that there is still plenty of value still to be realised from the Fund's existing investments. Additionally, we are broadly back to the position that we were in just prior to the pandemic, in that we again have substantial capital up our sleeve to take advantage of further pockets of volatility.

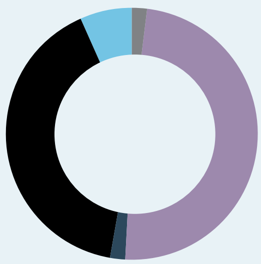
Given the significance of the events witnessed particularly in early to mid 2020, and the resulting policy responses from governments and central banks around the world, we suspect that there will be some further volatility near to medium term as a result of some of the imbalances that have subsequently been created in markets.

In terms of what FY22 might bring - when talking to companies all around the world, there are plenty of anecdotes to suggest that many of their earnings profiles (as a result of all the stimulus and subsequent demand being created) are strengthening. We suspect that central banks – and in particular the RBA – will likely have to start raising interest rates sooner than what they are currently guiding to markets in order to keep up with economic momentum. In light of this, we are maintaining effectively zero interest exposure in the Fund. This will assist not only with protecting the portfolio from structural moves upwards in longer dated market interest rates, but also the portfolio return will benefit from the higher yields on the Fund's assets as our floating rate coupons reset in line with higher interest rates over time.

Regional allocation	
Australia	52.8%
North America	21.3%
Europe	11.1%
Asia	3.7%
Other	4.5%
Cash	6.6%

Yield security maturity profile	
0-1 Year	52.7%
1-2 Years	13.3%
2-3 Years	8.2%
3-4 Years	2.5%
4 Years +	23.3%

Actual exposure (see investor not above)^



Cash/Cash Equivalents	6.6%
Senior investment grade (<12mnths) *	40.4%
Government Bonds	2.1%
Core Corporate Bonds	48.9%
Equity Income Strategies	2.0%

^ These numbers are indicative and provided as a guide only
* Senior investment grade securities with maturities of 12 months or less.

Portfolio Investments^	Spreads
Cash**	0.13%
Core Corporate Bonds	2.01%

Duration^	
Interest rate	0.16
Average term to maturity	2.39

**Cash spread includes short dated bonds <12 months.

The Fund aims to create long term wealth through identifying and profiting from market anomalies predominately in debt, corporate bond and hybrid security markets around the world. Originally developed to invest the portion of PM Capital's own money which would otherwise sit in cash, the Fund was opened to co-investors as we realised our problem – how to produce regular income and attractive returns with low volatility – was shared by many other investors.

The Fund's investment objective is to provide investors a return in excess of the Reserve Bank of Australia's (RBA) cash rate. The Fund aims to outperform the RBA cash rate with a low degree of volatility and minimal risk of capital loss.

Fund category: Fixed Income **Minimum investment:** $20,000 **Suggested investment time:** 2 years+

Jarod Dawson - Global Yield Portfolio Manager

Australian Companies Fund

Kevin Bertoli
John Whelan
Australian Co-Portfolio Managers

Applying global insights to profit from anomalies in the Australian market

Fund performance[1] (net of fees)	Inception Date	Exit Price ($, cum)	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]	**01-2000**	**2.7301**	**1.6%**	**10.2%**	**33.9%**	**13.8%**	**13.7%**	**11.3%**	**11.9%**	**12.6%**
Fund performance (net of actual fees)			**1.6%**	**10.2%**	**33.9%**	**13.7%**	**13.0%**	**10.3%**	**10.6%**	**10.7%**
S&P/ASX 200 Accumulation Index			8.3%	12.9%	27.8%	9.6%	11.2%	8.8%	9.3%	8.4%
Outperformance (net of pro forma fees)[1]			**-6.7%**	**-2.7%**	**6.1%**	**4.2%**	**2.5%**	**2.5%**	**2.6%**	**4.2%**

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.

KEY POINTS

- Crown Resorts continued to receive interest from various suitors
- Beach Energy share price fall overdone

PERFORMANCE

The portfolio appreciated 1.6% over the quarter to return 33.9% for the financial year.

PORTFOLIO COMPOSITION

We used the stock price weakness over June to increase our position in Crown Resorts. The stock is now trading below the rejected Blackstone bid and substantially below the Star Entertainment Group proposal. While the company continues to be plagued by negative news headlines, we believe this increases the probability of corporate activity and new ownership of Crown. There is a growing global trend to separate the property and operating assets of casinos to optimise both capital structure and operations. Crown is perfectly positioned with monopoly assets, either to reorganise in this format or become part of a larger group.

While copper remains a core part of the portfolio, we were active in reducing positions during the period as overall exposure increased throughout the year in line with performance. Given the magnitude of the recent moves we expect periods of digestion like that seen in late June, where China's decision to make its strategic reserves available in an effort to ease prices, had a negative impact on commodity prices. We view these measures as temporary and continue to see a compelling structural argument for higher prices long term. This conviction was reinforced during the quarter with the governments of Chile and Peru both looking to increase taxes to capture a larger share of profits. Increased taxation across the industry consequently means higher prices will also be required to incentivize new supply.

We substantially increased our position in ING over the quarter while simultaneously exiting Bank of America after its material share price re-rating in recent months. While we believe Bank of America is not expensive and has further to run, we see better opportunities in the European banks. The ECB is viewed as being much more cautious on allowing capital returns. We believe this is changing as the European economy steps up a gear with lockdowns and travel restrictions slowly being lifted. ING is perfectly positioned for this outcome having carefully navigated the pandemic and now holds circa 25% of its market cap in excess capital with a stated intention to return it to shareholders over the short to medium term through dividends and buybacks.

Brambles was exited early in the quarter. Valuation is no longer sufficiently attractive at over 20 times earnings given both the short-term headwinds (higher lumber prices) and long term structural challenges (plastic pallets) facing the business.

OUTLOOK

Robust capital raising data from the junior gold and copper mining sector continues to act as a positive tailwind for IMDEX Limited. Junior miners account for a large percentage of the exploration spend within these industries and historically capital raising activity has been a lead indicator of drilling activity which IMDEX is directly exposed to. We continue to believe we are in the early stages of the exportation cycle.

Beach Energy had a negative impact on portfolio performance after a disappointing earnings release. Management withdrew its five-year production guidance and downgraded reserves at its Western Flank operations in South Australia. Beach is now trading at 3x EV/EBITDA, a 50% discount to ASX oil & gas peers and implying the market is ascribing zero value to the Western Flank operations. Combined with a strong balance sheet holding minimal net debt, we continue to hold our position viewing the shares as undervalued and the sell off as overdone.

Wells Fargo issued first quarter results in April which resulted in strong stock price performance over the quarter. In addition to releasing loan loss reserves, revenue appears to be stabilising which is key to the Company's recovery story. Management also reiterated its net interest income outlook, after multiple quarters of missing and restating guidance. Wells Fargo has trailed its peers over the last number of years due to a FED imposed cap on growing its balance sheet. While it is clear the cap will not be lifted in the short term, Wells is making major steps forward which should lead to the possible removal in 2022, which would provide a major boost to the stock.

As noted in our monthly report, Frontier Digital Ventures announced the acquisition of the outstanding minority interests in property portal Infocasas. Frontier acquired an initial stake in Infocasas back in September 2017 and subsequently increased its shareholding to controlling 51% in early 2020. We consider the deal to be well structured with a majority of the consideration consisting of earnout payments subject to profitability hurdles over the next two years.

Portfolio investments	Weighting
Resources	29.5%
Domestic Banks	22.7%
International Banks	10.3%
Internet	9.1%
Other	7.4%
Long Equities Position	**79.0%**
Short Equities Position	-2.9%
Net Invested Equities	76.1%
Total holdings	20

Current stock example
OZ Minerals
ANZ
ING Groep
iCar

Currency exposure*	100%
AUD	95.4%
CAD	2.5%
USD	1.7%
EUR	0.4%

*Stated at effective value.

The Fund aims to create long term wealth through a hand-picked portfolio of 15-25 predominantly Australian companies that we believe are trading at prices different to their intrinsic values.

The Fund's investment objective is to provide long term capital growth and outperform the greater of the S&P/ASX 200 Accumulation Index or the RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index.

Fund category: Australian equities **Minimum investment:** $20,000 **Suggested investment time:** 7 years+

Kevin Bertoli & John Whelan - Australian Equities Co-Portfolio Managers

Asian Companies Fund

Kevin Bertoli
Asian Portfolio Manager

Profiting from hand-picked business operating in the world's growth engine

Fund performance[1] (net of fees)	Inception Date	Exit Price ($cum)	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Asian Companies Fund	**7/2008**	**1.8199**	**1.9%**	**8.1%**	**33.1%**	**2.5%**	**8.1%**	**7.5%**	**9.0%**	**12.4%**
MSCI AC Asia ex Japan Net Total Return Index[2]			5.1%	9.4%	28.1%	11.6%	14.3%	12.4%	10.9%	9.3%
Outperformance by the Fund			-3.2%	-1.3%	5.0%	-9.1%	-6.2%	-4.9%	-1.9%	3.1%

KEY POINTS

- Commodities again contribute positively to performance, capping a stellar year
- Covid resurgence delays earnings recovery of reopening plays
- New opportunities in large cap value

The performance outcomes achieved during the Financial Year are pleasing to report. Over the past year we have seen several cornerstone investment themes play out in line, if not ahead of our expectations, justifying the decision to maintain our conviction in these holdings during the initial COVID-19 outbreak.

Commodities, most notably our copper positions, have been a reoccurring feature of our commentary over the past year and once again contributed positively to performance. While copper remains a core part of the portfolio, we reduced positions during the period as strong performance throughout the year lead to increased exposure.

Given the magnitude of the recent moves in metal prices we expect periods of digestion like that seen in late June, when China's decision to make its strategic reserves available in an effort to ease commodities inflation, had a negative impact. We view these measures as temporary and see a compelling structural argument for higher prices long term. This conviction was reinforced in recent months with Chile and Peru both looking to increase taxes to capture a larger share of profits. Consequently, higher prices will be required to incentivise new supply.

One commodity which avoided the late quarter selloff was oil. Brent crude, the key benchmark in Asia, finished the quarter at $74.62, 19% higher over the past three months. Consequently, CNOOC and Kunlun Energy, two holdings directly benefiting from a higher oil price, performed well. Kunlun which paid a large special dividend during the period looks to be receiving greater investor attention now that the business has become more streamlined and focused on its rapidly growing natural gas sales and distribution business.

Indian credit rating agencies, CRISIL Limited and CARE Ratings, experienced significant price appreciation notwithstanding the recent COVID-19 outbreak in India. Both businesses are well positioned to benefit from the structural growth in credit issuance in India. CRISIL, the largest rating agency firm in India and a subsidiary of S&P Global, continues to take market share benefiting from its globally recognised ratings brand and strong domestic track record.

Currency also provided a positive contribution with the Australian Dollar depreciating against the US Dollar, the portfolio's primary currency exposure. The Australian dollar has failed to keep pace with soaring commodity prices and remains well below comparative levels achieved during the last commodity bull market. The dovish commentary from the Reserve Bank remains the main headwind for a higher Australian Dollar.

A resurgence in COVID-19 cases coupled with vaccination rates which lag wealthier Western nations has led to reopening expectations moderating and a delay in the earnings recoveries for some of our portfolio holdings. While India has received the most attention, several countries in Asia have also experienced a meaningful second wave of cases and been forced to reintroduced restrictions.

It is somewhat counterintuitive that the most impacted companies within our portfolio are those situated in Macau which has recorded zero COVID-19 cases in the last year. While casinos have returned to breakeven levels, China and Macau's zero tolerance approach to new COVID-19 cases, particularly given the emergence of the highly transmissible Delta variant, has resulted in an extremely cautious approach being taken to any border reopenings. Despite its relatively small size, reliance on inbound tourism and access to vaccines from China, Macau's vaccination rates have been frustratingly slow as success combating the virus has resulted in reduced urgency amongst the population to get vaccinated.

Asian Companies Fund

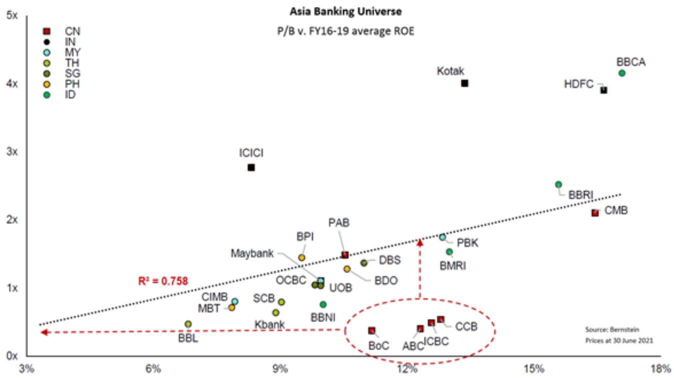
While we have maintained our overall exposure to gaming, adjustments to the mix were made, reducing MGM China and adding Las Vegas Sands. In March Las Vegas Sands announced the sale of its property in Las Vegas, meaning the business now derives all its earnings from Asia. Beyond Macau where it is the largest operator, Las Vegas Sands owns the Marina Bay Sands property in Singapore which accounts for approximately one third of earnings. Marina Bay Sands, which opened in 2010 and has a license through to 2030, has consistently achieved industry leading margins and returns.

In addition to Macau, Vietnamese brewer SABECO and TravelSky Technologies where revenues are essentially a toll on aviation activity, were negatively impacted by recent COVID-19 outbreaks. While earnings will be lower than expected this year, we continue to hold strong convictions in the normalised earnings power of the above businesses and have been encouraged by trends witnessed in similar businesses operating in markets which have reopened.

One area of potential opportunity in markets today is the much-maligned large cap 'value' companies in China. The bearish arguments towards China and Chinese equities have been well publicised and led to valuations for large 'old economy' companies, many of which are state controlled, to fall to all-time lows. Noticeably recent share price performances have been in stark contrast to the recovery witnessed in the Chinese economy.

Historically we have tended to have minimal exposure to state owned companies given misalignment of interests with controlling shareholders but valuations today more than factor in this dynamic. We have gradually increased our exposure, during the period including the purchase of China Construction Bank. The regression chart below shows the clear valuation anomaly present among Chinese banks relative to regional peers.

Chart 1: Asia Banking Universe



Source: Bernstein

We now hold positions in three deeply depressed large cap state own companies in China. All three trade at trough historic valuations despite improving outlooks. While it is difficult to time perfectly the inflection in sentiment towards a particular stock or group of stocks, we believe the downside is well protected and we are being paid to wait with dividend yields currently between 6-7% and expected to grow with both an increase in earnings and payout ratios.

Portfolio investments	Weighting
Gaming	15.4%
Online Classifieds & Ecommerce	13.9%
Financials	13.8%
Infrastructure	11.8%
Materials (Copper)	9.8%
Consumer	7.6%
Technology	6.8%
Energy	4.9%
Other	6.2%
Long Equities Position	**90.2%**
Net invested position	90.2%

Current stock example	
MGM China Holdings Ltd	
iCar Asia	
Shinhan Financial	
Sinopec Kantons	
Freeport-McMoRan Copper	
SABECO	
Travelsky	
CNOOC	
China Mobile	
Total Holdings	25

Currency exposure*	100%
USD	48.6%
AUD	30.3%
KRW	7.0%
INR	7.4%
Other	6.7%

* Stated as Effective Exposure.

The Fund aims to create long term wealth through a concentrated portfolio of 15-35 hand-picked companies within Asia ex-Japan that we believe are trading at prices different to their intrinsic values.

The Fund's investment objective is to provide long term capital growth and outperform the greater of the MSCI All Country Asia (ex-Japan) Net Index (AUD) or RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index.

Fund category: Asian (ex Japan)[2] equities **Minimum investment:** $20,000 **Suggested investment time:** 7 years+

Kevin Bertoli - Asian Portfolio Manager

Contact

REPRESENTATIVE CONTACTS

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Important information

This Quarterly Report is issued by PM Capital Limited (ABN 69 083 644 731, AFSL No. 230222) as responsible entity for the:

PM Capital Global Companies Fund ARSN 092 434 618	PM Capital Asian Companies Fund ARSN 130 588 439	PM Capital Australian Companies Fund ARSN 092 434 467	PM Capital Enhanced Yield Fund ARSN 099 581 558

the 'Fund', or collectively the 'Funds' as the context requires.

The Quarterly Report contains summary information only to provide an insight into how and why we make our investment decisions. This information is subject to change without notice, and does not constitute advice or a recommendation (including on any specific security or other investment position mentioned herein).

The Quarterly Report 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 ('PDS') which is available from us, and seek their own financial advice prior to making a decision to invest. The PDS explains how the Funds' Net Asset Value is calculated. Returns are calculated from exit price to exit price (inclusive of the reinvestment of distributions) for the period from inception to 31 March 2021 and represent the combined income and capital return. The investment objective is expressed after the deduction of fees and before taxation. The objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective and returns may not be achieved and are not guaranteed. 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 factors, including market forces.

The Index for the Global Companies Fund is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. The Index for the Asian Companies Fund is the MSCI AC Asia ex Japan Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the MSCI indices. The Index for the Australian Companies Fund is the S&P/ASX 200 Accumulation Index. See www.asx.com.au for further information. The Index for the Enhanced Yield Fund is RBA Cash Rate. See www.rba.gov.au for further information.

1. Past performance is not a reliable indicator of future performance.

2. The Asian region (ex-Japan) includes Hong Kong, China, Taiwan, Korea, Indonesia, India, Sri Lanka, Malaysia, Philippines, Thailand, Vietnam, Pakistan and Singapore, but excludes Japan. The Fund may also obtain exposure to companies listed on other global exchanges where the predominant business of those companies is conducted in the Asian region (ex-Japan).

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