QUARTERLY REPORT

SEPTEMBER 2019

Pirouette

Signs of a turnaround in valuation disparities

p.1 Video insight

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

Quarterly video update

In his video update, Paul Moore, Chief Investment Officer and Global Portfolio Manager, explains:

- Why valuation disparities in the market are showing signs of turning
- The pro-cyclical factors that can put investors at risk - if theyr'e not careful
- Why he's concentrating on consistency of process

Access the video **here.**

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

"…the whole system is basically leading to maximum crowding and that's why you're getting record [market] valuation dispersion. That means opportunity and risk is probably not where you think."

Total returns since inception[1]

Fund		Benchmark	
PM Capital Global Companies Fund	470.3%	MSCI World Net Total Return Index (AUD)	184.5%
PM Capital Asian Companies Fund	275.8%	MSCI AC Asia ex Japan Net (AUD)	138.0%
PM Capital Australian Companies Fund	551.9%	S&P / ASX 200 Accum. Index	393.7%
PM Capital Enhanced Yield Fund*	163.0%	RBA Cash Rate	96.0%

[1]Past performance is not a reliable indicator of future performance. See page 15 for Important Information. As at 30 September 2019.
*Enhanced Yield Fund (Performance Fee Option).

Global Companies Fund

- **The Global Companies Fund** aims to create long term wealth through a hand-picked, concentrated portfolio of 25-45 global companies trading at prices that we consider, after extensive research, to be trading at prices 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
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 25-45 stocks

Minimum investment	$20,000
Suggested investment time	7 years +
Inception date	28 October 1998
Unit trust FUM	$444.0m as at 30 September 2019
Global equities FUM	$1,112.6m as at 30 September 2019

Global Companies Fund

Paul Moore
Global Portfolio Manager

Fund performance (net of fees)	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa	Since inception - total
Global Companies Fund	**10-1998**	**3.1341**	**3.5%**	**7.7%**	**4.1%**	**14.7%**	**10.4%**	**17.0%**	**11.6%**	**8.7%**	**470.3%**
MSCI World Net Total Return Index (AUD)			4.6%	10.1%	9.2%	14.9%	12.9%	16.7%	12.0%	5.1%	184.5%
Outperformance by the Fund			-1.1%	-2.4%	-5.1%	-0.2%	-2.5%	0.3%	-0.4%	3.6%	285.8%

KEY POINTS

- Growth versus value rotation to provide opportunities
- Alternative asset managers playing out as expected
- Cash is king for out of favour and lowly-valued homebuilders

PERFORMANCE

The portfolio's performance was robust over the quarter. Positive contributors included the alternative asset managers, US homebuilders and the weakening of the Australian Dollar versus the US Dollar.

PORTFOLIO ACTIVITY

Our original thesis on the alternative asset managers holdings – KKR, Blackstone, Ares, Apollo and Fortress - centred on the quality and growth of their earnings streams. We had the opportunity to invest in a number of the managers in late 2015 as their stock prices declined significantly on the back of performance fees peaking. We viewed this decline as transitory and were able to buy the managers at significant discounts to their intrinsic value.

Fast forward to today and the alternative asset managers have benefited greatly from the tailwind of significant fund inflows, performance fees in an upcycle and the conversion from a partnership structure to a corporate structure that is facilitating more widespread ownership and index inclusion.

While we believe they are quality, well run businesses, valuations have risen, prompting us to trim positions in a number of the managers. There is no rush here, this investment theme is playing out as expected and the inclusion in various indices over the next 6-12 months will continue to be a tailwind for the sector.

We have been adding to our exposure in European homebuilders as concerns around Brexit, trade and lower interest rates have caused these stocks to fall significantly. The thesis revolves around the large (and growing) under-supply of new homes, evidenced by rents well above previous peaks and house prices remaining well below previous highs despite a favourable employment and demographic backdrop.

Typically, US home builders sell on a 10-12x P/E under normal conditions. Irish builder Cairn Homes has committed to return over 50% of its market capitalisation back to shareholders in the form of dividends and buybacks over the next three years. Despite this, post its capital return, it is on 6x earnings.

Also:

• Cairn is sitting on a ten-year land bank bought near the bottom of the market in 2015 with no requirement to buy land for around five years, meaning its equity free cash-flow yield will be in the mid to high teens.

• The Irish market is supported by regulators imposing mortgage caps which restrict mortgages to 3.5x incomes. This limitation and the growing under supply of new homes should protect the downside in any adverse scenario.

While we believe the original thesis behind our investment in Cairn Homes has been playing out as expected, the chart illustrates how short term concerns and changing sentiment can affect a stock price and how we can take advantage of short term bouts of over-enthusiasm and pessimism.

Global Companies Fund

Cairn Homes - CRN

During July we exited our holding in Intercontinental Exchange. Held since 2014 and still an excellent business, we believe the stock price now trades at a fair-to-full multiple when considered against the firm's market position and growth opportunities.

OUTLOOK

With the overall market at or close to highs, we believe it is likely to struggle to make significant progress. Rather, there is likely to be further signs of market rotation, with the high valuation stocks likely to deflate and the low valuation stocks likely to reflate. Our current portfolio is well positioned in such an environment. This environment is creating exciting future opportunities for investors, with the continuing rotation producing opportunities offering excellent risk reward adjusted returns. Our recent research trips have helped confirm that we are on the right track in identifying new opportunities for the portfolio – see my recent Insights videos on the website.

Portfolio investments	Weighting
Post GFC Housing Recovery - US	10.7%
Post GFC Property Recovery - Europe	7.9%
Global Domestic Banking	32.3%
Service Monopolies	15.5%
Gaming - Macau	7.7%
Alternative Investment Managers	17.5%
Materials	4.6%
Other	11.1%
Long Equity Position	**107.3%**
Short Equity Position	-15.8%
Net invested equities	91.5%
Total holdings	50

Current stock example
Howard Hughes Corporation
Cairn Homes
Bank of America
Alphabet
MGM China
KKR & Co.
Freeport-McMoRan Copper

Currency exposure*	
USD	57.9%
AUD	19.3%
EUR	15.4%
GBP	5.1%
HKD	2.3%
Total exposure	100.0%

* Stated at effective value.

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

Asian Companies Fund

- **The Asian Companies 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 objective of the Fund** 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
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 15-35 stocks

Minimum investment	$20,000
Suggested investment time	7 years +
Inception date	1 July 2008
Unit trust FUM	$25.7m as at 30 September 2019
Asian equities FUM	$84.8m as at 30 September 2019

Asian Companies Fund

Kevin Bertoli
Asian Portfolio Manager

Fund performance[1] (net of fees)	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa	Since inception - total
Asian Companies Fund	**7/2008**	**1.5134**	**-3.8%**	**-5.6%**	**-7.7%**	**5.2%**	**4.9%**	**10.6%**	**7.8%**	**12.5%**	**275.8%**
MSCI AC Asia ex Japan Net Total Return Index[2]			-0.6%	-0.1%	3.6%	10.9%	9.8%	11.7%	8.4%	8.0%	138.0%
Outperformance by the Fund			-3.2%	-5.5%	-11.3%	-5.7%	-4.9%	-1.1%	-0.6%	4.5%	137.8%

KEY POINTS

- Trade and Hong Kong fluster investors
- Individual stocks both help and hinder
- Taking a more cautious approach into the last quarter

PERFORMANCE

The US/ China trade dispute continued as the primary factor driving overall investor sentiment and the subsequent direction of equity markets globally during the quarter. The stop/ start nature of negotiations has driven significant month to month volatility and put considerable pressure on regional markets during periods of heightened conflict between the two countries (particularly in August).

With the backdrop of the US/ China trade dispute, reported economic activity deteriorated globally, prompting progressively more accommodative interest rate policies. The world's five largest economies all released weaker than expected economic data during the quarter.

While the trade headlines and rising economic growth concerns impacted portfolio performance, most notably positions perceived to be sensitive to the broader macroeconomic environment i.e. Macau gaming and copper, a handful of stock-specific events had the biggest impact on portfolios returns.

PORTFOLIO ACTIVITY

Positively impacting performance was iCar Asia, the portfolio's largest position, which benefited from a series of positive announcements. Management provided an encouraging update during the full year results roadshow in early September, highlighting positive operating trends. Most notably, revenue growth recovered in the December half after underlying operations were impacted by elections in both Indonesia and Thailand earlier in the year. At the close of the quarter it also announced the acquisition of Carmudi, Indonesia's second-largest dedicated online automotive classifieds business.

Industry consolidation strengthens iCar Asia's market leading position and builds scale in the business, both in the new and used car businesses. Carmudi has also developed a network of five physical car sales centres (called Carsentros) which act as transaction platforms for car dealers and car financing businesses. This is a complementary product for iCar Asia and the financing business should integrate well within their iCar platform. Despite the strong performance we continue to believe iCar Asia remains undervalued and as the business transitions to profitability in the next year there is further share price upside potential.

Conversely, Turquoise Hill Resources negatively impacted performance after providing a disappointing development update to the market in July. Management outlined a material delay to commercial production to underground mining operations at Oyu Tolgoi of between 16-30 months and cost overruns of US$1.2 billion - US$1.9 billion. While the delay to first production was broadly in line with expectations, the cost overruns were materially above market expectations. The extent of the cost overruns has increased the probability of a rights issue within the next 12 months, something we are now factoring into our base case.

I travelled to Mongolia during the quarter and visited the Oyu Tolgoi mine site and met with the management of both Turquoise Hill Resources and Oyu Tolgoi LLC (along with other stakeholders in the project). Importantly, management confirmed that project delays and cost overruns were largely the result of delays to the completion of Shaft 2 and not geotechnical issues. Management reiterated that there were no long term issues with mining the ore body. Shaft 2 is integral to the development timeline of the underground mine, which was originally planned for completion in mid-2018 but is only now at the stage of commissioning. It increases access underground and allows the rate of lateral development to accelerate.

Asian Companies Fund

The next six months are critical for the company with a new funding package required and negotiations with the government to be finalised. However, Turquoise Hill Resources looks exceeding cheap compared with its peer group.

OUTLOOK

It is clear the ongoing trade negotiations remain the primary sticking point for investors. As we have highlighted in past commentary, reforming trade relationships and issues such as IP protection are long term structural issues which clearly need addressing. By their nature, however, they are very difficult to find common ground on. There is not going to be a quick fix and without a clear resolution we expect volatility will continue and risks to growth rise.

Of increasing concern has been the escalating protests in Hong Kong. During the quarter I spent time in the city and while signs of conflict were not obvious, major precincts such as Central, Causeway Bay and Tsim Sha Tsui were very quiet in comparison to my past visits. What was clear from the meetings I had was the extent to which the underlying economy is suffering and the pressure which businesses, particularly those leveraged to tourism, are under. A significant portion of Hong Kong's economy is dependent on tourism and over two thirds of visitors come from the mainland. I suspect this disruption will act as a significant headwind to corporates over the next 12 months at least and be much worse than expected. Unfortunately, Hong Kong's current problems have developed over several decades and there are no easy solutions to the current situation. The portfolio has very limited exposure to businesses operating directly in the Hong Kong economy.

It is difficult to predict how these events will unfold in the short term, hence our more cautious approach – the portfolio's cash position rose during the quarter. Several smaller positions, most notably Hite Jinro and Samsung Electronics in Korea were exited. While we have observed meaningful drawdowns across regional equity markets this year and valuations have become more attractive, the current environment prompts us to remain patient in the short term.

Portfolio investments	Weighting
Online Classifieds & Ecommerce	20.8%
Consumer - Breweries	3.6%
Consumer - Other	13.1%
Gaming	14.5%
Infrastructure - Oil & Gas	10.8%
Infrastructure - Other	3.1%
Financials	8.3%
Materials (Copper)	6.5%
Other	2.6%
Long Equity Position	**83.3%**
Net invested position	83.3%
Total holdings	26

Current stock example
iCar Asia
Heineken Malaysia
Dali Food Group
MGM China Holdings
Sinopec Kantons
China Merchants Holdings International
Shinhan Financial
Freeport-McMoRan Copper

Currency exposure*	
USD	55.4%
AUD	36.7%
HKD	0.9%
INR	4.9%
Other	2.1%
Total exposure	100.0%

Kevin Bertoli - Asian Portfolio Manager

Australian Companies Fund

- **The Australian Companies 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 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
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 15-25 stocks

Minimum investment	$20,000
Suggested investment time	7 years +
Inception date	20 January 2000
Unit trust FUM	$25.4m as at 30 September 2019
Australian equities FUM	$25.4m as at 30 September 2019

Australian Companies Fund

Uday Cheruvu
Australian Portfolio Manager

Fund performance[1] (net of fees)	Inception Date	Exit Price	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa	Since inception - total
Australian Companies Fund	**1/2000**	**2.0046**	**5.9%**	**11.3%**	**6.5%**	**7.1%**	**7.4%**	**10.7%**	**8.5%**	**10.0%**	**551.9%**
S&P / ASX 200 Accumulation Index			2.4%	10.5%	12.5%	11.9%	9.5%	11.0%	8.1%	8.4%	393.7%
Outperformance by the Fund			3.5%	0.8%	-6.0%	-4.8%	-2.1%	-0.3%	0.4%	1.6%	158.2%

KEY POINTS

- Earnings season was mixed for the broader market
- iCar continues to deliver operational improvements
- EML Payments beats market expectations for FY19 and FY20

PERFORMANCE

The Australian market had another strong quarter, with the S&P / ASX 200 Accumulation index returning 2.4%. The Fund outperformed, rising 5.9%, as its biggest positions in iCar and EML Payments more than offset a negative performance from oOh!media. Earnings results dominated news flow during the quarter and resulted in large price moves in the broader market and the portfolio.

EML Payments was a significant contributor to performance in the quarter as it reported revenues that were 5% greater than consensus estimates but also provided an outlook that was significantly better than expectations. Our investment thesis in EML rests on three drivers:

• the growth in their gift cards business in Europe

• the increased penetration in reloadable cards in Australia

• the growth in cards related to gaming

The growth drivers for FY20 will be its gift cards business in Europe and increased penetration of reloadable cards business in Australia. Our meetings with management post the results have affirmed our conviction that the structural growth the company is seeing in Europe and Australia will continue for the next two years. We believe this will deliver mid-teens to 20%+ earnings growth for the business in the near term. In the longer run, we expect the gaming-related card business to pick up along with changes in betting regulation in the US and increased penetration in the UK.

iCar Asia, the portfolio's largest position, also positively impacted performance. Management provided an encouraging update during the full year results roadshow in early September, highlighting positive operating trends. Most notably, revenue growth recovered in the December half after underlying operations were impacted by elections in both Indonesia and Thailand earlier in the year. At the close of the quarter it also announced the acquisition of Carmudi, Indonesia's second-largest dedicated online automotive classifieds business.

Industry consolidation strengthens iCar Asia's market leading position and builds scale in the business, both in the new and used car businesses. Carmudi has also developed a network of five physical car sales centres (called Carsentros) which act as transaction platforms for car dealers and car financing businesses. This is a complementary product for iCar Asia and the financing business should integrate well within their iCar Suite platform. Despite the strong performance we continue to believe iCar Asia remains undervalued and as the business transitions to profitability in the next year there is further share price upside.

Among other portfolio holdings, oOh!media provided the biggest surprise as the stock fell 25% after management announced a downgrade.

We like oOh!media and the outdoor advertising industry in which it operates. Unlike traditional advertising segments such as newspaper, television and radio, outdoor advertising has been growing its share of the total advertising market and has seen its revenues grow at 9.2% a year from 2012 to 2018, while the rest of the market (excluding digital) grew at less than 1%. This growth is attributable to the fact that unlike traditional mediums, outdoor advertising is less susceptible to market share loss to digital advertising.

In addition to revenue tailwinds, 2018 also saw a structural change in the industry with the acquisition of APN by JCDecaux and the acquisition of AdShell by oOh!media. These transactions resulted in substantial consolidation and rationalisation in the industry. Given this backdrop, we invested in oOh!media as the market became worried about its near-term prospects in the lead up to the federal election. Although it reported strong numbers through the election period, the third quarter of 2019 was below our expectations as significant spenders, banks and automotive companies, substantially reduced their advertising. oOh!media reported a near 20% fall in bookings from these industries. This resulted in the company downgrading its estimates for FY20 by 20%.

We understand the market reaction to this industry slowdown but we remain invested in oOh!media with the view that at a valuation of roughly 6.5x EV/EBITDA, while its global peers trade closer to 10 – 12x, reflects a bearish view on the industry and the company. We think over the long run, oOh!media will be a benefactor of normalised industry growth as well as a more benign competitive environment.

PORTFOLIO ACTIVITY

We reduced our position in EML during the quarter as the stock rose nearly 45%. We continue to see upside in the business but realise that the growth in earnings may not be linear. We reduced our holding in iCar over the last month.

OUTLOOK

We remain cautious about the outlook for the domestic business environment. Although unemployment remains under control, we see the lack of wage growth as a problem that is slowing domestic consumption. Retail spending is sub-par and consumer confidence is at a five-year low. We think that the current economic environment does not support the current valuation of the overall market (as represented by the ASX 200) and therefore see more downside than upside in the market. We expect to remain cautious and are unlikely to increase our net invested position absent a change in either valuations (through a market correction), or a turnaround in economic conditions that warrants a re-examination of fundamentals.

Portfolio investments	Weighting
Internet	19.0%
International Banks	13.0%
Industrials	11.6%
Domestic Banks	11.3%
Non Bank Financials	10.1%
Technology	6.2%
Property	5.0%
Other	0.7%
Long Equities Position	**76.9%**
Short Equities Position	-2.5%
Net Invested Equities	74.4%

Total holdings	26

Current stock example
iCar Asia
Bank of America
Brambles
ANZ
EML
NextDC
Centuria Industrial

Currency exposure*	
AUD	84.0%
USD	9.7%
EUR	6.3%
Total exposure	100.0%

*Stated at effective value.

Uday Cheruvu - Australian Equities Portfolio Manager

Enhanced Yield Fund

- **The Enhanced Yield 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 objective of the Fund** 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
Investment style	Fundamental, bottom-up research intensive approach
Investor profile	The Fund may be suitable for investors who seek a steady source of income, with a low degree of volatility, and an emphasis on capital preservation

Minimum investment	$20,000
Suggested investment time	2 years +
Inception date	1 March 2002
Unit trust FUM	$545.2m as at 30 September 2019
Fixed Income FUM	$818.7m as at 30 September 2019

Enhanced Yield Fund

Jarod Dawson
Global Yield Portfolio Manager

Fund performance (net of fees)	Inception Date	Exit Price	1 Month	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa	Total Return
Enhanced Yield Fund*	**02-2002**	**1.1145**	**0.4%**	**0.5%**	**1.1%**	**2.1%**	**3.5%**	**3.2%**	**3.8%**	**4.5%**	**5.7%**	**163.0%**
RBA cash rate			0.1%	0.3%	0.6%	1.4%	1.5%	1.7%	2.0%	2.7%	3.9%	96.0%
Excess			0.3%	0.2%	0.5%	0.7%	2.0%	1.5%	1.8%	1.8%	1.8%	67.0%
Enhanced Yield Fund (Class B units)**	**05-2017**	**1.1325**	**0.4%**	**0.5%**	**1.2%**	**2.1%**					**3.0%**	**7.2%**
RBA cash rate			0.1%	0.3%	0.6%	1.4%					1.4%	3.4%
Excess			0.3%	0.2%	0.6%	0.7%					1.6%	3.8%

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

KEY POINTS

- Markets happy to look through the volatility
- Spanish companies catching the eye of savvy investors

PERFORMANCE

Performance for the quarter was 0.5% versus the RBA cash rate return of 0.3%.

Credit markets ended the quarter strongly, as global central banks continued on their respective easing paths. The US Federal Reserve reduced interest rates by 50 basis points (bp) over the quarter to a new range of 1.75% to 2.00%, the European Central Bank announced a return to quantitative easing measures, and the Reserve Bank of Australia reduced the official cash rate by a further 50bp to yet another all-time low of 0.75% (including its 25bp rate cut on 1 October.)

Adding fuel to the rally, markets appear willing to look through the issues associated with the impending 31 October Brexit deadline and the seemingly endless trade negotiations between the US and China.

As we have noted previously, our sense is that the Australian, US and even the European economies are actually moving along a little better than both their respective central banks and governments are giving them credit for. Evidenced, for example, by US retailer Walmart reporting two of its strongest quarters in almost 10 years. Consequently, we suspect that these latest interest rate reductions may well just serve to support the current wave of asset price inflation.

PORTFOLIO ACTIVITY

Our holding in NAB's listed income securities (NABHA) performed strongly, with investors continuing to speculate about the possible redemption of this security at $100 over the next year or so – which would be significant given its current ~$92 capital price. This is being fuelled in part by recent redemptions of other similarly structured bank securities around the world due to their inability to be counted as equity capital longer term.

The Fund's investment in the senior secured debt of Spanish commercial property company Lar Espana also performed well, as competitor Castellana Properties was reported to be preparing a tender offer for the business. We would not be surprised if this occurred, given Lar Espana's quality shopping centre portfolio, sound earnings profile and sensible balance sheet.

Our investment in Spanish residential property company Neinor Homes rallied strongly late in the quarter as significant shareholder Orion Capital Managers - via one of its real estate funds -materially increased its ownership stake to just under 30%. While Orion's current intentions are not completely clear, longer term they would be well positioned to move towards full ownership.

Our holding in Tesco's senior secured debt gave back some of its recent strength during the quarter, having rallied meaningfully over the past six months on multiple credit rating upgrades. Once we are clear of the issues surrounding Brexit (one way or another), we think this business will continue to thrive under its strong leadership and market positions.

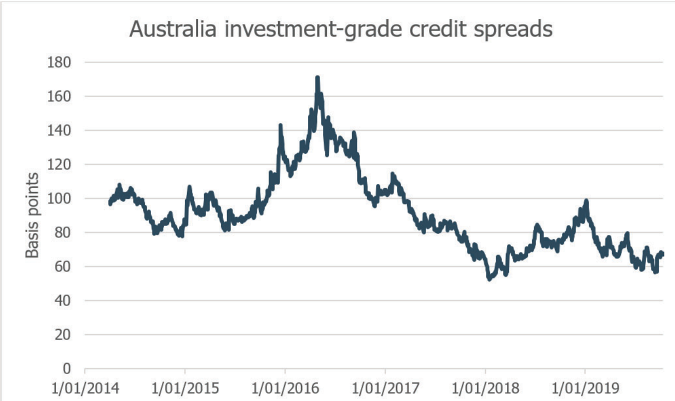
OUTLOOK

US investment-grade credit

Enhanced Yield Fund

European investment-grade credit

Australian investment-grade credit



Source: Bloomberg. Markitt CDS indices used as proxies for investment-grade credit spreads

As can be seen in the charts, the average investment grade credit spread across the US, European and Australian credit markets is now hovering around 0.60% (or +60bp). On an after tax basis (inherent in the way we think about investing) as a risk premium over cash this really does not leave investors with much of a return. Hence the Fund is holding a material allocation to cash, in line with one of our key objectives of preserving capital through the cycle, while we seek out better risk/ reward opportunities.

There are a number of issues that will potentially come to a head over the next few months such as Brexit and US/ China trade tensions. As we have noted in previous reports, we suspect that, near term, monthly returns will fluctuate a little more than normal (in both directions). Longer term, we are very well positioned to take advantage of this volatility, and deliver on the Fund's long term return objectives.

Duration	
Interest rate*	0.19
Average term to maturity*	2.49

Portfolio Investments	Weighting**	Average yield^	Average spread to RBA^
Cash	**44.3%**	**1.29%***	**0.54%***
Corporate bonds	**45.2%**	**3.27%***	**2.52%***
Fixed	0.0%*		
Floating	100.0%*		
Hybrids	**8.7%**	**3.61%***	**2.86%***
Fixed	0.0%*		
Floating	100.0%*		
Equity income strategies	**1.8%**		
Total exposure	100.0%		

^ As at 1 October 2019.

* These numbers are estimated and provided as a guide only

** Fixed / Floating proportions are determined after the effect of interest rate swaps.

Regional allocation	
Australia	27.8%
Europe	14.3%
United Kingdom	7.3%
North America	3.8%
Asia	2.5%
Cash	44.3%

Yield security maturity profile	
0-1 Year	55.7%
1-2 Years	12.8%
2-3 Years	14.2%
3-4 Years	1.5%
4 Years +	15.8%

Jarod Dawson - Global Yield Portfolio Manager

Contact

REPRESENTATIVE CONTACTS

Rebecca Morgan
Sales Director

M 0407 917 661
E rmorgan@pmcapital.com.au

RESPONSIBLE ENTITY

PM Capital Limited
ABN 69 083 644 731
AFSL 230222

Level 27, 420 George Street
Sydney NSW 2000

P +61 2 8243 0888

F +61 2 8243 0880

E pmcapital@pmcapital.com.au

www.pmcapital.com.au

PM Capital

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 30 September 2019 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 Company 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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