QUARTERLY REPORT
SEPTEMBER 2021

Valuation and patience

Key to realising the rewards of investing

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 this video Paul Moore, Chief Investment Officer and Portfolio Manager, Global strategies discusses:

- The sectors currently experiencing the largest valuation anomalies
- Why you shouldn't let oscillations in the market distract you
- The importance of valuation and patience
- The irony of industry self-destruction

Access the video **here.**

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

"Investing is about buying at a discount to intrinsic worth and selling at a premium. That is how you accumulate wealth. Selling at a discount and buying at a premium is the most tragic investment decision one can make!"

Total returns since inception[1]

Fund		Benchmark	
PM Capital Global Companies Fund	694.1%	MSCI World Net Total Return Index (AUD)	277.7%
PM Capital Asian Companies Fund	365.6%	MSCI AC Asia ex Japan Net (AUD)	199.6%
PM Capital Australian Companies Fund	854.1%	S&P / ASX 200 Accum. Index	478.8%
PM Capital Enhanced Yield Fund*	175.0%	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 September 2021.
*Enhanced Yield Fund (Performance Fee Option).

Global Companies Fund

Paul Moore
Global Portfolio Manager

PM Capital is delighted to have its global investment strategy named the winner of the International Equities – Alternative Strategies, 2021 Zenith Fund Award.^ We congratulate the nominees, and thank Zenith for their recognition of our rigorous discipline of focusing on genuine long term valuation anomalies.

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**	**4.3638**	**1.2%**	**7.4%**	**51.0%**	**13.2%**	**17.1%**	**14.1%**	**20.5%**	**11.4%**
Fund performance (net of actual fees)			**1.2%**	**7.4%**	**51.0%**	**13.2%**	**16.0%**	**12.5%**	**18.1%**	**9.5%**
MSCI World Net Total Return Index (AUD)			3.9%	13.6%	27.8%	13.2%	15.1%	13.6%	16.1%	6.0%

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

- European banks start to move on the back of a step change in shareholder return policy
- Market starting to recognise value in portfolio holding Royal Dutch Shell
- Regulator uncertainty impacts Chinese equities

PERFORMANCE

The portfolio returned 1.2% over the quarter. The main positive contributors were our positions in the European banks and oil major Royal Dutch Shell, with our Macau gaming positions being the main negative detractor.

PORTFOLIO ACTIVITY

The portfolio composition was relatively stable over the quarter, albeit we sold our small position in Spanish elevator business Zardoya Otis, which rose 29% after a takeover offer by its majority shareholder OTIS Worldwide Corporation.

We also took advantage of the weakening Australian dollar to increase our exposure. While commodity prices have pulled back from their highs over the last couple of months, the Australian dollar has meaningfully underperformed the rise in commodity prices over the last couple of years. A period of higher commodity prices and higher interest rates will benefit the Australian dollar over the medium term.

OUTLOOK

European banks which are probably the most unloved sector in the market performed strongly over the quarter as they increasingly focused on returning capital to shareholders in the form of dividends and buybacks. Our largest European bank holding, ING Groep NV provided a total return of 12.8% over the quarter as it declared multiple dividends and a new buyback program. Going forward, in addition to its regular cash payout of 50% of earnings (circa 7% dividend yield), ING will top this up with buybacks resulting in a double-digit total yield. Couple this with the fact it is trading on roughly 6x adjusted earnings, ING remains a core position in our portfolio.

Our two Irish banking holdings, AIB and Bank of Ireland, performed strongly as the Irish banking market continues to consolidate. AIB is acquiring large parts of Ulster Bank's portfolio and Bank of Ireland is acquiring the entire performing loan portfolio of KBC Bank Ireland; a five-player market is thus consolidating into a three-player market. Market structure is critical in banking as it is a key input in determining banking profitability. The consolidated Canadian, Australian and Nordic banking markets are highly profitable compared to the more challenged and fragmented German and Japanese markets. We believe market consolidation in the Irish banking market will likely strengthen the remaining banks' market positions and profitability.

Global Companies Fund

After increasing the Fund's exposure earlier in the year, Royal Dutch Shell returned over 19% during the quarter. Global energy prices have spiked on a tight global gas market ahead of winter. Depleted global gas inventories after last year's cold winter have combined with increased global demand due to low hydro, low wind, and a booming industrial sector in many parts of the world. With gas prices rising, Brent has also rallied to a three-year high. Shell also announced the disposal of their Permian assets to ConocoPhilips for US$9.5 billion during September, with US$7 billion of the proceeds to be used for shareholder distributions. At current energy prices Shell is trading on a free cash flow yield of 20%. The balance sheet is de-gearing rapidly and now sits below management's prior targets. With upstream capex fixed, Shell is well positioned to increase shareholder distributions while also funding management's energy transition targets. Despite this, the stock still trades at a meaningful valuation discount relative to global oil & gas majors.

The primary detractor was our position in the Macau gaming operators. The Macau government formerly commenced a review of the city's gaming laws which precedes the upcoming license tendering process, and our holdings sold off sharply on the release of the public consultation document.

The primary concerns for investors relate to three areas of debate raised by the government; 1. more formalised oversight for government over operations, 2. increased control over dividends and 3. increasing local ownership. Details around each of these categories was limited to a few paragraphs and we believe it has been this lack of detail combined with recent pattern of heighten regulatory involvement by the government that have driven fears of worse case scenarios i.e. cashflow becoming trapped in Macau, or operators being forced to sell stakes to locals at low prices.

While comments around dividends and ownership are clearly incrementally negative, it is important to remember Macau is not only retendering its casino licenses, the government is also updating the gaming law which has now been in place for 20 years. Macau is a very different place today compared to when the original laws were written. Therefore, amendments to the law are to be expected. Clearly stocks are now very cheap on historic earnings as market fears permanent changes to economics. For US listed companies like Las Vegas Sands and Wynn Resorts current share prices reflects minimal value for Macau.

While the overall market continues to trade on historically rich multiples due to low interest rates, our portfolio is substantially different to the market composition and offers investors the opportunity to take advantage of what we believe are significant valuation anomalies.

Portfolio investments	Weighting	Current stock example
Housing - Ireland and Spain	9.7%	Cairn Homes
Global Domestic Banking	36.6%	Bank of America
Gaming - Macau	7.8%	MGM China holdings
Alternative Investment Managers	7.8%	Apollo Global Management
Industrial - Europe	6.8%	Siemens
Materials	20.9%	Freeport-McMoRan Copper
Energy	10.1%	Royal Dutch Shell
Other	14.2%	Howard Huges
Long Equity Position	**113.9%**	
Direct short position	-4.5%	
Index short position	-24.2%	SPX, NASDAQ
Net invested equities	85.2%	Total holdings 44

Currency exposure*	100%
AUD	37.8%
USD	30.0%
EUR	19.2%
GBP	8.3%
CAD	3.4%
Other	1.3%

* 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**	**1.1331**	**0.35%**	**0.93%**	**3.0%**	**2.2%**	**3.0%**	**2.9%**	**3.8%**	**5.3%**
RBA cash rate			0.03%	0.05%	0.1%	0.6%	1.0%	1.3%	1.9%	3.5%
Excess			**0.32%**	**0.88%**	**2.9%**	**1.6%**	**2.0%**	**1.6%**	**1.9%**	**1.8%**
Enhanced Yield Fund (Class B units)**	**05-2017**	**1.1621**	**0.39%**	**1.12%**	**3.8%**	**2.5%**				**2.9%**
RBA cash rate			0.03%	0.05%	0.1%	0.6%				0.9%
Excess			**0.36%**	**1.07%**	**3.7%**	**1.9%**				**2.0%**

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

KEY POINTS

- Plenty of noise to distract investors during the quarter
- Attractive valuations still on offer if you look in the right places
- Portfolio well positioned for higher interest rates longer term

PERFORMANCE

Fixed income investors had plenty to digest in the September quarter as continued inflationary pressures, speculation over when central banks will start to wind back liquidity, excessive Chinese property debt, and the inability of the US Government to resolve its budget issues all took centre stage.

In light of all the above, we are pleased to report a return of 0.34% for the quarter for the performance fee class units, and 0.39% for the Class B (management fee class) units.

PORTFOLIO ACTIVITY

The Fund's holdings in Spanish (Aedas and Neinor) and Irish (Cairn and Glenveagh) property companies performed well over the quarter. As the European economic recovery continues to build, demand for residential housing is increasing - leading to higher prices - and the current material shortage in the supply of residential homes means that these four businesses are well placed to benefit significantly from this dynamic.

Infrastructure and logistics company Qube also performed well during the quarter, as it finalised the sale of its logistics park at Moorebank in Sydney for ~$1.7bn. Qube is using the capital to reduce debt and to finance attractive bolt on acquisitions as they come along. Overall, this transaction has notably improved Qube's credit profile.

In terms of changes to the portfolio, we were again quite active during the quarter.

After very strong price appreciation, we have reduced our holding in our long dated US dollar floating rate Australian bank subordinated bonds from ~3.5% to ~2%. Having generated a return of over 30% from this position we were happy to realise some profit .

We also increased our exposure to Australian dollar major bank subordinated bonds during the quarter - predominately at yield premiums of ~1.3% to 1.4% over cash. These valuations represent multiples of around 3-4 times their corresponding senior bond yield premiums – well beyond the historical average of 1-2 times - and thus a clear standout.

We also sold our holding in Allied Irish bank (AIB) senior bonds having generated a return of over 10% from this position in just a couple of years. We replaced this holding with an investment in AIB's subordinated bonds at a margin of ~2% above cash, which stood out to us as an anomaly.

The Fund increased its holding in rail infrastructure business Aurizon at ~1.7% over cash. Aurizon owns significant rail infrastructure assets and is well placed to benefit from a surge in commodity demand as the global recovery rolls on.

We also topped up our position in the senior secured bonds of Brisbane Airport Corporation (BAC) at a yield

Enhanced Yield Fund

premium of ~1.7% over cash. With its dominant position in the Queensland market and its exposure to rapidly increasing demand for domestic travel, we think BAC can contribute meaningfully to performance over the next couple of years.

OUTLOOK

In the absence of any externalities, we think the global economic recovery will continue to materialise over the next 1-2 years as the world continues to re-open post the Covid-19 pandemic.

Considering this, we think markets are underestimating the sustained inflationary impact of the recovery, and thus we expect long term bond yields to increase as a consequence of this dynamic. We would caution investors about holding large amounts of long term interest rate exposure in their portfolios. We will certainly be maintaining our almost zero exposure to long term interest rates to continue to protect investor capital in this environment.

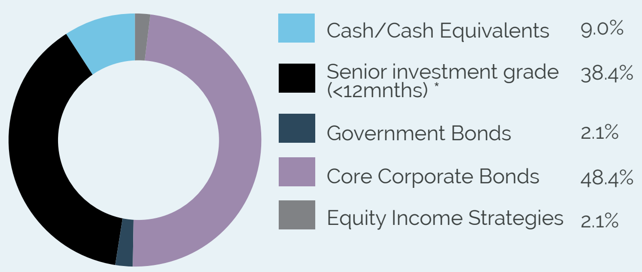
From a credit market perspective, we expect that there will still be pockets of volatility around over the next 12 months as markets digest the noise created by central banks, China property concerns, US budgetary issues and emerging inflation. We have therefore positioned the portfolio with plenty of capital up our sleeve to take advantage of any volatility that comes along – just as we did during the Covid-19 pandemic.

In the interim, as is evident above, we are continuing to find attractive investment opportunities to deploy the Fund's capital into, and we are confident that we can meet the Fund's objectives over the medium to longer term.

Regional allocation	
Australia	56.3%
North America	18.8%
Europe	11.7%
United Kingdom	3.0%
Other	1.2%
Cash/Cash Equivalents	9.0%

Yield security maturity profile	
0-1 Year	53.2%
1-2 Years	7.3%
2-3 Years	7.3%
3-4 Years	6.5%
4 Years +	25.7%

Actual exposure (see investor not above)^



* Senior investment grade securities with maturities of 12 months or less.

Portfolio Investments^	Spreads
Cash**	0.2%
Core Corporate Bonds	2.1%

Duration^	
Interest rate	0.11
Average term to maturity	2.43

^ These numbers are indicative and provided as a guide only.
**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**	**2.9120**	**7.5%**	**9.2%**	**41.4%**	**15.9%**	**13.1%**	**12.1%**	**14.5%**	**12.8%**
Fund performance (net of actual fees)			**7.5%**	**9.2%**	**41.4%**	**15.9%**	**12.5%**	**11.1%**	**13.2%**	**11.0%**
S&P/ASX 200 Accumulation Index			1.7%	10.1%	30.6%	9.7%	10.4%	9.1%	10.8%	8.4%

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

- Commentary at Beach Energy's investor day well received by investors
- IMDEX Limited results exceed expectations supporting share price
- Positions in Woodside Petroleum and Qube Holdings initiated

PERFORMANCE

The portfolio increased 7.5% over the quarter compared to the S&P/ASX 200 which increased 1.7%. The strong performance was supported by several company specific events which led to material share price reratings, most notably Beach Energy and iCar Asia.

Beach Energy rose 21% over the quarter, benefiting from the rise in oil and gas prices globally, as well as a positive investor day update in late September. Global energy prices have spiked on a tight global gas market ahead of winter. Depleted global gas inventories after last year's cold winter have combined with increased global demand due to low hydro, low wind, and a booming industrial sector in many parts of the world. Beach's investor briefing was also well received, outlining plans for growth in the production base and an expected LNG offtake agreement with BP starting in 2023. Beach maintains a strong balance sheet to fund multiple low-cost growth options and very high exposure to east coast gas prices, combined with a substantial valuation discount compared to ASX peers.

iCar Asia jumped 78% after receiving another non-binding takeover offer, this time from Singapore based Carsome Group, which valued the company at A$243 million. Carsome's has completed its confirmatory due diligence and obtained the necessary funding to complete a transaction. As a result, the two parties have now entered a period of negotiation around final price (between $0.53-$0.54) and look to complete binding transaction documents.

IMDEX Limited and Alumina Limited also contributed positively to performance. IMDEX rose after the release of its full year earnings which beat expectations driven by record tools on hire. The strength being experienced in IMDEX's tools business also led to record EBITDA margins and management expectations of sustainable margins 'above 30%', which was well ahead of current market consensus. IMDEX's cloud based platform IMDEXHUB-IQ continues to gain traction amongst customers driving an increase in IMDEX's tools per rig overtime, which in turn drives structural growth for business above the broader cycle.

Alumina Limited who benefited from higher Alumina prices was one bright spot amongst industrial metals over the past three months. Having lagged this recovery, alumina prices experienced a recent rally helped by supply constraints within the industry.

The primary detractors to performance were the portfolio's copper positions. Industrial metals were weaker over the period as a looming debt default at property developer Evergrande and a mounting electricity supply crisis in China led to increased fears of a slowdown in China's economic growth. Most notably were the declines in iron ore which are most closely tied to the Chinese property sector, however copper was also down over the period which flowed through to our Freeport McMoRan and First Quantum positions.

PORTFOLIO COMPOSITION

During the quarter we exited our BHP position. It was an eventful quarter for BHP with the announcement of three major strategic initiatives (petroleum spinoff, approval Jansen potash project and collapsing of dual listing structure) but also a highly volatile iron ore price environment. We were able to exit our position in August near recent highs and thus avoided the recent sell off. BHP's prospects are overwhelmingly driven by the iron ore division which has benefited from elevated spot prices well in excess of the marginal cost of production. Our medium to long term views for the iron ore market and therefore more normalised valuations drove the decision to sell.

Part of the proceeds from the BHP sale were reinvested in Woodside Petroleum. We view the merger with BHP's petroleum asset as a positive for Woodside, improving the future growth prospects for the company.

We also initiated a position in the subordinated notes of Qube Holdings, Australia's largest logistics provider. The notes were originally issued in 2016 and are due to mature in 2023. We believe these notes are a good use of our liquidity position and we initiated the position at a spread of over 200bps over the bank bill rate. Qube Holdings is a company we know well with our Enhanced Yield Fund being a long-term holder of the company's debt securities.

OUTLOOK

At 30 September the net equity position sat at just below 80%. Given our flexible mandate we are not forced to maintain a full or near full invested position and can increase our cash weighting when opportunities are more limited.

As highlighted above we will look to add select debt securities to maximize the return on our cash component. Debt positions sat at around 10% with the addition of Qube Holdings referred to above.

The ASX is a very narrow market particularly amongst the large caps. Beyond financials and commodities, valuations overwhelmingly remain within the top quartile of historical ranges. The industrial component of the market in particular looks to be factoring in very bullish forward earnings expectations.

Given the strong recovery of the market since the beginning of the pandemic and where we see current valuations, we remain patient when it comes to adding new names, waiting for specific catalysts to emerge which allow us to add positions when we believe the market is genuinely mispricing the opportunity.

Our flexible investment mandate and long term, selective and high conviction approach also gives us an advantage. We only need to identify a handful of opportunities and the portfolio composition can change meaningfully. Given the portfolio size we have the flexibility to look at stock outside of the ASX 200.

Portfolio investments	Weighting
Resources	27.9%
Domestic Banks	21.6%
International Banks	8.1%
Non Bank Financials	5.8%
Internet	12.3%
Other	5.5%
Long Equities Position	**81.2%**
Short Equities Position	-1.8%
Net Invested Equities	79.4%
Total holdings	18

Current stock example
OZ Minerals
ANZ
ING Groep
iCar

Currency exposure*	100%
AUD	98.5%
CAD	2.1%
EUR	1.6%
USD	-2.2%

*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**	**1.7629**	**1.7%**	**3.7%**	**28.1%**	**4.6%**	**7.6%**	**6.7%**	**10.0%**	**12.3%**
MSCI AC Asia ex Japan Net Total Return Index[2]			-5.8%	-1.0%	13.5%	9.3%	11.4%	10.5%	11.8%	8.6%

KEY POINTS

- iCar Asia advances after receiving second takeover offer
- Regulatory scrutiny intensifies in China
- Portfolio well positioned to benefit from economic reopening across Asia as vaccine penetration improves

PERFORMANCE

The portfolio increased 1.7% in the September quarter compared to the market which declined 5.8%.

Readers of our commentary will be familiar with our investments in the online classified and ecommerce sector, iCar Asia and Frontier Digital Venture. These are the two largest positions in the portfolio and were key contributors to performance throughout the quarter.

iCar Asia was a standout after receiving another non-binding takeover offer, this time from Singapore based Carsome Group, which valued the company at A$243 million. Carsome's offer was superior to the previous non-binding offer received from Autohome Inc. On October 1st iCar Asia announced that Carsome had completed its confirmatory due diligence and obtained the necessary funding to complete a transaction. The two parties now enter a period of negotiation around final price (between $0.53-$0.54) and look to complete binding transaction documents.

Corporate activity at iCar Asia has also led to greater investor attention on Frontier Digital Ventures. Frontier has been active in expanding its business over the past year, announcing several acquisitions, most notably four businesses from global marketplace operator Adevinta. The strategic acquisitions made by Frontier during a period of heightened uncertainty created by the pandemic, stand out as highly contrarian. The long-term focus of management and the decision to take advantage of the disruption caused by the pandemic has put the business on a markedly different growth trajectory than that envisioned pre-COVID-19. The company remains well place to capitalise its market leading positions, particularly in the property vertical and we believe it remains under appreciated by investors.

The intensifying regulatory crackdown in China, particularly within the internet and education sectors garnered considerable attention during the quarter. This led to substantial declines in benchmark MSCI Asia ex Japan weightings like Tencent, Alibaba and Meituan. China's internet sector is a segment of the market where we have vocalised our cautious views and we did not have positions here, something that had previously hurt our relative performance when these stocks were in favour.

Regulatory scrutiny has been gradually building and we see this as part of a broader push back by the government against private enterprises which are increasingly influential in the economy. Companies like Alibaba and Tencent have been allowed to acquire many of the emerging technology companies across the internet ecosystem, and now these players have a dominant presence in most of the online verticals. This has stifled competition and seen power coalesce in the hands of a select few, which the government sees as a risk. We expect regulatory scrutiny will remain elevated, but equity prices are now largely reflecting this.

Increased regulatory scrutiny rightly instils in investors 'China risk'. While we were positioned correctly with regards to China's internet sector, we failed to judge the extent of the markets unwillingness to accept any regulatory risk when it comes to China and how this would follow on to our other holdings, particularily Macau.

Macau's government formerly commenced a review of the city's current gaming law and the license tendering process. While these two events have been expected, the release of the government's official public consultation document was negatively received by the market and our holdings detracted from performance meaningfully. The primary concerns for investors relate to three areas of debate raised by the government; 1. more formalised oversight for government over operations, 2. increased control over dividends and 3. increasing local ownership. Details were limited to a few paragraphs, and we believe it has been this lack of detail, combined with the recent

Asian Companies Fund

pattern of heightened regulatory involvement by the government that have driven fears of worse case scenarios i.e. cashflow becoming trapped in Macau, or operators being forced to sell stakes to locals at low prices.

While comments around dividends and ownership is incrementally negative it is important to remember Macau is not only retendering its casino licenses, the government is also updating the gaming law which has now been in place for 20 years. Macau is a very different place today compared to when the original laws were written. Therefore, amendments to the law are to be expected. Clearly stocks are now very cheap on historic earnings as market fears permeant changes to economics. For US listed companies like Las Vegas Sands and Wynn Resorts, current share prices reflect minimal value for Macau. We have seen other sectors in China act in a similar way when regulatory overhang exists. We saw this firsthand with the gas pipeline companies which we've held in the portfolio (Kunlun Energy). The market feared industry restructuring would be done at the expense of minority shareholders, ultimately this did not happen, and the sector rerated.

PORTFOLIO COMPOSITION

Positions in Samsung Electronics and CRISIL Limited were sold. Our Samsung Electronics position was held via preference shares and a key element of our thesis was the narrowing of the discount those preference shares traded at relative to the common stock. While Samsung's common stock has been a strong performer on the back of strength in its core semiconductor business, the preference share outperformed with the discount reducing to single digits compared to 20%+ when we first entered the position.

CRISIL was sold after a period of strong share price performance saw it reach our target valuation.

OUTLOOK

Looking forward, investor focus continues to be China's economic growth outlook. The potential for debt defaults at property developer Evergrande and the impact of electricity shortages across China have been widely covered and resulted in investors becoming increasingly cautious. As alluded to in previous commentary, Chinese equities have been a notable underperformer since the onset of the US-China trade dispute and many sectors already trade in the bottom quartile of their long-term valuation ranges.

Evergrande has been a perennial short candidate due to its hyperaggressive growth strategy fuelled by willingness for investors, many overseas, to fund this growth in their search for yield. It is difficult to predict how an Evergrande type event might play out, however even before Evergrande became front page news there were signs that China's property market had started to cool in large part due to tangible actions taken by the government. While we have no direct exposure to Chinese property and less than 5% exposure to Chinese financials, we continue to monitor these issues due to their importance for our copper holdings.

The portfolio remains well positioned for the continued reopening of the economies across Asia as vaccine penetration improves and restrictions are gradually removed. We believe the progress being made bodes very well for CY2022 earnings growth.

Portfolio investments	Weighting
Online Classifieds & Ecommerce	19.4%
Infrastructure	12.7%
Financials	11.8%
Materials (Copper)	11.0%
Consumer	10.1%
Gaming	10.1%
Technology	6.8%
Energy	6.5%
Other	3.8%
Long Equities Position	**92.2%**
Net invested position	92.2%

Current stock example
iCar Asia
Sinopec Kantons
Shinhan Financial
Freeport-McMoRan Copper
SABECO
MGM China Holdings Ltd
Travelsky
CNOOC
China Mobile
Total Holdings 23

Currency exposure*	100%
USD	42.6%
AUD	38.6%
KRW	8.8%
HKD	4.2%
Other	5.8%

* 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

John Palmer
Client Relationship Manager
M 0447 471 042
E jpalmer@pmcapital.com.au

Nicholas Healey
Client Relationship Manager
M 0447 814 784
E nhealey@pmcapital.com.au

RESPONSIBLE ENTITY

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

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	PM Capital Asian Companies Fund	PM Capital Australian Companies Fund	PM Capital Enhanced Yield Fund
ARSN 092 434 618	ARSN 130 588 439	ARSN 092 434 467	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 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).

^The Zenith Fund Awards were issued on 15 October 2021 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

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