QUARTERLY REPORT
DECEMBER 2019

From Santa slump to Santa surge

Where to from here?

p.1 Video insight

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

PM Capital Asian Opportunities Fund Limited
ACN 168 666 171 (ASX Code: PAF)

CONTENTS

Quarterly video update

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

- How in 12 months markets have moved from short-term weakness to record highs
- Why we're at a crucial double inflection point
- Where the opportunities and risks now lie

Access the video **here.**

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

"Typically when you get these inflection points in markets investors don't really understand where the true risks lie."

Listed Company Overview

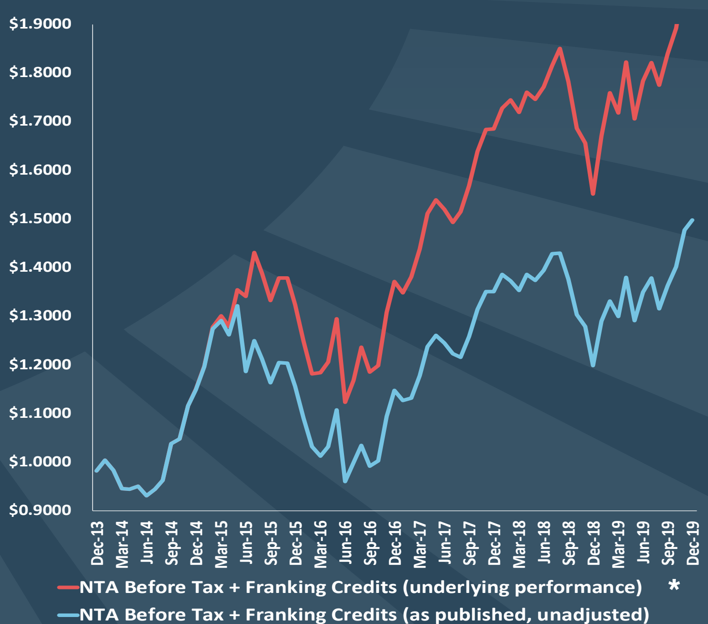
	PM Capital Global Opportunities Fund Limited	PM Capital Asian Opportunities Fund Limited
Asset Class	Global equities	Asian (ex-Japan) equities
Listing Date	11 December 2013	21 May 2014
Suggested Time Frame	Seven years plus	Seven years plus
Shares on Issue	352,985,243	57,221,400
Share Price[1]	$1.26	$0.93
Market Capitalisation	$ 444.8 million	$ 53.2 million
NTA before tax accruals (per share, ex-dividend)	$1.4503	$1.0479
Company Net Assets before tax accruals	$ 511.9 million	$60.0 million

See page 8 for Important Information. As at 31 December 2019.

PM Capital Global Opportunities Fund Limited

- **The Company** aims to create long term wealth through a concentrated portfolio of 25-45 global companies that we believe are trading at prices different to their intrinsic values.
- **The Company's investment objective** is to provide long-term capital growth over seven-year plus investment horizon through investment in a concentrated portfolio of undervalued global (including Australian) equities and other investment securities.

NTA performance since inception[2]



ASX Code	PGF
Category	Global equities (long/short)
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 25-45 stocks
Shares on issue	352,985,243
Suggested investment time	7 years +
Listing date	11 December 2013

* Excludes the impact of: Changes in ordinary share capital (i.e., option exercise, DRP); Dividends; and Tax paid. After all costs and expenses, including (but, not limited to): management fees; listing fees; registry costs; audit costs; and directors' fees.

PM Capital Global Opportunities Fund

Paul Moore
Global Portfolio Manager

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	December 2019
NTA before tax accruals[2]	$ 1.4503
NTA after tax[3]	$ 1.3586

Company performance (net of fees)[4]	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception p.a.	Total Return
PM Capital Global Opportunities Fund	10.0%	30.3%	13.8%	12.0%	12.3%	102.2%

1. Past performance is not a reliable indicator of future performance. 2. NTA before tax accrual does not include franking credits. Franking credits per share are $0.047. 3. Net Tangible Assets (NTA) refers to the net assets of the Company after the accruals for net current and deferred tax liabilities/ assets. 4. Performance adjusted for capital flows associated with the payment of dividends, share issuance as a result of the dividend reinvestment plan, and including the value of franking credits.

KEY POINTS

- The portfolio outperforms a strong market
- Market sentiment continues to favour inexpensive, under-owned cyclical and value stocks over expensive, over-owned growth and defensive stocks

PERFORMANCE

The portfolio produced a strong investment return over the quarter. Among our best performers during the quarter were stocks perceived to benefit from a de-escalating US-China trade war, including Wynn Resorts, the copper companies and the alternative asset managers.

PORTFOLIO ACTIVITY

During the quarter we exited our holding in Alphabet, parent of internet search and advertising giant Google. Google remains an excellent business with a strong competitive advantage and growth outlook, but the market now shares the same opinion and its price-to-earnings (P/E) ratio fully reflects future earnings growth, making the risk/ return equation less attractive. We bought the stock in 2011 at a P/E in the low 'teens, added to our position in 2015 on share price weakness, and exited in October at a P/E in the mid-20s.

Late in the quarter we also sold our position in Facebook. The stock has performed extremely well (up over 50% in 2019) but we feel that potential regulation could impact the way this business uses and monetises consumer data. Landmark privacy laws took effect in California from 1 January 2020 (not enforced until July), which requires Californian companies to disclose to consumers the data they collect, why they collect the data and the third parties with which it is shared. This likely paves the way for more robust regulation in other US states.

We continued to reduce our position in the alternative asset managers and fully exited our position in Blackstone in the quarter. Blackstone produced a total return of over 90% in 2019, with the stock initially jumping early in the year on speculation it would convert from a publicly-traded partnership to a corporation. It continued to appreciate after its April confirmation that it would convert, then through the actual conversion date in July 2019.

Additionally, we sold our positions in US homebuilders Lennar Corporation, Toll Brothers and Tri-Pointe Group. The stocks have appreciated considerably on the back of strong new home sales.

We increased our positions in AIB Bank and the Irish homebuilders, as we felt they were unduly impacted by Brexit uncertainty.

While selling our positions in our US homebuilder stocks, we retained our position in Howard Hughes. It owns, manages and develops commercial and residential property concentrated in Las Vegas, Houston and Hawaii - high quality long-life assets with an enormous internal development pipeline that distinguishes it from other real estate developers and homebuilders.

In mid-2019 Howard Hughes announced it was launching a review of how to best unlock shareholder value. Initially the market thought it may result in a full sale of the business, but Howard Hughes later confirmed it is more likely to follow its core strategy, focusing on large master-planned communities in

PM Capital Global Opportunities Fund

addition to selling US$2 billion of non-core assets and cutting corporate overhead expenses. This should result in a streamlined organisation structure with the cash from the sale of the non-core assets allowing higher shareholders returns and accelerated growth in its prime master-planned community business.

Despite the European Central Bank (ECB) cutting interest rates and relaunching its quantitative easing policy in September, our positions in European banking stocks performed very strongly over the quarter. While the markets in general were assisted by the de-escalation of the trade war, a few specific events helped the European banks:

• Christine Lagarde, who replaced Mario Draghi as the President of the ECB in October, is pushing for fiscal stimulus rather than continuing to rely on further monetary stimulus.

• The Chair of the ECB Supervisory Board, Andrea Enria, made it clear there will be no more explicit capital requirements (post the implementation of Basel 4) for the banks. These positions contrast with the downbeat assessment of the economy by Draghi and the never ending changing regulatory environment for banks over the last number of years.

• Brexit became clearer after the majority reached by the Conservative party in the election was larger than forecast by the polls (we took advantage of the volatility in the stock prices earlier in the quarter to increase our positions in both AIB Bank and ING Groep NV).

In September we highlighted the disconnect between our on-the-ground observations of Europe and the prevailing market sentiment. Despite the doom and gloom, we found in our research trips that the European business environment was relatively healthy. One of our holdings, Siemens, a German-based industrial conglomerate was among the best performers for the portfolio. Despite its low valuation, Siemens houses world-leading businesses in factory automation, advanced healthcare equipment and mobility - all of which have strong structural tailwinds. A clear catalyst for Siemens to realise its full value is management's commitment to spin off the energy-related businesses in 2020 and create a more focused industrial business.

In currency, the Australian Dollar appreciated over 4% against the US Dollar, being the largest individual detractor from portfolio performance over the quarter. This was due to rising commodity prices and a contraction in the negative spread between Australian and US interest rates.

OUTLOOK

The overall market sentiment continues to favour inexpensive, under-owned cyclical and value stocks over expensive, over-owned growth and defensive-nature stocks. We are well positioned to outperform in this environment.

Portfolio investments	Weighting^^
Post GFC Property Recovery - Europe	8.2%
Global Domestic Banking	32.2%
Service Monopolies	9.1%
Gaming - Macau	8.1%
Alternative Investment Managers	15.1%
Materials	5.7%
Other	14.3%
Long Equities Position	**92.7%**
Short Equities Position	-11.9%
Net Invested Equities	80.8%
Total holdings	46

Current stock examples
Cairn Homes
Bank of America
Visa
MGM China Holdings
KKR & Co L.P.
Freeport-McMoRan Copper

Currency exposure*	
USD	58.5%
AUD	17.4%
EUR	16.1%
GBP	5.6%
HKD	2.4%
Total exposure	100.0%

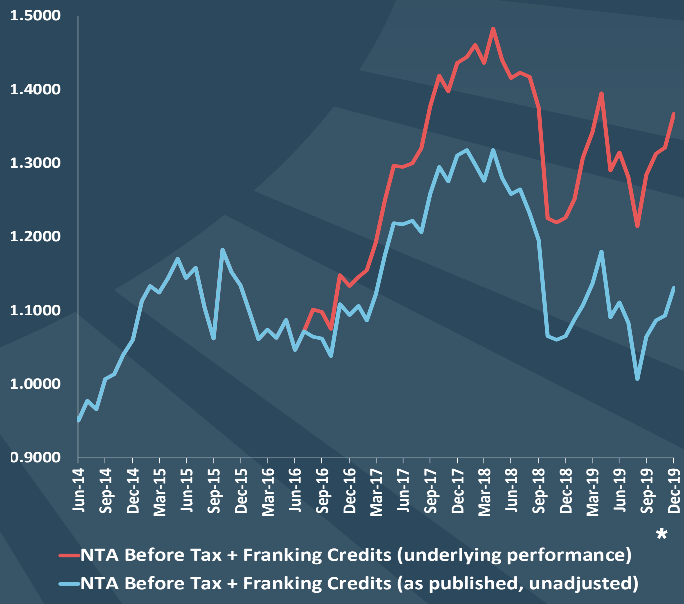
* Stated as effective exposure.

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

PM Capital Asian Opportunities Fund Limited

- **The Company** aims to create long term wealth through a concentrated portfolio of typically 15-35 Asian centric companies that we believe are trading at prices different to their intrinsic values.
- **The objective of the Company** is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of predominantly undervalued listed Asian equities and other investment securities in the Asian Region (ex-Japan).

NTA performance since inception[2]



ASX code	PAF
Category	Asian (ex-Japan)[6] equities
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 15-35 stocks
Shares on issue	57,221,400
Suggested investment time	7 years +
Listing date	21 May 2014

*Excludes the impact of: Changes in ordinary share capital (i.e., option exercise, DRP); Dividends; and Tax paid. After all costs and expenses, including (but, not limited to): management fees; listing fees; registry costs; audit costs; and directors' fees.

PM Capital Asian Opportunities Fund

Kevin Bertoli
Asian Portfolio Manager

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	**December 2019**
NTA before tax accruals[2]	**$ 1.0479**
NTA after tax[3]	**$ 1.0904**

Company performance (net of fees)[4]	**3 Months**	**1 Year**	**3 Years p.a.**	**Since inception p.a.**	**Total Return**
PM Capital Asian Opportunities Fund	**6.4%**	**11.5%**	**6.5%**	**5.7%**	**36.7%**

1. Past performance is not a reliable indicator of future performance. 2. NTA before tax accrual does not include franking credits. Franking credits per share are $0.084. 3. Net Tangible Assets (NTA) refers to the net assets of the Company after the accruals for net current and deferred tax liabilities/ assets. 4. Performance adjusted for capital flows associated with the payment of dividends, share issuance as a result of the dividend reinvestment plan, and including the value of franking credits.

KEY POINTS

- Solid gains for the region and the investment portfolio
- Short term pressure lifts as some light at the end of the trade war tunnel
- We remain cautious, although valuations remain reasonable

PERFORMANCE

De-escalating trade tensions saw Asian regional equity markets post solid gains over the quarter. The investment portfolio performed well, with holdings that have been saddled with uncertainty caused by recent conflict between the United States and China rising meaningfully. Notable gainers were our Macau casino holdings, positions within the copper sector, as well as several other businesses considered to be reliant on a vibrant Chinese economy both in China and regionally (i.e. TravelSky Technology, Dali Foods and AmorePacific).

A sharp rebound in these holdings highlights the degree in which corporate valuations have been impacted by the negative sentiment surrounding recent trade disputes and how even small milestones like a phase one deal can result in significant share price movements.

PORTFOLIO ACTIVITY

The current situation is no better represented than by our Macau gaming holdings which we have talked about at length over the last year. There was very little in the way of new information outside of an improving trade landscape to cause a positive share price reaction, nonetheless Wynn Resorts (+28%) and Melco Entertainment (+25%) were among the largest contributors to performance. We continue to remain positive towards Macau and believe the negative sentiment has further to unwind. While VIP play remains volatile month to month, Macau's mass market gaming activity continues to display robust growth, supporting underlying earnings.

During December, President Xi visited Macau to mark the 20th anniversary of Macau's transition from Portuguese rule to a Special Administrative Region (SAR) of China. Xi struck a positive and supportive tone towards Macau, recognising the SAR's commitment to a harmonious relationship with the Mainland. This is in stark contrast to Hong Kong and should bode well for Macau going forward.

Copper positions advanced in tandem with underlying copper prices. Copper is often seen as a gauge of investor sentiment toward the global economy (hence the moniker 'Dr Copper') and during the period we saw record short positions against the metal being partially unwound. We also saw several stock specific events acting as a catalyst for our holdings. Freeport McMoRan (+37%) was positively impacted by commentary from Barrick Gold's CEO Mark Bristow who indicated Freeport and Barrick could potentially be an attractive combination. Freeport has been raised as a takeover target on numerous occasions over the last year given its attractive portfolio of producing assets and the continued interest among operators for increased copper exposure.

Turquoise Hill Resources (+55%), a material detractor to performance over the past year on account of budget and scheduling overruns at Oyu Tolgoi, also advanced after Mongolia's parliament ratified the 2009 Oyu Tolgoi Investment Agreement as well as the Amended & Restated 2011 Shareholder Agreement. Turquoise Hill Resources continues to look cheap relative to its peer group and a commitment by the Mongolian parliament to both agreements will allow negotiations on a new funding package to re-commence.

Also noteworthy were the performances of CRISIL (+39%) and Frontier Digital Ventures (+11%). CRISIL, the leading credit ratings agency in India, rose steadily through the period after announcing strong third quarter results that revealed the company taking market share domestically. Controlled by S&P Global, CRISIL has benefited from a 'flight to quality' by corporate issuers after it managed to avoid recent rating scandals in the Non-Banking Financial Companies (NBFC) sector.

PM Capital Asian Opportunities Fund

Frontier Digital Ventures (FDV, +11%) continued its period of robust performance as its portfolio of emerging market classified businesses continued to make solid progress towards monetisation. Management also increased its ownership of two portfolio companies, InfoCasas (property classifieds, Latin America) and AutoDeal (automotive classifieds, ASEAN). The increased investment in InfoCasas was particularly attractive. Frontier exercised an outstanding option to purchase existing shares in the business at a very attractive 5x trailing revenues (to August 2019), valuing the business at A$26 million - well below comparable businesses trading in public markets.

Both InfoCasas and AutoDeal successfully advanced to the monetisation phase in 2019 and are among Frontier's earliest portfolio investments to reach breakeven. This progress highlights the quality of FDV's broader portfolio beyond its core investment in Zameen.

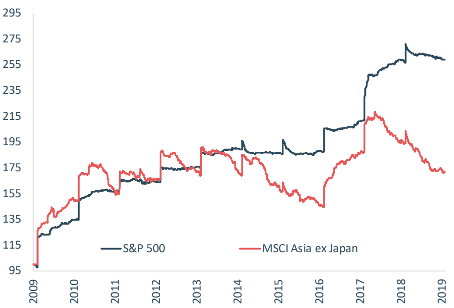
Negative contributors to performance were limited to a small number of holdings and there was no major company specific news to highlight relating to these positions. The portfolio's currency positioning did detract from performance as the Australian Dollar appreciated along with the growing risk appetite of investors. While we have gradually increased our Australian Dollar exposure this was still a headwind to performance.

OUTLOOK

We have witnessed a clear disconnect between equity markets across Asia and the US since the onset of the current trade dispute in early 2018, with the most severe differential being the China and Hong Kong markets. Consequently, the forward price earnings multiple for the S&P500 relative to the Hang Seng Index is now at a twenty-year high. Valuations of mining companies are also at long term extremes. The forward cyclically adjusted price to earnings (CAPE) ratio multiple for the S&P500 mining index relative to the broader market is now wider than during the Dotcom Bubble and the Great Depression! Earnings expectations for Asia have reduced materially since the start of 2018 and have now been flat for almost 10 years, providing a more reasonable base for valuations.

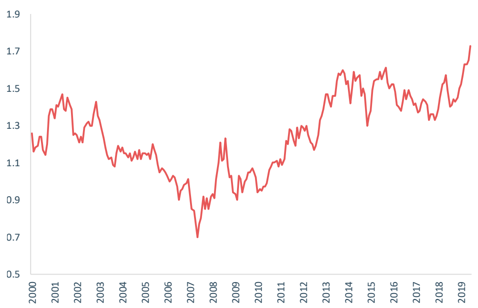
While reports of a phase one or mini trade deal are obviously welcome, we continue to look forward with a degree of caution. Statements of positive progress, mainly from the US side, have been a frequent occurrence in recent times only for investors to ultimately be left disappointed. As we have highlighted in past commentary, a reform of trade relationships and issues such as IP protection are long term structural issues which have developed over many decades and are therefore very difficult to resolve. That being said we continue to identify new opportunities to deploy capital and one new position was initiated late in the quarter.

NTM* Earnings Estimates (Indexed 2009)



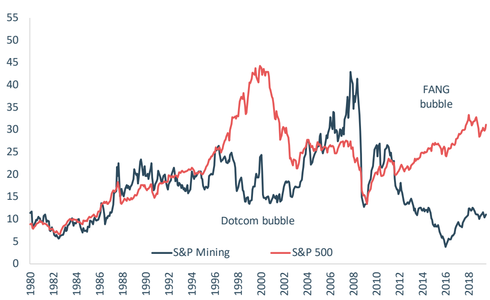
Source: Bloomberg

S&P 500 relative to Hang Seng (NTM P/E)



Source: Bloomberg

S&P Mining CAPE vs S&P 500**



Source: Bernstein

* Next 12 months. ** Cyclically adjusted Price to Earnings

Portfolio investments	Weighting
Online Classifieds & Ecommerce	14.2%
Consumer - Breweries	2.9%
Consumer - Other	13.0%
Gaming	15.5%
Infrastructure - Oil & Gas	10.7%
Infrastructure - Other	4.0%
Financials	8.8%
Materials (Copper)	8.2%
Other	9.6%
Long Equities Position	**86.9%**
Short Equities Position	-1.2%
Net Invested Equities	**85.7%**

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

Total Holdings	27

Currency exposure*	
USD	59.9%
AUD	30.9%
HKD	3.5%
INR	5.5%
Other	0.2%
Total exposure	100.0%

* Stated as Effective Exposure.

Kevin Bertoli - Asian Portfolio Manager

Important information

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

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

PM CAPITAL Asian Opportunities Fund Limited
ACN 168 666 171 (ASX Code: PAF)

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The Index for the PM Capital Global Opportunities Fund Limited is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. The Index for the PM Capital Asian Opportunities Fund Limited 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.

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

1. As at close of market trading 31st December 2019.

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

6. 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).

Annoucement authorised by Benjamin Skilbeck - Director.

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