

# MANAGEMENT & TRANSACTIONAL COSTS STATEMENT

## 30 JUNE 2019 (ACTUAL & HYPOTHETICAL PRO-FORMA)



PM Capital Limited, as the issuer of the **PM Capital Australian Companies Fund** (“the Fund”, APIR Code: PMC0101AU), has undertaken calculations to estimate the Funds’ management (including indirect) costs, and also the total transactional and operational costs for the 12-month period ended 30 June 2019.

**On 1 December 2018, a dual performance fee hurdle was introduced for the Fund** such that in order for a performance fee to be applied, performance of units must exceed the greater of the RBA Cash Rate and the S&P/ASX200 Accumulation Index. To illustrate the impact of this dual hurdle, a **hypothetical pro-forma** Management and Transactional costs, assuming the new performance fee structure was in place for the 12-month period ended 30 June 2019, is shown against the historical actual below. **The hypothetical pro-forma is provided for illustrative purposes only and does not represent the actual costs that applied during the period.**

The indirect costs of a Fund is the ratio of the management costs the Fund that are not deducted directly from a product holder’s account, to the total average net assets of the relevant Fund. The Indirect Transactional Costs include (i) Explicit costs – such as brokerage, settlement and clearing costs, and stamp duty; (ii) Implicit costs – being the reasonable assessment of the difference between the price paid for acquiring an asset and the price that would be payable if the asset was disposed of; and (iii) the costs associated with OTC derivatives.

The calculations in this Statement are unaudited and reflect our current understanding, and reasonable interpretation, of the regulatory requirements. Changes to these estimated costs will be published on our website at [www.pmcapital.com.au](http://www.pmcapital.com.au). Numbers are rounded to two (2) decimal places.

The following table provides the:

- historical actual management and indirect transaction costs (for the rolling 12 months to 30 June 2019); and
- **hypothetical pro-forma** assuming the amendment to the Performance Fee calculation had been in place for the 12 months to 30 June 2019.

	Historical Actual	Adjustments	Hypothetical Pro-Forma
<b><u>Management Costs (estimated)</u></b>			
Management fees	1.09%		1.09%
Performance Fees	0.14%		0.00%
Indirect costs <sup>1</sup>	0.00%		0.00%
<b>Total Management Costs (including performance fee)</b>	<b>1.23%</b>		<b>1.09%</b>
<b>Total Management Costs (excluding performance fee)</b>	<b>1.09%</b>		<b>1.09%</b>
<b><u>Transactional and Operational Costs (estimated)</u></b>			
<b>Indirect Transactional and Operational Costs</b>			
Explicit Costs	0.11%		0.11%
Implicit Costs	0.10%		0.10%
OTC derivative transactional costs	0.00%		0.00%
	0.21%		0.21%
Buy/Sell spread recovery*	-0.11%		-0.11%
<b>Net Transactional and Operational Costs**</b>	<b>0.10%</b>		<b>0.10%</b>
<b><u>Borrowing/Interest Costs<sup>2</sup> (estimated)</u></b>			
Borrowing/Interest Costs	0.01%		0.01%

1. This is not a cost or fee accrued to PM Capital. This includes such things as interposed costs, and non-hedging derivative costs.
2. This includes external interest expenses on stock borrowing on short selling securities and/or an overdraft or cash borrowings against which the Funds earn income and/or seeks to generate returns. This amount changes as the level of borrowings, and/or portfolio investments change.

\* Any investor buying or redeeming units incurs a cost, or “buy-sell spread”. The purpose of the buy-sell spread is to ensure, as far as practicable, that any transactional and operational costs incurred as a result of an investor entering or leaving the Fund are borne by that investor, and not continuing investors.

The buy-sell spread has been calculated based on our experience of the costs involved in trading these assets or the costs that the Fund has actually paid, and is reviewed periodically. This spread cost recovery amount is calculated by comparing the Application Price or Redemption Price (as appropriate) with the Net Asset Value Price multiplied by the number of units traded and summing this amount over the course of the year.

\*\* Where the buy-sell spread recovery exceeds the total transactional costs, the net transactional costs figure is disclosed as nil.