3 December 2018

FUND NOTICE

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 and PMC4700AU)

We are pleased to provide the following updates:

Performance Fees - PM Capital Global Companies Fund and PM Capital Australian Companies Fund
Effective from 1 December 2018 PM Capital will amend the performance fee calculation method for the PM Capital Global Companies Fund and PM Capital Australian Companies Fund. The change for each Fund will be to add an additional index for which each Fund's units must outperform before a performance fee will be accrued.

The effect of this change will be that Performance Fees payable to PM Capital will be reduced in that it will be harder for PM Capital to exceed dual hurdles than a single hurdle.

For the Global Companies Fund, the performance fee is equal to 20% p.a. (including GST net of RITC) of any investment return (after the impact of management fees) in excess **of the greater of** the:
- RBA cash rate, or
- **MSCI World**[1],

subject to a high water mark and calculated on a per-unit basis. The RBA cash rate and MSCI World are the Fund's hurdle rates (each a 'Hurdle Rate').

For the Australian Companies Fund, the performance fee is equal to 20% p.a. (including GST net of RITC) of any investment return (after the impact of management fees) in excess **of the greater of** the:
- RBA cash rate, or
- **S&P/ASX200**[2],

subject to a high water mark and calculated on a per-unit basis. The RBA cash rate and S&P/ASX200 are the Fund's hurdle rates (each a 'Hurdle Rate').

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1 MSCI World is the Morgan Stanley Capital International Total Return Net World Index in AUD. See www.msci.com for further information on the MSCI and their indices.
2 The S&P/ASX200 is the S&P/ASX200 Accumulation Index. See www.asx.com.au for further information on the Index.

For a performance fee to be payable, the 'gross asset value' of a unit must exceed its 'high water mark' where:

The gross asset value ('GAV') of a unit includes total net income, realised and unrealised gains/losses and all expenses of the Fund (including management fees, but excluding the performance fee which is the subject of the calculation) on a per unit basis.

The high water mark ('HWM') of each:
- Unit issued after 30 November 2018 is equal to the greater of:
  - the issue price of the unit, which is the price at which the holder originally acquired their unit grossed up by the higher of the <u>relevant</u> Hurdle Rates (and adjusted for all subsequent distributions made in respect of the unit[3]); or
  - the highest Net Asset Value of the unit at the end of a period where a performance fee was last paid grossed up by the higher of <u>relevant</u> Hurdle Rates (and adjusted for all subsequent distributions made in respect of the unit[3]);
- Unit on issue as at the close of business on 30 November 2018 is equal to the greater of:
  - the higher of the unit's HWM as at 30 November 2018 grossed up by the RBA cash rate or the unit price as at 30 November 2018 grossed up by the relevant equity index hurdle (MSCI World in the case of the Global Companies Fund, or S&P/ASX200 in the case of the Australian Companies Fund), and adjusted for all subsequent distributions made in respect of the unit[3]; or
  - the highest Net Asset Value of the unit at the end of a period where a performance fee was last paid grossed up by the higher of <u>relevant</u> Hurdle Rates (and adjusted for all subsequent distributions made in respect of the unit[3]).

In order to calculate the performance fee, the gross asset value of the Fund is divided by the number of issued units to determine the GAV per unit. When the GAV of a unit (gross of any distribution subsequent to the period in respect of which a performance fee was last paid) exceeds its HWM, a performance fee is payable equal to 20% of the amount by which the GAV of the unit exceeds its HWM. If the GAV of a unit is lower than the HWM, no performance fee is payable on that unit. The HWM ensures that any negative performance must be recovered before performance fees are incurred by that unit.

<u>**Transition to the Australian Complaints Handing Authority**</u>
You have the right to enquire into, or complain about, our products and services. We will acknowledge any complaint within five business days of receiving it and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 30 days or any shorter period as the law may, from time to time, require.

PM Capital has transitioned its external handling of complaints to the Australian Financial Complaints Authority. Accordingly, if you are not happy with our response, or how the complaint has been handled, you may refer the complaint (at no cost) to:

Online: www.afc.org.au
Email: info@afc.org.au
Phone: 1800 931 678
Mail: AFCA, GPO Box 3. Melbourne VIC 3001

Where an investor has invested indirectly in a PM Capital Fund through an external IDPS or IDPS-like service, complaints relating to the PM Capital Fund can be directed to us. Any complaints relating

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3   Subsequent income distributions are subtracted from the HWM price of a unit and do not include distributions accrued but not yet distributed.

directly to the IDPS or IDPS-like service itself should continue to be directed to the IDPS or IDPS-like service and not to PM Capital.

An updated Product Disclosure Statement, which reflects these key updates, will be released shortly. If you have any questions in relation to these updates please contact the PM Capital Investor Services on +612 8243 0888 or via email to pmcapital@pmcapital.com.au.

Yours sincerely
PM Capital Limited

Richard Matthews
Company Secretary