

24 December 2014

Dear Investor,

Re: RG 240 Hedge funds: Improving disclosure

In October 2013 ASIC released Regulatory Guide 240 Hedge funds: Improving disclosure. This new regulatory standard aims to assist investors in making more informed decisions about investing in hedge fund products, and to make comparisons between the products and business models of different funds more straightforward.

We are supportive of the enhanced disclosure requirements, and are committed to ensure that investors have all the information they need to make an informed investment decision.

Under RG 240 the PM CAPITAL Funds have been classified as hedge funds. This classification is based on the fact that the Funds exhibits two or more of the characteristics of a hedge fund, being they:

- aim to generate returns that are not highly correlated to published indices;
- charge a performance fee;
- use leverage;
- use derivatives; and/or
- use short selling.

Although our Funds are technically classified as hedge funds, the use of exotic instruments does not form a large component of our investment process and we focus the majority of our attention on fundamental stock picking on the long side. We have been implementing the same philosophy and process of, 'buying a good business at a good price' since the inception of the firm in 1998, and this has not wavered.

What does this mean?

Annually we will provide investors with a breakdown of the following;

- the liquidity profile of the portfolio assets as at the end of the period;
- the maturity profile of the liabilities as at the end of the period;
- the leverage ratio (including leverage embedded in the assets of the fund, other than listed equities and bonds);
- the derivative counterparties engaged; and
- the key service providers and any change in their related party status.

The document accompanying this letter breaks down the above components for the PM CAPITAL Funds as at 30 June 2014.

If you require an explanation as to any of these calculations please do not hesitate to contact Rob Thompson on 02 8243 0888 or email rthompson@pmcapital.com.au.

If you would prefer to receive these communications via email please send us your email address and investor number to pmcapital@pmcapital.com.au or call us on 02 8240 0888.

We wish you a very merry Christmas and a prosperous New Year.

Yours faithfully,

Rob Thompson
Head of Distribution
PM CAPITAL

GLOBAL COMPANIES FUND **(Formerly the Absolute Performance Fund)**

As at 30 June 2014

ASSET ALLOCATIONS & LIQUIDITY PROFILE

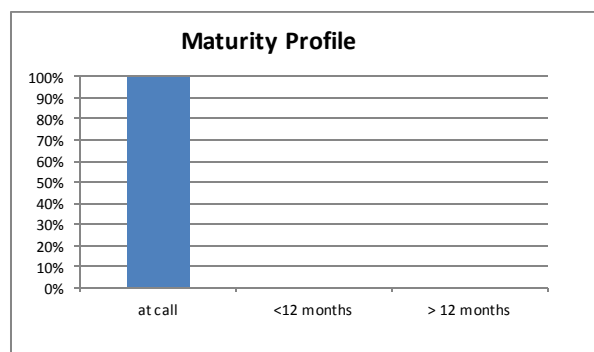
The actual allocation to each asset type within the Fund, and their respective liquidity profiles are:

Asset type	Allocation Weighting (%)	Liquidity ¹	Custody
International listed equities	86.09	< 10 days	Held by custodian or PM CAPITAL ²
Australian listed equities	0.10	< 10 days	Held by custodian
International government bonds	0.00	n/a	Held by custodian
Australian government bonds	0.00	n/a	Held by custodian
International corporate bonds	9.42	< 10 days	Held by custodian
Australian corporate bonds	12.94	< 10 days	Held by custodian
Exchange-traded derivatives	-9.48	< 10 days	Held by custodian
Over-the-counter (OTC) derivatives	-0.08	< 10 days	Held by custodian and/or PM CAPITAL ²
Other securities (unlisted):			
- MIS	0.00	n/a	Held by custodian
- Tradeable Loan Securities	4.33	~30 days	Held by PM CAPITAL ²
Cash and cash equivalent investments	-3.32	< 10 days	Held by custodian and/or PM CAPITAL ²
Term Deposits	0.00	n/a	Held by PM CAPITAL ²

LIABILITIES & MATURITY PROFILE

The liabilities of the Fund and their respective maturity profiles are:

Liability type	Weighting (%)	Maturity
Overdraft facility	3.32	At call



LEVERAGE RATIO³

The gross leverage ratio of the Fund is 18.45%. Fund Total Gross Exposure = 118.45%.

DERIVATIVE COUNTERPARTIES

The derivative counterparties to the Fund are:

- Morgan Stanley International
- National Australia Bank

1. The estimated time required to sell the asset at the value ascribed to that asset in the Fund's most recent net asset value.

2. As at 30 June, approximately 95.76% of the Fund's assets were held in Australia and globally by the independent third party custodian (or their sub-custodians). The remaining approximate 4.24% of assets were held by PM CAPITAL its capacity as responsible entity in the name of the Fund and segregated from the assets of PM CAPITAL.

3. Including the embedded leverage (if any) within the assets of the Funds.

ASIAN COMPANIES FUND **(Formerly the Emerging Asia Fund)**

As at 30 June 2014

ASSET ALLOCATIONS & LIQUIDITY PROFILE

The actual allocation to each asset type within the Fund, and their respective liquidity profiles are:

Asset type	Allocation Weighting (%)	Liquidity¹	Custody
International listed equities	54.49	< 10 days	Held by custodian or PM CAPITAL ²
Australian listed equities	6.28	< 10 days	Held by custodian
International government bonds	0.00	n/a	Held by custodian
Australian government bonds	0.00	n/a	Held by custodian
International corporate bonds	0.00	n/a	Held by custodian
Australian corporate bonds	0.00	n/a	Held by custodian
Exchange-traded derivatives	0.00	n/a	Held by custodian
Over-the-counter (OTC) derivatives	0.00	n/a	Held by custodian and/or PM CAPITAL ²
Other securities (unlisted):			
- MIS	0.00	n/a	Held by custodian
- Tradeable Loan Securities	0.00	n/a	Held by PM CAPITAL ²
Cash and cash equivalent investments	39.23	< 10 days	Held by custodian and/or PM CAPITAL ²
Term Deposits	0.00	n/a	Held by PM CAPITAL ²

LIABILITIES & MATURITY PROFILE

The liabilities of the Fund and their respective maturity profiles are:

Liability type	Weighting (%)	Maturity
Overdraft facility	Nil	At call

LEVERAGE RATIO³

N/A – The Fund does not use leverage.

DERIVATIVE COUNTERPARTIES

The derivative counterparties to the Fund are:

- Morgan Stanley International
- National Australia Bank

1. The estimated time required to sell the asset at the value ascribed to that asset in the Fund's most recent net asset value.
2. As at 30 June, approximately 100% of the Fund's assets were held in Australia and globally by the independent third party custodian (or their sub-custodians). The remaining approximate 0% of assets were held by PM CAPITAL its capacity as responsible entity in the name of the Fund and segregated from the assets of PM CAPITAL.
3. Including the embedded leverage (if any) within the assets of the Funds.

AUSTRALIAN COMPANIES FUND (Formerly the Australian Opportunities Fund)

As at 30 June 2014

ASSET ALLOCATIONS & LIQUIDITY PROFILE

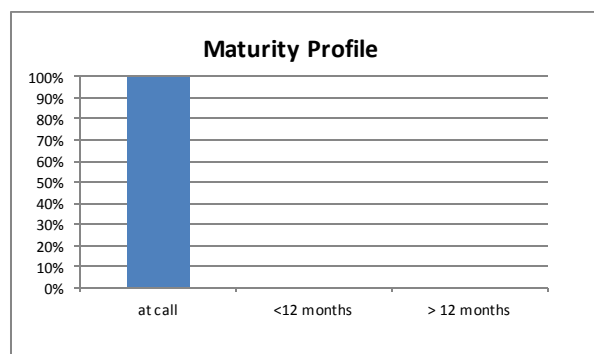
The actual allocation to each asset type within the Fund, and their respective liquidity profiles are:

Asset type	Allocation Weighting (%)	Liquidity ¹	Custody
International listed equities	0.00	n/a	Held by custodian or PM CAPITAL ²
Australian listed equities	68.54	< 10 days	Held by custodian
International government bonds	0.00	n/a	Held by custodian
Australian government bonds	0.00	n/a	Held by custodian
International corporate bonds	0.00	n/a	Held by custodian
Australian corporate bonds	28.22	< 10 days	Held by custodian
Exchange-traded derivatives	0.00	n/a	Held by custodian
Over-the-counter (OTC) derivatives	0.00	n/a	Held by custodian and/or PM CAPITAL ²
Other securities (unlisted):			
- MIS	0.00	n/a	Held by custodian
- Tradeable Loan Securities	0.00	n/a	Held by PM CAPITAL ²
Cash and cash equivalent investments	3.24	< 10 days	Held by custodian and/or PM CAPITAL ²
Term Deposits	0.00	n/a	Held by PM CAPITAL ²

LIABILITIES & MATURITY PROFILE

The liabilities of the Fund and their respective maturity profiles are:

Liability type	Weighting (%)	Maturity
Overdraft facility	6.97	At call



LEVERAGE RATIO³

The gross leverage ratio of the Fund is 9.53%. Fund Total Gross Exposure = 109.53%.

DERIVATIVE COUNTERPARTIES

The derivative counterparties to the Fund are:

- UBS Australia AG
- National Australia Bank

1. The estimated time required to sell the asset at the value ascribed to that asset in the Fund's most recent net asset value.
2. As at 30 June, approximately 100% of the Fund's assets were held in Australia and globally by the independent third party custodian (or their sub-custodians). The remaining approximate 0% of assets were held by PM CAPITAL its capacity as responsible entity in the name of the Fund and segregated from the assets of PM CAPITAL.
3. Including the embedded leverage (if any) within the assets of the Funds.

ENHANCED YIELD FUND

As at 30 June 2014

ASSET ALLOCATIONS & LIQUIDITY PROFILE

The actual allocation to each asset type within the Fund, and their respective liquidity profiles are:

Asset type	Allocation Weighting (%)	Liquidity¹	Custody
International listed equities	1.67	< 10 days	Held by custodian or PM CAPITAL ²
Australian listed equities	0.77	< 10 days	Held by custodian
International government bonds	0.00	n/a	Held by custodian
Australian government bonds	0.00	n/a	Held by custodian
International corporate bonds	12.16	< 10 days	Held by custodian
Australian corporate bonds	38.41	< 10 days	Held by custodian
Exchange-traded derivatives	0.00	n/a	Held by custodian
Over-the-counter (OTC) derivatives	0.00	n/a	Held by custodian and/or PM CAPITAL ²
Other securities (unlisted):			
- MIS	0.00	n/a	Held by custodian
- Tradeable Loan Securities	0.00	n/a	Held by PM CAPITAL ²
Cash and cash equivalent investments	41.90	< 10 days	Held by custodian and/or PM CAPITAL ²
Term Deposits	5.09	< 10 days	Held by PM CAPITAL ²

LIABILITIES & MATURITY PROFILE

The liabilities of the Fund and their respective maturity profiles are:

Liability type	Weighting (%)	Maturity
Overdraft facility	Nil	At call

LEVERAGE RATIO³

N/A – The Fund does not use leverage.

DERIVATIVE COUNTERPARTIES

The derivative counterparties to the Fund are:

- UBS Australia AG
- National Australia Bank
- Deutsche Bank
- ANZ Bank
- Bankwest
- Westpac Bank
- Commonwealth Bank

1. The estimated time required to sell the asset at the value ascribed to that asset in the Fund's most recent net asset value.

2. As at 30 June, approximately 94.91% of the Fund's assets were held in Australia and globally by the independent third party custodian (or their sub-custodians). The remaining approximate 5.09% of assets were held by PM CAPITAL its capacity as responsible entity in the name of the Fund and segregated from the assets of PM CAPITAL.

3. Including the embedded leverage (if any) within the assets of the Funds.