



PM CAPITAL ASIAN COMPANIES FUND

Annual Report For the Year Ended 30 June 2022

PM Capital Asian Companies Fund is a Registered Scheme under the *Corporations Act 2001* (ARSN 130 588 439).

PM Capital Limited (ABN 69 083 644 731), the Scheme's Responsible Entity, is a company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

PM Capital Limited,
Level 11,
68 York Street,
Sydney NSW 2000

A description of the nature of the Scheme's operations and its principal activities is included in the directors' report.

PM CAPITAL ASIAN COMPANIES FUND
Annual Report
For the Year Ended 30 June 2022

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**PM CAPITAL ASIAN COMPANIES FUND
DIRECTORS' REPORT**

**PM Capital Limited (ABN 69 083 644 731) as Responsible Entity
for the PM Capital Asian Companies Fund ("the Fund")**

The directors of PM Capital Limited ("PM Capital") submit the financial report of the Fund for the year ended 30 June 2022.

The directors of PM Capital Limited authorised the financial report for issue on 6 September 2022. The directors of PM Capital Limited have the power to amend and reissue the financial report. PM Capital has relied on the New Zealand Financial Markets Conduct Act 2013, Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2021 in respect of its financial statements for the year ended 30 June 2022.

Directors

The following persons were directors of the Responsible Entity ("RE") during the whole of the financial year, and up to the date of this report:

Paul Moore
Jarod Dawson
Benjamin Skilbeck

Principal activities of the Fund

During the year, all assets of the Fund were disposed and the Fund made a distribution on 18 May 2022, and made a final redemption of all units on 31 May 2022.

Until the final redemption on 31 May 2022, the Fund invested in companies that primarily operate in the Asia ex Japan region and are listed on globally recognised exchanges.

Review of operations

The performance of the Fund, as represented by the results of its operations, was as follows:

	2022	2021
	\$	\$
Operating (loss)/revenue	(389,212)	6,272,303
Operating expenses	256,852	326,014
Finance costs	17,405	12,260
Total expenses	274,257	338,274
(Loss)/profit for the year	(663,469)	5,934,029

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

Distributions

Accounting and tax distributions for the year were \$528,062 (2021: \$1,110,677).

State of affairs

On 17 June 2022, the Responsible Entity of the Fund had notified ASIC that it was commencing a wind-up of the Fund. The wind-up is expected to be completed as soon as practical after the final distribution is made.

Events subsequent to balance date and Likely developments

All operations of the Fund ceased on 31 May 2022. The Responsible Entity had commenced a wind-up of the Fund and expects the wind-up to be completed as soon as practical after the final distribution is made.

**PM CAPITAL ASIAN COMPANIES FUND
DIRECTORS' REPORT (continued)**

Indemnification of officers

The Responsible Entity has indemnified its directors and officers, including members of the Compliance Committee, from any actions that may arise as a result of acting in their capacity as directors and officers of the Responsible Entity in respect of:

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the policy preclude disclosure of the premium.

Fees paid to the Responsible Entity and Investment Manager out of Fund property

The fees payable to the Responsible Entity during year ended 30 June 2022 were \$145,332 (2021: \$204,066) and to the Investment Manager were \$68,809 (2021: \$96,663). Refer to Notes 8(a) and 10 to the financial statements.

The number of interests in the Fund held by the Responsible Entity or its associates

As at the end of the financial period no units (2021: 7,507,405) in the Fund were held by the Responsible Entity and its related parties. Refer to Note 10 to the financial statements.

Interests in the Fund issued during the financial year

The movement in unitholder funds during the year is disclosed in Note 6 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and is derived using the basis set out in Note 1 to the financial statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

Signed at Sydney this 6th day of September 2022, in accordance with a resolution of the Board of Directors, by:



Benjamin Skilbeck
Director
PM Capital Limited

6 September 2022

Auditor's Independence Declaration

To the directors of PM Capital Limited:

As lead auditor for the audit of the financial report of PM Capital Asian Companies Fund for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Sydney, NSW
6 September 2022



S Grivas
Partner

PM CAPITAL ASIAN COMPANIES FUND
RESPONSIBLE ENTITY'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

1. In the opinion of the directors of the Responsible Entity of the Fund:
 - (a) the financial statements and notes set out on pages 5 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (b) As outlined in Note 1 to the financial statements, the Fund terminated its operations on 31 May 2022 and all units were redeemed out of the Fund.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

The declaration is made in accordance with a resolution of the directors of PM Capital Limited (ABN 69 083 644 731) as Responsible Entity for the PM Capital Asian Companies Fund.



Benjamin Skilbeck
Director
PM Capital Limited

6 September 2022

PM CAPITAL ASIAN COMPANIES FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue			
Dividends		164,480	774,824
Interest		25	41
(Losses)/gains on investments at fair value through profit or loss	7	(612,813)	5,467,667
Gains on foreign exchange		22,804	29,771
Other revenue		36,292	-
Total (loss)/revenue		(389,212)	6,272,303
Expenses			
Fees paid to the Responsible Entity	8(a), 10	145,332	204,066
Fees for outsourced functions	8(a), 10	68,809	96,663
Finance costs		17,405	12,260
Transaction costs		41,192	16,977
Other operating expenses		1,519	8,308
Total expenses		274,257	338,274
(Loss)/profit for the year		(663,469)	5,934,029
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(663,469)	5,934,029
Distributions to unitholders		(528,062)	(1,110,677)
Change in net assets attributable to unitholders		(1,191,531)	4,823,352

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.

PM CAPITAL ASIAN COMPANIES FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	3	-	3,310,573
Investments - Listed equity securities	2(e)(iii)	-	19,911,992
Investments - Currency forward contracts	2(e)(iii)	-	3,337
Investments - Swaps	2(e)(iii)	-	27,187
Receivables	4	36,292	664,495
Total assets		36,292	23,917,584
Liabilities			
Current liabilities			
Interest bearing liabilities	3	-	378,702
Financial liabilities at fair value through profit or loss	2(e)(iii)	-	137,682
Payables	5	36,292	1,139,435
Total liabilities excluding net assets		36,292	1,655,819
Net assets attributable to unitholders - liability	6	-	22,261,765

*The Statement of Financial Position should be read in conjunction with
the Notes to the Financial Statements which follow.*

**PM CAPITAL ASIAN COMPANIES FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	\$	\$
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>
Total equity at the end of the year	<u>-</u>	<u>-</u>

Under AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders is classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

The above Statement of Changes in Equity should be read in conjunction with Note 6.

*The Statement of Changes in Equity should be read in conjunction with
the Notes to the Financial Statements which follow.*

PM CAPITAL ASIAN COMPANIES FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Dividends received		689,641	365,129
Interest received		25	41
Fees paid to the Responsible Entity		(199,860)	(195,505)
Fees for outsourced functions		(94,638)	(92,608)
Interest paid		(18,327)	(14,474)
Other operating payments		(42,711)	(25,264)
Net cash inflow from operating activities	9	334,130	37,319
Cash flows from investing activities			
Proceeds from sale of investments		20,197,617	5,805,557
Purchase of investments		(843,458)	(4,116,082)
Net cash inflow from investing activities		19,354,159	1,689,475
Cash flows from financing activities			
Net (redemptions)/applications		(21,070,234)	(1,926,551)
Cash distributions		(1,549,926)	(236,351)
Net cash outflow from financing activities		(22,620,160)	(2,162,902)
Impact of exchange rate changes on cash and cash equivalents		-	(13,882)
Net decrease in cash and cash equivalents		(2,931,871)	(449,990)
Cash and cash equivalents at beginning of the year		2,931,871	3,381,861
Cash and cash equivalents at end of the year	3	-	2,931,871

*The Statement of Cash Flows should be read in conjunction with
the Notes to the Financial Statements which follow.*

**PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. Summary of significant accounting policies

PM Capital Asian Companies Fund ("the Fund") was constituted on 8 April 2008. Since that date, two amended constitutions have been executed on 10 October 2014 and 26 June 2018. The Fund terminated its operations on 31 May 2022.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the requirements of the Constitution, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards.

The Responsible Entity has determined that the Fund does not operate on a going concern basis as the Fund is expected to be wound-up as soon as practical after the final distribution is made, as such these general purpose financial statements have been presented on a liquidation basis.

(a) Investments

Investments held at fair value through profit or loss were initially recognised at fair value including any transaction costs related to their acquisition. Subsequent to initial recognition, all financial instruments held at fair value through profit or loss were accounted for at fair value, with changes to such values recognised in profit or loss.

Details of how the Fund valued its investments are shown in Note 2(e). Investments were recognised on a trade date basis.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Transactions during the period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in Gains/(Losses) on investments at fair value through profit or loss.

Hedging may be undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Hedging gains or losses are included in profit or loss, as part of Gains/(Losses) on foreign exchange.

(c) Income tax

Under current legislation, the Fund is not subject to income tax provided that taxable income (including assessable capital gains) is attributed to unitholders under the AMIT regime.

The unit price of the Fund is based upon the net fair value of underlying assets and thus may include a share of unrealised capital gains.

Realised capital losses are not distributed/attributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed/attributed to unitholders.

The Fund currently has withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss. The benefits of imputation credits and withholding tax are passed on to unitholders.

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

1. Summary of significant accounting policies (continued)

(d) Goods and services tax ("GST")

The Fund was registered for GST and claimed 82.76%, 89.14% or 55.08% (2021: 82.71%, 86.00% or 55.08%) of the GST incurred depending on the nature of the expense. The unclaimable portion is written off as an expense.

(e) Revenue and expenses

Revenue and expenses are brought to account on the accrual basis. Changes in the net fair value of investments are recognised in profit or loss.

(f) Distributions

Distributions to unitholders comprise the distributable income of the Fund. The distributions are payable at the end of June each year. If the unitholder has elected to reinvest, the amount to be reinvested is not recorded as a payable. Amounts payable in cash at balance date are recorded as a current liability.

(g) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within Interest Bearing Liabilities in Current Liabilities in the Statement of Financial Position.

(h) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

(i) Payables

These amounts represent liabilities for amounts owing by the Fund at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Portfolio valuation

The Fund calculates its net asset value daily for purposes of unit applications and redemptions. The net asset value of the Fund is calculated by deducting from the value of the Fund's gross assets the value of the liabilities of the Fund, excluding net assets attributable to unitholders.

(k) Derivative financial instruments

The Fund may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of Gains/(Losses) on investments at fair value through profit or loss.

(l) New and amended standards adopted by the Fund

There are no new accounting standards and interpretations that have been published and have been adopted for the year ended 30 June 2022 that are material to the financial statements.

(m) New standards and interpretations not yet adopted

A number of new accounting standards, amendments to standards and interpretations have recently been issued or amended but are not yet effective for the 30 June 2022 reporting period and have not been early adopted in preparing these financial statements. The directors' assessment of these new accounting standards and interpretations (to the extent relevant to the Fund) is that they are not expected to have a material effect on future financial statements of the Fund.

**PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

2. Financial risk management

(a) Objectives, strategies, policies and processes

The Fund's activities were exposed to different types of financial risks. These risks included market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks. The use of derivatives is an essential part of proper portfolio management and is not managed in isolation. Consequently, the use of derivatives is multifaceted and includes, but is not limited to:

- hedging to protect an asset of the Fund against a fluctuation in market values or foreign exchange rates or to reduce volatility;
- as a substitute for physical securities;
- adjusting asset exposures within the parameters set in the investment strategy; and
- adjusting the interest rate duration of fixed interest securities.

(b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate. These fluctuations can be caused by market volatility, interest rate volatility, economic cycles, political events and levels of economic growth, both global and domestic. The Fund was materially exposed to two different types of market risks, namely foreign currency risk and price risk. Market risk exposures were assessed and managed through employing established investment strategies.

The Fund had a focused portfolio and, due to the concentrated nature of the Fund's investments, considerable short term volatility was experienced. All of the portfolio positions were subject to research and peer group review and if appropriate opportunities couldn't be found the Fund held cash until new opportunities arose. As part of its risk management strategy, the Fund used futures, options and forward currency contracts to manage exposures resulting from changes in foreign currencies and equity price risks.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, asset or liability will fluctuate due to changes in foreign currency rates.

The Fund held assets denominated in currencies other than the Australian dollar (the functional currency) and was therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuated due to movements in exchange rates.

The Fund may enter into options, futures and foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate. The terms and conditions of these contracts rarely exceed one year.

The currency position of the Fund was monitored on an ongoing basis by the Investment Manager.

As at 30 June 2022, the Fund's exposure to foreign currency would not have a material impact on the equity or profit or loss of the Fund.

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

The Fund's portfolio in different currencies at 30 June 2021 is summarised below:

	Australian Dollars A\$	Hong Kong Dollars A\$	US Dollars A\$	Other Currencies A\$	Total A\$
2021					
Assets					
Cash and cash equivalents	981,121	-	2,061,219	268,233	3,310,573
Financial assets at fair value through profit or loss:					
Listed equity securities	3,409,826	8,409,504	4,439,993	3,652,669	19,911,992
Currency forward contracts	-	(7,716,826)	7,720,163	-	3,337
Swaps	-	-	27,187	-	27,187
Receivables	-	661,087	-	3,408	664,495
Total Assets	4,390,947	1,353,765	14,248,562	3,924,310	23,917,584
Liabilities					
Interest bearing liabilities	-	378,702	-	-	378,702
Financial liabilities at fair value through profit or loss:					
Options	137,682	-	-	-	137,682
Payables	1,139,054	-	381	-	1,139,435
Total Liabilities	1,276,736	378,702	381	-	1,655,819
Net assets attributable to unitholders	3,114,211	975,063	14,248,181	3,924,310	22,261,765

Foreign currency sensitivity

As at 30 June 2021, the Australian dollar to United States dollar (AUD/USD) exchange rate was 0.7508 and the Australian dollar to Hong Kong dollar (AUD/HKD) exchange rate was 5.8302. As the Hong Kong dollar is pegged to the US dollar, any movement in the US dollar is likely to result in a movement of a similar proportion in the Hong Kong dollar. As at 30 June 2021, had the Australian dollar weakened/(strengthened) by 5% against the US dollar with all other variables held constant, assuming that the Hong Kong dollar follows the US dollar, the net assets attributable to unitholders would have been \$801,223 higher/(\$724,916) lower net of currency contracts.

(ii) Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate, whether those changes are specifically related to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund was exposed to price risk for its investments in both listed and unlisted securities. The price risk of a security is dependent upon the financial circumstances of the company in which the security is purchased, including its profits, earnings and cash flows. The return on a security may also be affected by the quality of company management, the general health of the sector in which it operates and government policy. Securities present a risk of loss of capital.

In cases where financial instruments are denominated in currencies other than the Australian dollar, future prices will also fluctuate because of changes in foreign exchange rates. Refer to Note 2(b)(i) for foreign currency risk.

The Investment Manager's security selection process was fundamental to exposure to price risk. Whilst the Morgan Stanley Capital International ('MSCI') AC Asia ex Japan Net Index is used in measuring relative performance of the Fund, risk in the view of the Investment Manager is not limited to relative performance versus a benchmark, but more so the prospect of losing money (i.e. absolute returns) over the long term. The Fund sought a diversified range of investments whose business and growth prospects are being undervalued by the market. As a result, the Fund's securities holdings varied considerably from the composition of the index.

The Fund's overall market positions were monitored on an ongoing basis by the Investment Manager.

As at 30 June 2022, the Fund was not exposed to price risk.

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2. Financial risk management (continued)

(ii) Price risk (continued)

The Fund's net exposure to securities at 30 June 2021 is summarised below:

Industry Groups	2021 \$
Consumer Discretionary	3,592,205
Media & Entertainment	3,797,185
Financials	3,211,301
Materials	2,288,815
Energy	2,185,901
Utilities	1,016,854
Telecommunication Services	896,851
Technology Hardware & Equipment	821,158
Information Technology	777,601
Industrials	677,199
Consumer Staples	646,922
Total	19,911,992

Price sensitivity

The directors of PM Capital Limited believe that it is errant to try to estimate future returns. Market returns can be somewhat volatile and returns from period to period can have a fairly wide variance. As such, PM Capital Limited uses a sensitivity analysis that directors consider is more commensurate with the risk profile of the Fund.

As at 30 June 2021, if security prices had increased/(decreased) by 5% with all other variables being constant, this would have increased/(decreased) the net assets attributable to unitholders by approximately +/- \$995,600.

(c) Credit risk

Credit risk is the risk that a counterparty or issuer will fail to perform contractual obligations (i.e. default in either whole or part) under a contract causing the Fund to make a financial loss.

Market prices generally incorporate credit assessments into valuations, and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

Credit risk is not considered to be significant to the Fund.

The Responsible Entity had appointed Morgan Stanley & Co. International Plc ("Morgan Stanley") as both Prime Broker and Custodian to the Fund. Morgan Stanley is subject to regulatory oversight and capital requirements imposed by the Financial Services Authority (UK) and, where applicable to its Australian operations, the Australian Securities and Investments Commission. As at the date of this report, Morgan Stanley has a credit rating of A+ (S&P) for long term and a rating of A-1 for short term debt.

The terms of the Prime Broker Agreement provide that Morgan Stanley may utilise custodial assets for its own lending and financing purposes (including to borrow, lend, charge, rehypothecate, and dispose of) up to, but not exceeding, 180% (2021: 180%) of the value of the Fund's outstanding liabilities with Morgan Stanley. These assets are owned by Morgan Stanley in its Prime Broker capacity. Under the terms of the Prime Broker Agreement, Morgan Stanley is obliged to return to the Fund the equivalent custodial assets irrespective of what transpires between it and any third party with whom Morgan Stanley has transacted.

All other custodial assets not subject to the Prime Broking arrangement outlined above were held by Morgan Stanley in its capacity as a Custodian in a segregated asset pool, as is required by the Financial Services Authority (UK). Cash holdings with Morgan Stanley were not subject to this arrangement.

As at balance date, the maximum value of the Fund's gross assets available to Morgan Stanley for its lending and financing activities is \$Nil (2021: \$929,491). This is the maximum value available to Morgan Stanley, however the actual amount utilised by Morgan Stanley may be less. Under the Prime Broker arrangements in place, the amount does not require disclosure by Morgan Stanley. The maximum net exposure to the Prime Broking activities of Morgan Stanley, after offsetting the Fund's outstanding liabilities with Morgan Stanley, was \$Nil (2021: \$413,107) as at balance date.

The credit position of the Fund was monitored on an ongoing basis by the Investment Manager until termination date.

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2. Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. This risk is mitigated through investing sufficient funds in cash and in instruments that are tradeable in liquid markets, and that are readily convertible to cash, to meet daily operating requirements.

The Constitution of the Fund provided for the daily application and redemption of units, therefore it was exposed to the liquidity risk of meeting unitholder redemptions at any time. The Constitution of the Fund also allowed borrowing from its prime broker, Morgan Stanley, to take account of opportunities that may exist in the market.

The Fund's liquidity position was monitored on an ongoing basis by the Investment Manager until termination date.

(e) Fair value measurements

The Fund measured and recognised financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) is based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market are valued with reference to external third-party pricing information. These assets and liabilities included Currency forward contracts.

(iii) Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value at 30 June 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2021				
Financial assets at fair value through profit or loss				
Listed equity securities	19,911,992	-	-	19,911,992
Currency forward contracts	-	3,337	-	3,337
Swaps	27,187	-	-	27,187
	19,939,179	3,337	-	19,942,516
Financial liabilities at fair value through profit or loss				
Options	137,682	-	-	137,682
	137,682	-	-	137,682

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2. Financial risk management (continued)

(e) Fair value measurements (continued)

As at 30 June 2022 the fund did not hold any assets or liabilities at fair value.

(iv) Transfer between levels

Management's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy during the reporting period.

(v) Fair value of financial instruments not carried at fair value

The carrying values of receivables and payables are assumed to approximate their fair values.

	2022	2021
	\$	\$
3. Cash and cash equivalents		
<i>Cash and cash equivalents</i>		
Cash at bank	-	9,337
Cash at bank (Custodian)	-	3,301,236
	-	3,310,573
<i>Interest bearing liabilities</i>		
Overdraft at Custodian - HKD	-	(378,702)
	-	2,931,871

Cash at bank (Custodian) was a cash facility offered by the Custodian.

Overdraft at Custodian was a cash facility offered by the Custodian. The Custodian in its role as Prime Broker was granted a floating charge over the assets of the Fund to secure any liabilities to the Prime Broker.

	2022	2021
	\$	\$
4. Receivables		
Dividends receivable	-	525,161
Other receivables	36,292	-
Outstanding settlements	-	139,334
	36,292	664,495

	2022	2021
	\$	\$
5. Payables		
Distributions payable to Unitholders	36,292	1,058,156
Accruals	-	80,357
Interest payable	-	922
	36,292	1,139,435

PM CAPITAL ASIAN COMPANIES FUND
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FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

	2022	2021
	\$	\$
6. Changes in Net assets attributable to unitholders		
Opening balance	22,261,765	19,312,440
Applications	365,974	1,770,830
Redemptions	(21,436,208)	(3,697,381)
Reinvestments	-	52,524
Change in net assets attributable to unitholders	<u>(1,191,531)</u>	<u>4,823,352</u>
Net assets per statement of financial position	-	22,261,765
Less distribution reinvestments	-	<u>(52,524)</u>
Net assets attributable to unitholders as defined in the Constitution	<u>-</u>	<u>22,209,241</u>
Number of units on issue at year end	-	12,781,864
Net assets value per unit at year end*	\$0.0000	\$1.7376

* The net assets value per unit at year end excludes the value of cash distributions at 30 June 2022 and 30 June 2021.

Capital risk management

The Fund managed its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders were classified as a liability. The value of net assets attributable to unitholders could change significantly on a daily basis as the Fund was subject to daily applications and redemptions at the discretion of unitholders.

The Fund managed its redemption requirements through maintaining either a level of cash and cash equivalents or borrowing capacity to meet daily operating requirements. The Fund's Constitution allowed borrowing from its prime broker, Morgan Stanley, to meet operating requirements where needed.

All operations of the Fund ceased on 31 May 2022 when redemptions were made. The Responsible Entity had commenced a wind-up of the Fund and expects the wind-up to be completed as soon as practical after final distribution.

	2022	2021
	\$	\$
7. (Losses)/gains on investments at fair value through profit or loss		
Listed equity securities	(717,675)	5,487,521
Swaps	(41,265)	(20,199)
Options	146,127	345
	<u>(612,813)</u>	<u>5,467,667</u>

8. Expenses

(a) Fees paid to the Responsible Entity and Fees for outsourced functions

Management fees charged by the Responsible Entity and the Investment Manager are paid at rates which, after GST and related GST recoveries, results in a cost to the Fund of the rates noted below.

Management fees at a rate of 1.40% per annum of the capital invested in the Fund are assessed and payable on a monthly basis.

The management fee is remitted as follows:

- (i) 0.95% (2021: 0.95%) to the Responsible Entity for responsible entity and administration services; and
- (ii) 0.45% (2021: 0.45%) to the Investment Manager.

Further details of the calculation of these fees can be found in the current offer document. Refer to Note 10 for further details.

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

	2022 \$	2021 \$
8. Expenses (continued)		
(b) Auditor's remuneration		
Audit of the financial report	13,000	12,300
Other services	14,295	13,653
	27,295	25,953

The auditor's remuneration is an expense of the Responsible Entity. Other services comprise income tax compliance and other compliance services.

	2022 \$	2021 \$
9. Reconciliation of (Loss)/profit for the year to net cash flows from operating activities		
(Loss)/profit for the year	(663,469)	5,934,029
Losses/(gains) on investments at fair value through profit or loss	612,813	(5,467,667)
Gains on foreign exchange	(22,804)	(29,771)
Changes in assets and liabilities		
Decrease/(increase) in receivables	488,869	(409,674)
(Decrease)/increase in payables	(81,279)	10,402
Net cash flows from operating activities	334,130	37,319

10. Related party transactions

Details of fees and other expenses paid to the Responsible Entity are set out in Note 8(a) and in the Statement of Profit or Loss and Other Comprehensive Income. Details of fees and other expenses paid to the Investment Manager are set out in Note 8(a) and in the Statement of Profit or Loss and Other Comprehensive Income.

The Investment Manager (MAPP Pty Ltd as trustee for MAPP Trust) is a Corporate Authorised Representative of PM Capital Limited, and is controlled by the same entities or parties that control PM Capital Limited.

During the year ended 30 June 2022, the Fund decreased its holdings in Icar Asia Limited (ICQ.ax) by selling shares to PM Capital Global Opportunities Fund Limited ("PGF") and PM Capital Global Companies Fund ("GCF"). The Fund sold 1,480,000 shares through on-market trades at the market Volume Weighted Average Price ("VWAP") on trade day. PGF purchased 1,400,000 shares for a total of \$622,300 and GCF purchased 80,000 shares for a total of \$35,560.

The total value of the securities sold was \$657,860 in total.

Key management personnel ("KMP")

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity and their names are Paul Moore, Jarod Dawson and Benjamin Skillbeck.

During the period, the Fund expensed an amount of \$145,332 (2021: \$204,066) as fees paid or payable to the Responsible Entity and as at balance date an amount of \$Nil (2021: \$54,528) owing to the Responsible Entity is included in accruals and is interest free.

Also during the period, the Fund expensed an amount of \$68,809 (2021: \$96,663) as fees paid or payable to the Investment Manager and as at balance date an amount of \$Nil (2021: \$25,829) owing to the Investment Manager is included in accruals and is interest free.

No compensation is paid directly by the Fund to any of the key management personnel of the Responsible Entity.

PM CAPITAL ASIAN COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

10. Related party transactions (continued)

Number of investment interests held

All transactions with related parties are conducted on normal commercial terms and conditions, with the exception of management fee rebates to certain related parties by the Responsible Entity. From time to time the Responsible Entity may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

Investment interests held in the Fund by the Responsible Entity and its related parties, including other funds managed by the Responsible Entity, are as follows:

	30 June 2022	30 June 2021
	No. of units	No. of units
Units held at beginning of year	7,507,405	8,526,707
Units acquired by distribution re-investment	-	-
Units redeemed	<u>(7,507,405)</u>	<u>(1,019,302)</u>
Units held at end of year	<u>-</u>	<u>7,507,405</u>
	\$	\$
Distributions paid or payable by the Fund	488,692	652,354

11. Events subsequent to balance date

All operations of the Fund ceased on 31 May 2022 when redemptions were made. The Responsible Entity had commenced a wind-up of the Fund and expects the wind-up to be completed as soon as practical after final distribution.

Independent Auditor's Report to the Unitholders of PM Capital Asian Companies Fund

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of PM Capital Asian Companies Fund ("the Fund") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial report, which indicates that the financial statements are not prepared on a going concern basis but on a liquidation basis. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity ("the directors") are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Responsible Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Sydney, NSW
6 September 2022

S. Grivas

S Grivas
Partner