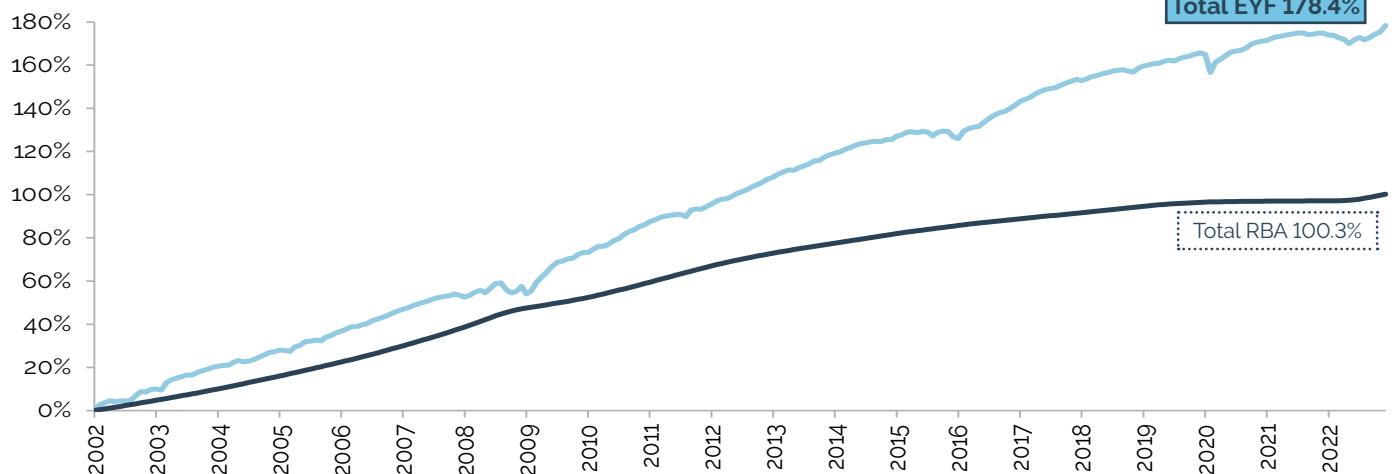


# Monthly Update: Enhanced Yield Fund

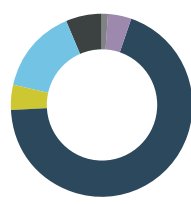
## Regular income, low volatility

Fund performance <sup>1</sup> (net of fees)	Inception Date	Exit Price (\$ cum)	1 Month	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
<b>Enhanced Yield Fund<sup>1</sup></b>	<b>02-2002</b>	<b>1.1117</b>	<b>1.1%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>1.3%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>5.0%</b>
RBA cash rate			0.3%	0.8%	1.3%	1.6%	0.6%	0.9%	1.1%	1.5%	3.4%
<b>Excess</b>			<b>0.8%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>-0.3%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.6%</b>
<b>Enhanced Yield Fund (Class B units)<sup>2</sup></b>	<b>05-2017</b>	<b>1.1382</b>	<b>1.1%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>1.1%</b>	<b>1.7%</b>	<b>2.0%</b>			<b>2.4%</b>
RBA cash rate			0.3%	0.8%	1.3%	1.6%	0.6%	0.9%			1.0%
<b>Excess</b>			<b>0.8%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>-0.5%</b>	<b>1.1%</b>	<b>1.1%</b>			<b>1.4%</b>

### Total return since inception



Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 1 March 2002\*. These figures represent past performance only. No guarantees exist of future returns above or below these figures. Past performance is no indication of future performance. Neither PM Capital Limited nor any other person makes any representation as to the future performance or success of, the rate of income or capital return from, recovery of money invested in, or income tax or other taxation consequences of, any investment in the Fund.

Yield security maturity profile	Portfolio investments	Current stock example	Actual exposure	
0-1 Year	Domestic Banking	ANZ	 <ul style="list-style-type: none"> <li>Cash/Cash Equivalents 6.2%</li> <li>Senior investment grade (&lt;12mths) * 15.0%</li> <li>Government Bonds 4.4%</li> <li>Core Corporate Bonds 69.1%</li> <li>Hybrid securities 4.0%</li> <li>Equity Income Strategies 1.3%</li> </ul>	
1-2 Years	Global Industrial	SPIE		
2-3 Years	Global Property	Aedas		
3-4 Years	Global Retail	Tesco		
4 Years +	Domestic Infrastructure	Melbourne Airport		
	Domestic Industrial Services	Qube Holdings		
<b>Regional allocation</b>	<b>100%</b>	Global Banking	Allied Irish Bank	
Australia				
North America				
Europe				
United Kingdom				
Other				
Cash/Cash Equivalents				
	<b>Risk/return</b>		<b>Duration<sup>^</sup></b>	
	Standard deviation (1 year)	1.85%	Interest rate	0.76
	Maximum drawdown	3.26%	Average term to maturity	2.05
	Percentage of positive months	84.5%		

\* Senior investment grade securities with maturities of 12 months or less

<sup>^</sup>Estimates and should be used as a guide only.

## Fund commentary

- Capitalising on anomalies in 2022 underpins a strong start to 2023
- 5%+ yield to maturity<sup>^</sup> creates solid platform for the rest of the year.

Performance in January was strong, driven mainly by our exposure to fixed rate bonds – a position we spent most of 2022 building. Consistent with our long-held views, markets are now expecting many central banks (including the Reserve Bank of Australia) to stop raising interest rates by mid year – and with official cash rates in some cases well below the lofty levels that were being priced in at various points last year, our investments have benefitted considerably.

The Fund also benefitted significantly from its exposures to corporate bonds. In particular, Australian major bank subordinated bonds performed well as APRA allowed numerous banks and insurers to redeem their bonds. APRA had previously made confusing remarks to the market suggesting that this might not necessarily be permitted.

Our holding in UK supermarket giant Tesco performed well, as it continues to grow earnings via both pricing and volume increases, while to a good extent keeping costs under control.

Netflix has been a strong performer recently, having successfully broadened its customer offering well ahead of investor expectations, and reporting far better subscriber growth than expected.

Finally, our holdings in Irish home builders Cairn Homes and Glenveagh Properties performed well, after they provided solid trading updates. The housing market is being well supported by the Government's promise that increasing the stock of housing is their number one priority for 2023.

With a yield to maturity<sup>^</sup> of over 5% as a starting point, we very much look forward to seeing how the rest of 2023 plays out.

PM Capital Limited, founded in 1998, is a globally-focussed fund manager that invests money on behalf of private clients, the clients of financial advisers and institutions. PM Capital's goal is to build long term wealth by investing in global markets with patience and conviction.

### Monthly Return Series (From January 2005)<sup>\*</sup>

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CYTD
2023	11%												11%
2022	0.0%	-0.3%	0.0%	-0.4%	-0.3%	-0.7%	0.6%	0.4%	-0.4%	0.4%	0.6%	0.4%	0.2%
2021	0.2%	0.1%	0.4%	0.3%	0.1%	0.2%	0.2%	0.2%	0.0%	-0.3%	0.0%	0.2%	1.6%
2020	0.2%	-0.3%	-3.2%	1.8%	0.5%	0.6%	0.6%	0.2%	0.1%	0.4%	0.7%	0.3%	2.1%
2019	0.7%	0.4%	0.2%	0.3%	0.1%	0.4%	0.2%	-0.1%	0.4%	0.3%	0.2%	0.3%	3.3%
2018	0.3%	-0.2%	0.3%	0.4%	0.2%	0.3%	0.2%	0.3%	0.1%	0.1%	-0.2%	-0.2%	1.6%
2017	0.7%	0.7%	0.4%	0.4%	0.6%	0.5%	0.4%	0.2%	0.2%	0.5%	0.3%	0.3%	5.3%
2016	-1.1%	-0.3%	1.5%	0.6%	0.3%	0.2%	0.8%	0.7%	0.7%	0.5%	0.2%	0.6%	4.6%
2015	0.0%	0.7%	0.3%	0.5%	0.1%	-0.2%	0.3%	-0.1%	-0.8%	0.8%	0.2%	0.0%	1.7%
2014	0.5%	0.3%	0.3%	0.5%	0.4%	0.5%	0.3%	0.2%	0.2%	0.1%	0.0%	0.3%	3.7%
2013	0.7%	0.4%	0.7%	0.5%	0.5%	-0.1%	0.6%	0.4%	0.5%	0.6%	0.1%	0.7%	5.6%
2012	0.7%	0.6%	0.7%	0.4%	0.1%	0.5%	0.7%	0.5%	0.5%	0.7%	0.4%	0.6%	6.6%
2011	0.4%	0.8%	0.4%	0.6%	0.3%	0.2%	0.1%	0.0%	-0.5%	1.6%	0.2%	0.0%	4.3%
2010	0.5%	0.0%	0.9%	0.8%	0.0%	0.6%	0.9%	0.5%	1.1%	0.7%	0.5%	0.8%	7.5%
2009	1.5%	-2.3%	1.0%	2.5%	1.5%	1.4%	1.6%	1.1%	0.3%	0.6%	0.2%	1.0%	11.0%
2008	-0.4%	-0.6%	0.6%	1.0%	0.5%	-0.7%	1.3%	1.4%	0.2%	-1.9%	-1.0%	0.5%	0.8%
2007	0.6%	0.5%	0.5%	0.6%	0.6%	0.4%	0.5%	0.6%	0.4%	0.4%	0.1%	0.6%	6.0%
2006	1.0%	0.4%	0.6%	0.8%	0.2%	0.5%	0.5%	0.9%	0.5%	0.6%	0.6%	0.8%	7.7%
2005	0.3%	0.6%	-0.1%	-0.4%	1.7%	0.5%	1.3%	0.2%	0.4%	-0.3%	1.3%	0.6%	6.2%

Find the complete historical monthly return series since inception at:

[pmcapital.com.au/enhanced-yield-fund/investor-resources](http://pmcapital.com.au/enhanced-yield-fund/investor-resources).

## Further Information

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## Key Fund Details

### Fund category

Fixed income

### Investment style

Fundamental, bottom-up-research intensive approach

### Inception date

1 March 2002

### Fund size

\$551.7 million

### Strategy size

\$789.9 million

### Minimum direct investment

\$20,000

### Recommended investment time

Two years plus

### Fees (p.a.)

<sup>\*</sup>Performance Fee Option:

Management fee: 0.55%

Performance fee: 25% of net excess above RBA Cash Rate (subject to a high watermark).

<sup>\*\*</sup>Management Fee Option - Class B units:

Management Fee: 0.79%.

### Buy / sell spread

+/- 0.15%

### Investor profile

The Fund may be appropriate for investors seeking capital preservation and potential return in excess of the Reserve Bank of Australia's (RBA) cash rate with a low degree of volatility.

## Important Notice

This Report is issued by PM Capital Limited ABN 69 083 644 731 AFSL 230222 as responsible entity for the PM Capital Enhanced Yield Fund (ARSN 099 581 558, the 'Fund'). It contains summary information only to provide an insight into how we make our investment decisions. This information does not constitute advice or a recommendation, and is subject to change without notice. It does not take into account the objectives, financial situation or needs of any investor which should be considered before investing. Investors should consider the Target Market Determinations and the current Product Disclosure Statement (which are available from us), and obtain their own financial advice, prior to making an investment. The PDS explains how the Fund's Net Asset Value is calculated. Past performance is not a reliable guide to future performance and the capital and income of any investment may go down as well as up. The investment objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term.

1. Returns are calculated from exit price to exit price assuming the reinvestment of distributions for the period as stated and represent the combined income and capital return. The Index is RBA Cash Rate. See [www.rba.gov.au](http://www.rba.gov.au) for further information.

<sup>^</sup> before fees. The yield to maturity is not a forecast of expected Fund performance (including distributions) and provides a simple snapshot (at the time of this report) of the estimated before fees yield return of the portfolio holdings should they be held to maturity, and assuming no issuer defaults.