Monthly Update: Enhanced Yield Fund

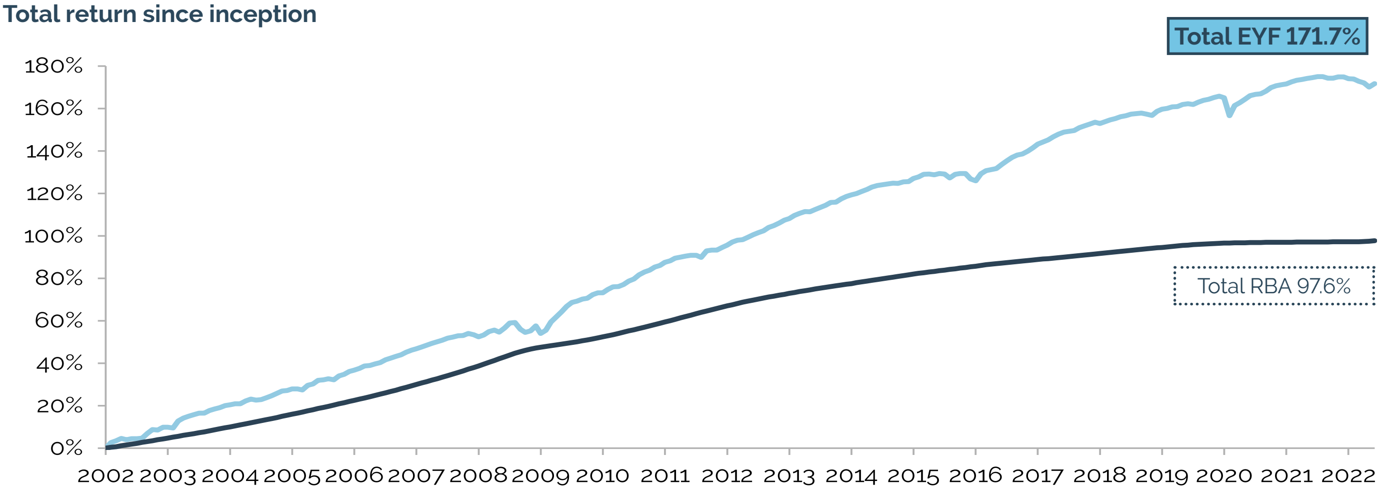
PM Capital

31 JULY 2022

Regular income, low volatility

Fund performance[1] (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
Enhanced Yield Fund*	**02-2002**	**1.1007**	**0.60%**	**-0.37%**	**-1.12%**	**-1.0%**	**1.2%**	**1.8%**	**2.5%**	**3.1%**	**5.0%**
RBA cash rate			0.11%	0.21%	0.24%	0.3%	0.3%	0.8%	1.1%	1.5%	3.4%
Excess			**0.49%**	**-0.58%**	**-1.36%**	**-1.3%**	**0.9%**	**1.0%**	**1.4%**	**1.6%**	**1.6%**
Enhanced Yield Fund (Class B units)**	**05-2017**	**1.1275**	**0.59%**	**-0.43%**	**-1.25%**	**-1.2%**	**1.4%**	**2.0%**			**2.1%**
RBA cash rate			0.11%	0.21%	0.24%	0.3%	0.3%	0.8%			0.8%
Excess			**0.48%**	**-0.64%**	**-1.49%**	**-1.5%**	**1.1%**	**1.2%**			**1.3%**

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.

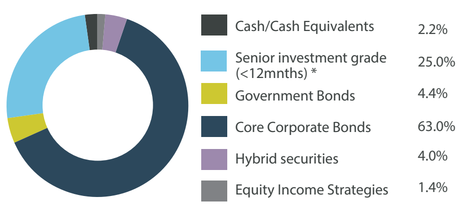
Yield security maturity profile	
0-1 Year	37.3%
1-2 Years	18.7%
2-3 Years	6.0%
3-4 Years	16.6%
4 Years +	21.4%

Regional allocation	100%
Australia	63.4%
North America	17.9%
Europe	9.5%
United Kingdom	5.8%
Other	1.2%
Cash/Cash Equivalents	2.2%

Portfolio investments	Current stock example
Domestic Banking	ANZ
Global Industrial	SPIE
Global Property	Aedas
Global Retail	Tesco
Domestic Infrastructure	Melbourne Airport
Domestic Industrial Services	Qube Holdings
Global Banking	Allied Irish Bank

Risk/return	
Standard deviation (1 year)	1.18%
Maximum drawdown	3.26%
Percentage of positive months	84.5%

Actual exposure



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

Duration^	
Interest rate	0.74
Average term to maturity	2.36

^Estimates and should be used as a guide only.

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Fund commentary

- Despite aggressive RBA rate rises, interest rate markets back away from lofty year-end expectations.
- Significant fixed rate bond investing prior to the move contributing meaningfully to performance.

The month of July saw investors back away from the almost 4% RBA cash rate that had been priced into the bond market by the end of 2022, despite the RBA raising the official cash rate to 1.35% in July and then 1.85% in early August.

We remarked in our June quarterly report that we regarded a 4% cash rate by December as "highly unlikely". In recent months, we invested a significant portion of the Fund into fixed rate corporate bonds at an average yield of around 4% to take advantage of this dynamic.

Last month, as investors focussed on the impact of higher inflation and rates on the economy longer term, interest rate expectations fell meaningfully, down to almost 3% by the end of the year. This is still lofty in our opinion, but nonetheless closer to what we expect the likely outcome to be.

As expectations fell, fixed rate bonds rallied hard, and credit spreads tightened notably as markets took the view that the strain on the corporate world would be lessened. The Fund benefitted considerably from this re-pricing.

In addition to its fixed rate exposure, the Fund still has over 50% of its investments in floating rate corporate bonds, and with 90 day bank bill yields having increased from almost 0% in March, to over 2% in July, this has added considerably to the running yield on all of these investments.

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.

Enhanced Yield Fund*: Monthly Return Series Since Inception

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CYTD
2022	0.0%	-0.3%	0.0%	-0.4%	-0.3%	-0.7%	0.6%						-1.1%
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%	1.9%
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%	3.4%
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%	4.7%
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%	7.8%
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%
2004	0.8%	0.4%	0.3%	0.1%	1.1%	0.7%	-0.4%	0.2%	0.7%	0.8%	0.9%	0.8%	6.5%
2003	1.2%	0.0%	-0.4%	3.1%	1.2%	0.7%	0.6%	0.7%	0.0%	1.1%	0.6%	0.6%	9.4%
2002			2.6%	0.9%	1.0%	-0.5%	0.4%	0.0%	0.2%	2.2%	1.7%	-0.2%	8.3%

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
$543.7 million

Strategy size
$787.6 million

Minimum direct investment
$20,000

Recommended investment time
Two years plus

Fees (p.a.)
*Performance Fee Option:
Management fee: 0.55%.
Performance fee: 25% of net excess above RBA Cash Rate (subject to a high watermark).

**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.

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 for further information.

^ before fees.

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