

## Simple ideas, simple businesses

Building long term wealth by finding and exploiting investment anomalies around the world

PM Capital is delighted to be the Zenith Fund Awards 2021 Winner for International Equities - Alternative Strategies



Global Companies Fund	Inception Date	Exit Price (\$ cum)	1 Month	3 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
<b>Fund performance</b>	<b>10-1998</b>	<b>4.8533</b>	<b>4.3%</b>	<b>-0.7%</b>	<b>9.0%</b>	<b>18.9%</b>	<b>12.7%</b>	<b>10.6%</b>	<b>18.1%</b>	<b>9.7%</b>
MSCI World Net Total Return Index (AUD)			-0.9%	-4.6%	2.7%	11.4%	10.5%	9.6%	14.5%	5.5%

### Growth of AUD \$100,000

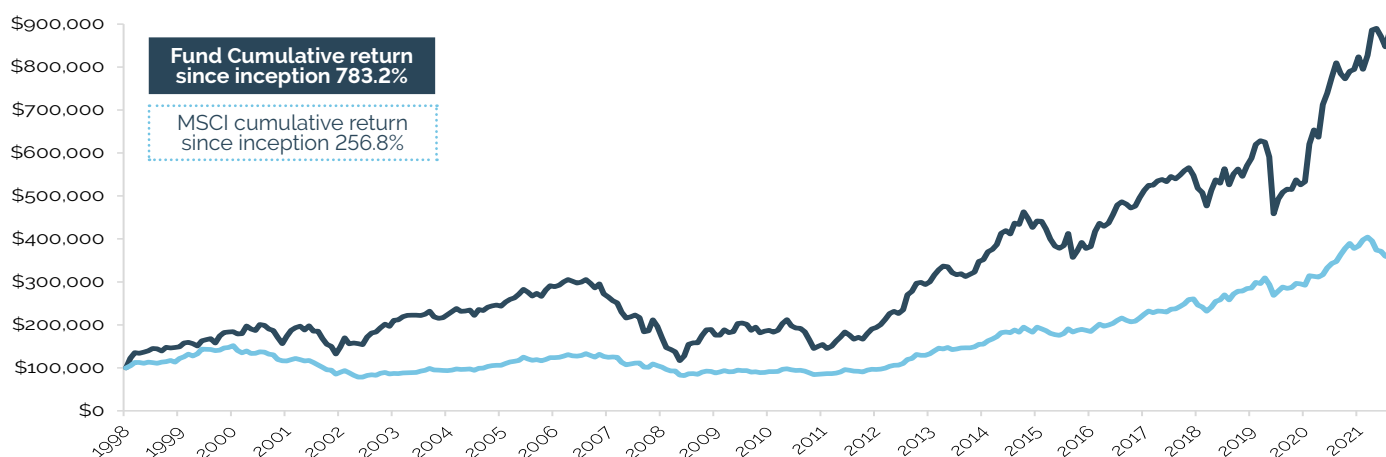
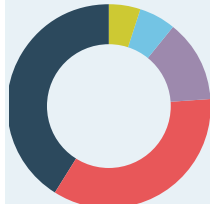
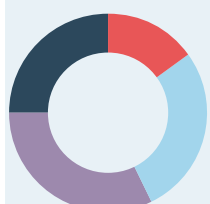


Chart reflects Fund growth net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 28 October 1998. These figures represent past performance only. No guarantees exist of future returns above or 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.

Portfolio investments	Weighting	Current stock example	Domicile of listing <sup>^</sup>
Domestic Banking - Europe	19%	ING Groep	 <ul style="list-style-type: none"> <li>Europe 41%</li> <li>North America 35%</li> <li>UK 13%</li> <li>Aisa (ex-Japan) 6%</li> <li>Australia 5%</li> </ul>
Industrial commodities	16%	Freeport-McMoRan Copper	
Energy	14%	Shell	
Domestic Banking - USA	13%	Bank of America	
Quality Industrial Franchises	11%	Siemens	
Gaming	9%	Wynn Resorts	
Housing Ireland & Spain	7%	Cairn Homes	
Alternative Investment Managers	7%	Apollo Global Management	
Other	6%		
<b>Long Equity Position</b>	<b>102%</b>		
Direct Short Position	-4%		 <ul style="list-style-type: none"> <li>Mega (&gt;\$100bn) 25%</li> <li>Large (&lt;\$100bn) 32%</li> <li>Medium (&lt;\$30bn) 28%</li> <li>Small (&lt;\$5bn) 15%</li> </ul>
Index Short Position	-5%		
<b>Net invested equities</b>	<b>93%</b>		
<b>Total holdings</b>	<b>43</b>		
		<b>Currency exposure**</b> <b>100%</b>	
		AUD 67%	
		USD 16%	
		GBP 10%	
		EUR 4%	
		CAD 3%	

<sup>^</sup> 'Domicile of Listing' represents the location of stock exchange listing of each entities' head office.

\* Breakdown of portfolio's long equity holdings into market cap. bands.

\*\* Stated at effective value.

## Fund commentary

- Higher Eurozone interest rates and the JP Morgan investor day remind the market of the opportunity in banking stocks

Our top contributors in May included JP Morgan and some of our European banking names. Mid-month, JP Morgan hosted an investor day with the focus on investment in technology and the resulting cost efficiencies & benefits to customers. JP Morgan is gaining market share in most of its business areas and guided investors that this year it is on track to hit a 17% return on tangible equity. The stock was up 6% on the day.

Our European banking exposure reacted positively to rising Eurozone bond yields and interest rates expectations. Eurozone inflation soared to a record 8.1% in May, which is putting pressure on the European

Central Bank to speed up the pace of its exit from ultra-loose monetary policy. Markets expect the Eurozone could end its eight-year experiment with negative rates by late 2022. As we have written about previously, negative rates have had a detrimental impact on European bank earnings and their reversal should lead to positive earnings revisions, with brokers estimating a 1% movement in rates could lead to a ~20% increase in profitability.

Top detractors were our Macau casino holdings which continue to struggle amidst Chinese lockdowns and travel restrictions between China and Macau. We maintain our position.

Top 10 stocks	
Stock name	Sector
Apollo Global Management	Alternative Investment Managers
Caixa Bank	Banks
CNOOC Ltd	Energy
Freeport-McMoRan	Metals & Mining
ING Groep	Banks
Shell	Energy
Siemens	Industrial
Teck Resources	Metals & Mining
Wells Fargo & Company	Banks
Wynn Resorts	Consumer Services

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.

## Further Information

[www.pmcapital.com.au](http://www.pmcapital.com.au) T: +612 8243 0888 E: [pmcapital@pmcapital.com.au](mailto:pmcapital@pmcapital.com.au)

## Representative contacts - Client Relationship Managers

**John Palmer** T: +61 447 471 042 E: [jpalmer@pmcapital.com.au](mailto:jpalmer@pmcapital.com.au)

**Nicholas Healey** T: +61 447 814 784 E: [nhealey@pmcapital.com.au](mailto:nhealey@pmcapital.com.au)

The Zenith Fund Awards were issued on 15 October 2021 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

## Key Fund Details

### Fund category

Global equities

### Investment style

Fundamental, bottom-up research intensive approach

### Inception date

28 October 1998

### Fund size

\$533.5 Million

### Strategy size

\$1,474.5 Million

### Number of stocks

As a guide, 25-45 stocks

### Minimum direct investment

\$20,000

### Recommended investment time

Seven years plus

### Fees (pa)

Mgmt fee: 1.09% Perf. fee: 20% (subject to a high water mark) of the excess above the greater of the RBA cash rate and MSCI World Net Return Index (AUD).

### Buy / sell spread

0.5% (Round trip)

### Investor profile

The Fund may be appropriate for investors seeking capital appreciation over a seven plus year investment horizon

## Important Notice

This Report is issued by PM Capital Limited ABN 69 083 644 731 AFSL 230222 as responsible entity for the PM Capital Global Companies Fund (ARSN 092 434 618, 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 recommendations, 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 available from us), and obtain their own financial advice prior to making an investment decision. 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 due to various market forces. 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.

The Index is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. See [www.msci.com](http://www.msci.com) for further information on the Index. Address: Level 11, 68 York Street, Sydney, NSW 2000