



## Fund commentary

### • Omicron dominates market's moves over the month

Markets had a sharp a sell-off in the last few days of the month as the World Health Organisation announced a new Covid-19 variant of concern, Omicron.

Our European bank holdings were weak on lower interest rates. Ironically, in the same month the German ten-year bond yield declined from roughly negative 15 to negative 35 basis points, German consumer price inflation (CPI) rose 5.2% year-on-year, the highest rate in three decades. While difficult to rationalise the move in interest rates, bank earnings ultimately struggle in this environment as lower rates squeeze spreads on both their lending and liquid asset books. In the United States this dynamic is also true

but not to the same extent, due to the banks having larger fee-based businesses.

The Australian dollar also weakened to its lowest level relative to the US dollar over the last twelve months. The United States dollar may be the driving factor as we note other commodity and industrial currencies such as the Canadian dollar and Swedish krona exhibit similar behaviour even though commodity prices and industrial activity have been reasonably strong relative to history. Our Australian dollar exposure does not cost us per se but rather we do not capture the full benefit of stronger foreign currencies on our foreign holdings.

#### Top 10 stocks

Stock name	Sector
Apollo Global Management	Alternative Investment Managers
Bank of America	Banks
Freeport-McMoRan Copper	Metals & Mining
Howard Hughes	Real Estate
ING Groep	Banks
JP Morgan Chase	Banks
Royal Dutch Shell	Energy
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

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## Key Fund Details

### Fund category

Global equities

### Investment style

Fundamental, bottom-up research intensive approach

### Inception date

28 October 1998

### Fund size

\$465.4 Million

### Strategy size

\$1,345.8 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

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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.

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