

Monthly Update: Global Companies Fund

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
Fund performance	10-1998	4.2693	-3.4%	-0.1%	-2.2%	10.9%	9.4%	8.9%	15.1%	9.0%
MSCI World Net Total Return Index (AUD)			-3.3%	0.3%	-9.7%	6.2%	9.6%	9.3%	13.4%	5.3%

Growth of AUD \$100,000

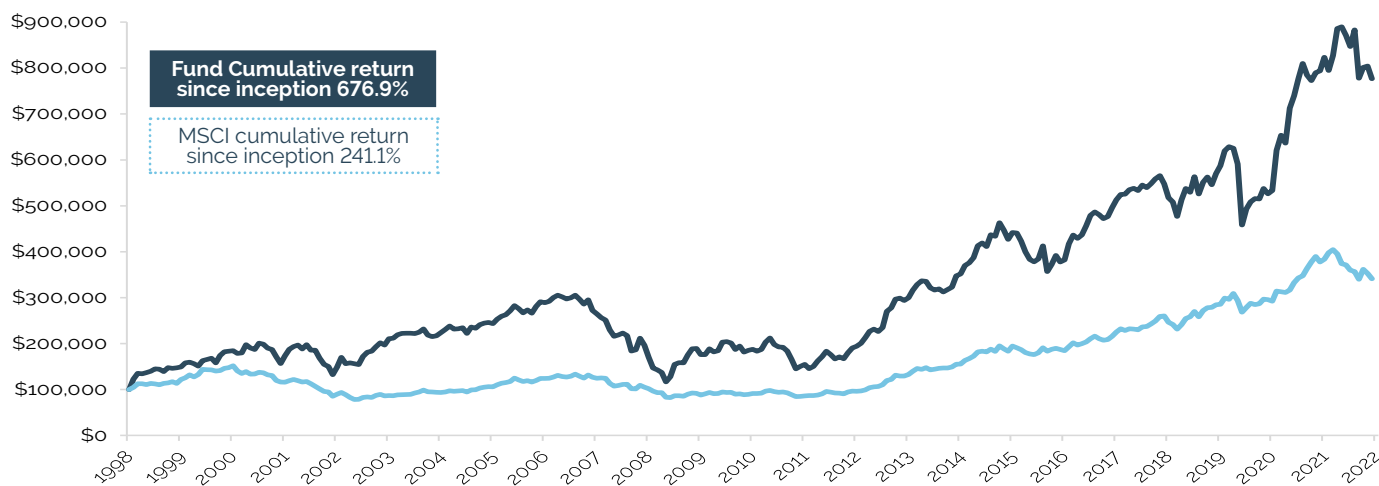


Chart reflects Fund growth net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 28 October 1998. These figures represent past performance only. No guarantees exist of future returns above or 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 [^]
Domestic Banking - Europe	20%	ING Groep	<ul style="list-style-type: none"> Europe 39% North America 36% United Kingdom 12% Australia 7% Asia (Ex-Japan) 6%
Industrial commodities	16%	Freeport-McMoRan Copper	
Domestic Banking - USA	14%	Bank of America	
Energy	13%	Shell	
Gaming	11%	Wynn Resorts	
Quality Industrial Franchises	10%	Siemens	
Alternative Investment Managers	7%	Apollo Global Management	
Housing Ireland & Spain	6%	Cairn Homes	
Other	6%		
Long Equity Position	104%		<ul style="list-style-type: none"> Mega (>\$100bn) 20% Large (<\$100bn) 28% Medium (<\$30bn) 38% Small (<\$5bn) 14%
Direct Short Position	-7%		
Index Short Position	-5%		
Net invested equities	92%		
Total holdings	44		
		Currency exposure** 100%	
		AUD 80%	
		GBP 9%	
		USD 7%	
		CAD 2%	
		Other 2%	

[^] '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

- Bond yields continue to rise as central banks reinforce their ambition to quell inflation through higher interest rates
- Apollo Global Management's robust fundamentals collide with interest rate volatility and recessionary fears, leading to multiple contraction

Our European interest sensitive banks including the Spanish and Irish banks performed strongly over the month as the market begins to focus on the impact of higher rates on European bank earnings. While generally unthinkable just a few months ago, Eurozone inflation hit a record high of 10% in September, reinforcing expectations for another large interest rate hike from the ECB in October. As we have previously indicated, every 1% change in European rates leads to a 20-25% increase in European bank earnings.

Our Macau casinos also performed strongly after it was announced that mainland China will reinstate both package tours to Macau and eVisas under the Individual Visit Scheme

(IVS), two travel programs which have been suspended since the start of the pandemic. Prior to COVID-19 the vast majority of mainland China visitation to Macau entered via one of these two programs and a resumption should drive material improvement in visitation.

Apollo Global Management negatively impacted the portfolio over the month as it fell ~16%. While company fundamentals remain resilient, the sharp jump in interest rates and heightened recessionary fears has resulted in multiple contraction with Apollo now trading on less than 8x 2023 forecast earnings, in an environment where it continues to grow its business between 10 and 15% plus pa.

Top 10 stocks	
Stock name	Sector
Apollo Global Management	Alternative Investment Managers
Bank of America	Banks
Caixa Bank	Banks
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

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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

\$496.1 Million

Strategy size

\$1,331.4 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 for further information on the Index. Address: Level 11, 68 York Street, Sydney, NSW 2000