

15 November 2019

Attention: Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

By: E-Lodgement

ANNUAL GENERAL MEETING
ADDRESS BY THE CHAIRMAN: MR CHRIS KNOBLANCHE

TRANSCRIPT STARTS

Welcome to the 2019 Annual General Meeting of the PM Capital Global Opportunities Fund Limited.

This is my first Annual General Meeting as a director and Chairman of our Company following my appointment to the Board in July this year. I would like to take this opportunity to thank the Company's previous Chairman Mr Andrew McGill for his services to the Company since its IPO in December 2013.

As reported in our Annual Report, the investment performance for the Company for the year was subdued, with modestly positive portfolio investment returns, but a decline in net tangible assets per share after dividend payments. This subdued investment performance was on the back of volatile global market and economic conditions during the year. Whilst flat performance is disappointing at face value, this short term result is not inconsistent with the Company's long-term concentrated fundamental value investment philosophy employed by our Investment Manager.

During the 2019 financial year, portfolio returns net of fees and expenses generated a return of 0.6%. By comparison, over the year to 30 June 2019 the MSCI World Net Total Return Index in Australian dollars returned 12.0% and the local S&P/ASX 200 Accumulation Index returned 11.5%.

For the year ended 30 June 2019, the Company reported accounting profit of \$2.9 million, equating to earnings per share of 0.82 cents. Taxable income for the year was \$42.4 million – driven by \$33.3 million of realised gains on sale of securities.

Since 30 June 2019, through to the Company's latest NTA release on 8 November 2019, the Company's pre-tax NTA has grown well, increasing from \$1.3179 to \$1.4184, despite the Company declaring and paying a two cent fully franked dividend during this period. This equates to a 10% total return so far this financial year. Calendar year 2019 to 8 November has seen the portfolio return 26% net of fees and expenses.

What was, and remains, most disappointing is the significant increase in the discount at which the Company's shares trade on the ASX relative to the Net Tangible Asset value per share. Despite, this being a phenomena impacting many of the Company's global equity LIC peers, it remains most frustrating.

Whilst we acknowledge the feedback received from our ongoing engagement with investors and shareholders that some see this discount as an opportunity to invest, and/or to invest more, as a whole the Board is acutely aware that changes in the trading discount do materially affect the mark-to-market returns of our shareholders.

Ultimately the Company's share price is determined by market action, not underlying fundamental value or investment performance, so we cannot explain with certainty why the discount has materially expanded since the start of January 2019. However, we note:

- the market in LIC securities generally was adversely impacted by the debate around franking credits prior to the last federal election, and more recently, by the global equity and bond market volatility generated by Brexit worries, the US-China tariffs and trade dispute and central bank interest rate policies around the world;
- a broad range of LICs specialising in global equities, including PGF, saw their discounts to Net Tangible Assets (NTA) widen considerably during FY2019; and
- LICs in general cycle between adverse and positive movements in share price relative to NTA.

In PGF's case the expansion in the share price discount to NTA between 31 December 2018 and 30 June 2019 appeared to be substantially driven by essentially no movement in PGF's point to point share price, while at the same time underlying portfolio performance saw Pre-Tax NTA increasing by 12.4%.

Initiatives towards seeking to combat this share trading discount include:

- **Where possible, consistency in approach is to dividends**

In this regard, the Board has declared dividends totalling 3.8 cents per share, fully franked over the year. This included an increased final dividend for 2019 of 2.0 cents per share fully franked which was paid on 26 September 2019.

The Board has appreciated the many communications we receive from our shareholders associated with this dividend. Interestingly, but probably not surprisingly, we note that some shareholders confirm their preference for capital gains over dividends, whereas other shareholders have encouraged directors to consider higher dividend payout rates (especially given the low official cash rate). I can assure shareholders that the Board will continue to consider the dividend amount having regard to the best interests of our Company.

A further initiative to combat the share price discount to NTA has been to:

- **Continue an active marketing campaign**

The Board has been pleased that PM Capital, as the Investment Manager, is actively promoting PGF through interaction with stockbrokers, advisers and researchers, and has continued to focus on communications and engagement with the market generally, including adviser visits and roadshows. PM Capital has also undertaken advertising campaigns at its own cost, highlighting the demonstrated long term performance of its global equity strategy (as used by PGF), while also producing numerous investment manager insight and portfolio positioning articles, reports and videos on the Company's website and in third party media.

In addition to dividends and ongoing marketing, the Board gives regular consideration to:

- **Direct capital management** initiatives including among others, on-market buy-backs, which are often perceived to positively impact share price trading relative to NTA, but when examined empirically have questionable. If any, long-term trading benefits for Australian LIC discounts to NTA.

I note with interest that Paul Moore and his related entities have continued to show support for the Company's investment strategy and long term outlook (including demonstrating his assessment of share value), by continuing to stand in the market and buy shares.

On 26 September 2019, Paul and his related entities issued a Notice of Change of Interest of Substantial Holder showing an increased holding to over 33.3 million shares, or 9.4% of the Company's issued capital.

Notwithstanding other strategies, the ultimate way to improve the trading of the Company shares is to:

- **deliver consistent investment performance which is broadly known in the market, and thereby change the dynamics between buyers and seller of stock.**

In this regard it is worth highlighting that PM Capital's global equities strategy as used by the Company has been operating in the form of the PM Capital Global Companies Fund since 1998. This fund is a top decile performer among its peers since its inception. Had the Fund used the Company's fee structure since inception, it would have delivered a total return to 31 October 2019 of 685% compared to the MSCI World Net Total Return Index in Australian dollars of 186%. Furthermore, this week Zenith Investment Partners rated the Fund Highly Recommended, the highest rating available.

After the close of the formal part of the meeting, Paul Moore (Portfolio Manager for the Company and Chief Investment Officer of PM Capital) will give a brief update of the current portfolio, and on his views for the year ahead. Paul will also be available to answer questions.

Finally, I would like to take this opportunity to thank Paul and the Investment Manager's team for their hard work, efforts and commitment during the year. In addition, I would also like to thank our shareholders for your continued support for our Company.

Thank you.

TRANSCRIPT ENDS

Yours faithfully

PM Capital Global Opportunities Fund Limited

A handwritten signature in black ink, appearing to read 'R. Matthews', is written over the printed name.

Richard Matthews
Company Secretary