An historic opportunity

Extraordinary potential in quality cyclical and industrial stocks

p.1 Video insight

PM Capital Global Opportunities Fund Limited

ACN 166 064 875 (ASX Code: PGF)

PM Capital Asian Opportunities Fund Limited

ACN 168 666 171 (ASX Code: PAF)

CONTENTS

Quarterly video update

In his video update, Paul Moore, Chief Investment Officer and Portfolio Manager, Global strategies explains:

- How the market is following a typical "post-market correction" path
- Our long term framework – it's about stock valuations, not the macro
- Why now is one of the great buying opportunities in quality cyclical and industrial stocks

Access the video **here.**

Access all market updates and insights **here.**

"Every 10 years there's a dramatic change in sector performance. We think that is very much going to be the case going forward. Now it's really just a situation of letting that play out."

Listed Company Overview

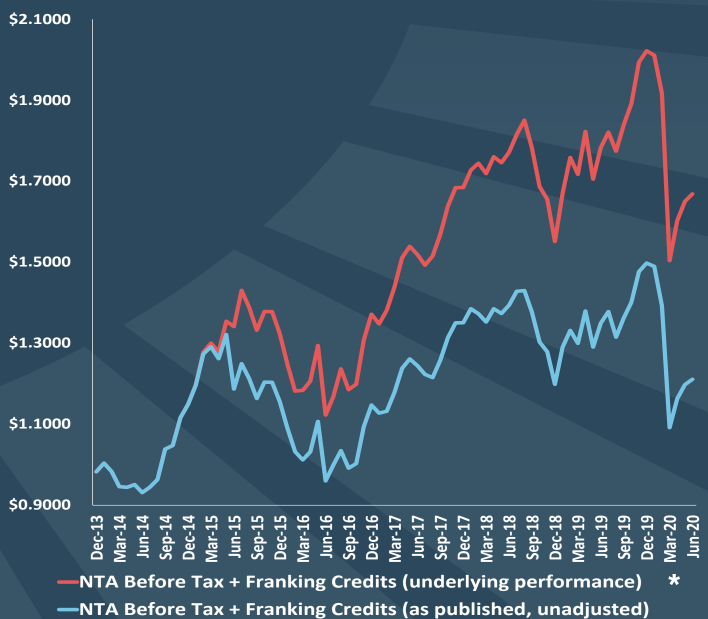
	PM Capital Global Opportunities Fund Limited	PM Capital Asian Opportunities Fund Limited
Asset Class	Global equities	Asian (ex-Japan) equities
Listing Date	11 December 2013	21 May 2014
Suggested Time Frame	Seven years plus	Seven years plus
Shares on Issue	354,175,578	57,611,321
Share Price	$0.90	$0.68
Market Capitalisation	$ 318.8 million	$ 39.2 million
NTA before tax accruals (per share, ex-dividend)	$1.1475	$0.8801
Company Net Assets before tax accruals	$ 406.4 million	$50.7 million

See page 8 for Important Information. As at 30 June 2020.

PM Capital Global Opportunities Fund Limited

- **The Company** aims to create long term wealth through a concentrated portfolio of generally 25-45 global companies that we believe are trading at prices different to their intrinsic values.
- **The Company's investment objective** is to provide long-term capital growth over seven-year plus investment horizon through investment in a concentrated portfolio of undervalued global (including Australian) equities and other investment securities.

NTA performance since inception



Past performance is not a reliable indicator of future performance.
* Excludes the impact of: Changes in ordinary share capital (i.e., option exercise, DRP); Dividends; and Tax paid. After all costs and expenses, including (but, not limited to): management fees; listing fees; registry costs; audit costs; and directors' fees.

ASX Code	PGF
Category	Global equities (long/short)
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 25-45 stocks
Shares on issue	354,175,578
Suggested investment time	7 years +
Listing date	11 December 2013

PM Capital Global Opportunities Fund

Paul Moore
Global Portfolio Manager

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	June 2020
NTA before tax accruals[2]	**$ 1.1475**
NTA after tax (excluding deferred tax assets[3])	**$ 1.1589**

Company performance (net of fees)[4]	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception p.a.	Total Return
PM Capital Global Opportunities Fund	11.0%	-6.4%	3.2%	4.5%	8.1%	66.9%

1. Past performance is not a reliable indicator of future performance. 2. Performance adjusted for capital flows including those associated with the payment of dividends and tax, share issuance as a result of option exercise and the dividend reinvestment plan, and including the value of franking credits.

KEY POINTS

- Markets rebound strongly from March lows
- Increased portfolio exposure to materials and natural resource stocks, the Australian Dollar

PERFORMANCE

The portfolio rebounded strongly in the June quarter, finishing up 11.0%.

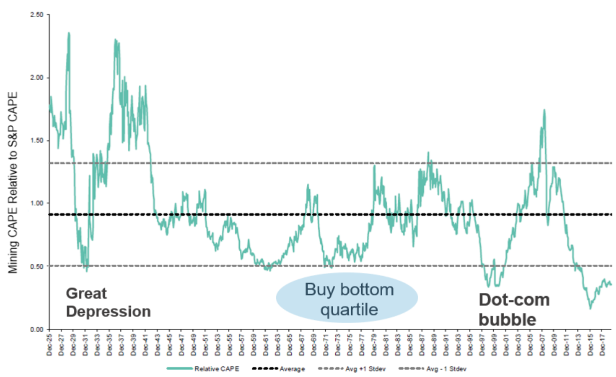
PORTFOLIO ACTIVITY

We substantially added to our material and natural resource exposure over the quarter. We have now built a high quality, broad portfolio of resource companies across a range of commodities with a focus on copper and precious metals. In addition, we used the weakness in the market over the quarter to increase our position in Siemens and to re-establish our position in Alphabet (parent company of Google).

OUTLOOK

Our most recent thematic is our investment in material and natural resource stocks.

Mining valuations near historic lows



Source: Bernstein

The chart illustrates the relative valuation of the S&P 500 versus the S&P 500 Mining component over the past 100 years. It highlights how depressed valuations have become for commodity stocks, which have moved into the bottom quartile of their valuation range. We have seldom been in this position – notably during the "dot com" bubble in the late 1990s and the Great Depression.

Freeport-McMoRan

Freeport-McMoRan share price

Source: Bloomberg, Freeport-McMoRan earnings call, Reuters

Freeport-McMoRan, the second-largest copper producer globally, is our largest holding in the materials/ natural resource space. The position was initiated in 2019, then increased during the 2020 market volatility.

Back in 2019, there was record dispersion between the bearish market view of copper versus what the copper companies were saying was the medium to long term outlook. The companies were reporting robust demand due to the structural growth in renewable energy and electrification – heavy copper users.

Regarding supply, the copper companies identified issues in replacing some of the older mines, meaning that the market may not be able to adjust easily to cater for the increase in demand, thereby affecting prices. Richard Adkerson, Freeport's CEO, has explained the supply side issue in simple terms: "The easy copper deposits have been found over the years. Modern deposits at the surface are much lower grade

PM Capital Global Opportunities Fund

and require tremendous investment in infrastructure, mining and processing. Increasingly, mines are underground where costs are greater"[2].

Freeport's long term share price chart illustrates its changing fortunes over the past two decades. In particular, Freeport has underperformed the copper market more recently due to its huge and ill-timed investment into the oil and gas space in 2012 when oil was trading at over $100 a barrel. Fast forward to 2015, with oil at closer to $45 a barrel, Freeport was forced to suspend its dividend and sell billions of dollars of equity in a highly dilutive offering in order to stay afloat. Accordingly, the focus over the past few years has been to restore its balance sheet and it has successfully cut its debt in half since its 2013 peak.

With its balance sheet in better order and the ramp up in production in Grasberg (located in Indonesia, the largest gold mine and second largest copper mine in the world), Freeport should be in a position to substantially increase its free cash flow generation. Assuming a $3 copper price and $1600 gold, Freeport is trading on a single digit price to earnings ratio.

Royal Dutch Shell

We initiated a position in Royal Dutch Shell over the quarter. There is no secret that demand for oil has collapsed in light of the current pandemic. Nevertheless, Shell is well placed to perform in the coming years. It has adapted its cost structure to operate in the current low-price environment and in the past few years Shell has transformed its upstream portfolio, having divested its high cost projects and invested in offshore projects which will yield significant return in years to come.

Relative to other oil majors, Shell is better placed as the overall energy complex transitions away from oil. Shell is the industry leader in liquified natural gas (LNG) and will benefit as governments worldwide reduce their reliance on energy generation from coal. As the oil price recovers, Shell is on a single digit PE and offers a double-digit free cash flow yield.

[2] Freeport-McMoRan Third Quarter 2019 Earnings Conference Call

Portfolio investments	Weighting^^
Housing - Ireland and Spain	7.9%
Global Domestic Banking	23.5%
Service Monopolies	13.2%
Gaming - Macau	6.0%
Alternative Investment Managers	12.5%
Industrial - Europe	6.3%
Materials	18.9%
Other	9.7%
Long Equity Position	**98.0%**
Short Equity Position	-12.1%
Net Invested Equities	85.9%
Total holdings	52

Current stock examples
Cairn Homes
Bank of America
Visa
MGM China holdings
KKR & Co.
Siemens
Freeport-McMoRan

Currency exposure*	
USD	39.0%
AUD	37.5%
EUR	13.5%
GBP	3.9%
HKD	1.9%
CAD	2.9%
SEK	1.3%
Total exposure	100.0%

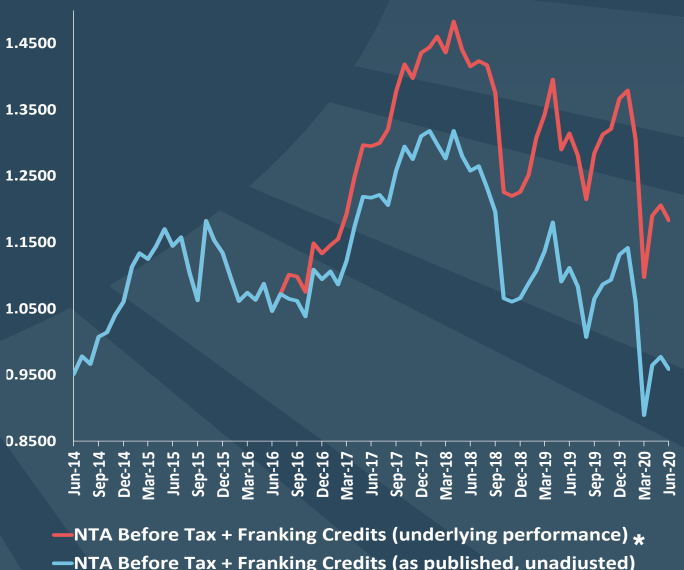
* Stated as effective exposure.

Paul Moore - Chief Investment Officer & Global Portfolio Manager
John Whelan - Contributing author

PM Capital Asian Opportunities Fund Limited

- **The Company** aims to create long term wealth through a concentrated portfolio of typically 15-35 Asian centric companies that we believe are trading at prices different to their intrinsic values.
- **The objective of the Company** is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of predominantly undervalued listed Asian equities and other investment securities in the Asian Region (ex-Japan).

NTA performance since inception



ASX code	PAF
Category	Asian (ex-Japan)[6] equities
Investment style	Fundamental, bottom-up research intensive approach
Number of stocks	As a guide, 15-35 stocks
Shares on issue	57,611,321
Suggested investment time	7 years +
Listing date	21 May 2014

Past performance is not a reliable indicator of future performance.
*Excludes the impact of: Changes in ordinary share capital (i.e., option exercise, DRP); Dividends; and Tax paid. After all costs and expenses, including (but, not limited to): management fees; listing fees; registry costs; audit costs; and directors' fees.

PM Capital Asian Opportunities Fund

Kevin Bertoli
Asian Portfolio Manager

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	**June 2020**
NTA before tax accruals[2]	**$ 0.8801**
NTA after tax (excluding deferred tax assets[3])	**$ 0.8775**

Company performance (net of fees)[4]	**3 Months**	**1 Year**	**3 Years p.a.**	**Since inception p.a.**	**Total Return**
PM Capital Asian Opportunities Fund	**7.8%**	**-10.0%**	**-3.0%**	**2.8%**	**18.3%**

1. Past performance is not a reliable indicator of future performance. 2. Performance adjusted for capital flows including those associated with the payment of dividends and tax, share issuance as a result of option exercise and the dividend reinvestment plan, and including the value of franking credits.

KEY POINTS

- Previously harder-hit cyclical sectors recover
- We return to the beer sector
- Despite market appreciation, value remains in new and older portfolio holdings

PERFORMANCE

Over the past three months the vast majority of the underlying portfolio holdings participated in the broad-based recovery experienced by regional equity markets. Unsurprisingly, the strongest performances were recorded by positions in previously harder-hit cyclical sectors, with the prominent performance detractors in the March quarter such as copper and Macau-related holdings becoming the biggest positive contributors. Positions within our online classified thematic (iCar Asia, Frontier Digital Ventures) as well as our consumer franchises thematic (Vietnam Dairy Products, SABECO) also performed strongly. Currency effects offset some of the gains as the Australian Dollar appreciated off its lows.

The portfolio's copper holdings advanced in tandem with the metal's price. We also saw company-specific catalysts, most notably at Freeport-McMoRan and Turquoise Hill, which helped both names outperform the broader copper universe. While the economic disruption caused by COVID-19 is negative for copper demand in the very short term, it has been supply-side constraints that have been the dominant catalyst for the sharp appreciation in the copper price. Supply outages, primarily across South America, have helped balance the market. Production output in Peru, the second-largest producer globally, declined approximately 30% in the first four months of 2020, with a state of emergency seeing many mines halting production.

The risk of further supply disruptions remains high and this has led to commodity traders and end buyers positioning themselves accordingly. The situation in Chile, the world's largest copper producer at over 25% of global supply, is of particular focus. While Chilean miners have so far managed to maintain production levels, authorities have yet to bring COVID-19 infections under control and cases among mine workers continues to increase. Consequently, mine worker unions have threatened to remove members from mine sites.

Beyond the immediate impact of mine closures, there also remains growing risks to longer term copper supply from the current COVID-19 environment, with major expansion projects also being put on hold as miners focus solely on maintaining current production. This will have a more permanent impact on supply.

Gaming positions also performed well as COVID-19 infections in Macau, Hong Kong and the Guangdong province bordering Macau were effectively brought under control by authorities and investors looked towards a potential reopening of borders. Wynn Resorts was the most volatile holding due to its US exposure - growing concerns around an uptick in COVID-19 cases in the US saw Wynn give back some of the gains achieved through May.

Improved communication from casino operators with respect to liquidity positions also provided comfort around each of our holdings' ability to weather an extended period of property closures. Despite casinos being open from mid-February, the operating environment remains deeply depressed as entry restrictions on tourists have remained. Despite Macau having seen very limited numbers of new cases authorities have maintained an extremely cautious stance. We expect our Macau holdings to react positively when borders re-open and the Individual Visitor Scheme is re-introduced.

PORTFOLIO CHANGES

The invested position was largely unchanged over the quarter. However, the headline number masks an increased level of activity within the portfolio. We were active in rotating capital as we took advantage of the severe dislocation seen this year. We have exited

PM Capital Asian Opportunities Fund

several smaller holdings with the capital redeployed predominantly into existing ideas where we have a higher level of conviction. Noteworthy were increases in our TravelSky Technology, China Mobile, Kunlun Energy and Melco Resorts & Entertainment positions.

A new position in Budweiser APAC was also initiated in May. This position complements the SABECO position entered into in the first quarter. Combined, these two investments mark a return to the beer sector; something we know well having held several positions across the region over the past decade.

Both businesses have experienced significant disruption on account of COVID-19, with on-license trade demand particularly impacted by the mandated closure of bars and restaurants in both mainland China and Vietnam. Nonetheless, both businesses remain well placed in their respective markets; Budweiser the dominant player in the premium category in China and SABECO the market leader in the Vietnamese market where structural growth prospects remain very favourable longer term.

Subsequent to quarter's end it was announced that the Vietnamese Government would look to sell its remaining 36% stake in SABECO. We deem this to be positive, with Budweiser APAC a potential partner, something previously alluded to. This could materially improved SABECO's premium portfolio and drive a more focused cost culture.

The Company's currency exposure also changed materially over the period with the Australian Dollar position being reduced. However, offsetting this reduction was the decision not to roll our hedges on several of our Asian currency exposures, most notably the Korean Won. Historically we have hedged these positions back into the US Dollar. Over the long term the performance of these currencies has been highly correlated to the Australian Dollar, which is not unsurprising. Given the recent outperformance of the Australian Dollar against most global currencies we have chosen to switch our non-US Dollar and Hong Kong Dollar positions into these currencies.

PORTFOLIO CHANGES

The pace and extent of the rebound in equity and debt markets over the quarter has been surprising. While Asia has been among the most effective in dealing with the spread of COVID-19, alleviating some of the worst case fears around the economic impacts, we are also cognisant of the impact a zero rate environment coupled with government stimulus and central banks intervention has played. We also recognise that markets will likely remain volatile given the stop/ start nature of managing COVID-19's medical and economic side effects.

We have identified clear catalysts to drive positive performance in our core portfolio holdings, such as those for copper and Macau highlighted above. Another area of the portfolio where we expect to see positive announcements is our China oil and gas infrastructure holdings (Kunlun Energy, Sinopec Kantons). While operationally both have performed well in the current environment, the rate of progress regarding the formation of a national pipeline company has been slow. We expect progress to accelerate over the next six months, highlighting the valuation discounts at which these businesses trade.

Despite the sharp V-shaped recovery experienced during the quarter we continue to see value in the names held within the portfolio. This is partly a function of how deeply depressed valuations became across several of our holdings during the peak of the March sell-down, but also the already attractive valuations prior to COVID-19. As we have alluded to in prior communications, COVID-19 has extended the valuation disconnect between 'cyclical' and 'growth' businesses. This environment provides potentially a once in a generation opportunity to buy cyclical and industrial stocks that will play out over several years, not a single quarter.

Portfolio investments	Weighting
Online Classifieds & Ecommerce	19.7%
Consumer	17.0%
Infrastructure - Oil & Gas	10.4%
Infrastructure - Other	3.3%
Gaming	13.6%
Materials (Copper)	8.6%
Financials	7.1%
Other	6.7%
Long Equities Position	**86.4%**
Net Invested Equities	**86.4%**

Current stock examples	
iCar Asia	
Dali Food Group	
Sinopec Kantons	
China Merchants Holdings International	
MGM China Holdings	
Freeport-McMoRan	
Shinhan Financial	
Total Holdings	24

Currency exposure*	
HKD	44.2%
AUD	20.0%
USD	19.6%
INR	5.1%
Other	11.1%
Total exposure	100.0%

* Stated as Effective Exposure.

Kevin Bertoli - Asian Portfolio Manager

Important information

This Quarterly Report is issued by PM Capital Limited (ABN 69 083 644 731, AFSL No. 230222) as investment manager for the:

PM CAPITAL Global Opportunities Fund Limited
ACN 166 064 875 (ASX Code: PGF)

PM CAPITAL Asian Opportunities Fund Limited
ACN 168 666 171 (ASX Code: PAF)

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The Index for the PM Capital Global Opportunities Fund Limited is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. The Index for the PM Capital Asian Opportunities Fund Limited is the MSCI AC Asia ex Japan Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the MSCI indices.

See the company announcements platform at www.asx.com.au, and www.pmcapital.com.au, for further information.

6. The Asian region (ex-Japan) includes Hong Kong, China, Taiwan, Korea, Indonesia, India, Sri Lanka, Malaysia, Philippines, Thailand, Vietnam, Pakistan and Singapore, but excludes Japan. The Company may also obtain exposure to companies listed on other global exchanges where the predominant business of those companies is conducted in the Asian region (ex-Japan).

Annoucement authorised by Benjamin Skilbeck - Director.

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