QUARTERLY REPORT
JUNE 2021

"Groupthink"

Time to change the go-to strategy of the last decade.

p.1 CIO Letter

PM Capital
GLOBAL OPPORTUNITIES FUND LIMITED

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

PM Capital
ASIAN OPPORTUNITIES FUND LIMITED

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

CONTENTS

Chief Investment Officer Letter

In his letter, Paul Moore, Chief Investment Officer and Portfolio Manager, Global strategies discusses:

- An extraordinary year in markets
- Movements in value vs growth stocks as the market debates the direction of interest rates and inflation
- The importance of not following the herd, particularly at inflection points
- His belief that the rotation to value remains in its infancy

Access the letter **here.**

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

Our usual quarterly video has been replaced with this letter due to the COVID-19 lock-down precluding filming. We inted to provide video updates in the coming weeks.

Our core message this time last year: *"There is always plenty to be uncertain about...What is not uncertain, in my mind, is the unwinding of the valuation dispersion between the value and the growth/ momentum sectors of the market will be the dominant feature of markets for some time."*

Financial Year 2021 results:
Global Opportunities Fund + 54.0%, Asian Opportunities Fund + 30.3%

Our current perspectives: *"Significant valuation anomalies typically take three to five years to return to fair value. Over seven to 10 years, they usually become overvalued. We do not expect the "Value" play to be any different. It is likely that we have only seen the first quarter of the rotation into "Value" sectors of the market."*

Listed Company Overview

	PM Capital Global Opportunities Fund Limited	PM Capital Asian Opportunities Fund Limited
ASX Code	PGF	PAF
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	352,804,435	57,230,342
Share Price	$1.59	$0.95
Market Capitalisation	$561.0 million	$54.4 million
NTA before tax accruals (per share, ex-dividend)	$1.7033	$1.1265
Company Net Assets before tax accruals	$600.9 million	$64.5 million

See page 6 for Important Information. As at 30 June 2021.

PM Capital Global Opportunities Fund

Paul Moore
Global Portfolio Manager

Simple ideas, simple businesses

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

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	**June 2021**
NTA before tax accruals	**$ 1.7033**
NTA after tax (excluding deferred tax assets)	**$ 1.5236**

Company performance (net of fees)[2]	**3 Months**	**1 Year**	**3 Years p.a.**	**5 Years p.a.**	**7 Years p.a.**	**Since inception p.a.**	**Total Return**
PM Capital Global Opportunities Fund	**7.2%**	**54.0%**	**13.1%**	**18.0%**	**15.6%**	**13.3%**	**156.9%**

Gross Dividend Yield (p.a.)[3]
7.2%

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. 3.Based share price as at 30 June 2021, and the dividend guidance issued to the ASX on 12 May 2021. The intended fully franked dividend is subject to there being no material adverse changes in market conditions and the investment performance of the Company's portfolio. The Company's ability to continue paying fully franked dividends is dependent on the payment of tax on investment profits and there can be no guarantee that such profits will be generated in the future.

KEY POINTS

- The global equities recovery in value sectors of the market is just beginning
- Market begins to acknowledge Apollo's undervaluation
- Teck Resources underappreciated

PERFORMANCE

The market was strong over the quarter and the portfolio was up 7.2%

PORTFOLIO ACTIVITY

We exited our position in Visa during the quarter. Visa has been one of the portfolio's core positions and strongest performers, buying at bottom quartile valuation in 2010 and selling at top quarter for >1,000% return. We still view Visa as an exceptional business, but with interest rates inflecting higher and Visa's valuation in the mid-30s price-to-earnings, we see better opportunities elsewhere.

We increased the portfolio's holding in Royal Dutch Shell during the quarter. Oil prices globally have moved higher as reopening activity globally drives higher demand while outpacing returning supply. Despite this, equity valuations are still discounting very conservative oil price forecasts. RDS shares have lagged as a legacy of the 2020 dividend cut, however we see room to grow the dividend and use surplus cashflow for share buybacks, debt reduction and additional capex to fund the energy transition.

OUTLOOK

As we discussed in the March quarterly, we used the weakness in Apollo's share price in early March to add to our position as the stock sold off on the back of uncertainty around its merger with Athene. Athene is in the business of retirement services, offering its clients annuity products. It is a spread business and profits from investing its assets at a higher rate than it pays on its liabilities (annuities). The marriage of an alternative asset manager and an insurance company may sound like a strange match at first glance but their businesses very much complement each other with Athene providing the funds for Apollo to manage. Apollo paid circa 7x earnings for the 65% of Athene they did not already own. Athene's business generates a mid-teen return on equity and double-digit earnings growth. The all-stock merger will result in Apollo's share count rising circa 30% while adding circa 70% to the combined entity's earnings.

The pandemic has also allowed Apollo to return to its roots of deep value opportunistic investing. It structured a number of large deals in industries most severely impacted by the pandemic. Many of the deals came in the form of preferred shares with attached warrants which simultaneously provide strong downside protection but also equity-like upside through long-dated warrants. Deals included rescuing Hertz from chapter 11, extending loans to United Airlines and providing preference shares to Expedia and Airbnb.

While Apollo's share price gained 33.4% over the

PM Capital Global Opportunities Fund

quarter, we believe it continues to trade cheap on ~12x forecasted 2022 earnings given both its growth profile and the likelihood of S&P 500 inclusion next year.

Diversified miner Teck Resources was another strong performer due to higher copper and metallurgical (steelmaking) coal prices. Despite steel prices being at record highs in many parts of the world, for the past six months metallurgical miners saw little benefit as China's unofficial ban on Australian coal imports distorted pricing benchmarks. May brought the first signs of a normalization in prices which by the end of June, had shrugged off the ban completely.

Perhaps the best way to understand why we believe Teck is undervalued is to consider the earning's power of its metallurgical coal business separately. Teck's all-in sustaining cost of coal production is roughly US $100/tonne, and at spot prices Teck sells the coal at around US $200/tonne. Multiplied by at least 25 million tonnes annually, yields US $2.5b in pre-tax earnings on a market capitalization of US $12.3b. Alone that is good value; what makes Teck exceptional value is that by 2023 coal will constitute less than half of its earnings power – besides coal Teck has low-cost copper & zinc assets, plus a large new copper mine set to begin production in 18 months' time.

We took advantage of share price weakness in late June to incrementally add to our position.

With regard to the markets, we believe the global equities recovery in value sectors of the market is just beginning and has much further to run this decade, albeit with corrections and periods of consolidation to be expected along the way.

Portfolio investments	Weighting^^
Housing - Ireland and Spain	8.6%
Global Domestic Banking	35.8%
Gaming - Macau	9.1%
Alternative Investment Managers	8.5%
Industrial - Europe	6.5%
Materials	20.7%
Energy	7.7%
Other	13.4%
Long Equity Position	**110.3%**
Short Equity Position	-22.7%
Net Invested Equities	87.6%

Current stock examples	
Cairn Homes	
Bank of America	
MGM China holdings	
Apollo Global Management	
Siemens	
Freeport-McMoRan	
Royal Dutch Shell	
Howard Hughes	
SPX, NASDAQ	
Total holdings	44

Currency exposure*	100%
USD	37.9%
AUD	32.2%
EUR	18.5%
GBP	5.0%
Other	6.4%

* Stated as effective exposure.

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.

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

PM Capital Asian Opportunities Fund

Kevin Bertoli
Asian Portfolio Manager

Profiting from hand-picked business operating in the world's growth engine

Net Tangible Asset (NTA) backing per ordinary share (After fees and expenses, all figures are unaudited)[1]	**June 2021**
NTA before tax accruals	**$ 1.1265**
NTA after tax (excluding deferred tax assets)	**$ 1.1071**

Company performance (net of fees)[2]	**3 Months**	**1 Year**	**3 Years p.a.**	**5 Years p.a.**	**7 Years p.a.**	**Since inception p.a.**	**Total Return**
PM Capital Asian Opportunities Fund	**2.2%**	**30.3%**	**2.6%**	**8.0%**	**8.3%**	**6.2%**	**53.5%**

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.

KEY POINTS

- Commodities again contribute positively to performance, capping a stellar year
- Covid resurgence delays earnings recovery of reopening plays
- New opportunities in large cap value

The performance outcomes achieved during the Financial Year are pleasing to report. Over the past year we have seen several cornerstone investment themes play out in line, if not ahead of our expectations, justifying the decision to maintain our conviction in these holdings during the initial COVID-19 outbreak.

Commodities, most notably our copper positions, have been a reoccurring feature of our commentary over the past year and once again contributed positively to performance. While copper remains a core part of the portfolio, we reduced positions during the period as strong performance throughout the year lead to increased exposure.

Given the magnitude of the recent moves in metal prices we expect periods of digestion like that seen in late June, when China's decision to make its strategic reserves available in an effort to ease commodities inflation, had a negative impact. We view these measures as temporary and see a compelling structural argument for higher prices long term. This conviction was reinforced in recent months with Chile and Peru both looking to increase taxes to capture a larger share of profits. Consequently, higher prices will be required to incentivise new supply.

One commodity which avoided the late quarter selloff was oil. Brent crude, the key benchmark in Asia, finished the quarter at $74.62, 19% higher over the past three months. Consequently, CNOOC and Kunlun Energy, two holdings directly benefiting from a higher oil price, performed well. Kunlun which paid a large special dividend during the period looks to be receiving greater investor attention now that the business has become more streamlined and focused on its rapidly growing natural gas sales and distribution business.

Indian credit rating agencies, CRISIL Limited and CARE Ratings, experienced significant price appreciation notwithstanding the recent COVID-19 outbreak in India. Both businesses are well positioned to benefit from the structural growth in credit issuance in India. CRISIL, the largest rating agency firm in India and a subsidiary of S&P Global, continues to take market share benefiting from its globally recognised ratings brand and strong domestic track record.

Currency also provided a positive contribution with the Australian Dollar depreciating against the US Dollar, the portfolio's primary currency exposure. The Australian dollar has failed to keep pace with soaring commodity prices and remains well below comparative levels achieved during the last commodity bull market. The dovish commentary from the Reserve Bank remains the main headwind for a higher Australian Dollar.

A resurgence in COVID-19 cases coupled with vaccination rates which lag wealthier Western nations has led to reopening expectations moderating and a delay in the earnings recoveries for some of our portfolio holdings. While India has received the most attention several countries, in Asia have also experienced a meaningful second wave of cases and been forced to reintroduced restrictions.

It is somewhat counterintuitive that the most impacted companies within our portfolio are those situated in Macau which has recorded zero COVID-19 cases in the last year. While casinos have returned to breakeven levels, China and Macau's zero tolerance approach to new COVID-19 cases, particularly given the emergence of the highly transmissible Delta variant, has resulted in an extremely cautious approach being taken to any border reopenings. Despite its relatively small size, reliance on inbound tourism and access to vaccines

PM Capital Asian Opportunities Fund

from China, Macau's vaccination rates have been frustratingly slow as success combating the virus has resulted in reduced urgency amongst the population to get vaccinated.

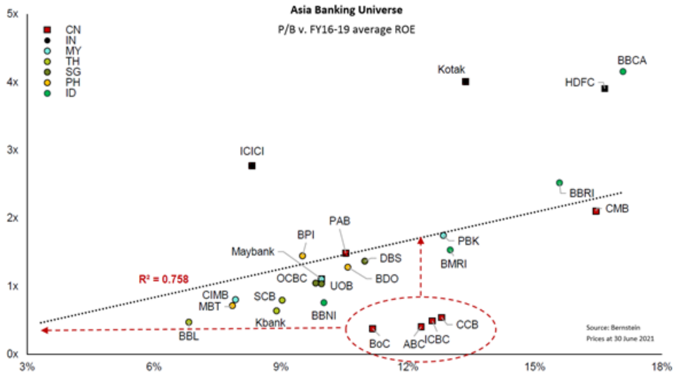
While we have maintained our overall exposure to gaming, adjustments to the mix were made, reducing MGM China and adding Las Vegas Sands. In March Las Vegas Sands announced the sale of its property in Las Vegas, meaning the business now derives all its earnings from Asia. Beyond Macau where it is the largest operator, Las Vegas Sands owns the Marina Bay Sands property in Singapore which accounts for approximately one third of earnings. Marina Bay Sands, which opened in 2010 and has a license through to 2030, has consistently achieved industry leading margins and returns.

In addition to Macau, Vietnamese brewer SABECO and TravelSky Technologies where revenues are essentially a toll on aviation activity, were negatively impacted by recent COVID-19 outbreaks. While earnings will be lower than expected this year, we continue to hold strong convictions in the normalised earnings power of the above businesses and have been encouraged by trends witnessed in similar businesses operating in markets which have reopened.

One area of potential opportunity in markets today is the much-maligned large cap 'value' companies in China. The bearish arguments towards China and Chinese equities have been well publicised and led to valuations for large 'old economy' companies, many of which are state controlled, to fall to all-time lows. Noticeably recent share price performances have been in stark contrast to the recovery witnessed in the Chinese economy.

Historically we have tended to have minimal exposure to state owned companies given misalignment of interests with controlling shareholders but valuations today more than factor in this dynamic. We have gradually increased our exposure, during the period including the purchase of China Construction Bank. The regression chart below shows the clear valuation anomaly present among Chinese banks relative to regional peers.

Chart 1: Asia Banking Universe



Source: Bernstein

We now hold positions in three deeply depressed large cap state own companies in China. All three trade at trough historic valuations despite improving outlooks. While it is difficult to time perfectly the inflection in sentiment towards a particular stock or group of stocks, we believe the downside is well protected and we are being paid to wait with dividend yields currently between 6-7% and expected to grow with both an increase in earnings and payout ratios.

Portfolio investments	Weighting
Gaming	13.8%
Online Classifieds & Ecommerce	13.6%
Financials	12.2%
Infrastructure	10.9%
Materials (Copper)	10.6%
Consumer	7.7%
Technology	6.6%
Energy	4.9%
Other	5.8%
Long Equities Position	**86.1%**
Net Invested Equities	**86.1%**

Current stock examples	
MGM China Holdings	
iCar Asia	
Shinhan Financial	
Sinopec Kantons	
Freeport-McMoRan	
SABECO	
Travelsky	
CNOOC	
China Mobile	
Total Holdings	25

Currency exposure*	100%
USD	47.9%
AUD	32.2%
KRW	10.5%
INR	5.7%
Other	3.7%

* Stated as Effective Exposure.

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 Company's investment objective 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).

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.

4. 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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