QUARTERLY REPORT

JUNE 2022

Changing interest rate tides threaten growth stocks

The speed of this adjustment causes market angst

p.1 Video insight

PM Capital Global Opportunities Fund Limited

ACN 166 064 875 (ASX Code: PGF)

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Quarterly video update

In this video Paul Moore, Chief Investment Officer and Portfolio Manager, discusses:

- The inflection of interest rates and inflation and the narrative surrounding this
- The de-rating of valuation multiples and the opportunities this can present
- PM Capital's continued and unchanged focus on a long term framework

Access the video **here.**

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

"...our investment process at PM Capital is focused on what we believe to be genuine long term valuation anomalies. Buy bottom quartile valuation and sell top quartile valuation. It is the same philosophy and process that we have followed for 20+ years."

Listed Company Overview

	PM Capital Global Opportunities Fund Limited
ASX Code	PGF
Asset Class	Global equities
Listing Date	11 December 2013
Suggested Time Frame	Seven years plus
Shares on Issue	391,371,371
Share Price	$1.52
Market Capitalisation	$594.9 million
NTA before tax accruals (per share, ex-dividend)	$1.5085
Company Net Assets before tax accruals	$590.4 million

See page 6 for Important Information. As at 30 June 2022.

PM Capital Global Opportunities Fund

PM Capital is delighted to have its global investment strategy named the winner of the International Equities – Alternative Strategies, 2021 Zenith Fund Award.^ We congratulate the nominees, and thank Zenith for their recognition of our rigorous discipline of focusing on genuine long term valuation anomalies.

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 2022
NTA before tax accruals	**$ 1.5085**
NTA after tax (excluding deferred tax assets)	**$ 1.4184**

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	Gross Dividend Yield (p.a.)[3]
PM Capital Global Opportunities Fund	-10.3%	-1.3%	12.3%	10.7%	9.5%	11.5%	153.51%	9.4%

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 on share price as at 30 June 2022, and the dividend guidance issued to the ASX on 11 February 2022. 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

- Rapidly evolving inflation, interest rate dynamics and the flow on effects to economic growth continues to drive market direction
- Positions in Flutter Entertainment plc and Northern Star were initiated while Crown Resorts and Deutsche Boerse were exited

PERFORMANCE

A challenging June quarter saw the portfolio finish the Financial Year down -1.3% compared to the MSCI World (AUD) which was down -6.5% over the same period.

Growing recession fears triggered a sharp selloff over the quarter, with the correction accelerating noticeably in the latter stages of June. Inflation data continues to come in above expectations, leading to a more aggressive policy response from central banks around the world. During the month of June alone, the Bank of England increased interest rates by 25bps, the Reserve Bank of Australia by 50bps, and the Federal Reserve by 75bps. With central bankers doubling down in their fight against inflation, interest rate increases are occurring at the same time that economic data and commentary from corporates suggest a broader slowdown is afoot.

Commodity positions were mixed, metals miners detracted from performance while oil and gas holdings outperformed the broader commodities universe and provided a positive contribution after dividends.

A decline in industrial metals and metallurgical coal prices were the key catalysts for the declines witnessed in Freeport McMoRan, First Quantum and Teck Resources. Downward revisions to economic growth expectations have raised concerns around near-term demand. Despite this we continue to hold a positive medium to long term view. Importantly, investment in new greenfield capacity remains relatively muted across most of the commodities our companies are exposed to. Unlike previous commodity price cycles, we have not seen a material supply side response to higher prices, which should see the supply picture remaining tight over the coming decade. This has been driven by several factors including a more conservative approach from corporates themselves, increasing pressure from shareholders for capital returns, as well as ever increasing time to market for new projects. Furthermore, following a period of strong earnings and disciplined capital allocation, balance sheets are also in an excellent position and there is better downside protection.

The performance of the portfolio's financial holdings, banks and alternate asset managers, were also mixed. US banks and Apollo declined while our European banking positions contributed positively. The US and Europe are at different stages of their interest rate cycles. While US banks were first to react to the prospect of higher interest rates, investor attention has now turned to the prospect of slowing economic growth and a near term peak in future interest rates expectations. Conversely Eurozone interest rates remain negative and with inflation reaching a record 8.1% in May, there is increasing pressure on the European Central Bank to accelerate the pace of its exit from ultra-loose monetary policy. Markets expect the Eurozone will end its eight-year experiment with negative rates by late 2022 and carry out its first interest rate increase in 11 years in July.

A backdrop of rising bond yields and interest rates expectations have been a positive catalyst for our European banking exposure. As we have written previously, negative rates have had a detrimental impact on European bank earnings and their reversal should lead to positive earnings revisions, with brokers estimating every 1% movement in rates could lead to a ~20% increase in profitability. We continue to hold our European banking names where valuations remain attractive. Caxia Bank in Spain, comparable to CBA here in Australia, trades at 6x 2023 earnings and pays a dividend of 8%.

We used market weakness to add to several portfolio holdings, most notable being Siemens, Woodside Energy and Apollo. With investors becoming increasingly concerned with the economic growth outlook, valuations are already implying a decline in earnings power for many businesses. Take Apollo as an example, after the recent drawdown it is now trading on 8x this year's earnings. We believe this is a compelling valuation for a high margin business, growing 15% plus p.a. with one of the best investment records in the industry. As mentioned last quarter, a world with higher interest rates, wider credit spreads and increased value orientation is ideal for Apollo and this environment is perfect for its style of investing.

During the quarter, our position in Shell plc was reduced while Crown Resorts and Deutsche Boerse were exited.

New long positions were initiated in Flutter Entertainment plc and Northern Star Resources. Short positions were added in Apple, General Mills and Kellogg.

Most significant of the new additions was Flutter Entertainment plc, the owner of market-leading online sports-betting and igaming products in the UK, US and Australia (Flutter owns Sportsbet in this market). While the UK and Australia are currently the largest contributor to Flutter's earnings and provide a valuable source of cash flow, it is the US which is set to become the dominate growth driver in the years to come. Flutter is the clear market leader in the US via its majority ownership of the FanDuel business and is well positioned to benefit as online sports betting, and to a less extent igaming, transition to a regulated market. Despite the attractive outlook, Flutter, along with the wider US sports betting and igaming universe has sold off substantially over the past year as investors shift from focusing on growth to competition and profitability. We believe the sell-off has been overdone particularly for a market leader like Flutter and believe current levels (40-50% discount to our sum of the parts valuation) provides an attractive entry point into a business with significant long term growth potential.

Portfolio investments	Weighting^^
Domestic Banking - Europe	21%
Energy	15%
Industrial commodities	14%
Domestic Banking - USA	14%
Quality Industrial Franchises	10%
Gaming	10%
Housing Ireland & Spain	9%
Alternative Investment Managers	7%
Other	6%
Long Equity Position	**106%**
Direct Short Position	-6%
Index Short Position	-6%
Net Invested Equities	94%

Current stock examples	
ING Groep	
Shell	
Freeport-McMoRan	
Bank of America	
Siemens	
Wynn Reorts	
Cairn Homes	
Apollo Global Management	
SPX, NASDAQ	
Total holdings	42

Currency exposure*	100%
AUD	78%
USD	9%
GBP	8%
EUR	2%
Other	3%

* 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 **Kevin Bertoli** - Co-Portfolio Manager **John Whelan** - Co-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

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

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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. See www.msci.com for further information on the MSCI indices.

Inception date for PGF: 12 December 2013.

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

This announcement is authorised by Benjamin Skilbeck (Diretor)

^The Zenith Fund Awards were issued on 15 October 2021 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

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