

# PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

## Net Tangible Assets & Monthly Investment Report - 31 May 2014

### Key Company Details

<b>ASX Code</b>	PGF
<b>Listing date</b>	11 December 2013
<b>Shares on issue</b>	173,672,201

### Company Profile

The PM Capital Global Opportunities Fund Limited (PGF) (ACN 166 064 875) provides investors with an opportunity to invest in a concentrated portfolio of listed securities that are diversified across global equity markets (including Australia). The aim is to provide investors with an opportunity to invest in an actively managed portfolio that does not replicate the standard industry benchmarks.

### Manager Profile

P.M. CAPITAL Limited (PM CAPITAL), founded in 1998, is a Sydney based specialist equity and income fund manager that manages over \$1.8 billion on behalf of private clients, institutional investors and the clients of financial advisers. PM CAPITAL provides its clients with an opportunity to invest alongside its investment team, investing in businesses that it believes are currently trading below their long-term intrinsic value, but will return to full value over time.

PGF's investment mandate is based on the guidelines of the unlisted PM CAPITAL Absolute Performance Fund (APF) and will generally invest in the same investments as the APF once our portfolio has been established (although there may be differences in portfolio positioning from time to time). PGF's investment objective is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of global equities and other investment securities.

### Investment Philosophy

PGF's investment portfolio is managed by PM CAPITAL, who uses the same investment philosophy and process they utilise for their unlisted retail funds. This philosophy involves a belief that *"the best way to preserve and enhance your wealth is to buy a good business at a good price."* This investment philosophy has been used by PM CAPITAL's Chief Investment Officer, Paul Moore, for over 25 years, and has been applied at PM CAPITAL since its inception in 1998. This investment philosophy involves taking a business owner's approach to investing by looking to understand how the business works, the management's philosophy in managing the business and those parts of the business that determine its intrinsic value.

PM CAPITAL then asks, "What would a rational business owner pay for the business?" Because in the end, the Manager believes that if a company's intrinsic valuation is not recognised by the stock market, it will eventually be recognised by a business owner.

### Further Information

W: [www.pmcapital.com.au](http://www.pmcapital.com.au)

T: 02 8243 0888

E: [pmcapital@pmcapital.com.au](mailto:pmcapital@pmcapital.com.au)

### Share Registry Enquiries

Boardroom Pty Limited

T: 1300 737 760

E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

### Net Tangible Asset Backing Per Ordinary Share (all figures are unaudited)

<b>NTA before tax on unrealised gains</b>	<b>0.9563</b>
<b>NTA after tax</b>	<b>0.9571</b>

### Month in Review

As highlighted last month, the slowdown in US economic growth is providing us opportunities to expend our cash position and deploy capital, as certain companies' share prices correct post their earnings releases. This month we added to our positions in Bank of America, Google, Barclay, CME Group, Deutsche Boerse and ING. The invested net equity position increased over the month from 31.0% to 56.6%.

Realogy (USA property position) fell 13% this month on weaker earnings guidance. Their earnings short fall was attributable to a larger than expected fall in mortgage refinancing volume, a sluggish rate of housing transactions and a lack of saleable inventory across their key markets (California, New York and Florida). Near term there is no doubt that the US housing market is slowing slightly with Realogy's housing transaction volumes down 2.7% year on year in the March quarter. Longer term the value of housing transactions in the US is still 40% below their recent 2008 peak and we expect the market to gradually recover over the coming decade. We will be opportunistic in increasing our holdings in this sector on further near term weakness.

US & European government interest rates have declined since the beginning of the calendar year with the US 10-year yielding 2.48% at the end of May. This weakness in interest rates has given us an opportunity to increase our holdings in the two key monopolistic interest rate exchanges, CME Holdings (USA) and Deutsche Boerse (Germany). Longer term as interest rates normalise upwards as these economies continue to grow, we expect to see increased volumes of hedging products that will be tradeable on these exchanges and thus, significantly higher earnings power over time.

During the month we took a 5% position in the PM Capital Asian Opportunities Fund Limited as part of its initial public offering. With upfront and ongoing fees being rebated, this provides an efficient investment into Asia. The core 'top-down' investment theme of 4 billion Asian consumers growing in affluence, is best accessed through a handful of industries, via the top few businesses from each.

### Top 10 Exposures

Lloyds Banking Group
Bank of America
JP Morgan
CityCentre Holdings - Yield security
PM Capital Asian Opportunities Fund
ING Groep
Barclays Plc
National Australia Bank - Yield security
Lar Espana Real Estate Socimi
Google Inc

### Net Equity Exposure

Financials	24.0%
Housing	11.7%
Other	8.9%
Brewing	3.3%
Asia	6.2%
Basics	1.4%
Technology	1.1%
<b>Total Net Equity</b>	<b>56.6%</b>

### Invested Position

Net equity exposure:	56.6%
Debt/hybrids:	9.6%
Cash:	33.8%
<b>Total Exposure</b>	<b>100.0%</b>

**Important Notice:** PM Capital Global Opportunities Fund Limited ACN 166 064 875 (PGF) has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in PGF nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of PGF and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance.