

**PM Capital Global Opportunities Fund Limited**  
**ABN 17 166 064 875**

**Appendix 4E**  
**Preliminary Final Report**  
**For the period from the date of registration (1 October 2013) to 30 June 2014**

**Date: 31 July 2014**

**Results for announcement to the market**

<b>Financial Results</b>	<b>June 2014</b> \$	<b>Change</b> %
Revenue (Loss) from Ordinary Activities	(5,279,992)	N/A*
Profit (loss) from ordinary activities after tax attributable to members	(4,750,548)	N/A*
Net profit (loss) for the year attributable to members	(4,750,548)	N/A*

**Dividends**

No dividend has been paid or declared to the date of this Appendix 4E.

<b>Net Tangible Asset Backing</b>	<b>30 June 2014</b>
Net tangible asset backing per ordinary share (after tax)	\$0.9435

<b>Net Tangible Asset Backing Reconciliation</b>	<b>30 June 2014</b>
Net assets per financial report	\$164,590,230
Deferred tax asset (temporary differences other than those on unrealised losses) adjustment	(\$727,052)
Net assets for net tangible asset backing calculation	\$163,863,178
Shares on issue	173,672,201
Net tangible asset backing per ordinary share	\$0.9435

**Entities over which control has been lost during the period:**

None.

**Details of any dividend or distribution reinvestment plans in operation:**

There is no dividend or distribution reinvestment plan in operation.

**Details of associates and joint venture entities**

None.

**This report is based on the financial report which has been audited.**

\* PM Capital Global Opportunities Fund Limited was registered on 1 October 2013. This financial result for the period from the registration date (1 October 2013) to 30 June 2014 is the first available.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**  
**ABN 17 166 064 875**

**FINANCIAL REPORT**

**FOR THE PERIOD FROM THE DATE OF REGISTRATION  
(1 OCTOBER 2013) TO 30 JUNE 2014**

## Corporate Directory

Directors:	Andrew McGill – Chairman (appointed 1 Oct 2013) Tim Gunning – Director (appointed 1 Oct 2013) Tom Millner – Director (appointed 3 Oct 2013) Chris Donohoe – Director and CEO (appointed 1 Oct 2013) Ursula Kay – Alternate Director for Chris Donohoe (appointed 20 Feb 2014)
Company Secretary:	Ursula Kay (appointed 1 Oct 2013)
Investment Manager:	PM Capital Limited Level 24, 400 George Street Sydney NSW 2000 (AFSL 230222)
Auditor:	HLB MANN JUDD (NSW Partnership) Chartered Accountants Level 19, 207 Kent Street Sydney NSW 2000
Country of Incorporation:	Australia
Registered Office:	Level 24, 400 George Street Sydney NSW 2000
Share Registry:	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
Australian Securities Exchange Codes:	Shares: PGF.AX Options: PGFO.AX

# PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

## DIRECTORS' REPORT

The directors submit the financial report of the PM Capital Global Opportunities Fund Limited ("the Company") for the period from 1 October 2013 ("registration date") to 30 June 2014.

### Directors

The following persons were directors of the Company from registration date and up to the date of this report unless otherwise indicated:

#### **Andrew McGill**

*Chairman and Non-executive Director*

*Member of the Audit Committee*

*Member of the Nomination and Corporate Governance Committee*

Mr McGill has more than 20 years financial markets experience, including investment and management experience within alternatives and the funds management industry generally. He currently serves as Managing Director and Chief Executive Officer of Treasury Group and has held this position since July 2011. Prior to joining Treasury Group, Mr McGill was a founding partner of Crescent Capital Partners (Crescent), an independent mid-market private equity firm where he worked from 2000 to 2010. Prior to establishing Crescent, Mr McGill held senior roles within Macquarie Bank's Corporate Finance and Direct Investment teams. Early in his career, he was a consultant with The LEK Partnership, an international firm of business strategy consultants.

Mr McGill holds a Bachelor of Commerce and Bachelor of Law from the University of New South Wales and a Graduate Diploma in Applied Finance (FinSIA). He is also a Fellow of the Financial Services Institute of Australasia.

#### **Tim Gunning**

*Non-executive Director*

*Chairman of the Nomination and Corporate Governance Committee*

*Member of the Audit Committee*

Mr Gunning has over 20 years experience in the private wealth management, funds management and financial markets industry. He is currently the Chief Executive Officer and Managing Director of Ord Minnett and has served in this role since 2009. Prior to joining Ord Minnett, Mr Gunning was General Manager of Commonwealth Financial Planning at the Commonwealth Bank of Australia where he was responsible for the financial advice businesses across the Commonwealth Bank. Mr Gunning held various board positions across Colonial First State and CBA Wealth management and was also a member of the Colonial First State Executive Committee. Prior to joining Colonial First State, Mr Gunning was General Manager of advice at Asgard Wealth Solutions and also held a number of senior positions at Deutsche Private Bank.

Mr Gunning is a Senior Fellow of the Securities of Australasia (FINSIA), has a Masters of the Australian Stockbrokers Association (MSAA) and also serves as director of the Australian Stockbrokers Association.

#### **Tom Millner**

*Non-executive Director (appointed 3 Oct 2013)*

*Chairman of the Audit Committee*

*Member of the Nomination and Corporate Governance Committee*

Mr Millner's experience includes management of investment portfolios, research and analysis of listed equities and business development. He is currently the Chief Executive Officer of BKI Investment Company Limited (BKI). Mr Millner joined BKI in 2008 and is responsible for the management of the BKI investment portfolio and for the day-to-day activities of BKI. Prior to this role, Mr Millner held various roles with Souls Funds Management Limited (SFM), including covering research, analysis and business development. Whilst at SFM he was responsible for the investment portfolio of BKI. Prior to joining SFM, Mr Millner served as an Investment Analyst of Republic

## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### DIRECTORS' REPORT (continued)

#### Directors (continued)

Securities Limited and manager of the investment portfolio of Pacific Strategic Investments. He has also been director of Washington H. Soul Pattinson and Company Limited since January 2011. During the past three years Mr Millner has also served as a director of listed company Exco Resources Limited.

Mr Millner holds a Bachelor of Industrial Design and a Graduate Diploma in Applied Finance. He is a Fellow of the Financial Services Institute of Australasia and a graduate of the Australian Institute of Company Directors.

#### **Chris Donohoe**

*Executive Director and Chief Executive Officer*

Mr Donohoe has over 20 years of experience in financial markets. He has served as the Chief Executive Officer (CEO) of the Investment Manager of the Company since June 2009 and is responsible for implementing the Investment Manager's overall business strategy. In the years preceding 2009, Mr Donohoe was Head of Marketing and Distribution of the Investment Manager. Prior to joining the Investment Manager in early 2001, he gained several years' experience in the derivatives market initially being employed at the Societe Generale Group in 1993 as a trader. Mr Donohoe moved to Salomon Smith Barney in 1995 as the Senior Futures Trader.

Mr Donohoe is a Member of the Australian Institute of Company Directors. He holds a Masters of Business in Finance, majoring in Funds Management, from the University of Technology, Sydney.

#### **Ursula Kay**

*Alternate Director for Chris Donohoe (appointed 20 Feb 2014)*

Ms Kay has over 13 years of experience in professional services and financial markets. She has served as the Financial Controller of the Investment Manager of the Company since December 2012. Prior to this role, Ms Kay was Finance Manager at Crescent Capital Partners (Crescent), an independent mid-market private equity firm. Prior to joining Crescent, Ms Kay held various roles at professional services firms PricewaterhouseCoopers and Ernst & Young.

Ms Kay is a Member of the Australian Institute of Company Directors. She holds a Masters of Taxation from University of Sydney, a Graduate Diploma of Chartered Accounting and a Bachelor of Business from the University of Technology, Sydney.

#### Attendance at Meetings

##### Board of Directors Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Andrew McGill	7	7
Tim Gunning	7	6
Tom Millner	6	4
Chris Donohoe	7	7

## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### DIRECTORS' REPORT (continued)

#### Attendance at Meetings (continued)

##### Nomination and Corporate Governance Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Andrew McGill	1	1
Tim Gunning	1	1
Tom Millner	1	1

##### Audit Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Andrew McGill	2	2
Tim Gunning	2	2
Tom Millner	2	2

#### Directors' interests in Shares and Options

As at 30 June 2014, the relevant interests of the Directors and their related entities in the Securities of the Company were:

Director	Number of shares	Number of Options
Andrew McGill	100,000	-
Tim Gunning	21,727	275,000
Tom Millner	25,000	-
Chris Donohoe	220,000	435,000
Ursula Kay	-	-

Options held by directors are under the same terms and conditions disclosed in Note 9.

#### Other Directorships

Andrew McGill currently serves as Managing Director and Chief Executive Officer of Treasury Group.

Tim Gunning is currently the Managing Director and Chief Executive Officer of Ord Minnett.

Tom Millner is currently the Chief Executive Officer of BKI Investment Company Limited. He is also a director of Washington H. Soul Pattison and Company Limited, and within the last three years was a director of Exco Resources Limited.

Chris Donohoe is currently the Chief Executive Officer of PM Capital Limited, the Investment Manager of the Company. He is also a director of PM Capital Asian Opportunities Fund Limited, a company related to the Investment Manager of the Company.

Ursula Kay is currently a director of MAPP Pty Limited, a company related to the Investment Manager of the Company.

# PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

## DIRECTORS' REPORT (continued)

### Principal Activities of the Company

The Company is a listed investment company established to invest predominantly in a concentrated portfolio of listed securities across global securities markets (including Australia). The Company's investment objective is to increase the value of its Portfolio by providing long term capital growth.

### Review of Operations

The operations of the Company during the period resulted in Profit/(Loss) after income tax of (\$4,750,548).

	<b>Period from 1 October 2013 to 30 June 2014 \$</b>
Profit/(Loss) before Income Tax	(6,758,962)
Income tax benefit	<u>2,008,414</u>
Profit/(Loss) for the period attributable to members	<u><u>(4,750,548)</u></u>

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

During the period ended 30 June 2014, the Company concluded its initial public offering in accordance with the Prospectus dated 18 November 2013. The results for the period include non-recurring initial public offering costs that have been capitalised into the balance sheet, and are outlined at Note 9. The Company's loss for the period is largely as a result of the mark to market of the foreign currency position.

The invested position of the Company as at 30 June 2014 is 65% in equity securities, 9.5% in debt and hybrid securities, and 25.5% in cash and cash equivalent assets. 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 global equities and other investment securities. The Investment Manager of the Company is seeking the best opportunities to deploy the Company's capital. The areas of the market that the Investment Manager is focussed on include the recovery of the US and European housing and property market, capitalising on the economic recovery and increased payout ratios of offshore retail banks, monopolistic type service providers, the ongoing consolidation of the global brewing industry and selective debt securities.

### Dividends

No dividend was declared or paid during the period.

Consistent with the Company's Prospectus dated 18 November 2013, the objective of the Company is long term capital growth and it is likely that dividends will be low during the initial years. The amount of the dividend is at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deem relevant. It is the current Board policy that all dividends paid to Shareholders will be franked to 100% or to the maximum extent possible.

### Net Assets

As at 30 June 2014 the net assets of the Company were \$164,590,230. Please refer to the Statement of Financial Position for further details.

## **PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **State of Affairs**

During the financial period there was no significant change in the state of affairs of the Company other than the issue by the Company of an initial prospectus, which raised approximately \$171 million in equity, and the admission of the Company's securities to the Australian Securities Exchange.

#### **Events Subsequent to Balance Date**

No matter or circumstance has arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

#### **Likely Developments**

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 18 November 2013.

#### **Indemnification of Officers**

The Company has indemnified directors and officers for any actions that may arise as a result of acting in their capacity as directors and officers of the Company in respect of:

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the policy preclude the disclosure of the premium.

#### **Environmental Regulations**

The Company's operations are not subject to any significant environmental regulations.



## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### DIRECTORS' REPORT (continued)

#### Remuneration Report

This remuneration report sets out information about the remuneration of the Company's directors for the financial period ended 30 June 2014, under the requirements of Section 300A(1) of the Corporations Act.

#### Key management personnel

The directors and other key management personnel of the Company from inception and up to the date of this report are:

Andrew McGill – Chairman and Non-executive Director  
Tim Gunning – Non-executive Director  
Tom Millner – Non-executive Director  
Chris Donohoe – Executive Director and Chief Executive Officer  
Ursula Kay – Alternate Director for Chris Donohoe

#### Directors' Remuneration

The Company has a Nomination and Corporate Governance Committee which reviews and advises the Board on the composition of the Board and its committees.

Directors' base fees are set out in the Constitution at a maximum of \$250,000 per annum.

Directors' remuneration received or receivable for the period ended 30 June 2014 was as follows:

<b>Director</b>	<b>Position</b>	<b>Directors' fees \$</b>	<b>Superannuation \$</b>	<b>Total \$</b>
Andrew McGill	Independent Chairman and Non-Executive Director	27,460	2,540	30,000
Tim Gunning	Independent Non-Executive Director	24,027	2,223	26,250
Tom Millner	Independent Non-Executive Director	24,027	2,223	26,250
Chris Donohoe	Executive Director and CEO	-	-	-
Ursula Kay	Alternate Director for Chris Donohoe	-	-	-
		<u>75,514</u>	<u>6,986</u>	<u>82,500</u>

Chris Donohoe is a director and the Chief Executive Officer of the Investment Manager and Ursula Kay is the Financial Controller and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are currently not entitled to a director's fee or any other form of remuneration from the Company. At the date of this financial report Mr Donohoe holds 1% of the equity interests in the Investment Manager.

## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### DIRECTORS' REPORT (continued)

#### Proceedings on behalf of the company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

#### Non-Audit Services

Details of amount paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 10(c) to the financial statements. The directors are satisfied that the provision of non-audit service during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

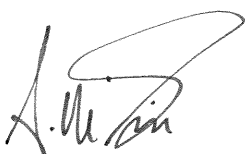
#### ASIC Half-Year Reporting Relief

On 2 April 2014, ASIC granted the Company relief from its reporting requirements under the Act for the period ended 31 March 2014. As a result of ASIC relief, the Company has prepared an interim report for the period 1 October 2013 to 31 December 2013 per the ASX listing rules.

#### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001, given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd, is included on page 8.

Signed at Sydney this 31<sup>st</sup> day of July 2014, in accordance with a resolution of the Board of Directors.



**Andrew McGill**  
Chairman



**Chris Donohoe**  
Executive Director

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**ACN 166 064 875**


**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of PM Capital Global Opportunities Fund Limited:**

As lead auditor for the audit of PM Capital Global Opportunities Fund Limited for the period from the date of registration (1 October 2013) to 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

**Sydney, NSW  
31 July 2014**



**D K Swindells  
Partner**

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

	<b>Note</b>	<b>Period from 1 Oct 2013 to 30 Jun 2014 \$</b>
<b>Revenue</b>		
Interest		560,088
Dividend		319,566
Fee rebate		221,117
Gains/(losses) on investments held at fair value through profit or loss		(750,688)
Gains/(losses) on foreign exchange		<u>(5,630,075)</u>
<b>Total Revenue</b>		<u>(5,279,992)</u>
<b>Expenses</b>		
Management fees	10 (a)	962,661
Performance fees	10 (a)	-
Finance costs		39,131
Other operating expenses	10 (b) (c)	<u>477,178</u>
<b>Total Expenses</b>		<u>1,478,970</u>
Profit/(Loss) before income tax		(6,758,962)
Income tax benefit	8	<u>2,008,414</u>
<b>Profit/(Loss) after income tax</b>		<b>(4,750,548)</b>
Other comprehensive income		<u>-</u>
<b>Total Comprehensive Income/(Loss) attributable to shareholders of the Company</b>		<b><u>(4,750,548)</u></b>
Basic earnings/(losses) per share	11	(2.74) cents
Diluted earnings/(losses) per share	11	(2.74) cents

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	<b>Notes</b>	<b>2014</b>
		<b>\$</b>
<b>Assets</b>		
Cash and cash equivalents	3	42,080,067
Financial assets held at fair value through profit or loss	4	128,566,860
Receivables	5	36,422
Deferred tax assets	8	2,868,429
<b>TOTAL ASSETS</b>		<b>173,551,778</b>
<b>Liabilities</b>		
Interest bearing liabilities	7	4,415,733
Payables	6	4,545,815
<b>TOTAL LIABILITIES</b>		<b>8,961,548</b>
<b>NET ASSETS</b>		<b>164,590,230</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	9	160,050,361
Share option reserve	9	9,290,417
Retained profits/(losses)		(4,750,548)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>164,590,230</b>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

	<b>Notes</b>	<b>Period from 1 Oct 2013 to 30 Jun 2014 \$</b>
<b>Cash flows from operating activities</b>		
Interest received		555,811
Dividends received		319,566
Fee Rebate		221,117
Management Fees paid		(848,467)
Interest paid		(39,131)
Other operating expenses		<u>(313,458)</u>
<b>Net cash flows used in operating activities</b>	12(b)	<u>(104,562)</u>
<b>Cash flows from investing activities</b>		
Purchase of investments		(131,080,840)
Proceeds from Sale of Investment		<u>4,266,410</u>
<b>Net cash flows used in investing activities</b>		<u>(126,814,430)</u>
<b>Cash flows from financing activities</b>		
Initial public offering costs	9	(2,864,182)
Proceeds from share issues		<u>171,344,945</u>
<b>Net cash flows from financing activities</b>		<u>168,480,763</u>
Impact of exchange rate changes on cash and cash equivalents		<u>(3,897,437)</u>
Net increase in cash and cash equivalents		41,561,771
Cash and cash equivalents at the beginning of the period		<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	12(a)	<u><u>37,664,334</u></u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

	<b>Notes</b>	<b>Share Capital</b> \$	<b>Share Option Reserve</b> \$	<b>Retained Profits/(Losses)</b> \$	<b>Total</b> \$
<b>Balance on date of registration (1 October 2013)</b>		<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total comprehensive loss for the period		<u>-</u>	<u>-</u>	<u>(4,750,548)</u>	<u>(4,750,548)</u>
Subtotal		<u>1</u>	<u>-</u>	<u>(4,750,548)</u>	<u>(4,750,547)</u>
Transaction with shareholders in their capacity as shareholders:					
Shares and options issued during the period	9	161,944,574	9,400,370	-	<b>171,344,944</b>
Initial public offering costs net of deferred tax impact	9	<u>(1,894,214)</u>	<u>(109,953)</u>	<u>-</u>	<u>(2,004,167)</u>
Subtotal		<u>160,050,360</u>	<u>9,290,417</u>	<u>-</u>	<u>169,340,777</u>
<b>Balance as at 30 June 2014</b>		<u><b>160,050,361</b></u>	<u><b>9,290,417</b></u>	<u><b>(4,750,548)</b></u>	<u><b>164,590,230</b></u>

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014

#### I. General information and summary of significant accounting policies

PM Capital Global Opportunities Fund Limited ("the Company") is a listed investment company incorporated in Australia. The Company was registered on 1 October 2013. The registered office and principal place of business of the Company is Level 24, 400 George Street Sydney NSW 2000. The Company's principal activity is to invest predominantly in a concentrated portfolio of listed securities across global securities markets (including Australia). The investment objective is to increase the value of its Portfolio by providing long term capital growth.

These general purpose financial statements are for the period from 1 October 2013 to 30 June 2014, and were authorised for issue by the Directors on 31 July 2014.

A summary of the material accounting policies adopted by the Company in the preparation of the financial statements is set out as follows:

##### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. For the purposes of preparing financial statements, the Company is a for-profit entity.

##### (b) Statement of Compliance

The financial report of the Company, comprising the financial statements and notes thereto, complies with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

##### (c) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

##### (d) Going Concern Basis

The financial report has been prepared on a going concern basis.

##### (e) Investments

Investments held at fair value through profit or loss are initially recognised at fair value including any transaction costs related to their acquisition. Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are accounted for at fair value, with changes to such values recognised in profit or loss.

*Fair value in an active market*

The Company values listed investments at last quoted sale price. However, at balance date it assesses the difference between that price and the last bid/(ask) price for each long/(short) quoted investment, to determine whether another price within the bid/ask price spread is more representative of fair value.



**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**I. General Information and Summary of significant accounting policies (continued)**

**(e) Investments (continued)**

*Fair value in an inactive or unquoted market*

The fair value of investments that are not traded in an active market are determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Investments are recognised on a trade date basis.

**(f) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

**(ii) Transactions and balances**

Transactions during the period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains on investments.

Hedging may be undertaken in order to minimise possible adverse financial effects of movements in exchange rates. Hedging gains or losses are included as part of gains/(losses) on investments.

**(g) Income tax**

Under current legislation, the Company is subject to income tax at 30% on taxable income. A capital gains tax concession may be available to investors where certain requirements are met.

The Company incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the corporate tax rate. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**I. General Information and Summary of significant accounting policies (continued)**

**(g) Income tax (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(h) Goods and services tax (“GST”)**

The Company is registered for GST and under current regulations can claim up to 75% of the GST incurred depending on the nature of the expense. The un-claimable portion is written off as an expense.

**(i) Revenue and expenses**

Revenue and expenses are brought to account on the accrual basis.

Changes in the fair value of investments are recognised in profit or loss and are determined as the difference between the net fair value at year end or consideration received (if sold during the year) and the carrying value of the investment.

**(j) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within Interest Bearing Liabilities in Liabilities in the Statement of Financial Position.

**(k) Receivables**

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

**(l) Payables**

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Derivative financial instruments**

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of gains (losses) on investments.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**I. General Information and Summary of significant accounting policies (continued)**

**(n) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(o) Share option reserve**

The share option reserve is measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options is transferred to a capital reserve.

**(p) Earnings per share**

Undiluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding for the period from the date of listing to balance date.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding for the same period.

**(q) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the valuation of investments are set out in Note I(e) to these financial statements.

**(r) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The assessment of the Directors of the Company is that these new standards and interpretations will have no material impact on the financial report of the Company.

## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014

#### 2. Financial risk management

##### (a) Objectives, strategies, policies and processes

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 global (including Australian) equities and other investment securities. The goal of the Company is not to replicate standard industry benchmarks. As the portfolio is constructed on the merits of individual stock selection it is likely that the Company will have experienced varied return characteristics from the relevant benchmark and traditional index funds. The Company is managed from an Australian investor's perspective with tax and currency exposures forming important considerations in the daily management of the Company, whilst complying with the Company's Prospectus dated 18 November 2013. Financial risk management is carried out by the Investment Manager under the guidance of its Chief Investment Officer.

The Company's activities are exposed to different types of financial risks. These risks include market risk (including currency risk, and price risk) and credit risk. The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks. The use of derivatives is an essential part of proper portfolio management and is not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
- as a substitute for physical securities;
- adjusting asset exposures within the parameters set in the investment strategy;
- adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

The use of short selling and derivatives may indirectly leverage the Portfolio on a gross basis.

Different methods are used by the Company to measure different types of risks for its exposures. They include credit rating analysis for credit risks, and sensitivity analysis for currency and other price risks.

##### (b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate. These fluctuations can be caused by market volatility, interest rates, economic cycles, political events and levels of economic growth, both global and domestic. The Company is materially exposed to two different types of market risks, namely foreign currency risk and price risk. Market risk exposures are assessed using sensitivity analysis and minimised through employing established investment strategies.

The Company is a focused portfolio and, due to the concentrated nature of the Company's investments, considerable short term volatility may be experienced. The Company may also short specific securities that, in the opinion of the Investment Manager, are overvalued. All of the portfolio positions are subject to research and peer group review and if appropriate opportunities cannot be found the Company will hold cash until new opportunities arise. The Company may utilise leverage to enhance the Portfolio's returns. Leverage is acquired through the use of derivatives, short selling and a leverage facility with the Prime Broker. The maximum leverage allowed by the Company is 30% of the Portfolio's NAV. As part of its risk management strategy, the Company uses futures, options and forward currency contracts to manage exposures resulting from changes in interest rates, foreign currencies and equity price risks.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Foreign currency risk*

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Company holds assets denominated in currencies other than the Australian dollar (being the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates. This risk is measured using sensitivity analysis.

The Company enters into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. Foreign exchange instruments are principally denominated in US dollars reflecting the denominations but not necessarily the physical locations of the majority of the Company's international security investments.

The terms and conditions of these contracts rarely exceed one year and the level of hedging will depend on the Investment Manager's expectation of future currency exchange rate movements.

As the nature of these contracts is to hedge the international investment activities of the Company, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities. The currency position of the Company is monitored on a daily basis and reviewed by the Investment Manager.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Foreign currency risk (continued)*

At balance date, the Company's exposure to foreign exchange risk is summarised as below:

	<b>Australian Dollars A\$</b>	<b>US Dollars A\$</b>	<b>British Pounds A\$</b>	<b>Euro A\$</b>	<b>Other Currencies A\$</b>	<b>Total A\$</b>
<b>2014</b>						
<b>Assets</b>						
Financial assets at fair value through profit or loss:						
Cash and cash equivalents	8,598,221	30,581,876	879,236	1,966,215	54,519	42,080,067
Listed securities	21,197,694	43,711,954	18,662,499	28,426,701	5,853,471	117,852,319
Debt securities	-	7,283,920	3,338,722	-	-	10,622,642
Futures and Options	544,500	(452,601)	-	-	-	91,899
Receivables	36,422	-	-	-	-	36,422
Deferred tax assets	2,868,429	-	-	-	-	2,868,429
<b>Total assets</b>	<b>33,245,266</b>	<b>81,125,149</b>	<b>22,880,457</b>	<b>30,392,916</b>	<b>5,907,990</b>	<b>173,551,778</b>
<b>Liabilities</b>						
Interest bearing liabilities	1,151,864	-	-	-	3,263,869	4,415,733
Payables	310,059	-	-	4,235,756	-	4,545,815
<b>Total liabilities</b>	<b>1,461,923</b>	<b>-</b>	<b>-</b>	<b>4,235,756</b>	<b>3,263,869</b>	<b>8,961,548</b>
<b>Net assets</b>	<b>31,783,343</b>	<b>81,125,149</b>	<b>22,880,457</b>	<b>26,157,160</b>	<b>2,644,121</b>	<b>164,590,230</b>

*Foreign currency sensitivity*

A sensitivity of 5 per cent has been selected to account for the current level of exchange rate volatility observed in the market. As at reporting date, had the Australian dollar weakened/(strengthened) by 5% against the United States Dollar with all other variables held constant, the net assets attributable to shareholders would have been \$4,269,745 higher/(\$3,863,102) lower.

PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014

2. Financial risk management (continued)

(b) Market risk (continued)

(ii) Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate, whether those changes are specifically related to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is primarily exposed to price risk for its investments in listed securities. Share prices are dependent upon the financial circumstances of the companies in which the shares are purchased, including their profits, earnings and cash flows. The return on a share's investment may also be affected by the quality of company management, the general health of the sector in which it operates and government policy.

In cases where financial instruments are denominated in currencies other than the Australian dollar, future prices will also fluctuate because of changes in foreign exchange rates. Refer to Note 2(b)(i) for the management of foreign currency risk. Equity securities present a risk of loss of capital and, except where equities are sold short, the maximum exposure resulting from financial instruments is determined by the fair value of those instruments. Potential losses from equities sold short can be unlimited.

The Investment Manager's stock selection process is fundamental to the management of price risk. Whilst the Morgan Stanley Capital International ('MSCI') Index is used in measuring relative performance of the Company, risk in the view of the Investment Manager is not limited to relative performance versus a benchmark, but more so the prospect of losing money (i.e. absolute returns). The Company seeks a diversified range of investments whose business and growth prospects are being undervalued by the market. As a result, the Company's equity holdings vary considerably from the composition of the index.

The Company's overall market positions are monitored on a daily basis by the Investment Manager and are reviewed at least daily to ensure compliance with the Company's Prospectus dated 18 November 2013.

The Company's net equity exposure as at 30 June 2014 is set out below:

Industry Sectors	2014
Financials	35%
Housing	24%
Other	20%
Brewing	5%
Asia	9%
Basics	2%
Technology	5%
Total	<u>100%</u>

## PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014

#### 2. Financial risk management (continued)

##### (b) Market risk (continued)

###### (ii) Price risk (continued)

###### *Price sensitivity*

The directors of the Company believe that it is difficult to accurately estimate future returns. Equity market returns can be volatile and returns from year to year often have a wide variance. As such, the Company uses a long term performance average, rather than a short term performance number, when estimating future returns. The longer return average takes into consideration the full market cycle, whereas an estimate based solely on last year's performance is likely to be misleading when the market cycle shifts. The use of long term return averages to estimate future returns is a method in parallel with the Investment Manager's analysis of equity valuations used in practice in these equity funds. The Investment Manager has a global approach to investing and analyses equities in terms of global industries rather than geography. We believe that equity valuations in all geographies will be increasingly dominated by global influences. For these reasons, the Company considers the long term return on global equities to be a reasonable proxy for future performance. The long term return on equities equates to approximately 6% over a twenty year period as at 30 June 2014 using the MSCI Total Return Net World Index in AUD.

As at reporting date, if the equity prices had increased/(decreased) by 5% with all other variables being constant, this would have increased/(decreased) the net assets attributable to shareholders by approximately +/(-)\$5,892,616. The impact of price movements in options and futures, bond, floating rate notes, other debt securities and currency contracts is unlikely to have a significant impact on the Company.

##### (c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations (i.e. default in either whole or part) under a contract causing the Company to make a financial loss.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The total credit risk for assets including fixed income and equity securities is therefore limited to the amount carried in the Statement of Financial Position.

The Manager minimises the Company's concentrations of credit risk by adopting a number of procedures, including the following:

- Undertaking transactions with a large number of counterparties on recognised and reputable exchanges;
- Ensuring that these counterparties together with the respective credit limits are approved.

The contractual credit risk of assets is represented by the net payments or receipts that remain outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The Company does not hold any collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired as at balance date.

The Company has appointed Morgan Stanley & Co. International Plc ("Morgan Stanley") as both Prime Broker and Custodian to the Company. Morgan Stanley is subject to regulatory oversight and capital requirements imposed by the Financial Services Authority (UK) and, where applicable to its Australian operations, the Australian Securities and Investments Commission. As at the date of this report, Morgan Stanley has a credit rating of A (S&P) for long term and a rating of A1 for short term debt.



**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**2. Financial risk management (continued)**

**(c) Credit risk (continued)**

The terms of the Prime Broker Agreement provide that Morgan Stanley may utilise custodial assets for its own lending and financing purposes (including to borrow, lend, charge, re-hypothecate, and dispose of) up to, but not exceeding, 180% of the value of the Company's outstanding liabilities with Morgan Stanley. These assets are owned by Morgan Stanley in its Prime Broker capacity. Under the terms of the Prime Broker Agreement, Morgan Stanley is obliged to return to the Company the equivalent custodial assets irrespective of what transpires between it and any third party with whom Morgan Stanley has transacted.

Cash holdings with Morgan Stanley are not subject to this arrangement and are always considered to be held by Morgan Stanley in its Prime Broker capacity.

All other custodial assets not subject to the Prime Broking arrangement are held by Morgan Stanley in its capacity as a Custodian in a separate asset pool, as is required by the Financial Services Authority (UK).

As at balance date, the maximum value of the Company's gross assets available to Morgan Stanley for its lending and financing activities is \$7,948,320. Under the Prime Broker arrangements in place, the amount does not require disclosure by Morgan Stanley. The maximum net exposure to the Prime Broking activities of Morgan Stanley, after offsetting the Company's outstanding liabilities with Morgan Stanley, approximates \$3,532,587 as at balance date.

The credit position of the Company is monitored on a daily basis by the Investment Manager under the guidance of its Chief Investment Officer.

**(d) Fair Value Measurements**

The fair value measurement hierarchy is as follows:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Company's assets measured and recognised at fair value at 30 June 2014:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
Listed securities	117,852,319	-	-	117,852,319
Debt securities	-	10,622,642	-	10,622,642
Options and Futures	91,899	-	-	91,899
<b>Total financial assets</b>	<b>117,944,218</b>	<b>10,622,642</b>	<b>-</b>	<b>128,566,860</b>

Debt securities are valued with reference to external third party pricing information.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

	<b>30 Jun 2014</b>
	\$
<b>3. Cash and cash equivalents</b>	
Deposit in Money Markets	8,598,221
Cash at bank (custodian) – USD	30,581,876
Cash at bank (custodian) – other currencies	2,899,970
	<u>42,080,067</u>
<b>4. Financial assets held at fair value through profit or loss</b>	
Listed securities	117,852,319
Debt securities	10,622,642
Futures and Options	91,899
	<u>128,566,860</u>
<b>5. Receivables</b>	
Interest receivable	4,277
GST receivable	32,145
	<u>36,422</u>
<b>6. Payables</b>	
Trade creditors and accruals	310,059
Outstanding settlements	4,235,756
	<u>4,545,815</u>
<b>7. Interest bearing liabilities</b>	
Cash overdraft at Custodian	<u>4,415,733</u>

Cash overdraft at Custodian is a cash facility offered by the Custodian. The Custodian in its role as Prime Broker has been granted a floating charge over the assets of the Company to secure any liabilities to the Prime Broker.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**8. INCOME TAX**

**(a) Income Tax Expense**

The aggregate amount of income tax attributable to the financial period differs from the amount of income tax that would be payable by the Company if its taxable income for the period were equal to the amount of the profit/(loss) before income tax. The difference between these amounts is explained as follows:

	<b>2014</b>
	\$
Profit/(Loss) for the period before income tax expense	<u>(6,758,962)</u>
Prima facie income tax expense/(benefit) calculated at 30%	(2,027,689)
Tax Credits – Current year	<u>19,275</u>
Income tax expense/(benefit)	<u><u>(2,008,414)</u></u>

The amount of income tax attributable to the net profit before income tax is comprised of the following amount:

Transferred from/(to) deferred tax asset	<u>(2,008,414)</u>
	<u><u>(2,008,414)</u></u>

**(b) Tax Effect of Items Credited to Equity**

Amounts credited to equity in relation to the income tax effect of amounts recognised in equity:

	<u>Note</u>	
Share Capital	9	812,829
Option Reserve	9	<u>47,186</u>
		<u><u>860,015</u></u>

**(c) Deferred tax assets 2,868,429**

Deferred tax assets are represented by the following temporary differences:

Tax losses	2,141,377
Initial public offering corporate fee	514,035
Initial public offering legal fees	70,800
Initial public offering initial listing fee	53,101
Initial public offering other expenses	50,062
Insurances	30,804
Audit fees	8,250
	<u><u>2,868,429</u></u>
Recognised in Profit/(Loss)	2,008,414
Recognised in Equity	<u>860,015</u>
	<u><u>2,868,429</u></u>

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**9. Share capital and share option reserve**

Shares

There is a single class of ordinary shares on issue. For all shares issued in accordance with the Prospectus dated 18 November 2013, an option was also issued. The amount paid by each shareholder was allocated between the share and the option based on relative market prices on the first day of trading. Costs of fundraising were allocated between shares and options on the same basis.

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, (proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

Movements in share capital during the period are set out as below:

		<u>\$</u>	
<b>Opening Balance, on registration at 1 Oct 2013</b>			1
173,672,200 Ordinary shares issued during the period			161,944,574
Less costs directly attributable to the issue of ordinary shares:			
	Gross (net of RITC) \$	Deferred Tax Asset \$	Net \$
Initial public offering costs :			
Joint lead manager fees	(2,024,307)	607,292	(1,417,015)
Legal fees	(278,816)	83,645	(195,171)
ASX fees	(209,115)	62,735	(146,380)
Other expenses	(194,805)	59,157	(135,648)
	<u>(2,707,043)</u>	<u>812,829</u>	<u>(1,894,214)</u>
<b>Closing Balance at 30 Jun 2014</b>			<u>160,050,361</u>

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**9. Share capital and share option reserve (continued)**

Options

Under the Offer outlined in the Prospectus dated 18th November 2013, the Company offered one Option for every one Share subscribed for, exercisable at \$1.00 per Option on or before 30 June 2015. After this date, the Options lapse.

The terms and conditions of the Options are as follows:

- An Option may be transferred or transmitted in any manner approved by ASX;
- An Option may be exercised by the registered holder of the Option, with payment to the Company of \$1.00 per Option being exercised and the relevant option certificate;
- An Option may be exercised on any business day from the date of grant to 30 June 2015 (inclusive) but not thereafter.

Movements in option reserve during the period are set out as below:

		\$
<b>Opening Balance, on registration at 1 Oct 2013</b>		-
173,672,200 options issued during the period		9,400,370
Less costs directly attributable to the issue of options:		
	Gross (net of RITC) \$	Deferred Tax Asset \$
Initial public offering costs :		Net \$
Joint lead manager fees	(117,505)	35,252 (82,253)
Legal fees	(16,184)	4,855 (11,329)
ASX fees	(12,138)	3,641 (8,497)
Other expenses	(11,312)	3,438 (7,874)
	(157,139)	47,186 (109,953)
<b>Closing Balance at 30 Jun 2014</b>		<b>9,290,417</b>

Capital Management

The Company's objectives for managing capital are as follows:

- to invest the capital in investments meeting the description, risk exposure and expected return as indicated in the Company's Prospectus dated 18 November 2013;
- to maximise the returns to shareholders while safeguarding capital by investing in a diversified portfolio and using various investment strategies; and
- to maintain sufficient liquidity to meet the ongoing expenses of the Company.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**10. Expenses**

**(a) Fees paid to the Investment Manager**

The Company has outsourced its investment management function to PM Capital Limited. A summary of the fees (GST exclusive) charged by the Investment Manager is set out below.

*(i) Management fee*

The Investment Manager is entitled to be paid a management fee equal to 1.00% p.a. (plus GST) of the Portfolio Net Asset Value. The management fee is calculated and accrued on the last day of each month and paid at the end of each quarter in arrears.

*(ii) Performance Fee*

At the end of each financial year, the Investment Manager is entitled to receive a performance fee from the Company. The fee is calculated and accrued monthly using the following formula:

$$P = 15\% \times (A - B) \times \text{Portfolio Net Asset Value at the end of the last day of the relevant month}$$

where:

P is the Performance Fee for the relevant month;

A is the Investment Return of the Portfolio for the relevant month; and

B is the Benchmark Return for the relevant month. "Benchmark Return" means, in respect of the relevant month, the percentage by which the Morgan Stanley Capital International World Index (AUD) increases or decreases over the course of the relevant month.

The performance fee for each month in a financial year will be aggregated (including any negative amounts carried forward) and paid annually in arrears if the aggregate Performance Fee for that financial year (including any negative amounts carried forward) is a positive amount.

During the period, the Company expensed an amount of \$962,661 as management fees paid and payable to the Investment Manager. **No performance fees were recognised for this period.**

**(b) Other operating expenses**

	<b>Period from 1 Oct 2013 to 30 Jun 2014 \$</b>
Insurance	141,738
Director fees	82,500
Registry services	77,787
Australian Securities Exchange fees	76,924
Auditor remuneration	41,285
Legal and tax advices	19,714
Research fee	15,500
Secretarial services	12,812
Others	8,918
	<b>477,178</b>

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**10. Expenses (continued)**

	<b>Period from 1 Oct 2013 to 30 Jun 2014 \$</b>
	<hr/>
<b>(c) Auditor's Remuneration</b>	
Audit and review of the financial statements	36,000
Tax compliance services	14,935
Other assurance services	9,500
	<hr/>
	<b>60,435</b>
	<hr/>

\$19,150 of the tax compliance and other assurance services fee was included in the initial public offering cost.

**11. Earnings per share**

In the calculation of diluted earnings per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.

**12. Cash Flow Statement**

**(a) Reconciliation of Cash and cash equivalents**

Cash and cash equivalents at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2014 \$</b>
Cash at Bank and Custodian	33,481,846
Deposits in Money markets	8,598,221
Overdraft at Custodian	<u>(4,415,733)</u>
<b>Total Cash Assets</b>	<b><u>37,664,334</u></b>

**(b) Reconciliation of Net Profit (Loss) after income tax to Cash Flow from Operating Activities**

Net profit/(loss) after income tax	(4,750,548)
Net (Gains)/Losses on Investment	750,688
Net (Gains)/Losses on Foreign Exchange	5,630,075
Changes in assets and liabilities:	
Decrease/(Increase) in receivables	(36,422)
Increase/(Decrease) in income taxes payable	(2,008,414)
(Decrease)/Increase in creditors	<u>310,059</u>
<b>Net Cash flows from Operating Activities</b>	<b><u>(104,562)</u></b>

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**13. Segment information**

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry (though most investments are in foreign jurisdictions). It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 4 Financial assets held at fair value through profit or loss, and Note 2 Financial Risk Management.

**14. Related party transactions**

All transactions with related parties are conducted on normal commercial terms and conditions, and are as follows:

- The compensation arrangements with the Directors and Executive Directors (refer to Directors' Remuneration below);
- The interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to remuneration report included in the director report);
- The Management Agreement between the Company and the Investment Manager (refer to Note 10 Fees Paid to the Investment Manager); and
- The agreement between the Company and the Arranger and Joint Lead Manager, Ord Minnett, associated with Tim Gunning, to pay a joint lead manager fee equal to 1.25% (excluding GST) of the total amount raised by the Company under the Initial Public Offering.
- The agreement between the Company and Treasury Group, associated with Andrew McGill, to provide secretarial services for \$25,000 p.a. (excluding GST).
- As at 30 June 2014, the Company holds 8,250,000 call options with an exercise price of \$1.00 valued at \$544,500 and 8,250,000 ordinary shares valued at \$7,755,000 in PM Capital Asian Opportunities Fund Limited, a company related to Chris Donohoe.

**Directors' Remuneration**

Directors' remuneration received for the period ending 30 June 2014 was as follows:

<b>Director</b>	<b>Position</b>	<b>Directors' fees</b> \$	<b>Superannuation</b> \$	<b>Total</b> \$
Andrew McGill	Independent Chairman and Non-Executive Director	27,460	2,540	30,000
Tim Gunning	Independent Non-Executive Director	24,027	2,223	26,250
Tom Millner	Independent Non-Executive Director	24,027	2,223	26,250
Chris Donohoe	Executive Director and CEO	-	-	-
Ursula Kay	Alternate Director for Chris Donohoe	-	-	-
		<u>75,514</u>	<u>6,986</u>	<u>82,500</u>



**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM THE DATE OF REGISTRATION (1 OCTOBER 2013) TO 30 JUNE 2014**

**14. Related party transactions (continued)**

**Directors Remuneration (continued)**

Chris Donohoe is a director and the Chief Executive Officer of the Investment Manager and Ursula Kay is the Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are currently not entitled to a director's fee or any other form of remuneration from the Company. At the date of this financial report Mr Donohoe holds 1% of the equity interests in the Investment Manager.

**15. Events Subsequent to Balance Date**


No matter or circumstance has arisen since the end of the period that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**DIRECTORS' DECLARATION**

1. In the directors' opinion:
  - (a) the financial statements and notes set out on pages 9 to 30 are in accordance with the *Corporations Act 2001*, including:
    - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    - (ii) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the period ended on that date; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.
3. The directors have been given the declarations by the chief executive officer and chief financial officer for the period ended 30 June 2014 required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



**Andrew McGill**  
Chairman



**Chris Donohoe**  
Director

**Sydney**  
**31 July 2014**

**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**ACN 166 064 875**

**INDEPENDENT AUDITOR'S REPORT**

To the members of PM Capital Global Opportunities Fund Limited

**Report on the Financial Report**

We have audited the accompanying financial report of PM Capital Global Opportunities Fund Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from the date of registration (1 October 2013) to 31 December 2013, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the company.

***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report of PM Capital Global Opportunities Fund Limited complies with International Financial Reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**PM CAPITAL GLOBAL OPPORTUNITIES FUND LIMITED**

**ACN 166 064 875**

**INDEPENDENT AUDITOR'S REPORT (continued)**

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, given to the directors of the company on 31 July 2014, would be in the same terms if provided to the directors as at the time of this auditor's report.

***Opinion***

In our opinion:

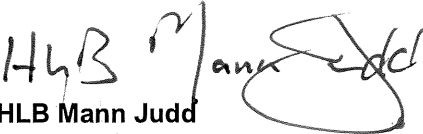
- (a) the financial report of PM Capital Global Opportunities Fund Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and its performance for the period from the date of registration (1 October 2013) to 30 June 2014; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

**Report on the Remuneration Report**

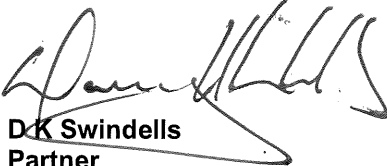
We have audited the Remuneration Report included on page 6 of the directors' report for the period ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

***Opinion***

In our opinion the Remuneration Report of PM Capital Global Opportunities Fund Limited for the period ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd**  
Chartered Accountants



**D.K. Swindells**  
Partner

**Sydney, NSW**  
**31 July 2014**