

# Net Tangible Assets & Monthly Investment Report

 PGF's investment manager, PM Capital, has successfully operated PGF's investment strategy via the unlisted PM Capital Global Companies Fund since October 1998. This unlisted Fund's performance adjusted to reflect PGF's fee structure has produced a total pre-tax return of:

Manager's comparable  
20 yr track record

685%

Vs

186%

MSCI World Net Total  
Return Index (AUD)

## Company commentary

- Valuation dispersions continue to contract
- Results of Howard Hughes's strategic review announced
- Several positions exited

In October, market sentiment continued to favour inexpensive, under-owned cyclical and value stocks over expensive, over-owned growth and defensive-nature stocks. In this environment our banking and gaming holdings were strong performers.

Howard Hughes reported earlier in the year that it was launching a review of how to best unlock shareholder value, provoking subsequent share price strength. During October its share price was weaker after announcing that a full sale of the business is unlikely at this stage. Instead of a sale, the company will sell \$2 billion of non-core assets and cut corporate overhead expenses.

During the month we exited our holding in Alphabet, parent of internet search and advertising giant Google. Google remains an excellent business with a strong competitive advantage and growth outlook, but the market now shares the same opinion and its price-to-earnings ratio fully reflects future earnings growth. We bought the stock in 2011 at a price-to-earnings ratio in the low-teens, added to our position in 2015 on share price weakness, and exited in October at a price to earnings ratio in the mid-20s.

We also sold our position in Lennar Corporation, an American homebuilder. Its stock has appreciated considerably on the back of strong new home sales.

| Net Tangible Asset (NTA) backing per ordinary share<br>(After fees and expenses, all figures are unaudited) <sup>1</sup> | September 2019 | October 2019 | Change | Perf. since<br>incept. - p.a. <sup>4</sup> | Perf. since<br>incept. - total <sup>4</sup> |
|--|----------------|--------------|--------|--|---|
| NTA before tax accruals <sup>2</sup>   | 1.3342         | 1.3730       | 2.9%   | 11.4%                                      | 89.2%                                       |
| NTA after tax <sup>3</sup>   | 1.2633         | 1.2906       | 2.2%   |  |   |

1. Past performance is not a reliable indicator of future performance. 2. NTA before tax accruals does not include franking credits. Franking credits per share are \$0.028. 3. Net Tangible Assets (NTA) refers to the net assets of the Company after the accruals for net current and deferred tax liabilities/assets. 4. Performance adjusted for capital flows including those associated with the payment of dividends, share issuance as a result of option exercise, and the dividend reinvestment plan, and including the value of franking credits.

| Portfolio investments               | Weighting <sup>^^</sup> |
|-------------------------------------|-------------------------|
| Post GFC Housing Recovery - US      | 6.2%                    |
| Post GFC Property Recovery - Europe | 8.4%                    |
| Global Domestic Banking             | 33.4%                   |
| Service Monopolies                  | 11.3%                   |
| Gaming - Macau                      | 8.0%                    |
| Alternative Investment Managers     | 16.1%                   |
| Materials                           | 5.0%                    |
| Other                               | 8.9%                    |
| <b>Long Equity Position</b>         | <b>97.3%</b>            |
| Short Equity Position               | -3.8%                   |
| <b>Net Invested Equities</b>        | <b>93.5%</b>            |
| <b>Total holdings</b>               | <b>46</b>               |

| Current stock example                  |             |
|--|-------------|
| Howard Hughes Corporation              |             |
| Cairn Homes                            |             |
| Bank of America                        |             |
| Visa                                   |             |
| MGM China holdings                     |             |
| KKR & Co.                              |             |
| Freeport-McMoRan Copper                |             |
| <b>Currency exposure<sup>^^^</sup></b> | <b>100%</b> |
| USD                                    | 57.1%       |
| AUD                                    | 19.2%       |
| EUR                                    | 15.8%       |
| GBP                                    | 5.5%        |
| HKD                                    | 2.4%        |



<sup>^</sup> 'Domicile of Listing' represents the location of stock exchange listing of each entities' head office, whereas 'Domicile of business' represents the location of the predominant business of those entities.

<sup>^^</sup> Quoted before tax liability on unrealised gains.  
<sup>^^^</sup> Stated as effective exposure.

PM Capital Limited ('the Manager'), founded in 1998, is a leading Australian based fund manager that has successfully achieved its goal of building long term wealth for its clients by investing in global markets with patience and conviction.

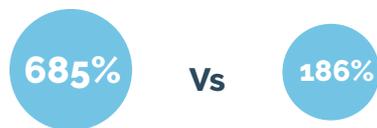
### Company profile

The PM Capital Global Opportunities Fund Limited (ASX:PGF, ACN 166 064 875), which began trading of the ASX on 12 December 2013, provides investors with an opportunity to invest in global equities via an Australian Securities Exchange (ASX) listed investment company.

Managed by PM Capital (AFSL 230222), the aim is to create long term wealth through a concentrated portfolio of around 40 global companies that it believes are trading at prices different to their intrinsic values.

PM Capital has been operating its global investment strategy via an unlisted fund since October 1998. This unlisted fund's performance adjusted to reflect PGF's fee structure has produced a total pre-tax return of 685% vs the MSCI World Net Total Return Index (AUD) of 186% to 31 October 2019.

### Manager's comparable track record



### Who manages the Company's portfolio?

The Portfolio manager for the Fund and CIO is Paul Moore. Paul, is supported by a team of experienced investment analysts.

### Investment philosophy

PM Capital aims to build long term wealth together with our co-investors by finding and exploiting investment anomalies

around the world. Using a focused, patient and considered approach to finding simple investment ideas produces the best environment for creating that long term wealth.

Our experience has shown us that while the market is largely efficient, it can, and regularly does, misprice a small proportion of companies. Our unique process is based on scanning the world for those companies (hence the radar in our logo), discovering the associated valuation anomalies and extracting value from them. We buy good businesses at a good price; businesses that we believe are being valued differently to their long term intrinsic value, but will return to their correct value over time.

### Why the PM Capital Global Opportunities Fund Limited?

**Established:** The Company's process has been shown to be effective, based on a philosophy developed by Paul Moore, over 32 years.

**Unrestricted:** We have an authentic investment process where our exposure to countries, industry sectors or market capitalisation is determined solely by our conviction in the risk/reward opportunities that we identify in individual stocks. No conviction at the stock level = no investment.

**Opportunistic and focused:** The Company's portfolio is not built around a general market benchmark or index - it is highly focused based on our fundamental, bottom-up investment process. The portfolio only holds those stocks that we believe give the best opportunity to produce strong long term returns.

**Co-investment:** The Manager has a significant investment in the Company - it invests with and for you.

### Key Company Details

#### ASX Code

PGF

#### ACN

166 064 875

#### Trading commenced

12 December 2013

#### Shares on issue

352,985,243

#### Category

Global equities (long/short)

#### Investment style

Fundamental, bottom-up, research-intensive approach

#### Number of stocks

As a guide, around 40 globally listed equities.

#### Suggested investment time

Seven years plus

#### Investor profile

PGF may be appropriate for investors seeking to profit from long-term capital growth over an investment horizon of seven years or longer, through investment in a concentrated portfolio of global (including Australian) equities and other investment securities.

### 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. All positions are reported net of all liabilities including tax. See the ASX Company Announcements platform at [www.asx.com.au](http://www.asx.com.au) for further information.

### Further Information

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