QUARTERLY REPORT

DECEMBER 2016

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

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

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Company Overview

Listed Company Description		
	PM CAPITAL Global Opportunities Fund Limited	**PM CAPITAL Asian Opportunities Fund Limited**
Asset Class	Global equities	Asian (ex-Japan) equities
Listing Date	11 December 2013	21 May 2014
Suggested Time Frame	Seven years plus	Seven years plus
Shares On Issue	348,692,583	55,538,224
Share Price[1]	$0.980	$0.945
Market Capitalisation	$341,718,731.34	$52,483,621.68

1. As at close of market trading Friday 30th December 2016

Quarterly Video

We are pleased to share with you a quarterly update video from our investment team. Topics include the changing tide in investment markets, how there is now a different sub-set of investment opportunities, and what the team is looking out for in both a global and Australian context.

Click on the photo or visit our website for the relevant update.

Interviewer:

Lachlan Cameron
Head of Distribution

Speakers:

Paul Moore
Global Portfolio Manager
Chief Investment Officer

Uday Cheruvu
Australian Portfolio Manager

*The underlying PM Capital Global Companies Fund managed by the Investment Manager and other versions of the strategy available on the Colonial First State Platform were the **top ranked strategies** over 5 years out of 163 Funds in the Morningstar Australian OE Equity World Large Blend universe.*

PM CAPITAL Global Opportunities Fund Limited

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE* (all figures are unaudited)	30 September 2016	31 December 2016	Actual Change (%)
NTA before tax accruals + franking credits	$0.9914	$1.1472	+15.7%
NTA after tax	$0.9953	$1.1048	+11.0%

Key points

- **Secular trends inflecting**
- **'Post-GFC' transitions to 'Post-Trump'**
- **End of the bull market in long term interest rates**
- **Return expectations to be lower but equities the best option**
- **Significant implications for client portfolio / manager selection, particularly re index funds**
- **A different and more selective sub-set of opportunities required to generate returns**

In many ways, 2016 was an extra-ordinary year, highlighted by both Brexit and the election of Donald Trump. In reality, every year can lay claim to have produced notable points in history. What is significant from an investment perspective is that 2016 saw the transition from a 'post-GFC' to a 'post-Trump election' era and, in all likelihood, the ultimate low in long term government bond yields. During the year the end of the great bull market in interest rates culminated in negative rates and valuations that rivalled the mania in Technology Media and Telco (TMT) stocks circa 1999-2000.

The Global Financial Crisis (GFC) was obviously a difficult period for investors, but in 2009 at the Morningstar investor conference, we highlighted that the extremes in valuation triggered by the GFC created a once in a life time opportunity for credit investments and a once in a generation opportunity for equities. We suggested that on the back of record monetary and fiscal stimulus that economies would in fact recover (and thus company earnings and stock prices), but it would be a case of two steps forward and one step back - one step back every time there was a 'crisis' as different jurisdictions dealt with issues exposed by the GFC- Greece, Cyprus, Spain, the Euro and various banking crises along the way. This created a permanent paranoia about the sustainability of growth and was probably the major factor behind the greatest accumulation of cash among investors that I have ever witnessed. In hindsight, by reacting to fear rather than fundamentals those investors who did accumulate cash incurred a significant opportunity cost, as highlighted in Figure A.

Figure A:
Source: Internal Data and Morningstar Research.

Post GFC cumulative returns	8 year	5 year
RBA Cash Rate	27.9%	13.4%
MSCI World Net Total Return Index (AUD)	116.8%	132.3%
Global Companies Fund*	**205.6%**	**190.2%**
Morningstar Rank^	**1st, 2nd and 4th / 146 Funds**	**1st, 2nd and 3rd / 163 Funds**

**This reflects the performance of the unlisted fund issued and managed by PM Capital on which the PGF strategy is closely based.*
^ Cumulative return of the PM Capital Global Companies Fund and two versions of the strategy available on the Colonial First State Platform in the Morningstar Australia OE Equity World Large Blend universe. As at 31st December 2016.

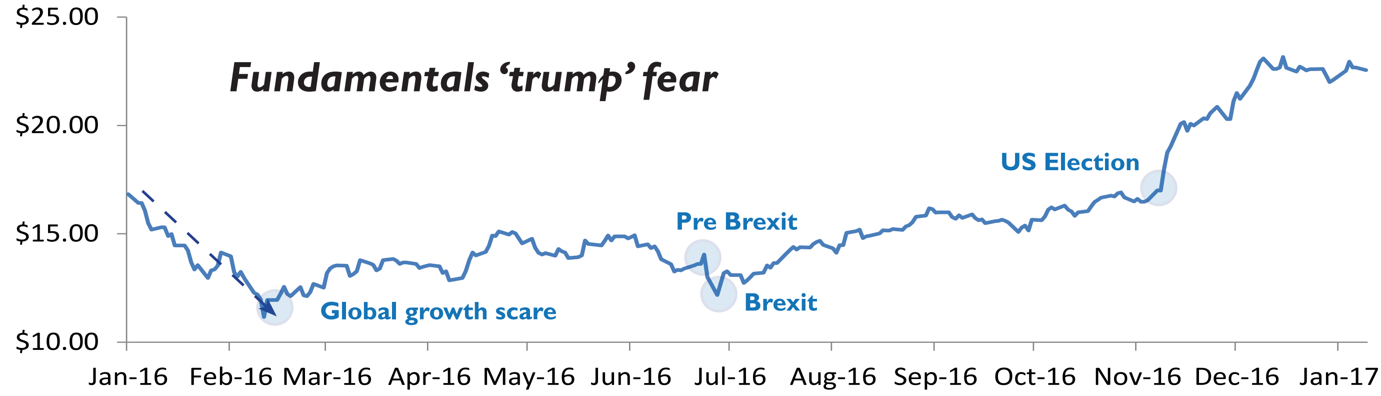
The last such example of a growth scare was in early 2016 as the market focused on China and the collapse in oil prices, resulting in a historically high divergence between the valuation of so called defensive and cyclical businesses. What was most interesting about this last growth scare was that it occurred just as there were increasing signs that many of the longer and medium term economic and political trends were inflecting; the tide was about to change. Our thoughts were that 2017 was more likely to be a year where economic growth and inflation surprised on the upside, in contrast to fears of deflation and lower for longer interest rates. Brexit was seen as confirmation of the latter, but was in fact, I suspect, the final nail in the coffin of the bull market in government bonds.

Then came the election of Donald Trump. Even before he had been sworn in, the debate had well and truly switched to the upside risk to economic growth, inflation and interest rates and a significant rotation from the defensive sectors of the market to those companies that benefit most from a stronger domestic US economy.

The 2016 US election is the first time I have ever taken a peripheral interest in the US political process, starting with the Republican nomination debates. It has been fascinating. My historical lack of interest from an investment perspective is driven by the reality that events and long term trends shape political leaders and not

* Past performance is not a reliable indicator of future performance. See page 8 for Important Information.

Figure B: Bank of America Share Price (USD)
Source: Factset



the other way around. Political leaders can dampen oramplify the magnitude, but in all honesty I have paid little attention to any previous US election cycle.

With respect to Donald Trump, much has and will be written. My interest is not in the personality of Donald Trump, but rather what his policies (if enacted) mean for businesses in which we have invested our capital.

In summary, the platform of Trump policies is to encourage domestic production facilitated by:

1. Reducing the corporate tax rate to 15% (expected to be 20%) and thus removing the incentive to move offshore to lower tax regimes,
2. Taxing corporates on a cash-flow basis, thus capital expenditure becomes deductible in full,
3. Reducing the suffocating regulatory burden that the business community (globally) has highlighted as a primary impediment to growth; and
4. Focusing fiscal expenditure on long term infrastructure projects.

The key point to remember is that these policies will reinforce trends that were already building and I suspect are still being under-estimated. Pent-up demand at both a consumer and corporate level has been building for some time without being released due to a lack of confidence. The most immediate observation of sentiment post the election of Trump has been the increase in consumer and corporate confidence indicators.

An interesting aside was the reaction of markets on the day of the election results. Once the outcome was known, Asian and European markets placed their bets and markets sold off. By the end of the following day's US trading, they were proved to be 100% incorrect. So even with a known result, the consensus investment conclusion was wrong. It is why we constantly reiterate to our clients that it is wise to avoid paying too much attention to macro and political noise and just focus on the underlying long term fundamentals. It's all about the stocks and where we believe we will get a satisfactory long term return on the capital we invest.

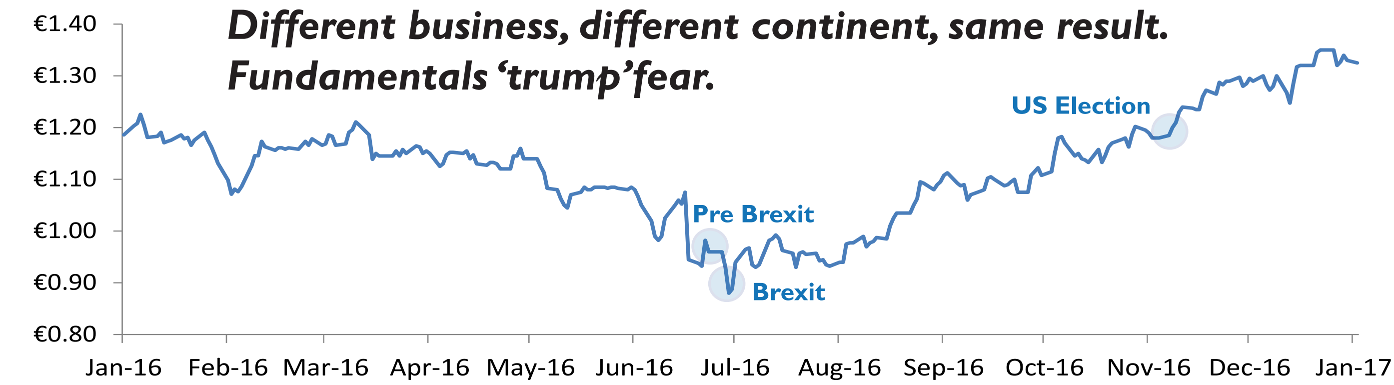
From an overall market perspective, I would highlight that with the underlying yield on cash, government bonds or property generating returns of between 0 and 4%, overall diversified portfolio returns excluding equities are unlikely to meet investor requirements. Stock market returns are also likely to be much reduced from what has been achieved post-GFC and probably mid-single digit at best. I suspect index, benchmark aware and large manager funds will find it tough.

However, on a selective basis satisfactory returns can still be made. Owning a business, I still believe, is the best risk adjusted investment available. In fact it is required for most investors to meet their long term return objectives. One should also be reminded that equity returns never come in a straight line. Markets have reacted to the positive implications of Trump's policies but there is also uncertainty over how and if he will implement his trade policies. So just like the post-GFC era, the post-Trump election era may be a case of two steps forward and one step back. So patience and conviction, as always, is the most critical part of the investment equation.

From a portfolio perspective, we have been a big beneficiary of the immediate reaction to the election of the Trump regime and is reflected in the 15.5% net return over the quarter. Looking forward, our US domestic banking investments may see increased earnings from higher interest rates, lower regulatory imposts and a lower tax rate. Bank of America is probably the prime beneficiary, with 2018 expected earnings increasing approximately 50% if the expected effects of Trump's policies do transpire. Lowering the corporate tax rate from 35% to 20% alone will see a 23% increase to its after tax earnings, as it will also do for our US housing recovery plays.

Our exchange investments, the Chicago Mercantile Exchange and the Intercontinental Exchange (owner of the New York Stock Exchange) will also benefit from the lower corporate tax rate in addition to the increased activity and volumes in futures markets as a result of the turn in long term interest rates.

Figure C: Cairn Homes Share Price (EURO)
Source: Factset



Irrespective of the recent positive short term moves, most of our investment theses are in the early to middle stages of their development and thus we see no reason to make any substantial changes. Our investment focus is on what may be the next opportunity to arise.

Portfolio Investment

Cairn Homes

Our position in Cairn Homes (an Irish home builder) also had a very strong quarter, up 25%. Our investment in Cairn Homes is part of our thesis on the recovery of home prices and building activity levels from a severely depressed state. Cairn Homes went through an IPO process in June 2015, providing us the opportunity to buy a quality home builder at book value with no legacy issues and ready to buy land at the bottom of the housing cycle. We believed that all the elements were in place for the stock to perform over the medium term.

Over the last 18 months, Cairn Homes has completed the purchase of a ten year land bank with over eleven thousand building plots. It has now commenced construction in a market where the demand for housing is high, mortgages are affordable and credit availability is improving. The recent regulatory changes to the macro prudential rules revising the minimum deposit from 20% to 10%, coupled with the government 'help to buy' scheme where the government will rebate 5% of the cost of a new home, has greatly increased the ability of potential home owners to purchase homes. This is also being reinforced by rents continuing to grow at double digit rates, making buying a home more affordable than renting.

Cairn also faces little competition in the new build market as many Irish builders of any scale went into bankruptcy during the downturn. Housing completions continue to be over 80% down on peak levels and secondary stock on the market has been steadily falling from a peak in 2009. The economy continues to grow strongly which was initially driven by investments and exports but now reverting to a domestic recovery. So despite perceived negative macro/political events such as Brexit, the underlying positive fundamentals continue to evolve and this is now being reflected in the Share Price (see Figure C).

The stock is currently trading at 1.3x book value and we believe it will continue to perform and trade at around 2x book value given medium term dynamics. All in all, we believe Cairn Homes is very well positioned to take advantage of the recovery in the Irish housing market.

Long Equity Composition (sector and stock examples)	
Diversified Financials - Bank of America	38.0%
Banks - JP Morgan	22.6%
Real Estate - Howard Hughes	11.6%
Software & Services - Visa Inc	11.6%
Consumer Durables & Apparel - Tri Point Homes	8.4%
Food, Beverage & Tobacco - Anhesuer-Busch Inbev	6.5%
Pharmaceuticals, Biotech & Life Sciences - Pfizer Inc	6.2%
Consumer Services - MGM China Holdings Ltd	5.6%
Other - PM CAPITAL Asian Opportunities Fund Ltd[3]	2.5%
Total Long Equity Exposure	**113.0%**

[3] Where the Company gains exposure to investments managed by PM Capital, the fees paid to the Manager are rebated to the Company to ensure no double up of fees.

Portfolio's Invested Position	
Long Exposure	113.0%
Short Exposure	-12.3%
Net Equity Exposure	**100.7%**
Debt Securities	9.7%
Cash	-10.4%
Total Exposure	**100.00%**

Paul Moore,
Global Portfolio Manager

PM CAPITAL Asian Opportunities Fund Limited

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE* (all figures are unaudited)	30 September 2016	31 December 2016	Change (%)
NTA before tax accruals + franking credits	$1.0617	$1.0942	+3.1%
NTA after tax	$1.0331	$1.0632	+2.9%

Performance

Undoubtedly the focal point for investors during the quarter was the presidential elections in the United States and the implications of a surprise victory by Donald Trump. While US equity markets have reacted positively on renewed optimism for domestic growth, the impact of a Trump victory for Asia remains uncertain and regional equity markets were flat to down over the period. Asian currencies have also come under pressure with the US Dollar appreciating on the renewed growth optimism and the likelihood of higher interest rates under a Trump administration. In contrast to the wider Asian markets, the Company benefited from its currency positioning which is predominately US Dollar and the pegged Hong Kong Dollar holdings.

The anticipation of rising interest rates in the United States was a positive catalyst for the Company's financial holdings, particularly HSBC Holdings (+9%) and DBS Group (+16%), where the majority of loan books are directly or indirectly leveraged to US rates. Robust third quarter results from our Korean bank holdings KBFG (+13%) and Shinhan FG (+13%) also led to strong performances over the period. The Korean banking sector, in which KBFG and Shinhan FG are the premier banking franchises, continues to trade well below tangible book. The return on equity for both banks is highly leveraged to Net Interest Margins (NIMs) so any loosening of monetary policy in Korea will be a positive catalyst. We believe there is also upside to payout ratios longer term.

MGM China (+19%) contributed positively to performance during the period. During December the Company's Macau gaming holdings gave back some of the gains achieved in the first two months of the quarter on reports China UnionPay would reduce the daily ATM withdrawal limit in Macau from 10,000 Macau Pataca (US$1250) to 5,000 Macau Pataca (US$625). The Macau government later clarified that it had only asked banks to limit each individual cash withdrawal to 5,000 Macau Pataca and that the maximum daily withdrawal limit remained unchanged. This measure should have almost no impact on industry gaming revenues but it has resulted in the market becoming more cautious on the regulatory environment, particularly concerning capital flight from China. If the daily withdrawal limit was reduced it would certainly have an impact on gaming revenues but we do not think it would be material. These changes would principally impact the mass market segment given the VIP business is entirely based on credit.

iCar Asia (-12%) negatively impacted performance after shareholder Carsales.com Ltd. failed to take up its anti-dilutive rights during the last capital raising in September, effectively reducing its stake, and subsequently announced that its two directors were resigning from the board. This has led to speculation that Carsales.com may be looking to divest its shareholding. We believe iCar Asia is well positioned regardless of Carsales.com's intentions as any exit is unlikely to change the competitive landscape in Malaysia, Thailand and Indonesia where iCar Asia holds a commanding position. We also believe it is highly likely another strategic investor would be interested in acquiring the stake.

Portfolio Activity

Long Equity Composition (sector and stock examples)	
Consumer Services - MGM China Holdings Ltd	22.3%
Banks - HSBC Holdings	14.2%
Food, Beverage & Tobacco - Carlsberg Brewery Malaysia	13.9%
Software & Services - Autohome Inc	11.9%
Commercial & Professional Services - 51 Job Inc	11.1%
Media - Astro Malaysia Holdings	6.4%
Energy - Sinopec Kantons Holdings	5.9%
Materials - Turquoise Hill Resources Ltd	4.9%
Technology, Hardware & Equipment - PAX Global	3.5%
Household & Personal Products - Hengan Intl Group	2.8%
Other	2.8%
Total Long Equity Exposure	**100.6%**

During the period we exited our positions in YUM! Brands and YUM China. YUM! Brands successfully completed its corporate restructuring which led to the spin out of YUM China in late October. The restructuring process drove a 26% return over our 13 months holding period.

Conversely we initiated a new position in DBS Group, Singapore's largest bank, during the period.

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Figure D: Autohome: Quarterly EBIT Margins
Source: Autohome Inc. Corporate Filings

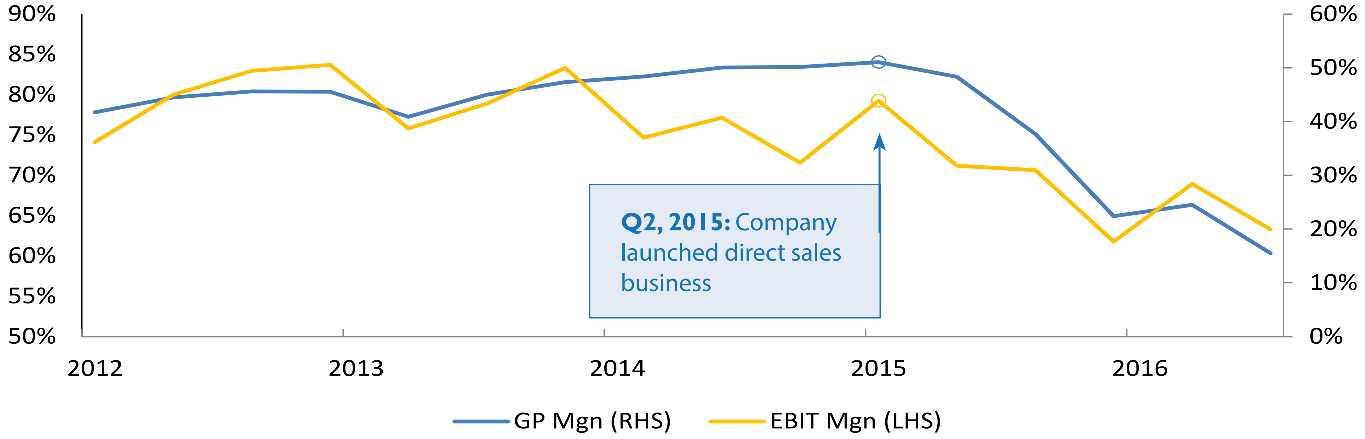
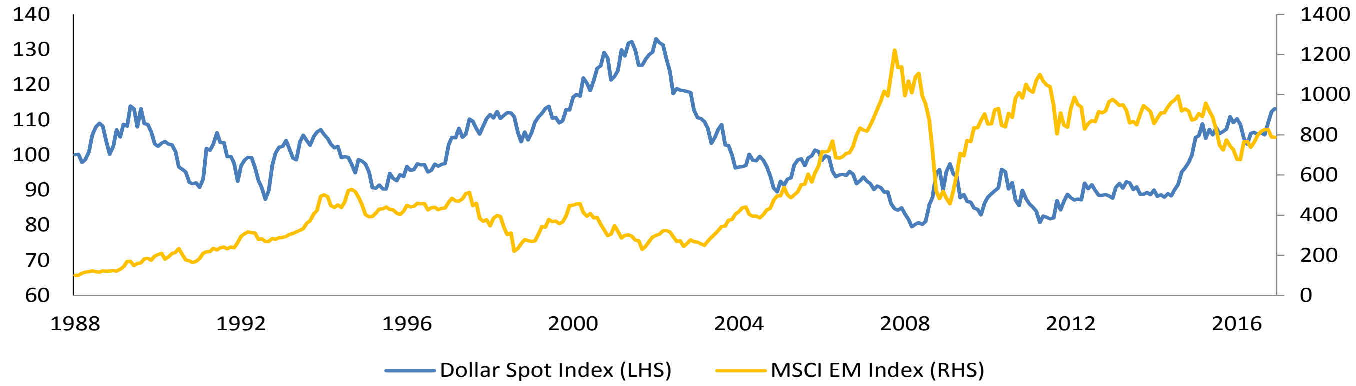


Figure E: US Dollar Spot Index (DXY) vs. MSCI EM Index
Source: Bloomberg



We also took the opportunity to increase the Company's position in Autohome Inc., the operator of China's largest online automotive classifieds portal. Autohome underwent a change of control with Telstra selling a 47.4% stake to Chinese insurance giant Ping An in June. This led to a new management team being installed who undertook a strategic review of the company's operations and growth strategies, the results of which were communicated to investors in November. Management announced it would phase out the inventory taking transaction business in 2017. We believe this is the correct decision. This business is essentially a glorified online car dealership which not only has significantly lower margins and returns than Autohome's established businesses, but also exposes it to inventory risk. Eliminating this business should result in margins recovering from this year and ensure management remains focused on growing the higher margin and return businesses. We met with senior management on a recent trip to Asia in November and came away optimistic with regards to the strategic direction and operating outlook. Management's focus going forward will be the advertising, lead generation and B2C marketplace businesses. These core businesses grew revenues in excess of 25% year-over-year in the third quarter. Assuming EBIT margins recover to levels achieved prior to the launch of the direct inventory taking transaction business and core operations continue to grow 20% year-over-year, Autohome trades at approximately 12x forward earnings with in excess of 35% of its market capitalisation in cash. We view this as highly attractive particularly in comparison to its global peers Carsales.com Ltd. and Auto Trader Group Plc.

Outlook

As we have stated previously we believe the inflection point in global interest rates occurred earlier this year and a Trump victory supports the existing momentum. History shows us (see Figure E above) that higher US rates and a strong US Dollar coincide with weakness in emerging markets, including the Asia region. Consequently quasi index managers and exchange traded funds are likely providing investors with the wrong Asian exposure ('index risk') and investors need to become much more selective in their allocation of capital. It also means investors should be actively managing their currency exposures rather than being passively invested in local currencies. We remain invested in a collection of high conviction themes that we believe for structural reasons will act very differently to the broader market going forward. We have confidence in the underlying earnings power of the businesses we hold and believe an earnings re-rating is what will drive share prices up overtime.

Kevin Bertoli,

Asian Portfolio Manager

IMPORTANT INFORMATION

This Quarterly Report is issued by PM CAPITAL Limited (ABN 69 083 644 731, AFSL No. 230222) as investment manager for the:

- PM CAPITAL Global Opportunities Fund Limited ACN 166 064 875 (PGF); and
- PM CAPITAL Asian Opportunities Fund Limited ACN 168 666 171 (PAF).

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

The two strategies included on the Colonial First State Platform in addition to the PM Capital Global Companies Fund include; 'CFS FirstChoice Investments - PM Capital Global Companies Mandate' and 'CFS FirstChoice Wholesale Investments - PM Capital Wholesale Global Companies Mandate'. For universe parameters on the Morningstar Australie OE Equity World Large Blend universe see www.morningstar.com for further information.

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