

# Net Tangible Assets & Monthly Investment Report

31 OCTOBER 2017

## Company commentary

US homebuilding stocks performed strongly on the back of rising home prices and velocity of sales.

Our US homebuilding positions were up strongly this month with robust, broad-based demand for new housing. The limited inventory and pent-up demand among first-time home buyers confirms our view that the outlook for the future remains positive. New home sales are rapidly rising to meet this demand but remain well below mid-cycle transaction levels, with more than two-thirds of new homes sold in September either under construction or yet to be started.

We purchased Meritage Homes and Calatlantic Group earlier this year using the proceeds of the sale of MDC Holdings. This month we sold Meritage at a 30% profit. In addition, Calatlantic

attracted a takeover bid by Lennar at a 27% premium to the pre-bid price. This will create the largest homebuilder in the USA with significantly greater brand recognition and improved scale density in all its major markets. We remain comfortable with our remaining exposure to the sector.

The Australian Dollar continued to weaken over the month of October as US yields and stock markets continue to outperform their Australian counterparts on a relative basis. This weakness contributed meaningfully to the portfolio's overall performance over the month.

Net Tangible Asset (NTA) backing per ordinary share (all figures are unaudited)	September 2017	October 2017	Change
NTA before tax accruals plus franking credits <sup>1</sup>	\$1.2577	\$1.3138	+ 4.46%
NTA after tax <sup>2</sup>	\$1.1838	\$1.2230	+ 3.31%

1. 31 October 2017 includes \$0.0155 of franking credits. 2. Net Tangible Assets (NTA) refers to the net assets of the Company after the accruals for net current and deferred tax liabilities/assets.

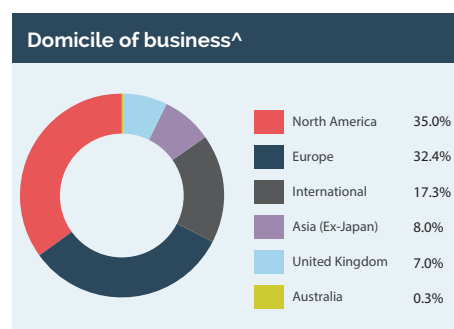
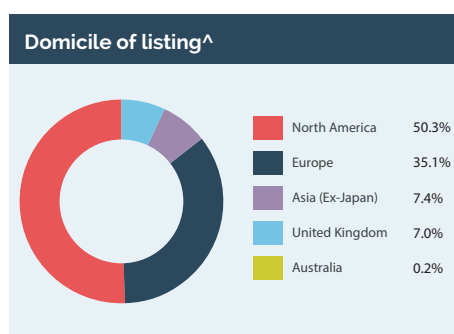
Portfolio investments	Weighting <sup>^^</sup>	Current stock example
Global Brewing	2.4%	Heineken
Post GFC Housing Recovery - US	16.5%	Howard Hughes Corporation
Post GFC Property Recovery - Europe	13.0%	Cairn Homes
Global Domestic Banking	37.1%	Bank of America
Service Monopolies	19.1%	Alphabet
Pharmaceuticals	4.3%	Pfizer
Gaming - Macau	4.7%	Wynn Macau
Alternative Investment Managers	12.3%	KKR & Co L.P.
Other	2.7%	
<b>Long Equity Position</b>	<b>112.1%</b>	
Short Equity Position	-19.6%	
Net Invested Equities	92.5%	
<b>Total holdings</b>	<b>41</b>	

Currency exposure <sup>*</sup>	
USD	74.8%
EUR	18.2%
GBP	6.8%
AUD	0.2%
<b>Total exposure</b>	<b>100.0%</b>

<sup>^^</sup> Quoted before tax liability on unrealised gains.

<sup>\*</sup> Stated as effective exposure.



<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.

PM Capital Limited (‘the Manager’), founded in 1998, is a globally-focussed fund manager that invests money on behalf of private clients, the clients of financial advisers and institutions. PM Capital’s goal is to build long term wealth by investing in global markets with patience and conviction.

### Company profile

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

Managed by PM Capital Limited, the aim is to create long term wealth through a concentrated portfolio of around 40 global companies that we believe are trading at prices different to their intrinsic values.

### Who manages the Company’s portfolio?

PGF’s investment portfolio is managed by PM Capital (AFSL 230222). The investment team is led by founder and CIO Paul Moore who has over 30 years’ experience in successfully managing investment funds. Paul Moore is the Portfolio Manager and is supported by a team of experienced investment analysts.

PM Capital believes in being a patient investor, one that has conviction, one that finds opportunities where others can only see risk. We only invest in what we know, deeply, via our fundamental research.

### 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 30 years. This has produced attractive long term capital growth.

**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. As a guide, the portfolio holds around 40 deeply researched stocks that we believe give the best opportunity to produce strong long term returns.

**Co-investment:** Shareholders receive access to a unique subset of opportunities to which they may otherwise find difficult to access. The Manager has a significant investment in the Company – they invest for and with you.

### Key Company Details

#### ASX Code

PGF

#### ACN

166 064 875

#### Listing Date

11 December 2013

#### Shares on issue

350,192,809

#### 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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