QUARTERLY REPORT

SEPTEMBER 2023

Recognising opportunities where valuations look rewarding

Careful stock picking is key to providing an acceptable rate of return

p.1 Video insight

PM Capital Global Companies Fund
ARSN 092 434 618
APIR Code PMC0100AU

PM Capital Enhanced Yield Fund
ARSN 099 581 558
APIR Code: PMC0103AU
APIR Code: PMC4700AU (Class B)

PM Capital Australian Companies Fund
ARSN 092 434 467
APIR Code PMC0101AU

CONTENTS

Quarterly video updates

Global Companies Fund update

Paul Moore - Chief Investment Officer

This video update discusses:

- Interest rates being the driving force behind market movements
- The risk of not earning an acceptable rate of return from passive allocations and the need for good investors to be doing something that others are not
- The importance of valuation, where valuations still look rewarding and recent additions to the portfolio

Access the video **here.**

Enhanced Yield Fund update

Jarod Dawson - Portfolio Manager

This video update discusses:

- What PM Capital saw in markets and how the Fund performed
- Where to find value in the Australian bond market and what to be thinking about when considering longer dated bonds
- Opportunities and outlook going forward

Access the video **here.**

Access all market updates and insights **here.**

Total returns since inception[1]

Fund	
PM Capital Global Companies Fund	939.1%
PM Capital Australian Companies Fund	1017.3%
PM Capital Enhanced Yield Fund[*]	188.5%

Benchmark	
MSCI World Net Total Return Index (AUD)	314.4%
S&P / ASX 200 Accum. Index	506.2%
RBA Cash Rate	105.5%

[1]Past performance is not a reliable indicator of future performance. See page 8 for Important Information. As at 30 September 2023.
[*]Enhanced Yield Fund (Performance Fee Option).

Global Companies Fund

Simple ideas, simple businesses

Building long term wealth by finding and exploiting investment anomalies around the world

Global Companies Fund	Inception Date	Exit Price ($.cum)	3 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Fund performance (net of fees)[1]	**10-1998**	**5.7101**	**2.5%**	**33.7%**	**25.5%**	**13.7%**	**15.5%**	**13.5%**	**9.9%**
MSCI World Net Total Return Index (AUD)			-0.4%	21.5%	11.9%	9.7%	12.0%	12.4%	5.9%

PERFORMANCE

The portfolio advanced 2.5% over the quarter compared to the MSCI Global in AUD which declined 0.4%.

Positive contributors included our positions in Apollo Global Management in addition to our positions across the energy sector. Negative contributors included our positions in industrial companies and gaming companies.

Apollo Global Management returned 27.6% over the quarter. While Apollo continues to take advantage of the secular tailwind of rising allocations to alternatives, it has also capitalised on the changing financial landscape through the build out of its credit origination platforms. These platforms allow Apollo to take 100% of the economics from extending credit rather than sharing the economics with financial intermediaries. Apollo's long-term shift from a pure private equity manager to a full-scale retirement income solutions provider supports its first mover advantage into the large and growing market for retirement solutions.

The energy sector is again in focus, with supply cuts from Saudi Arabia and Russia combining with resilient demand to send oil prices up 22% over the quarter, coinciding with a run-up in bond yields as investors fret a "higher-for-longer" scenario. The surge in oil prices is consistent with our view that disciplined production and underinvestment in traditional energy supply will combine with resilient demand to create ongoing pricing volatility. Shell increased 12.5% over the quarter. CNOOC's share price was further supported by a strong first half results announcement. Highlights included industry leading production growth of 9% year-over-year coupled with continued strong cost control with all in costs declining to US$28.17/bbl. The board also declared a HK$0.59/share interim dividend, the company had now returned HK$3.22/share since we initiated our position in early 2021 (30 September 2023 share price HK$13.78).

Our positions in European banks also added to our return for the quarter. As we have described previously, European banks are one of the most interest sensitive sectors in the global economy and with interest rates taking another leg up over the quarter, the profitability of the sector has commensurably increased. While interest rates may take a breather for a while, the market is a long way from factoring in the current interest rate curve into European bank valuations with the sector trading on ~6 times earnings.

Our positions across the industrial space declined in price as the market became increasingly focused on a potential slowdown in industrial actively. Siemens declined 11.1% over the quarter as orders in its factory automation business fell short of expectations with demand from China being the main contributor to the underperformance. While orders in this business can be volatile quarter to quarter, our long-term thesis for Siemens remains intact, which revolves around the increasing push to improve industrial productivity through automation, digitalisation and energy efficiency.

Our Gaming positions detracted from performance. Most notable was the negative performance of Star Entertainment whose share price declined as investors positioned for a capital raise which was formerly announced in late September. The capital raise and share price performance masks the substantial progress management has made addressing the key overhangs to the business over the past 6 months, most notably the announcement of an in-principal tax agreement with NSW government. The agreement reduces Star's additional tax burden in FY2024 to $10m which is well below the circa $100m proposed by the former Liberal Treasurer Matt Kean last December. FY2023 results also suggest underlying operations have stabilised with Adjusted EBITDA coming in slightly above guidance provided in April. We see several drivers to support activity off trough levels, in particular an imminent reintroduction of comped alcoholic beverages in premium gaming rooms and return to Chinese visitation which year-to-date remain 80% below 2019.

Wynn Resorts was also a negative contributor despite limited company specific news flow. We attribute share price weakness to broader fears of a slowdown in discretionary consumption in the US. Wynn Resort continues to be well placed to benefit from a recover in Macau while its US properties continue to operate at record levels.

PORTFOLIO ACTIVITY & OUTLOOK

Two new commodity positions were initiated during the period, Grupo Mexico and Arch Resources. Grupo Mexico is a holding company with two primary businesses, a 90% stake in US listed Southern Copper and a 70% stake in Grupo Mexico Transportes. Investors in our Fund will be familiar with Southern Copper – large low-cost copper producer – which we have previously owned directly in the portfolio, while Grupo Mexico Transportes operates the largest freight rail network in Mexico. Grupo Mexico provides a cheaper implied entry pricing into the Southern Copper business while we pick up the Grupo Mexico Transportes business for virtually nothing. At US$4/lb copper the business trades on about 12x earnings and with a circa 5% dividend yield.

Arch Resources is a metallurgical (steelmaking) coal miner based in the Appalachian region of the United States. The distinguishing factors that make Arch an attractive investment include its policy to remit 100 percent of free cash flow to shareholders via a quarterly dividend and buyback. Shareholders near unanimously support the policy and given Arch's valuation at under five times earnings, buybacks are highly accretive. The other distinguishing factor is its mining jurisdiction, West Virginia, where state royalties remain low at 5% of coal receipts, a competitive advantage over Queensland producers who at the margin pay 40% of coal receipts.

Portfolio investments	Weighting	Current stock example
Domestic Banking - Europe	23%	ING Groep
Commodities - Energy	17%	Shell
Domestic Banking - USA	12%	Bank of America
Commodities - Industrial metals	12%	Freeport-McMoRan Copper
Industrials	11%	Siemens
Gaming	11%	Wynn Resorts
Alternative Investment Managers	7%	Apollo Global Management
Housing Ireland & Spain	5%	Cairn Homes
Other	4%	
Long Equity Position	**102%**	
Direct Short Position	-3%	
Index Short Position	-11%	SPX
Net invested equities	88%	Total holdings 42

Currency exposure*	100%
AUD	83%
GBP	7%
HKD	7%
EUR	1%
Other	2%

* Stated at effective value.

The Fund aims to create long term wealth through a hand-picked, concentrated portfolio of generally 25-45 global companies trading at prices we consider, after extensive research, different to their intrinsic values and may provide attractive future returns.

The Fund's investment objective is to provide long term capital growth and outperform the greater of the MSCI World Net Total Return Index (AUD) or RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index.

Fund category: Global equities **Minimum investment:** $20,000 **Suggested investment time:** 7 years+

Paul Moore - Chief Investment Officer **Kevin Bertoli -** Co-Portfolio Manager **John Whelan** - Co-Portfolio Manager

Australian Companies Fund

Applying global insights to profit from anomalies in the Australian market

Australian Companies Fund	Inception Date	Exit Price ($, cum)	3 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Fund performance (net of fees)[1]	**01-2000**	**3.3132**	**4.3%**	**11.4%**	**18.3%**	**12.8%**	**11.2%**	**9.8%**	**10.7%**
S&P/ASX 200 Accumulation Index			-0.8%	13.5%	11.0%	6.7%	8.0%	7.4%	7.9%

PERFORMANCE

The portfolio increased 4.3% over the quarter compared to the S&P ASX200 which declined 0.8%. Contributors to fund performance included strong performances from our positions in metallurgical coal producers Stanmore Resources and Coronardo Global Resources. Imdex and Star Entertainment Group detracted from portfolio performance.

PORTFOLIO ACTIVITY & OUTLOOK

Metallurgical (steelmaking) coal producers Stanmore Resources and Coronado Resources delivered strong returns as a higher coal price improved sentiment and reminded investors of the low valuations these stocks trade on.

Metallurgical coal prices are proving resilient with the benchmark high-grade Australian coal trading at over US $360 per tonne as we write, up from the low $200s mid-year. We believe the cost curve in metallurgical coal has shifted upwards significantly from only a few years ago, and there were anecdotes of several producers struggling at those mid-year prices. Stanmore is not yet seeing the full benefit as the price for its primary coal grade has lagged the price of the benchmark grade, but nonetheless the signs are positive.

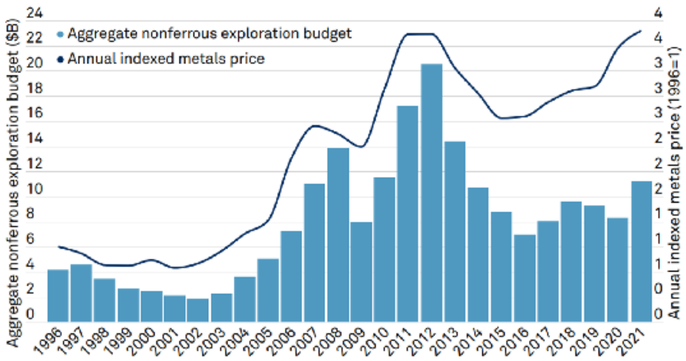
We visited Stanmore Resources' South Walker Creek and Poitrel mines at its September investor day. In the twelve months since taking ownership Stanmore has improved the assets with a leaner approach and localising decision making, and capital projects are underway at both mines to stabilise the production and overburden-removal schedule for coming years. Late in the quarter Coronado's controlling shareholder Energy & Minerals Group announced it would sell its shareholding to a Czechoslovakian private investment firm. We are still assessing the implications for the business and our position.

The international sleeve of the portfolio contributed positively to performance driven by Apollo Global Management returning 27.6% over the quarter. While Apollo continues to take advantage of the secular tailwind of rising allocations to alternatives, it has also capitalised on the changing financial landscape through the build out of its private credit origination platforms. These platforms allow Apollo to take 100% of the economics from extending credit rather than sharing the economics with financial intermediaries. Apollo's long-term shift from a pure private equity manager to a full-scale retirement income solutions provider supports its first mover advantage into the large and growing market for retirement solutions.

Our holding in Pact Group increased over the quarter as a group controlled by Pact Group's largest shareholder and Chairman of Pact launched an official unconditional takeover offer for all the remaining shares it does not own (circa 50% of the company) at $0.68. In our opinion, this materially undervalues the company. Shortly after receiving the offer, a special board committee of the company's independent directors was formed to evaluate the offer and they hired Kroll Australia to prepare an independent expert's report to value Pact Group shares. The expert report was issued on the 13th Oct 2023 in conjunction with Pact Group target statement and confirmed that the independent directors have unanimously recommended that shareholders reject the takeover offer. The independent expert considers the offer to be neither fair nor reasonable.

Imdex Limited fell after reporting softer than anticipated results which highlighted a visible slowdown in activity occurring in the second half of FY2023. A slowdown in exploration activity in the mining sector led to Imdex sensors on hirer declining 11% half-over-half excluding the impact from the Devico acquisition completed in February 2023. We regard this slowdown to be cycle in nature rather than one specific to Imdex, with the company outperforming industry wide exploration data released by S&P. Drilling activity amongst junior miners who are heavily reliant on equity capital markets to fund exploration programs has slowed meaningfully this year as it has been more difficult to raise additional funds to support growth. Valuation is attractive at current levels with the company trading at 12x consensus FY24 earnings. We continue to believe Imdex earnings will be supported by two key factors moving forward. Firstly, increased drilling activity, overtime exploration expenditure has correlated closely to commodity prices albeit with a visible disconnect in recent years (see chart below).

Aggregate annual global nonferrous exploration budget



Source: S&P Global Market Intelligence

We expect commodity prices to remain elevated over the medium term and, coupled with a requirement to replenish diminishing reserves across several major metals, should see expenditure grow materially. Secondly, Imdex continues to invest significant amounts of capital into product R&D and this has facilitated a business mix shift towards higher margin sensors and software. This transition should continue to support higher than industry average growth rates.

Star Entertainment also detracted from performance as investors positioned for a capital raise which was formerly announced in late September. We took up our rights. The capital raise and share price performance masks the substantial progress management has made addressing the key overhangs to the business over the past 6 months most notably the announcement of an in-principal tax agreement with NSW government. The agreement reduces Star's additional tax burden in FY2024 to $10m which is well below the circa $100m proposed by the former Liberal Treasurer Matt Kean last December. FY2023 results also suggests underlying operations have stabilised with Adjusted EBITDA coming in slightly above guidance provided in April. We see several drivers to support activity off trough levels, in particular an imminent reintroduction of comped alcoholic beverages in premium gaming rooms and return to Chinese visitation which year-to-date remain 80% below 2019.

Portfolio investments	Weighting
Banking	17%
Commodities - Energy	16%
Commodities - Industrial Metals	12%
Industrials	10%
Diversified Financials	9%
Online Classifieds & Internet	2%
Gaming	2%
Consumer	1%
Long Equities Position	**69%**
Short Equities Position	-1%
Net Invested Equities	68%
Corporate Debt & Bonds	11%
Net Invested	79%
Total holdings	22

Current stock example
ANZ
Woodside Energy
BHP
Siemens
Apollo Global Management
Frontier Digital Ventures
The Star Entertainment
Lark Distillery

Currency exposure*	100%
AUD	98%
USD	1%
EUR	1%

*Stated at effective value.

The Fund aims to create long term wealth through a hand-picked portfolio of 15-25 predominantly Australian companies that we believe are trading at prices different to their intrinsic values.

The Fund's investment objective is to provide long term capital growth and outperform the greater of the S&P/ASX 200 Accumulation Index or the RBA cash rate over rolling seven year periods. The Fund is not intended to replicate the index.

Fund category: Australian equities **Minimum investment:** $20,000 **Suggested investment time:** 7 years+

Paul Moore - Chief Investment Officer **Kevin Bertoli** - Co-Portfolio Manager **John Whelan** - Co-Portfolio Manager

Enhanced Yield Fund

Regular income, low volatility

Fund performance (net of fees)[1]	Inception Date	Exit Price ($cum)	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since Inception pa
Enhanced Yield Fund*	**02-2002**	**1.1220**	**1.4%**	**2.8%**	**6.1%**	**2.6%**	**2.3%**	**2.9%**	**3.0%**	**5.0%**
RBA cash rate			1.0%	2.0%	3.6%	1.4%	1.2%	1.3%	1.6%	3.4%
Excess			**0.4%**	**0.8%**	**2.5%**	**1.2%**	**1.1%**	**1.6%**	**1.4%**	**1.6%**
Enhanced Yield Fund (Class B units)**	**05-2017**	**1.1533**	**1.4%**	**2.9%**	**6.3%**	**2.8%**	**2.4%**			**2.7%**
RBA cash rate			1.0%	2.0%	3.6%	1.4%	1.2%			1.3%
Excess			**0.4%**	**0.9%**	**2.7%**	**1.4%**	**1.2%**			**1.4%**

*Enhanced Yield Fund (Performance Fee Option). **Enhanced Yield Fund - Class B units (Management Fee Option).

KEY POINTS

- 1 year return to the end of September now above 6%
- Still seeing plenty of opportunity to invest capital at attractive yields
- Portfolio gross yield to maturity highest it has been in around 10 years^

PERFORMANCE

While credit markets were relatively stable, market interest rates continued to fluctuate significantly as investors spent much of the quarter speculating about when global central banks might start cutting interest rates. Towards the end of the quarter however, focus turned back towards stubbornly high inflation and the possibility of future rate hikes again. 3 year bonds yields ended the quarter marginally higher at ~4.1%, and 10 year bonds were ~0.5% higher at ~4.5%.

Despite not having a market consensus on future interest rate direction, the Fund returned a solid ~1.4% for the quarter, **taking the 1 year return to the end of September comfortably above 6%** - compared to the RBA cash rate return of just 3.6%.

PORTFOLIO ACTIVITY

As we have noted previously, we have invested a considerable amount over the past twelve months, taking advantage of periods of significant market volatility, in many cases at yields implying an RBA cash rate well above the current level.

The market volatility during the recent quarter was no exception and continued to provide opportunities for us to invest ours and your capital.

During the quarter, we increased our position in the 3 year senior bonds of global renewable energy powerhouse Next Era, at a yield of ~5.5%, as well as increasing our holding in the two year senior secured bonds of dominant Australian hardware business Bunnings, at a current floating rate yield of ~6%

We added to our holdings in the ~2 year senior secured bonds of two of our favourite infrastructure businesses – Melbourne and Brisbane Airports - at yields of over 5%, after having previously sold down our longer dated holdings in these businesses which have generated significant returns and contributed meaningfully to overall portfolio performance.

We also participated in a recent bond issue by UK retail banking giant Lloyds at a margin of 2.9% above cash, equating to a current floating rate yield of just over 7%.

Finally, we sold our holding in the longer dated bonds of the Australian government owned air traffic control business Air Services Corp, at the meagre yield of cash + ~50bp. We generated an annualised return of ~6% from this investment over the three years that we owned it – not bad for a government backed bond!

OUTLOOK

Our view on markets has not changed materially from recent quarters, in that we believe that the RBA is towards the end of its tightening cycle. Thus, in terms of looking for anomalies, we are happy to be investing in fixed rate corporate and government bonds when their yields are pricing in multiple additional increases in official interest rates. In the absence of this, we will continue to invest in floating rate bonds which benefit from any further increases in market interest rates.

In terms of the corporate opportunity set, as evidenced by the investments made above, as well as numerous others over the quarter, we are still finding plenty of opportunity to put the Fund's capital to work.

From a macro perspective, we are continuing to see signs of stress in the broader economy, particularly at the consumer level, albeit the housing market has stabilised and even improved somewhat. There has been much talk about household "buffers" in terms of household savings and what individual households are able to tolerate from the perspective of the substantial increases they have experienced in both mortgage payments and the general cost of living. However, there is increasing evidence to suggest that these so-called buffers are disproportionately skewed towards the baby boomer demographic, and indeed most of the broader economy has little to no actual savings "buffer" at all. This is also consistent with the recent drop-in consumer activity that we are observing.

Overall, it wouldn't surprise us to see a further small increase in the Reserve Bank's official cash rate, just to buy some peace of mind regarding inflation – especially services inflation which has been frustratingly difficult to contain - however for the most part we think the lion's share of the heavy lifting by the RBA has been done.

We have positioned the portfolio such that we have 10-20% of the Fund's capital to invest in material yield opportunities should they arise. In the meantime, we are more than content with the current gross yield to maturity of the portfolio, which at the end of September stood at ~5.5%^ - the highest it has been for over 10 years.

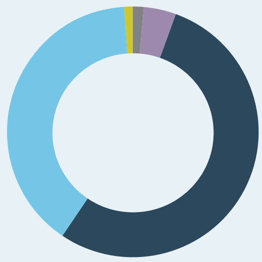
Regional allocation	
Australia	70.3%
North America	15.3%
United Kingdom	6.4%
Europe	6.0%
Other	1.1%
Cash/Cash equivalents	0.9%

Duration^^	
Interest rate	0.67
Average term to maturity	1.57

Yield security maturity profile	
0-1 Year	47.7%
1-2 Years	16.4%
2-3 Years	20.7%
3-4 Years	7.0%
4 Years +	8.2%

Portfolio Investments^^	Spreads
Cash**	0.7%
Core Corporate Bonds	1.7%
Hybrid securities	3.1%

Actual exposure



Cash/Cash Equivalents	0.9%
Senior investment grade (<12mnths) *	39.5%
Core Corporate Bonds	54.0%
Hybrid securities	4.1%
Equity Income Strategies	1.5%

* Senior investment grade securities with maturities of 12 months or less.

^^ These numbers are indicative and provided as a guide only.
**Cash spread includes short dated bonds <12 months.

The Fund aims to create long term wealth through identifying and profiting from market anomalies predominately in debt, corporate bond and hybrid security markets around the world. Originally developed to invest the portion of PM Capital's own money which would otherwise sit in cash, the Fund was opened to co-investors as we realised our problem – how to produce regular income and attractive returns with low volatility – was shared by many other investors.

The Fund's investment objective is to provide investors a return in excess of the Reserve Bank of Australia's (RBA) cash rate. The Fund aims to outperform the RBA cash rate with a low degree of volatility and minimal risk of capital loss.

Fund category: Fixed Income **Minimum investment:** $20,000 **Suggested investment time:** 2 years+

Jarod Dawson - Global Yield Portfolio Manager

^ This is not a forecast of future or expected returns. It represents the portfolio's yield to maturity before fees as at 30 September 2023 assuming investments are held to maturity and that the bond issuers meet all their coupon and maturity obligations.

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Important information

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

PM Capital Global Companies Fund ARSN 092 434 618	PM Capital Enhanced Yield Fund ARSN 099 581 558	PM Capital Australian Companies Fund ARSN 092 434 467

the 'Fund', or collectively the 'Funds' as the context requires.

The Quarterly Report contains summary information only to provide an insight into how and why we make our investment decisions. This information is subject to change without notice, and does not constitute advice or a recommendation (including on any specific security or other investment position mentioned herein).

The Quarterly Report does not take into account the objectives, financial situation or needs of any investor which should be considered before investing. Investors should consider a copy of the current Product Disclosure Statement ('PDS') and Target Market Determination which are available from us, and seek their own financial advice prior to making a decision to invest. The PDS explains how the Funds' Net Asset Value is calculated. Returns are calculated from exit price to exit price (inclusive of the reinvestment of distributions) for the period from inception to 30 September 2023 and represent the combined income and capital return. The investment objective is expressed after the deduction of fees and before taxation. The objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective and returns may not be achieved and are not guaranteed. Past performance is not a reliable guide to future performance and the capital and income of any investment may go down as well as up due to various factors, including market forces. The Index for the Global Companies Fund is the MSCI World Net Total Return Index in Australian dollars, net dividends reinvested. See www.msci.com for further information on the MSCI index. The Index for the Australian Companies Fund is the S&P/ASX 200 Accumulation Index. See www.asx.com.au for further information. The Index for the Enhanced Yield Fund is RBA Cash Rate. See www.rba.gov.au for further information.

1. Past performance is not a reliable indicator of future performance.

PM Capital