

# Monthly update Enhanced Yield Fund



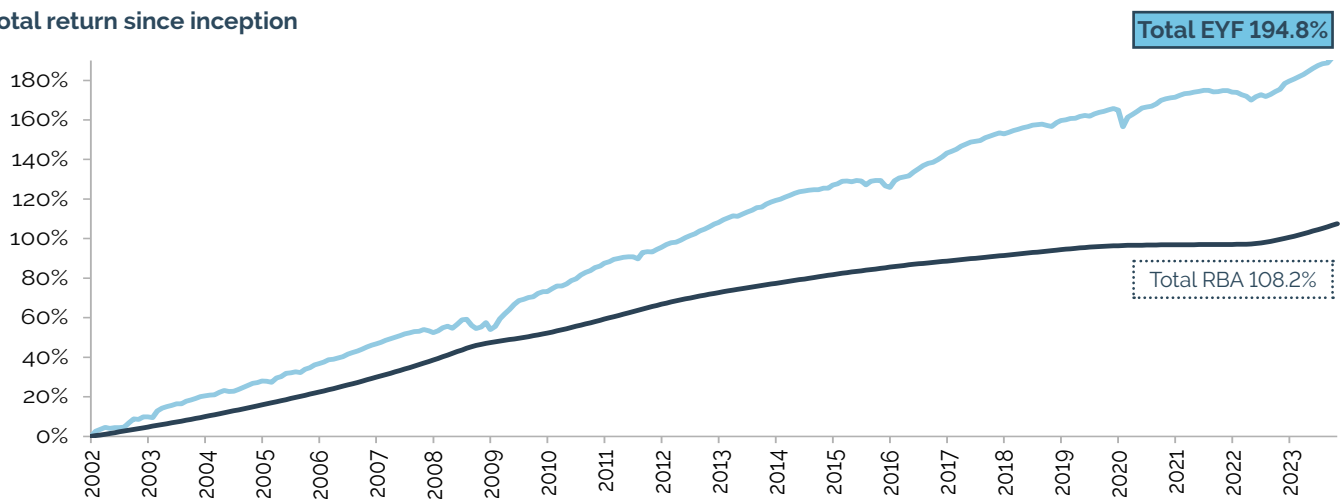
PM Capital

31 JANUARY 2024

## Regular income, low volatility

Fund performance <sup>†</sup> (net of fees)	Inception date	Exit price (\$ cum)	1 Month	3 Months	6 Months	1 Year	3 Years pa	5 Years pa	7 Years pa	10 Years pa	Since inception pa
<b>Enhanced Yield Fund*</b>	<b>02-2002</b>	<b>1.1269</b>	<b>0.5%</b>	<b>2.1%</b>	<b>3.0%</b>	<b>5.9%</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>5.1%</b>
RBA cash rate			0.4%	1.1%	2.1%	4.1%	1.9%	1.4%	1.4%	1.6%	3.4%
<b>Excess</b>			<b>0.1%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>1.8%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.7%</b>
<b>Enhanced Yield Fund (Class B units)**</b>	<b>05-2017</b>	<b>1.1610</b>	<b>0.5%</b>	<b>2.3%</b>	<b>3.2%</b>	<b>6.2%</b>	<b>2.9%</b>	<b>2.9%</b>			<b>2.9%</b>
RBA cash rate			0.4%	1.1%	2.1%	4.1%	1.9%	1.4%			1.4%
<b>Excess</b>			<b>0.1%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>2.1%</b>	<b>1.0%</b>	<b>1.5%</b>			<b>1.5%</b>

### Total return since inception



Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Fund Inception 1 March 2002\*. These figures represent past performance only. No guarantees exist of future returns above or below these figures. Past performance is no indication of future performance. Neither PM Capital Limited nor any other person makes any representation as to the future performance or success of, the rate of income or capital return from, recovery of money invested in, or income tax or other taxation consequences of, any investment in the Fund.

Yield security maturity profile	100%	Portfolio investments	Current stock example	Actual exposure												
0-1 Year	44.9%	Global Banking	Lloyds	<table><tr><td>Cash/Cash Equivalents</td><td>4.7%</td></tr><tr><td>Senior investment grade (&lt;12mths) *</td><td>36.1%</td></tr><tr><td>Government Bonds</td><td>0%</td></tr><tr><td>Core Corporate Bonds</td><td>53.4%</td></tr><tr><td>Hybrid securities</td><td>4.0%</td></tr><tr><td>Equity Income Strategies</td><td>1.8%</td></tr></table>	Cash/Cash Equivalents	4.7%	Senior investment grade (<12mths) *	36.1%	Government Bonds	0%	Core Corporate Bonds	53.4%	Hybrid securities	4.0%	Equity Income Strategies	1.8%
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1-2 Years	24.3%	Domestic Banking	ANZ													
2-3 Years	18.6%	Global Industrial	SPIE													
3-4 Years	4.1%	Global Property	Aedas													
4 Years +	8.1%	Global Retail	Tesco													
		Domestic Infrastructure	Melbourne Airport	* Senior investment grade securities with maturities of 12 months or less												
		Domestic Industrial	Ampol													
Regional allocation	100%			Duration^												
Australia	65.2%			Interest rate	0.24											
North America	12.9%			Average term to maturity	1.45											
United Kingdom	5.8%															
Europe	10.3%															
Other	1.1%															
Cash/Cash equivalents	4.7%			^Estimates and should be used as a guide only.												
		Risk/return														
		Standard deviation (1 year)	0.65%													
		Maximum drawdown	3.26%													
		Percentage of positive months	85.2%													

<sup>^</sup>Estimates and should be used as a guide only.

## Fund commentary

- Investors gone too far in pricing in lower rates in 2024
- European names shine post earnings results
- Portfolio well positioned to capitalise on near-term yield opportunities

January was a volatile month for interest rate markets as investors speculated around the timing and magnitude of the potential beginning of central bank easing cycles – ultimately maintaining their view that rates would be cut soon and then aggressively throughout 2024.

As previously communicated, we think aggressive rate cuts in 2024 are unlikely given inflation is still stubbornly high, and key economic data is mixed at worst. Thus we closed out the majority of our fixed interest rate exposures in the December quarter, realising considerable profits, with the view that the upside from the position was already priced in.

The main individual contributors to performance during the month all came from our European holdings, with residential property companies Cairn Homes (Ireland) and Aedas Homes (Spain) making valuable contributions post their recent strong results, as did UK supermarket giant Tesco.

The Fund is very well positioned to take advantage of any near-term yield opportunities as we progress into 2024. The investing we have done over the past year is providing a sound platform for future income.

PM Capital Limited, 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.

### Monthly Return Series (From January 2005)\*

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CYTD
2024	0.5%												
2023	11%	0.4%	0.4%	0.4%	0.4%	0.6%	0.5%	0.5%	0.3%	0.1%	0.9%	0.7%	6.3%
2022	0.0%	-0.3%	0.0%	-0.4%	-0.3%	-0.7%	0.6%	0.4%	-0.4%	0.4%	0.6%	0.4%	0.2%
2021	0.2%	0.1%	0.4%	0.3%	0.1%	0.2%	0.2%	0.2%	0.0%	-0.3%	0.0%	0.2%	1.6%
2020	0.2%	-0.3%	-3.2%	1.8%	0.5%	0.6%	0.6%	0.2%	0.1%	0.4%	0.7%	0.3%	2.1%
2019	0.7%	0.4%	0.2%	0.3%	0.1%	0.4%	0.2%	-0.1%	0.4%	0.3%	0.2%	0.3%	3.3%
2018	0.3%	-0.2%	0.3%	0.4%	0.2%	0.3%	0.2%	0.3%	0.1%	0.1%	-0.2%	-0.2%	1.6%
2017	0.7%	0.7%	0.4%	0.4%	0.6%	0.5%	0.4%	0.2%	0.2%	0.5%	0.3%	0.3%	5.3%
2016	-11%	-0.3%	1.5%	0.6%	0.3%	0.2%	0.8%	0.7%	0.7%	0.5%	0.2%	0.6%	4.6%
2015	0.0%	0.7%	0.3%	0.5%	0.1%	-0.2%	0.3%	-0.1%	-0.8%	0.8%	0.2%	0.0%	1.7%
2014	0.5%	0.3%	0.3%	0.5%	0.4%	0.5%	0.3%	0.2%	0.2%	0.1%	0.0%	0.3%	3.7%
2013	0.7%	0.4%	0.7%	0.5%	0.5%	-0.1%	0.6%	0.4%	0.5%	0.6%	0.1%	0.7%	5.6%
2012	0.7%	0.6%	0.7%	0.4%	0.1%	0.5%	0.7%	0.5%	0.5%	0.7%	0.4%	0.6%	6.6%
2011	0.4%	0.8%	0.4%	0.6%	0.3%	0.2%	0.1%	0.0%	-0.5%	1.6%	0.2%	0.0%	4.3%
2010	0.5%	0.0%	0.9%	0.8%	0.0%	0.6%	0.9%	0.5%	1.1%	0.7%	0.5%	0.8%	7.5%
2009	1.5%	-2.3%	1.0%	2.5%	1.5%	1.4%	1.6%	1.1%	0.3%	0.6%	0.2%	1.0%	11.0%
2008	-0.4%	-0.6%	0.6%	1.0%	0.5%	-0.7%	1.3%	1.4%	0.2%	-1.9%	-1.0%	0.5%	0.8%
2007	0.6%	0.5%	0.5%	0.6%	0.6%	0.4%	0.5%	0.6%	0.4%	0.4%	0.1%	0.6%	6.0%
2006	1.0%	0.4%	0.6%	0.8%	0.2%	0.5%	0.5%	0.9%	0.5%	0.6%	0.6%	0.8%	7.7%

Find the complete historical monthly return series since inception at:  
[pmcapital.com.au/enhanced-yield-fund/investor-resources](http://pmcapital.com.au/enhanced-yield-fund/investor-resources)

## Further Information

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## Key Fund Details

### Fund category

Fixed income

### Investment style

Fundamental, bottom-up-research intensive approach

### Inception date

1 March 2002

### Fund size

\$558.5 million

### Strategy size

\$802.9 million

### Minimum direct investment

\$20,000

### Recommended investment time

Two years plus

### Fees (pa)

\*Performance Fee Option:

Management fee: 0.55%.

Performance fee: 25% of net excess above RBA Cash Rate (subject to a high watermark).

\*\*Management Fee Option - Class B units:

Management Fee: 0.79%.

### Buy/sell spread

+/- 0.15%

### Investor profile

The Fund may be appropriate for investors seeking capital preservation and potential return in excess of the Reserve Bank of Australia's (RBA) cash rate with a low degree of volatility.

## Important Notice

This Report is issued by PM Capital Limited ABN 69 083 644 731 AFSL 230222 as responsible entity for the PM Capital Enhanced Yield Fund (ARSN 099 581 558, the 'Fund'). It contains summary information only to provide an insight into how we make our investment decisions. This information does not constitute advice or a recommendation, and is subject to change without notice. It does not take into account the objectives, financial situation or needs of any investor which should be considered before investing. Investors should consider the Target Market Determinations and the current Product Disclosure Statement (which are available from us), and obtain their own financial advice, prior to making an investment. The PDS explains how the Fund's Net Asset Value is calculated. 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. The investment objective is not a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term.

1. Returns are calculated from exit price to exit price assuming the reinvestment of distributions for the period as stated and represent the combined income and capital return. The Index is RBA Cash Rate. See [www.rba.gov.au](http://www.rba.gov.au) for further information.

<sup>^</sup> before fees. The yield to maturity is not a forecast of expected Fund performance (including distributions) and provides a simple snapshot (at the time of this report) of the estimated before fees yield return of the portfolio holdings should they be held to maturity, and assuming no issuer defaults.