Quarterly report

March 2025

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

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Quarterly video updates

Global Companies Fund update

Kevin Bertoli - Co-Portfolio Manager
John Whelan - Co-Portfolio Manager

This update includes:

- **Direct tariff** – the impact on our portfolio positions
- **Reactions to second order effects** such as uncertainty around consumer sentiment, inflation, and corporate capital expenditure.
- **Selective opportunities** emerging amid market dislocation.

Watch the quarterly update **here**.

Enhanced Yield Fund update

Jarod Dawson - Portfolio Manager

This update includes:

- **Tariffs become reality** – Assessing the impact of rising protectionism on global markets
- **Fund positioning** – How we're navigating volatility and identifying emerging opportunities
- **What's next?** – Our outlook for markets in the near to medium term amid ongoing uncertainty

Watch the quarterly update **here**.

Total returns since inception[1]

Fund		Benchmark	
PM Capital Global Companies Fund	1323.3%	MSCI World Net Total Return Index (AUD)	457.3%
PM Capital Australian Companies Fund	1025.0%	S&P / ASX 200 Accum. Index	611.8%
PM Capital Enhanced Yield Fund*	214.3%	RBA Cash Rate	118.9%

[1]Past performance is not a reliable indicator of future performance. See page 7 for Important Information. As at 31 March 2025. Net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax.
*Enhanced Yield Fund (Performance Fee Option).

Global Companies Fund

Simple ideas, simple businesses

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)^	**10-1998**	**7.8210**	**7.8%**	**14.4%**	**17.8%**	**25.4%**	**15.1%**	**13.0%**	**10.6%**
MSCI World Net Total Return Index (AUD)			-2.4%	12.1%	14.5%	15.7%	13.5%	11.8%	6.7%

Tariffs is quickly becoming the leading candidate for the 2025 'Word of the Year'. The uncertainty created by President Trump's tariff policies was the primary contributing factor behind the correction witnessed across global markets—most notably in the US—throughout the quarter. The impact on our portfolio varies, from direct to second-order effects, and we continue to monitor these closely. The most notable impact has been among our European holdings, particularly financials and industrials.

Contrary to consensus thinking, these sectors performed exceptionally well over the period. Increasing US protectionist policies, spearheaded through tariffs, have accelerated Europe's—especially Germany's—decision to significantly increase capital spending across both infrastructure and defence. This increasing focus on infrastructure and defence spending should lead to higher economic activity and benefit our largest positions in European banks and industrial companies. We expect Siemens, with its broad exposure to factory automation and smart infrastructure, to be a direct beneficiary, along with our position in French engineering firm SPIE, which focuses on the modernisation of energy grids and communication infrastructure in core Europe.

The performance of European equities—and particularly European banks—over the quarter (European Bank Index +28%) highlights how complacent investors had become about US market outperforming. European markets were being increasingly overlooked, with the US making up 73% of developed markets and nine of the top ten global stocks listed in the US. As we highlighted in our February monthly update, our European bank investment thesis continues to play out as expected, with the normalisation of interest rates, market consolidation, and double-digit shareholder returns. Now, with economic and lending growth coming back into focus, European bank valuations are becoming harder to ignore, as evidenced by their strong performance during the quarter.

Two additional examples of how tariffs are influencing our holdings are copper producers and consumer discretionary companies.

In February, President Trump signed an executive order directing the Commerce Department to investigate the national security implications of copper imports and assess the potential for tariffs. This triggered a widening spread between Comex and LME copper futures, with Comex trading at a 15% premium by quarter-end. The historic spread between Comex and LME has oscillated around a +/- low single digit percentage as metal traders act to take advantage of any arbitrage. Tariffs, however, could lead to structurally higher US prices given the inability for domestic supply to respond in a timely manner. The primary beneficiaries would be companies with domestic production and/or contracts linked to Comex pricing—the largest being Freeport McMoRan. Approximately 50% of Freeport's attributable copper production originates from the US and references Comex pricing. The benefits are magnified by Freeport's large, deferred tax loss, which means it currently pays no US tax—making the net profit and cash flow impacts material. Grupo Mexico also stands to benefit, with 35–40% of Southern Copper's (90% owned by Grupo Mexico) production linked to Comex pricing.

Despite these operational advantages, our copper holdings were largely flat over the quarter, as investors weighed up the second-order effects of tariffs, particularly the potential for lower capital investment as corporates hit pause on future projects amid rising uncertainty. The last time spot copper prices were at these levels, Freeport traded above $50 per share—a 30%+ premium to its current price.

Conversely, our holdings in the consumer discretionary sector are being impacted by both the first order impacts of tariffs and second order effects such as potentially higher inflation in the US and the impacts on interest rates and consumer sentiment. Notably, spirits companies have been in the crosshairs of tariffs due to origin-specific legal requirements (e.g., tequila must be produced in Mexico, and Scotch whisky in Scotland). Given the imposition of 25% tariffs on Mexican and Canadian goods, and the even more extreme threat of a 200% tariff on European spirits, it's understandable that investors remain cautious despite large share price drawdowns.

Pharmaceutical holdings, **Sanofi** and **Royalty Pharma**, both contributed positively over the quarter. Royalty Pharma's performance was driven by company-specific catalysts, while Sanofi has begun to attract greater investor appreciation for its low valuation, strong earnings growth, and promising drug pipeline.

Royalty Pharma (+20%) rose sharply after announcing it would consolidate its corporate structure—currently split between Royalty Pharma (the listed company/asset owner) and an external management entity—into just the company. We have long believed the market overlooked Royalty Pharma in part because it didn't fit the typical pharmaceutical mould exemplified by companies like Johnson & Johnson or Pfizer. With a US$18 billion market capitilisation, it's a mid-sized player in a sector dominated by giants, and its structure—a legacy of private equity—is unfamiliar to most investors. Rather than developing its own medicines through clinical trials and commericialisation, Royalty Pharma buys royalty streams (typically a percentage of worldwide sales) on other pharmaceutical companies' products, acting as a co-investor alongside the pharmaceutical company at the medicine-by-medicine level.

Following the corporate structure consolidation, Royalty Pharma will look more like its peers, and we expect its valuation multiple to reflect this over time. In the meantime, we believe it will grow earnings in the mid- to high-single digits annually, while paying a decent dividend and opportunistically buying back shares.

PORTFOLIO ADJUSTMENTS

Following the drawdown in the NASDAQ Index in late February and early March, we closed out our short position in NASDAQ futures. This short served as a way to express our views around the valuations of the 'Magnificent 7', which account for over 50% of the index.

We also exited our long-standing position in **JP Morgan**, concluding a decade-plus investment in the company. While JP Morgan remains one of the best-managed banks in the US, this is now well reflected in both its superior profitability—near record highs—and in its valuation premium to peers such as Bank of America and Wells Fargo. A dollar invested in JP Morgan ten years ago has delivered nearly six times the total shareholder return, compared to roughly three-and-a-half times for the same dollar invested in the S&P 500 over the same period.

Consistent with our broader reduction in energy sector exposure, we trimmed our position in **Shell** as its share price approached all-time highs. During the quarter, Shell hosted its much-anticipated Capital Markets Day, highlighting the company's operational turnaround since its 2023 strategy reset. It also outlined targets through to 2028 that continue its trend of internal capital efficiency and returning excess capital to shareholders via dividends and buybacks. At the current pace, Shell is on track to buy back 40% of its outstanding shares by 2030.

WRAP-UP

The March quarter (and recent tariff announcements in early April) is a reminder of how quickly market sentiment can shift, and why it's critical to remain disciplined in both investment process and philosophy—regardless of short-term market volatility. Over the past six months, we've frequently been asked to comment on the risk of slowing economic growth in Europe versus the "runaway growth" narrative in the US, and our decision to be long Europe while underweight the US 'Magnificent 7'. Our response has remained consistent: valuation.

We have continued to favour the 'unloved' European banks based on attractive valuations and improving shareholder returns, while warning against record-high valuations in the US and the investor euphoria surrounding a potential Trump presidency, which has fuelled a "risk-on" mindset. While market outcomes are inherently uncertain, we remain committed to the disciplined investment philosophy and process that PM Capital has applied consistently over the past 28 years.

Portfolio investments	Weighting
Domestic Banking - Europe	27%
Commodities - Industrial metals	17%
Industrials	14%
Domestic Banking - USA	10%
Leisure & Entertainment	9%
Consumer Staples	6%
Commodities - Energy	5%
Healthcare	4%
Other	10%
Long Equity Position	**102%**
Direct Short Position	-3%
Index Short Position	-3%
Net invested equities	96%
Total long positions	41

Current stock example
ING Groep
Freeport-McMoRan
Siemens AG
Bank of America
Wynn Resorts
Heineken
Shell
Sanofi

Currency exposure Stated as effective value	**100%**
AUD	72%
EUR	8%
USD	7%
GBP	7%
HKD	4%
Other	2%

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 have the potential to 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)^	**01-2000**	3.2223	-0.4%	-7.1%	1.2%	14.1%	9.7%	8.1%	10.1%
S&P/ASX 200 Accumulation Index			-2.8%	2.8%	5.6%	13.2%	8.6%	7.1%	8.1%

The ASX200 declined almost 3% for the quarter as investors responded to increasingly bearish signals emanating from offshore markets, particularly the United States. Investors have reacted negatively to a continuous stream of policy headlines originating from the US administration—headlines that seem to change daily. Many of these headlines centre around tariffs, increasing the level of uncertainty regarding their impact on economic activity, inflation, and interest rates, all at a time when equity valuations, including in Australia, are already at elevated levels, leaving little room for error.

We have been consistent in our commentary around valuations in Australia and the scarcity of genuine valuation anomalies, which led to a net invested position of 78% at the start of the quarter. The decision to hold higher levels of cash and credit securities (26% of the portfolio), coupled with a strong contribution from the international equities sleeve, resulted in broadly flat performance over the quarter.

KEY DETRACTORS

Performance was negatively impacted by three holdings in the commodities sector: coal companies Coronado and Stanmore, as well as Mineral Resources. While commodities have been a material contributor to performance over longer periods, we have been on the wrong side of these trades in the short term, particularly in relation to metallurgical coal companies.

Coal miners Coronado Global Resources and Stanmore Resources were the key detractors for the March quarter, with both impacted by a very difficult commodity pricing environment. We misjudged the coal price cycle.

Operationally, both miners are managing what is within their control. Stanmore maintains its strong operational track record and recently completed incremental capital expenditure projects on time and on budget. Coronado is showing signs of improved operational efficiency as production at its new underground coal deposit commences. However, at prevailing coal prices, the broader industry—both in Australia and globally—is under pressure. The lowest-cost producers are operating on low single-digit margins, while higher-cost producers are losing money.

While Stanmore is marginally profitable given what we consider to be its normal sustaining capital expenditure requirements, Coronado is unprofitable, largely due to an onerous private royalty obligation expiring in 2027, which increases the risk of a capital raising. There is plenty of anecdotal evidence to suggest we are at the bottom of the price cycle and that current prices are unsustainable, but given weaker short-term demand, they may persist longer than expected.

Mineral Resources declined after the ramp-up of its Onslow iron ore project was delayed due to repairs and upgrades to the key iron ore haul road connecting the mine to port, despite operations only recently commencing. Higher capital expenditure and the temporary delay to the production schedule have resulted in higher net debt than initially anticipated, leading some to fear a highly dilutive and expensive capital raise is required. At current commodity prices, we view this as unlikely and have maintained our position. We hold both Mineral Resources equity and 2028 senior debt. While the equity has been a negative contributor due to the issues mentioned, the debt investment has been a positive contributor since initiation.

KEY CONTRIBUTORS

Imdex Limited (+15%) reacted positively to a solid results announcement, once again demonstrating its outperformance relative to the broader drilling market (primarily gold and copper exploration). The result was particularly noteworthy for its strong EBITDA performance and cash flow conversion, both of which exceeded expectations. However, management commentary did not indicate an imminent inflection in core end markets, and with the current valuation now reflecting this at current share price, we reduced our position with a view to fully exiting.

The portfolio's international sleeve also contributed positively, thanks in large part to our holdings in Europe. ING Groep was the standout (+20%) as it benefited from a steepening interest rate curve and fiscal stimulus announcements in Europe, which should support sustained lending and earnings growth over the medium term. Siemens (+12%), with its broad exposure to factory automation and smart infrastructure, will also be a direct beneficiary of increased infrastructure and defence spending.

Royalty Pharma also rose sharply (+20%) after announcing it would consolidate its corporate structure—currently split between Royalty Pharma (the listed company/asset owner) and an external management entity—into just the company. Rather than developing its own medicines through clinical trials and commercialisation, Royalty Pharma buys royalty streams—typically structured as a percentage of worldwide sales—on other pharmaceutical companies' medicines. In this way, Royal Pharma acts as a co-investor alongside the pharmaceutical company at the medicine-by-medicine level. We have long believed that one reason the market has overlooked Royalty Pharma is its corporate structure - a legacy of its private equity history, which doesn't fit the familiar mould of most pharmaceutical companies like Johnson &

Johnson or Pfizer. The changes announced last quarter should drive much-needed simplification and improved transparency, which should help lift its valuation.

PORTFOLIO ADJUSTMENTS

We made small adjustments to the international sleeve during the quarter, trimming Siemens, Airbus, and ING, which have all been strong performers.

We also increased our position in Challenger during March, as the stock price temporarily fell following the release of its half-year results. The market was disappointed due to both weak underlying investment performance and underwhelming annuity book growth over the half. However, taking a longer-term view, we believe the business has several tailwinds that should become more apparent in the coming years.

While annuity book growth has been underwhelming, the quality is improving as Challenger continues to shift the mix from low-margin fixed-term annuities to higher-margin lifetime annuities. Challenger is also upgrading its technology stack—from the front-end application process to back-end investment administration systems. This should help reduce its overall cost base and, importantly, make it easier for customers to do business with Challenger.

In addition, APRA has announced potential changes to the annuity capital framework. The Australian system is currently much more conservative than international equivalents. If APRA decides to align capital requirements more closely with international standards, Challenger's profitability could see a step change. These tailwinds are not currently reflected in the company's valuation, with the stock trading at around ten times current-year earnings at quarter-end.

Portfolio investments	Weighting
Commodities - Industrial Metals	27%
Commodities - Energy	11%
Real Estate	11%
Diversified Financials	8%
Industrials	6%
Banking	5%
Leisure & Entertainment	2%
Online Classifieds & Internet	1%
Other	5%
Long Equities Position	**76%**
Short Equities Position	-2%
Net Invested Equities	74%
Corporate Debt & Bonds	17%
Net Invested	91%
Total holdings	19

Current stock example
BHP
Woodside Energy
Centuria
Challenger
Siemens AG
ING Groep
Sands China
Frontier Digital Ventures

Currency exposure*	100%
AUD	100%
EUR	1%
HKD	-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)^	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**	**1.1523**	**1.1%**	**2.5%**	**5.5%**	**4.7%**	**4.1%**	**3.1%**	**3.3%**	**5.1%**
RBA cash rate			1.0%	2.2%	4.4%	3.6%	2.2%	1.9%	1.9%	3.5%
Excess			**0.1%**	**0.3%**	**1.1%**	**1.1%**	**1.9%**	**1.2%**	**1.4%**	**1.6%**
Enhanced Yield Fund (Class B units)**	**05-2017**	**1.1900**	**1.1%**	**2.5%**	**5.7%**	**4.8%**	**4.3%**	**3.3%**		**3.4%**
RBA cash rate			1.0%	2.2%	4.4%	3.6%	2.2%	1.9%		1.9%
Excess			**0.1%**	**0.3%**	**1.3%**	**1.2%**	**2.1%**	**1.4%**		**1.5%**

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

PERFORMANCE

The key driver of markets at both the start and end of the quarter was the same: intense speculation around the breadth and magnitude of US tariffs on imports from the rest of the world.

Markets received their answer in early April — substantial — with tariffs ranging from 10% to almost 50% across the board for all US trading partners.

As a result of concerns around the potential knock-on effects of potentially higher inflation and lower global economic growth, risk markets were weaker across the board. led to broad weakness in risk markets. From an interest rate market perspective, yield premiums on corporate bonds were notably higher, as investors generally demanded more return for lending to corporations.

Despite this volatile and uncertain environment — which led the Reserve Bank of Australia to begin cutting interest rates (official cash rate currently 4.10%) — the Fund's capital was well protected. The Fund generated a 1.1% return for the quarter and 5.5% return for the year to 31 March.

PORTFOLIO ACTIVITY

Given the heightened levels of price movement in markets, activity within the Fund was also considerable during the quarter.

The Fund initiated a new position in the senior bonds of dominant Australian ports and logistics business Qube. Qube holds leading market positions across Australia and is supported by a world-class technology platform that enables a "one stop shop" offering to its broad client base. The bonds are currently generating a floating rate yield of just under 6%.

We also added to existing positions in global banking giants HSBC and Lloyds Bank, key Australian supermarket duopoly pillar Coles, and dominant fuel distribution and convenience store business Ampol — all at yields between 5.5% and 6%.

In addition, we increased our shorter-dated infrastructure services exposure, including holdings in Auckland and Melbourne airports, as well as the Australian Stock Exchange. Finally, we added to our holding in leading global renewable energy business NextEra. These were all executed at yields of around 5%.

In terms of fixed interest rate exposure, at various points during the quarter, markets were pricing in substantial cuts to official interest rates by the end of 2025 — to a degree we felt was excessive, even considering the current backdrop. The looming risks to inflation typically scare the life out of even the most seasoned central bankers, and we believe this will moderate rate cutsto some extent. In light of this, we further reduced our exposure to fixed interest rate risk, which at various points resulted in meaningful increases in the yield on these investments.

OUTLOOK

Over the near to medium term, we expect the ongoing battle between inflation and slower economic growth to intensify. Accordingly, the current volatility in risk markets is likely to persist. We expect the environment to continue presenting attractive long-term investment opportunities. Indeed, we are already seeing this occur.

On the interest rate side, we expect markets to focus on the prospect of higher inflation due to extensive US tariffs. This is likely to lead to higher prices in the US and a stronger US dollar. Consequently, other currencies may remain weak against the USD in the near term, resulting in higher levels of imported inflation for major US trading partners — including Australia. Consistent with this outlook, we are currently comfortable holding very limited fixed interest rate risk in the portfolio.

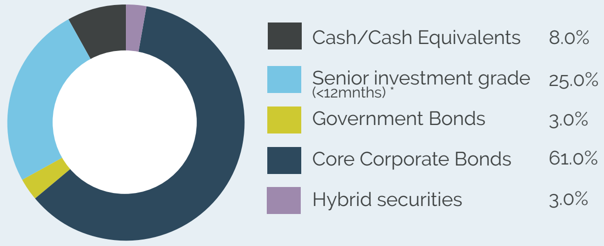
Regional allocation	
Australia	71.0%
United Kingdom	5.0%
North America	5.0%
Europe	4.0%
Other	6.0%
Cash/Cash equivalents	9.0%

Duration^^	
Interest rate	0.27
Average term to maturity	1.61

Yield security maturity profile	
0-1 Year	45.0%
1-2 Years	29.0%
2-3 Years	12.0%
3-4 Years	6.0%
4 Years +	8.0%

Portfolio Investments^^	Spreads
Cash**	0.75%
Core Corporate Bonds	1.35%
Hybrid securities	2.10%

Actual exposure



* 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+

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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 the PM Capital website, 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 31 March 2025 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.

^Past performance is not a reliable indicator of future performance. Net of actual fees. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax.

PM Capital